

Wim G. Biemans

BUSINESS TO BUSINESS MARKETING

A value-driven approach

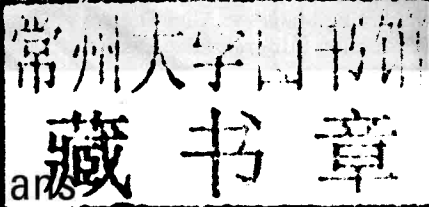




Business to Business Marketing

A Value-Driven Approach

Wim G. Biemans



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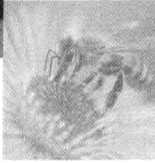
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Preface

Business to consumer (B2C) marketing may be more visible through supermarkets, television advertising and all kinds of magazines, but the driving force behind a developed country's economy are the millions of business transactions taking place off stage. This book introduces readers to the fascinating and complex world of business to business (B2B) marketing.

This book is based on the successful Dutch book *Business Marketing Management*, published by Noordhoff Uitgevers since 1992. It uses a managerial perspective and focuses not on abstract constructs but on state-of-the-art ideas and techniques that have proven their worth in practice. In writing this book, I combined the latest concepts and theoretical developments with a down-to-earth perspective that helps managers to implement them. Many of the concepts and techniques described in this book have been developed and used in executive training sessions and applied to real-life B2B marketing situations. This provides the student of B2B marketing with a window on how firms are applying B2B theory in practical situations. All but one of the cases included in this book, for example, are based on interviews and training sessions with real B2B firms and the questions included in the cases describe the real-world problems these managers are struggling with.

Origins of business to business marketing

In the 1960s, a new marketing discipline, called industrial marketing, was born when people started to develop several frameworks describing the buying behaviour of organisations. Together with traditional concepts and techniques from B2C marketing, such as target customers, positioning and the 4 Ps (product, promotion, price, place), this helped firms to apply marketing to the complexity of industrial markets. In the late 1970s, European academics began to question the existing conceptualisation of industrial marketing and emphasised the importance of relationships and networks. These concepts were developed for industrial markets, but were later also applied in the field of consumer marketing. Gradually, the field of industrial marketing morphed into B2B marketing as people began to realise that it encompasses not just for-profit industrial firms, but all kinds of business customers, including hospitals, universities, municipalities and charities. Now, in the twenty-first century, B2B marketers are at the forefront of developing new concepts and applying new marketing techniques. B2B marketers, for instance, take the lead in experimenting with social media like LinkedIn and Twitter to communicate with customers.

As this brief biographical sketch illustrates, B2B marketing has evolved into a mature marketing discipline, with its own theoretical concepts and techniques and an identity distinct from B2C marketing. This is consistent with the fact that B2B marketing represents the majority of a developed country's economic activity.

Why a value-driven approach?

Successful B2B marketers contribute to the success of their customers by delivering superior value. This idea is the central theme of this book. Value is defined as the benefits minus costs that a customer receives and this value should be superior in the sense that it is more than that of the next-best alternative. This book shows how firms can develop effective value propositions and translate them into the familiar marketing tools of products and services, sales and delivery channels, communication and pricing. In so doing, it uses a European perspective throughout the book with numerous examples and cases from European B2B firms.

Structure of the book

The book starts by defining the field of B2B marketing, describing the nature of B2B customers and B2B markets and introducing the concept of value (Chapter 1). The rest of the book uses the following reasoning:

- Successful B2B marketing is based on a detailed understanding of B2B customers and B2B markets (Chapters 2 and 3).
- These insights are combined with the firm's capabilities to design creative strategies that allow it to deliver superior value to customers (Chapter 4).
- This value is summarised in the firm's value proposition and translated into the various marketing instruments, such as its products and services (Chapter 5), sales and delivery channels (Chapter 6), communication (Chapter 7) and pricing (Chapter 8).
- To stay competitive, B2B firms need to constantly monitor and improve their performance and marketing capability (Chapter 9).
- To make all this possible, a B2B firm should be designed with the needs of the customer and the value offered to them in mind (Chapter 10).

Just like any B2B product, this book has to offer superior value to its customers. The book has several key characteristics that set it apart from the competition and offer superior value for its users:

- a combination of state-of-the-art knowledge about value creation with more traditional marketing frameworks
- a process-driven managerial approach that shows how firms can systematically design, develop and implement superior value creation
- a European setting, with many real-life examples and cases from European B2B firms
- an accompanying website that offers several useful resources to both lecturers and students, such as PowerPoint presentations for all chapters, multiple-choice questions, suggestions for additional readings and executive exercises.



Guided Tour

Chapter contents

- 1.1 The nature of B2B marketing
- 1.2 B2B customers
- 1.3 B2B products

Chapter Contents

A brief list of key chapter contents is highlighted at the start of each chapter.

