Business to Business Marketing Management

A global perspective

SECOND EDITION

Alan Zimmerman and Jim Blythe

Routledge

Taylor & Francis Group LONDON AND NEW YORK

Contents

	List of case studies	xuii
	List of figures	xix
	List of tables	xxii
	List of exhibits	xxv
	Acknowledgements	xxiri
1	Introduction to business to business marketing	1
	Introduction]
	Chapter objectives	1
	Defining the business to business market	2
	Trappings vs. substance .	2
	Impact of the Internet	6
	Size of the market .	6
	Conceptual differences between B2B and consumer marketing	7
	Relationship building	10
	The IMP approach	11
	Business goods classifications	11
	Road map through the text	12
	Case study	13
	Chapter summary	15
	References	16
2	How business organizations buy	17
	Introduction	17
	Chapter objectives	17

Contents

	The decision-making unit ,	18
	Classifying business customers	23
	Buyers' techniques	27
	The buygrid framework	-28
	Value analysis	30
	Evaluating supplier capability	31
	Evaluating supplier performance	31
	Case study	33
	Chapter summary	34
	References	35
3	Strategic planning for global business markets	36
	Introduction	36
	Chapter objectives	36
	Strategic planning process	37
	Mission, vision and objectives	37
	Strategy	_ 40
	Planning	41
	Competitive advantage	42
	Value chain analysis	43
	Value networks	45
	Competition and hypercompetition	47
	Globalization strategy	53
	Case study >	57
	Chapter summary	59
	References	60
4	Ethical considerations for business marketers	62
	Introduction	62
	Chapter objectives .	62
	Ethical environment	63
	Business ethics	64
	Marketing and ethics	66
	Ethics in global business	73
	Analyzing ethical problems	79
	Making ethics work	81
	Case study	85
	Chapter summary	87
	References	88

5	Market research ,	90
	Introduction	90
	Chapter objectives	"' 90
	The need for market research.	91
	Differences between consumer and business market research	91
	Changes in market research	91
	Developing a marketing information system	93
	The marketing research process	93
	Sampling and validity	101
	Developing questionnaires	102
	Analyzing the data	103
	Market potential and sales forecasts	105
	Organizing for market research	108
	Managing research projects	110
	Benchmarking	I 11
	Case study	1 13
	Chapter summary	116
	References	118
6	Segmentation, targeting, and positioning	119
	Introduction	119
	Chapter objectives	1 19
	Importance of segmentation and targeting	120
	Consumer versus B2B segmentation	121
	Relationship between segmentation, targeting, and positioning	101
		121
	Effective segmentation	121
	Effective segmentation Competition	122 123
	Effective segmentation Competition Segmentation variables	122
	Effective segmentation Competition Segmentation variables Segmentation process	122 123
	Effective segmentation Competition Segmentation variables	122 123 123 127 131
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment	122 123 123 127 131 132
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation	122 123 123 127 131 132
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation Market targeting	122 123 123 127 131 132 132
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation Market targeting Positioning	122 123 123 127 131 132 132 133 133
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation Market targeting Positioning Re-positioning	122 123 123 127 131 132 132 133 135
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation Market targeting Positioning Re-positioning Case study	122 123 123 127 131 132 132 133 135 136
	Effective segmentation Competition Segmentation variables Segmentation process Selecting the best segments Need to re-segment Global segmentation Market targeting Positioning Re-positioning	122 123 123 127 131 132 132 133 135

7	Market entry tactics	,	142
	Introduction		142
	Chapter objectives		142
	Market entry considerations		143
	Success factors		145
	Role of technology		146
	First movers vs. followers		146
	Entering foreign markets		147
	Choosing foreign markets		149
	Foreign market entry strategy		152
	Importance of networking		153
	Comparing the entry strategy alternatives		154
	Virtual market entry		1 58
	Strategic alliances		159
	Selecting the entry strategy		162
	Blocked markets		163
	Case study	<	164
	Chapter summary •	-	166
	References		167
8	Product strategy and product development		170
	Introduction		170
	Chapter objectives		I 70
	Definition of product		171
	Product strategy		171
	The product lifecycle		173
	Diffusion of innovation		177
	New product development process		180
	Determinant attributes		182
	Testing the new product concept		183
	Project teams		187
	The Internet and NPD		190
	Global products		190
	Extension versus adaptation		191
	Intellectual property		191
	Country of origin		194
	Managing the global product		194
	Packaging and labeling		195
	Quality		196

			•-	Contents	хi
	Global sourcing	t			197
	Case study				198
	Chapter summary				200
	References			-	202
9	Services for business markets				205
	Introduction				205
	Chapter objectives				205
	Services and international trade				206
	Services definitions				207
	The goods/services continuum				207
	Management implications				209
	Product support services				211
	Corporate culture				212
	Measuring service quality				213
	Quality of e-services	<			214
	Blueprinting	•'	'		216
	Designing new ^r services				216
	Marketing services _				219
	The transition from product to service orientation				220
	Internationa! services delivery				222
	Overcoming trade barriers				223
	Case study				225
	Chapter summary				226
	References				228
10	Pricing				230
	Introduction				230
	Chapter objectives				230
	The magic of price				23 1
	The pricing process				232
	Pricing objectives				234
	Pricing strategy				234
	Determining demand - customer perceptions of price				236
	Customer perceptions of costs and benefits				237
	Price sensitivity				238
	Costs				239
	Competition				240
	Composition .				2.0

