

BUSINESS MARKETING MANAGEMENT

a strategic view of industrial and organizational markets



SIXTH EDITION

NEUBECKER

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a strategic view of industrial and organizational markets

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BUSINESS MARKETING
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*To Rita
and
To Michele, Scott, Michael, and Betsy*

THE DRYDEN PRESS SERIES IN MARKETING

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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. Commercial enterprises, institutions, and all levels of government constitute 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. 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 five 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 sixth edition:

- A streamlined and richly illustrated discussion of organizational buying behavior
- A new chapter, “Relationship Strategies for Business Markets”
- A timely treatment of strategy formulation in high-technology industries
- New coverage of the technology adoption life cycle and marketing strategies for high-technology products
- New and expanded coverage of supply chain management; strategic alliances; target costing; product quality and value; and Internet strategies
- Extensive coverage of new product and service development for business markets
- An operational treatment of the marketing control process that integrates the central themes of the volume
- Contemporary business marketing strategies and challenges illustrated with three types of vignettes: “Inside Business Marketing,” “Ethical Business Marketing,” and—new to this edition—“Managing in the 21st Century.”

Organization of the Sixth 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 that constitute the business market. Organizational buying behavior and relationship management establish the theme of Part II, in which the many forces encircling the organizational buying process are explored in depth. This edition has been thoroughly updated to incorporate the substantial amount of research that has been conducted in this area since the fifth edition was published.

After this important background is established for understanding buyer–seller relationships, Part III centers on the intelligence function and on the techniques that can be employed in assessing market opportunities. Chapter-length attention is given to the topics of business marketing intelligence, market segmentation, and market potential and sales forecasting. This edition also provides expanded treatment of international market analysis.

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 competitive analysis 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 presents 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, 8 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: Hewlett-Packard and PeopleSoft. 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 sixth 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 DOS, Macintosh, and 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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September 1997

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