Introduction

Each chapter opens with an introduction, which sets the scene and introduces you to the issues that will be addressed in the chapter.

Introduction

Originally, business to business marketing, heavily borrowing concepts, methods and techniques of B2B markets. As a result, B2B discipline, with a distinct identity, the importance of B2B marketing, a special case of marketing, has developed.

MINI CASE: KLM SAVES ON PURCHASE

Dutch airline KLM initiated its top 10 cost reductions as follows: (1) fewer company cars, (2) standardisation of software, (3) fewer courses for personnel. The largest opportunities for cost reduction of €4.7 billion represented by the largest...

Mini Cases

Each chapter provides several short cases, illustrating how the concepts introduced in the chapter have informed decisions in real companies.

Insight Boxes

These help readers see the real-life application of ideas in broader contexts: issues and trends in industry sectors or business marketing as a whole.

INSIGHT: B2B applications for fragrances

Fragrances are typically associated with names like Calvin Klein, Chanel and Dior. Generated by smells, fragrances are also our emotions and buying habits; for instance, they stimulate workers and by hospitals. Other firms use fragrances to attract visitor numbers and...

Summary of Key Concepts

- B2B customers are not interested in these products. B2B products create value creation for their own company and contribute to the success of the company.
- B2B vendors can only help their customer's business if they understand how their customer's business works.

Summary of Key Concepts

These bullet points review the 'take-away' messages from the chapter and are a helpful revision aid.

Key Terms

All key terms are highlighted where first discussed in each chapter to emphasise their importance. They are also listed at the end of each chapter so that readers can test their understanding.



obsolete. At the heart of the customer-making process, which encompasses their motivations and interactions, is a more detailed description of the making process results in the presented in Figure 2.2.

Each **customer-activity cycle** A problem may arise because the cycle has become obsolete and need to manufacture a new product.

Decision-making unit
E-procurement, p. 52

Discussion questions

- 1 A vendor may create value through E-procurement. Explain how each of these three factors contributes to a consulting firm.

Discussion Questions

Each chapter includes ten questions designed to encourage you to review and apply the knowledge you have acquired from the chapter.

Further Reading

These suggestions have been chosen as the ideal starting point for any additional reading or further research on the chapter's themes.

Further reading

Anderson, James C. and James A. Reast (1987) What customers value, *Harvard Business Review*, 65(5): 11-20.
Ellram, Lisa (1993) Total cost of ownership, *International Journal of Purchasing Management*, 9(4): 311-320.
Kraljic, Peter (1983) Purchasing strategy, *Business Review*, 61(5): 11-17.
Vandermerwe, Sandra (1993) The new product development process, *Sloan Management Review*, 35(4): 11-17.

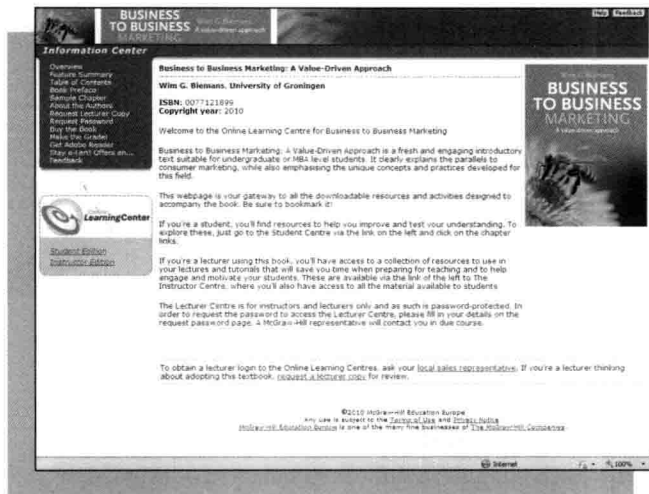


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Online Learning Centre (OLC)



For Students

The Online Learning Centre (OLC) is your gateway to the following activities designed to accompany the book:

- **Self test questions** provide immediate feedback on your understanding.
- **Internet marketing exercises** show you how to use companies' websites to gain insights into their digital marketing strategies and activities.

For Lecturers

This collection of resources has been put together to help lecturers adopting this text save time when preparing their teaching and to help them engage and challenge their students so that they get more out of their course.

- **Teaching notes for the cases** help guide discussion around the case questions.
- **Example solutions** to the discussion questions at the end of each chapter and the Internet exercises.
- **PowerPoint slides** covering the main concepts in each chapter.
- **Artwork from the book** to illustrate lecture presentations or handouts.
- **Real world exercises** require students to gather information from real companies and develop their understanding of how B2B marketing principles explored in the book are applied in practice. They are designed to be used either on work placements or as assignments.