	Pricing methods	t	242
	Pricing policies		244
	Legality of pricing policies		244
	Transfer pricing		244
	Determining prices for products and product lines		245
	Terms of sale and payment		245
	Financing foreign trade		245
	Effect of the Internet		247
	Competitive bidding		247
	Case study		249
	Chapter summary		251
	References		252
11	Supply chain management		254
	Introduction		254
	Chapter objectives	<	254
	Managing the supply chain	_'	255
	Logistics versus physical distribution		257
	Establishing and maintaining relationships		262
	Channel system orientation		263
	Inventory management		264
	International trade		265
	Transportation methods		267
	Case study		270
	Chapter summary		271
	References		272
12	Managing distribution channels		274
	Introduction		274
	Chapter objectives		274
	Strategic issues in distribution		275
	Managing distribution channels		284
	Efficient customer response		288
	Case study		289
	Chapter summary		290
	References		291
	 		

13	Business to business marketing communications >	293
	Introduction	293
	Chapter objectives	"' 293
	B2B vs. consumer communications	294
	Communications theories	294
	Signs and meaning	297
	Attitude and attitude change	298
	Developing the marketing communications program	301
	Advertising	304
	Media in business advertising	306
	Direct response advertising	306
	Standardization vs. adaptation	311
	Integrating marketing communications	313
	Case study	315
	Chapter summary	316
	References	317
14	Customer relationships and key-account management	319
	Introduction	319
	Chapter objectives	319
	Buyer-seller relationships	320
	The role of personal selling	325
	A marketer's view	328
	The salesperson's-eye view	329
	Types of salesperson	332
	The selling cycle	334
	Key-account selling	336
	The KAM/PPF model	339
	Key-account management in a global context	341
	Managing the salesforce	341
	Salespeople and information technology	344
	Case study	345
	Chapter summary	347
	References	348
15	Sales promotion, exhibitions, and trade fairs	351
	Introduction	351
	Chapter objectives	35 I

Exhibitions and trade fairs as communication	_ 352
Research into exhibitions	353
Visitor expectations	356
Exhibitions and key-account management	357
Why exhibitions fail	359
Planning for exhibitions	360
Managing the exhibition stand	361
Alternatives to exhibitions	363
Private exhibitions	363
Road shows	364
Sales promotion	364
Categories of sales promotion	366
Case study	367
Chapter summary	369
References	370
Comparete manufation management	274
Corporate reputation management	371
Introduction	•' 371
Chapter objectives	371
Creating and managing a reputation	372
Image	374
Corporate image and added value	376
PR and external communication	377
Tools of public relations	379
The role of PR in the organization	382
Internal communications media	383
Sponsorship	386
Risk management	388
Establishing a crisis team	388
Dealing with the media in a crisis	389
Using outside agencies to build corporate image	390
Developing a brief	393
Measuring outcomes •	393
Case study	394
Chapter summary	397
References	397
Marketing planning, implementation, and control	399
Introduction	399
Chapter objectives	399
	Research into exhibitions Visitor expectations Exhibitions and key-account management Why exhibitions fail Planning for exhibitions Managing the exhibitions Managing the exhibitions Private exhibitions Road shows Sales promotion Categories of sales promotion Case study Chapter summary References Corporate reputation management Introduction Chapter objectives Creating and managing a reputation Image Corporate image and added value PR and external communication Tools of public relations The role of PR in the organization Internal communications media Sponsorship Risk management Establishing a crisis team Dealing with the media in a crisis Using outside agencies to build corporate image Developing a brief Measuring outcomes Case study Chapter summary References Marketing planning, implementation, and control Introduction

		Contents	XV
	Marketing planning		400
	The marketing audit (marketing performance measurement)		401
	Tactical planning		403
	Developing unique capabilities		405
	Monitoring and evaluating marketing performance		412
	Balanced scorecards		413
	Feedback systems		414
	Control systems		414
	Difficulties with control systems		416
	Tactics of control		417
	Case study		419
	Chapter summary		421
	References		422
8	Organizing for maximum effectiveness		424
	Introduction		424
	Chapter objectives		424
	Structural alternatives	1	425
	Centralization versus decentralization		434
	Choosing the most effective structure		435
	Product/market manager considerations		437
	Reacting to turbulent markets		439
	When to restructure		440
	Managing change _i		441
	Case study		443
	Chapter summary		444
	References		445
19	The future of business marketing		447
	Introduction		447
	Chapter objectives		447
	Globalization		448
	Rapidly changing technology		450
	Social networking		451
	Increased visibility		453
	Product development		453
	Postmodern marketing		454
	Value-based marketing		456
	Relationship marketing		459

xvi 'Contents

The twenty-first century marketplace	460
The importance of basics	461
Conclusion	462
Case study	.462
Chapter summary	465
References	466
Appendix A Foreign exchange	468
Appendix B Marketing plan	471
Appendix C Comprehensive case The Frankfurt Pump Company GmbH (FPC)	474
Index	493