

Business Marketing Face to Face

**The Theory and Practice
of B2B Marketing**

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Preface

■ Overview

Business Marketing is an academic textbook written from a marketing management perspective. It is about the marketing methods, issues and principles associated with the relationships and interactions between organisations. However, unlike most other textbooks this one is injected with a marketing practitioner's view on business-to-business marketing matters.

■ The nature and theme of the book

The once predictable world of business marketing is changing. It is now a complex and challenging environment populated by an increasing number of channels, fast developing technology, the expectation that everything and everyone is accountable, and characterised by changing buyer behaviours and an emphasis on conversations and connectedness.

Despite these complexities and challenges, at the root of business marketing remains the need to find, develop and maintain relationships. Accordingly, this book is anchored to two main principles, namely, generating demand and building fruitful marketing-based relationships.

To drive demand, establish relationships that are of mutual value, and to weave a route through the various complexities, it is important to understand the nature and changing perspectives of B2B buyers. From this knowledge, organisations are better placed to create more buyer-centric demand generation strategies. This book is underpinned and shaped by these ideas. Demand generation issues are recognised throughout the book and a chapter is dedicated to understanding relationship marketing principles.

This is an applied book, in the sense that the theory and concepts of business marketing are interpreted in the light of business practice. This is an important structural feature of the book with each chapter containing a number of brief examples of business practice that demonstrate marketing theory in action. Each contains a question, designed to encourage readers to consider the issues at hand. A range of organisations are used to illustrate practice, from the large multinational blue chip organisations to small and medium-sized companies with relatively scarce resources, and from the commercial and private companies to the not-for-profit and public sector organisations.

Each chapter opens with a 'Slice of Life.' These are commentaries written by Scot McKee, recalling his experiences of customers, events and issues over the last 20 years when running his own B2B marketing agency, *Birddog*. Sometimes serious, sometimes humorous, sometimes reflective, his contributions are always insightful, and they add perspective, vitality and realism.

■ Target market

A high proportion of graduates enter organisations which operate within the B2B sector. This book is intended to help students and lecturers explore this aspect of marketing and to provide an important counterbalance to the mainly North American consumerist perspective adopted by the majority of marketing educators, their courses and the available resources.

In particular, this book is aimed at both final year undergraduate and postgraduate students. Final year undergraduates will find the book useful if studying Marketing, Business Studies, Business Information Systems, eCommerce and degree programmes with business-related units such as those increasingly found in Engineering and Social Studies-based programmes. In my experience postgraduate students studying on programmes such as Marketing, Marketing with eCommerce, Media and Multimedia Marketing, eBusiness and MBA programmes in particular, find this material interesting, helpful and a useful counterbalance to the mainstream consumer orientation that is often present on these types of programme.

Students following the Chartered Institute of Marketing's Professional Diploma will also benefit from this textbook. There are a number of stand-alone professional B2B marketing programmes that will find the book supportive. In addition to students, many of those working in the business marketing sector are encouraged to read this book.

■ Book structure and organisation

This book consists of 11 chapters and is designed to support a taught unit or module, delivered over a term or a semester. This structure enables tutors to deliver in sequence particular chapter topics in class. They can also set any necessary further reading and exercises, such as coursework assessments or independent learning vehicles, based on material from across the book.

The book is intended to be a single primary source for tutors, although other resources, for example, newspapers, websites, journal papers and edited readers, will be required to supplement and enhance student learning. Each chapter has a complete set of aims and learning objectives, examples, discussion questions, and navigation aids. Each chapter opens with an overview and closes with a summary based on each of the learning objectives. This is designed to help readers develop their understanding in a structured and logical manner. There is a full set of references at the end of each chapter.

Chapter 1 introduces the fundamental characteristics of B2B markets and considers the nature, size and dynamics of the sector. Reference to the consumer market is made to highlight both the differences and similarities between the two fields and approaches. The main objective of this chapter is to set out the essential characteristics and importance of business marketing, the pivotal aspects of value creation and interorganisational relationships. This enables readers unfamiliar

with the B2B sector to become conversant with topics that are developed and explored in subsequent chapters.

Chapter 2 considers the various issues associated with managing products and services in business markets. It is important to understand how business products can be classified and to appreciate the characteristics associated with both the new product and service development processes. Attention is given to the product life cycle before concluding with a consideration of the technology adoption life cycle, appropriate in high technology markets.

Chapter 3 focuses on organisational buyer behaviour and the various issues concerning the way organisations determine which products and services to buy. Attention is given to some of the classic ideas and frameworks about decision making units, processes and the influences that shape decision making. The chapter closes with a brief consideration of eProcurement.

Chapter 4 is about relationship marketing, a pivotal topic in this book. Readers can explore its evolution and examine the conceptual underpinning associated with relationship marketing practices. The chapter examines the customer relationship life cycle and finishes by looking at trust and commitment.

Chapter 5 considers some of the elements that have strategic significance in business marketing: segmentation, positioning and pricing. The opening part of considers issues concerning different approaches to segmenting B2B markets. It develops conventional approaches and explores the implementation and practicalities of B2B segmentation. It then discusses ways in which organisations can use different positioning, once segments and target markets are agreed. The chapter concludes with a consideration of pricing issues in business markets.

Chapter 6 seeks to develop an understanding of the principles and core concepts associated with marketing channels. In particular, consideration is given to their purpose, basic structure and key intermediaries, their characteristics and contribution to the way in which channels work. These include service output theory and channel flows.

Chapter 7 builds on the previous chapter and explores two main elements. The first concerns the management of the logistical and physical flow of goods from producers to end user customers. This is referred to as 'supply chain management'. The second element concerns the management of the marketing channels. These are structural configurations organisations use to add value and which enable end users to access finished goods (and services) in the most convenient way. Attention is given to conventional marketing channel structures, vertical marketing systems, and network approaches to interorganisational channel structures. The chapter closes with some ideas concerning the use of electronic channels in B2B trading contexts.