EZ Test Online

This easy-to-use online testing tool is accessible to busy academics virtually anywhere – in their office, at home or while travelling – and eliminates the need for software installation. Lecturers can choose from question banks associated with their adopted textbook or easily create their own questions. They also have access to hundreds of banks and thousands of questions created for other McGraw-Hill titles.

A bank of multiple choice and short answer questions is available to lecturers adopting this book. Multiple versions of tests can be saved for delivery on paper or online through WebCT, Blackboard and other course management systems. When created and delivered through EZ Test Online, students' tests can be immediately marked, saving lecturers time and providing prompt results to students.

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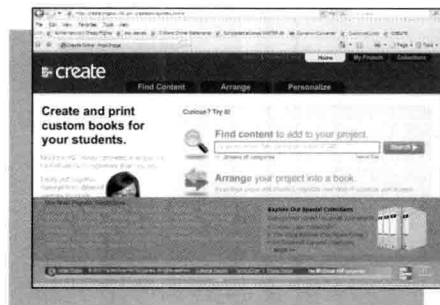
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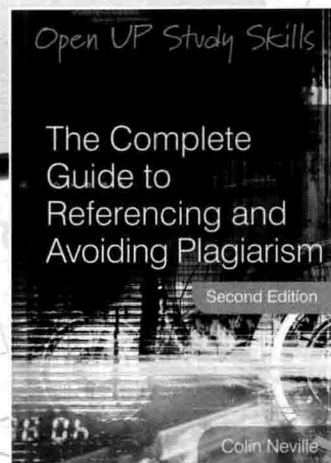
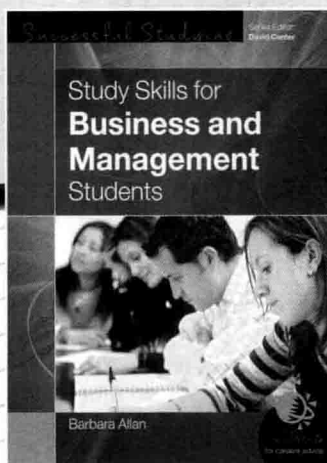
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About the Author

Wim G. Biemans is Associate Professor at the Faculty of Economics and Business of the University of Groningen, and has also taught as guest professor at several universities (Ghent, Aarhus, Manchester, Beijing, Pisa, Ljubljana). He teaches in the areas of B2B marketing, business development, product development and services marketing.

The focus of both Wim's teaching and research is on the development and marketing of technological innovations in B2B markets. His PhD was awarded in 1989 for research on cooperation between firms in developing new B2B innovations. In the following 25 years, his research resulted in more than 100 scientific papers and articles, published in journals such as *Journal of Product Innovation Management*, *Industrial Marketing Management*, *Journal of Business and Industrial Marketing*, *International Journal of Innovation Management* and *R&D Management*.

In 2008 he was awarded the 'Thomas P. Hustad Best Paper Award for Outstanding Professional Contribution for 2007' for an article published in *Journal of Product Innovation Management*. His expertise has also been recognised through membership of the editorial board of the two leading academic journals on B2B marketing: *Industrial Marketing Management* and *Journal of Business and Industrial Marketing*. In addition, he is a frequent reviewer for *Journal of Product Innovation Management*, *European Journal of Marketing* and several other scientific journals.

Based on his research, Wim has authored or edited several books, including *Product Development: Meeting the Challenge of the Design-Marketing Interface* (1995) and the Dutch bestselling title about B2B marketing, *Business Marketing Management: Strategy, Planning and Implementation* (in Dutch), the fifth edition of which was published in 2008 and inspired this book. He is also a frequent speaker in executive training programmes, where he helps B2B firms to increase their market orientation, improve their marketing efforts and structure their innovation processes.



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Although writing is a lonely process of turning an empty screen into another useful chapter, many people have contributed to this book. The material presented in this book is the result of more than 20 years of experience studying, researching and teaching B2B marketing and a large number of people have contributed to my understanding of the field. Numerous students and managers challenged my thinking during lectures and seminars and helped me to improve my ideas. Many colleagues contributed by acting as a partner in researching B2B marketing, co-authoring academic papers or by responding to them. Several managers contributed to this book by allowing themselves to be interviewed for the cases, providing images to be used as illustrations or giving permission to reprint material from their websites. A special word of thanks goes to the lecturers who acted as beta testers for this book and provided numerous useful comments and suggestions on earlier drafts. The people from McGraw-Hill were helpful in guiding me through the process of writing the book and making it as good as possible. Finally, Simonique and Lotte gave me the space that I needed to get this book finished and provided all the distractions that I needed to keep my sanity during this project.

Wim G. Biemans

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