

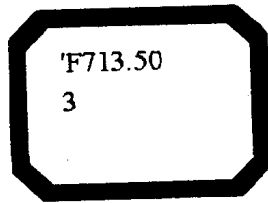
MICHAEL D. HUTT • THOMAS W. SPEH

BUSINESS MARKETING MANAGEMENT

A STRATEGIC VIEW OF INDUSTRIAL AND ORGANIZATIONAL MARKETS

SEVENTH
EDITION





SEVENTH EDITION

Business Marketing Management

*A Strategic View of Industrial
and Organizational Markets*

Michael D. Hutt
Arizona State University

Thomas W. Speh
Miami University

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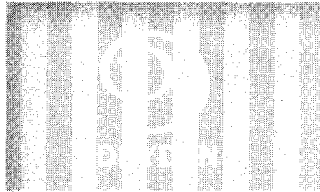
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Principles of Marketing

Special challenges and opportunities confront the marketer who intends to serve the needs of organizations rather than households. Business-to-business customers represent a lucrative and complex market worthy of separate analysis. A growing number of collegiate schools of business in the United States, Canada, and Europe have added industrial or business marketing to their curricula. In addition, a large and growing network of scholars in the United States and Europe is actively engaged in research to advance theory and practice in the business marketing field. Both the breadth and quality of this research has increased markedly during the past decade.

The rising importance of the field can be demonstrated by several factors. First, because more than half of all business school graduates enter firms that compete in business markets, a comprehensive treatment of business marketing management appears to be particularly appropriate. The business marketing course provides an ideal platform to deepen a student's knowledge of the competitive realities of the global marketplace, relationship management, cross-functional decision-making processes, supply chain management, product quality, and related areas. Such core content areas strike a responsive chord with corporate recruiters and squarely address key educational priorities established by the American Assembly of Collegiate Schools of Business (AACSB).

Second, the business marketing course provides a perfect vehicle for examining the special features of high-technology markets and for isolating the unique challenges that confront the marketing strategist in this arena. High-tech markets represent a rapidly growing and dynamic sector of the world economy and a fiercely competitive global battleground, but yet, often receive only modest attention in the traditional marketing curriculum. Electronic (e) commerce also falls squarely into the domain of the business market. In fact, the market opportunity for e-commerce in the business-to-business market is estimated to be ten times larger than the opportunity that exists in the business-to-consumer market.

Third, the Institute for the Study of Business Markets (ISBM) at Pennsylvania State University has provided important impetus to research in the area. ISBM has become a major information resource for researchers and practitioners and has assumed an active role in stimulating and supporting research on substantive business marketing issues.

Three objectives guided the development of this edition:

1. *To highlight the similarities between consumer goods and business-to-business marketing and to explore the points of departure in depth.* Particular attention is given to market analysis, organizational buying behavior, relationship management, and the ensuing adjustments required in the marketing strategy elements used to reach organizational customers.
2. *To present a managerial rather than a descriptive treatment of business marketing.* Whereas some descriptive material is required to convey the dynamic nature of the business marketing environment, the relevance of the material is linked to business marketing management decision making.

3. *To integrate the growing body of literature into an operational treatment of business marketing management.* In this text, relevant work is drawn from organizational buying behavior, procurement, organizational behavior, logistics, strategic management, and the behavioral sciences, as well as from specialized studies of business marketing strategy components.

The book is structured to provide a complete and timely treatment of business marketing while minimizing the degree of overlap with other courses in the marketing curriculum. A basic marketing principles course (or relevant managerial experience) provides the needed background for this text.

New To This Edition

Although the basic objectives, approach, and style of the first six editions have been maintained, several changes and additions have been made that reflect both the growing body of literature and the emerging trends in business marketing practice. Specifically, the following distinctive features are incorporated into the seventh edition:

- Two new chapters that capture dramatic changes in business practice: “E-Commerce Strategies for Business Markets” and “Supply-Chain Strategies for Business Markets.”
- New and expanded treatment of customer relationship management strategies for business markets and enriched coverage of strategic alliance management.
- A timely treatment of strategy formulation in fast-paced, high-technology markets.
- New coverage of brand equity and strategies for managing high-technology products.
- Extensive coverage of new product and service development, including strategies for discontinuous innovation.
- Contemporary business marketing strategies and challenges illustrated with two types of vignettes: “Inside Business Marketing” and “Ethical Business Marketing.”

Organization of the Seventh Edition

The needs and interests of the reader provided the focus in the development of this volume. The authors’ goal is to present a clear, timely, and interesting examination of business marketing management. To this end, each chapter provides an overview, highlights key concepts, and includes several carefully chosen examples of contemporary business marketing practice as well as a cogent summary and a set of provocative discussion questions.

The book is divided into six parts with a total of 18 chapters. Part I introduces the distinguishing features of the business marketing environment. Careful examination is given to each of the major types of customers, the nature of the procurement function,

and the forces that encircle buying decisions in organizations. Relationship management establishes the theme of Part II, in which chapter-length attention is given to customer relationship management, electronic commerce, and supply chain management. By creating two new chapters and thoroughly updating the core content, this section provides a timely and comprehensive treatment of relationship management strategies for business markets. After this important ground is established, Part III centers on the techniques that can be applied in assessing market opportunities: market segmentation and demand analysis, including sales forecasting.