Chapter 8 considers some of the managerial issues, processes and systems associated with maintaining and developing collaborative business relationships. First, the nature, dispersion and use of power in relationships is examined, then

time is spent looking at channel conflict and ways in which it can be minimised, recognising that some conflict can be constructive. A foundation of most successful B2B relationships is the presence of trust and commitment. These concepts are examined before the chapter concludes with a brief overview of the role of technology in managing relationships with a focus on CRM systems.

Chapter 9 examines some of the roles and strategic issues associated with business marketing communications. Their core characteristics and roles are examined before considering the key strategies that can be pursued by organisations. Ideas concerning B2B branding and integrated marketing communications are also explored before examining marketing channel-based communications. The chapter concludes with an examination of relationship-based marketing communication, and in particular, client/agency based relationships.

Chapter 10 introduces the marketing communications mix and its three constituent elements; tools, media and messages. Consideration is given first to the key characteristics and effectiveness of each of the primary tools. The chapter then examines each of the main media from a communication perspective, and includes ideas about the use of social media. It considers the type of messages used to reach business audiences, including user generated content. This leads to the closing section which introduces ideas about demand generation.

In **Chapter 11** consideration is given to the role and characteristics of personal selling. The main thrust is centred on the impact of personal selling on interorganisational relationships and how the other communication tools can be blended to provide cost and communication effectiveness. In addition, issues concerning the management and organisation of the sales force are explored before concluding with an examination of key account management.

■ Teaching support and learning resources

This book is supported by a range of teaching and learning resources. An instructor's manual is available for those who decide to adopt the text. This contains PowerPoint overheads of figures and diagrams from the book, plus teaching notes together with ideas for assessment and in-class study.

A website designed to support the book is available at for both tutors and students. It has instructor teaching-support facilities, including all the materials outlined above, as well as other cases studies, examples and a range of hyperlinks to sites of interest and value to help students develop their knowledge and understanding of this exciting and important subject.

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In addition it is important to acknowledge the photographic skills of Chris Knox, especially when you consider the nature of the two subjects with whom he was dealing. As always, Graham Hughes provided some extremely valuable insights and Peter Williams who provided clarity and wisdom.

I should also like to acknowledge Karen Fill, who contributed much to an earlier version of this book, and provided support while this edition was configured.

And now for a 'Slice of Life' from Scot McKee

If I've learnt anything in the last 25 years as a business to business (B2B) marketing professional, it is to 'assume nothing'. I still use that mantra as one of the single most useful pieces of advice I can offer new employees – assume nothing. It has been, and will doubtless continue to be, almost impossible to predict the market. It's even harder to predict the responses of the individuals within the market. We are all individuals with our own personalities, our own characteristics and our own set of values. Our individual make-up guides and often determines how we will act and respond. That being the case, there should be an infinite capacity for change, for experimentation – for creativity within B2B marketing. Unfortunately not.

The B2B market has its own characteristics that suppress the predictive responses of the individual in favour of the greater corporate good. We don't make decisions as individuals within business, we make business decisions for the business. It's different. We are accountable to the business for our decisions, we require finance and support from the business and we have to wait while the business undertakes elaborate decision making processes before being allowed to progress. Individual creativity, particularly within a B2B marketing context, is more often than not replaced by the mitigation of corporate risk. Protecting the company, the team even the product becomes more important than taking a chance in the market. And then there's personal protection. The job, the career, the promotion, the next holiday, the wife, the kids... they all influence how we make business decisions within a corporate environment, and they all make predictability of the outcomes almost impossible.

Within this variable landscape, as B2B marketing professionals, we are expected to build brands – corporate brands, product brands, service brands, even personal brands. Mmmm... well, ok, yes, we can do that, but it's unlikely ever to take the path that you might predict or expect from the outset. You will be told the project is 'urgent' but the decision to proceed is delayed for months. You will be told that the product is 'unique' when the market is saturated with similar competitive offerings. You will be expected to take instruction from people who have no understanding or experience of marketing and you will be seen as a 'cost' instead of a source of revenue... The challenges of delivery within this environment are significant. It's therefore important, if not critical, that you arm yourself with as deep an understanding of the processes and practicalities of the B2B marketing space as possible.

My role within this book is to provide the latter in order to offer context and relevance to the former. If we are to truly learn from and appreciate the value of the theory that forms the body of this work, we should do so with one eye

on the real world. How better can we understand the businesses in which we hope to apply our theory? How can we learn to adopt and adapt the theory to suit the challenges that lurk just around the corner? Well, perhaps we can learn from experiences gained not in the textbook or classroom, but at the coalface. At the very least we can review some practical, real life examples and seek improvements and solutions for the future based on our deeper understanding of the text.

My role then, is to bare my soul from the school of hard knocks. I'll be doing it in small stages admittedly, and mainly with my clothes on, but don't let that put you off. I will draw on my experience of the last 25 years delivering against the kind of challenges that you will face for the next 25 years. At the start of each chapter to this book, you will find my anecdotal insights from specific client engagements that I have worked on. The client names have been removed to protect the guilty (mainly me...) but rest assured the stories are true to the very best of my recollection. And they're not always pretty. That's the thing about real life – sometimes, despite your best efforts, real life just sucks.

The 'Slice of Life' sections that preface each chapter are therefore intended as practical interludes to the chapter content. Treat them as stepping stones for learning and for discussion, or just as a pause for thought – how would you have handled the situations differently? How might the theory have been applied to the cases thereby improving some of the outcomes?

I wish you well with your studies and learning, and, most of all, I wish I had read this book 25 years ago...

Scot McKee