Part IV centers on the planning process and on designing marketing strategy for business markets. Recent work drawn from the strategic management and strategic marketing areas provides the foundation for this section. This edition provides expanded treatment to the challenges and enticing opportunities that confront the strategist in high-technology industries. Special emphasis is given to the defining characteristics of successful high-tech firms and to the interfacing of marketing with other key functional areas such as manufacturing, research and development, and customer service. This functionally integrated planning perspective serves as a focal point in the analysis of the strategy development process. Here at the core of the volume, a separate chapter provides an integrated treatment of strategy formulation for the international market arena. Next, each component of the marketing mix is examined from a business marketing perspective. Adding further depth to this core section are the chapters on managing product innovation and managing services for business markets.

Part V examines techniques for evaluating business marketing strategy and performance. It provides a compact treatment of marketing control systems and uses the balanced scorecard as an organizing framework for marketing profitability analysis. Special attention is given to the critical area of strategy implementation in the business marketing environment. Part VI includes a collection of cases tailored to the business marketing environment.

Cases

Part VI includes 17 cases, 9 of which are new to this edition. These cases, of varying lengths, isolate one or more business marketing problems. Included among the new selections for this edition are two cases that raise provocative issues and illustrate the best practices of leading-edge firms such as Cisco Systems and IBM. Other cases new to this edition provide students with a variety of business marketing strategy applications. A *Case Planning Guide*, which keys the cases to relevant text chapters, provides an organizing structure for Part VI.

Teaching Package

A comprehensive and thoroughly updated *Instructor's Manual*, *Test Bank*, and *Transparency Masters* are available to include suggestions for course design and support materials for teaching each chapter. Guidelines are provided for end-of-chapter discussion questions, and suggestions are provided for case use and analysis. The *Instructor's Manual* for the seventh edition also provides a list of candidate readings especially suited to the business marketing course and a series of cooperative learning exercises to spark in-class involvement and discussion. Several hundred objective test

questions are found in the manual, and a comprehensive set of essay questions is included to allow instructors to tailor exams to their particular needs. A total of 62 transparency masters are available.

A *computerized test bank* for Windows is also available with this edition.

A new marketing business-to-business web site on the Internet enhances the way business-to-business marketing can be taught. The web site will provide the latest information about “what’s new” and “what’s cool” in marketing business-to-business. Links to other related sites and much more are planned for the site.

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Acknowledgments

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The talented staff of The Dryden Press displayed a high level of enthusiasm and deserves special praise for their contributions in shaping this edition. In particular, Bill Schoof provided valuable advice and direction for this edition. In turn, our developmental editor, Jana Pitts, kept us on schedule and added spirit to the process; and our project editor, Katherine Dennis, provided a steady hand and superb production assistance. We also want to extend our thanks to others at Dryden who contributed their special talents to this edition, including Carol Kincaid, art director; Lois West, production manager; and Beverly Dunn, marketing manager.

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Michael D. Hutt
Thomas W. Speh

Michael D. Hutt, (Ph.D., Michigan State University) is the Earl and Gladys Davis Distinguished Professor of Marketing at Arizona State University. He has also held faculty positions at Miami University (Ohio) and the University of Vermont.

Dr. Hutt's teaching and research interests are concentrated in the areas of business-to-business marketing and strategic marketing. His current research centers on the cross-functional role that marketing managers assume in the formation of strategy. Dr. Hutt's research has been published in the *Journal of Marketing*, *Journal of Marketing Research*, *Sloan Management Review*, *Journal of Retailing*, *Journal of the Academy of Marketing Science*, and other scholarly journals. He is also the co-author of *Macro Marketing* (John Wiley & Sons) and contributing author of *Marketing: Best Practices* (The Dryden Press).

Assuming a variety of leadership roles for American Marketing Association programs, he recently co-chaired the 1996 Faculty Consortium on Strategic Marketing Management. He is a member of the editorial review boards of the *Journal of Marketing*, *Journal of Business-to-Business Marketing*, *Journal of Business & Industrial Marketing*, *Journal of Strategic Marketing*, and the *Journal of Business Research*. Dr. Hutt has consulted on marketing strategy issues for firms such as IBM, Motorola, Lucent Technologies, AT&T, Arvin Industries, ADT, and Black-Clawson, and for the food industry's Public Policy Subcommittee on the Universal Product Code.

Thomas W. Speh, Ph.D., is the James Evans Rees Distinguished Professor of Distribution and Director of the Warehousing Research Center at Miami University (Ohio). Prior to his tenure at Miami, Dr. Speh taught at the University of Alabama.

Dr. Speh has been a regular participant in professional marketing and logistics meetings and has published articles in a number of academic and professional journals, including the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Business Logistics*, *Journal of Retailing*, *Journal of Purchasing and Materials Management*, *I.C.C. Practitioner's Journal*, and *Industrial Marketing Management*. He was the recipient of the Beta Gamma Sigma Distinguished Faculty award for excellence in teaching at Miami University's School of Business and of the Miami University Alumni Association's Effective Educator award.

Dr. Speh has been active in both the Warehousing Education and Research Council (WERC) and the Council of Logistics Management (CLM). He has served as president of WERC and as a member of the executive committee for both WERC and CLM. Dr. Speh has been a consultant on strategy issues to such organizations as Xerox, Procter & Gamble, Burlington Northern Railroad, Sara Lee, J. M. Smucker Co., and Millenium Petrochemicals, Inc.

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