



Business-to-Business Marketing



**Graduate
School of Management**
St. Petersburg State University



Introduction



**Graduate
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St. Petersburg State University

2014: Let me introduce myself

Dr. Dr. Zagorskiy Andrey Leonidovich

a.zagorskiy@spbu.ru

- Professor of marketing, Marketing Department, GSOM Saint Petersburg State University
- World Packaging Organization Marketing Committee Advisor
- National Packaging & Logistics Research Institute Board chairman
- National Packaging Confederation (Russian Federation) Board member
- International Journal 'Modern Economy Challenges' Editorial Board member
- EKOTEK GROUP (Russia, with the Netherlands, Germany, Poland, Turkey and China branches) C.E.O. & Board Chairman (1996 – 2012)
- 36 years academic experience
- 25 years entrepreneurship experience



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Schedule

Date	Class	Time
10 th of October, 2014	Class 1 <i>room 308</i>	13:00 – 16:15
17 th of October, 2014	Class 2 <i>room 308</i>	13:00 – 16:15
24 th of October, 2014	Class 3 <i>room 308</i>	13:00 – 16:15
31 st of October, 2014	Class 4 <i>room 308</i>	13:00 – 16:15
07 th of November, 2014	Class 5 <i>room 308</i>	13:00 – 16:15
14 th of November, 2014	Class 6 <i>room 308</i>	13:00 – 16:15
21 st of November, 2014	Class 7 <i>room 308</i>	13:00 – 16:15



Schedule

Date	Class	Time
28 th of November, 2014	Class 8 <i>room 308</i>	13:00 – 16:15
05 th of December, 2014	Class 9 <i>room 308</i>	13:00 – 16:15
12 th of December, 2014	Class 10 <i>room 308</i>	13:00 – 16:15
19 th of December, 2013	Class 11 <i>room 308</i>	13:00 – 17:00



Schedule

Event	Date	Time
Consultation <i>room 308 to be confirmed!</i>	January 27, 2015	10:30 – 13:00
Exam <i>room 308 to be confirmed!</i>	January 28, 2015	11:00 – 12:30
Demonstration <i>room 308 to be confirmed!</i>	February 02, 2015	11:00 – 13:00



The main objective of the course is...

To form a clear understanding of B2B marketing with its specific issues, including both conceptual and methodological levels as well as practical implementation.



General objectives include:

- To explore the nature and dynamics of some of the principal marketing management issues associated with B2B sector as well as B2B marketing;



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- To consider the role and scope of business markets;



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- To analyze trends and challenges B2B markets face;



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- > To consider the role and scope of business markets;
- > To analyze trends and challenges B2B markets face;
- To evaluate the nature of business products;



General objectives include:

- > To explore the nature and dynamics of some of the principal marketing management issues associated with B2B sector as well as B2B marketing;
- > To consider the role and scope of business markets;
- > To analyze trends and challenges B2B markets face;
- > To evaluate the nature of business products;
- To give an understanding of marketing channels, supply chains, networks;



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- > To consider the role and scope of business markets;
- > To analyze trends and challenges B2B markets face;
- > To evaluate the nature of business products;
- > To give an understanding of marketing channels, supply chains, networks;
- > To explore individual communication tools and media of the B2B promotional mix



Course structure

Topic 1. The nature of B2B marketing



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Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing



Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing

Topic 3. Buying process in B2B markets



Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing

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Topic 4. Business information systems and marketing research in B2B sector



Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing

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Topic 4. Business information systems and marketing research in B2B sector

Topic 5. Different approaches to segmenting B2B market



Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing

Topic 3. Buying process in B2B markets

Topic 4. Business information systems and marketing research in B2B sector

Topic 5. Different approaches to segmenting B2B market

Topic 6. The product strategy of B2B company



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Topic 5. Different approaches to segmenting B2B market

Topic 6. The product strategy of B2B company

Topic 7. Communication tools and media of the B2B promotional mix



Course structure

Topic 1. The nature of B2B marketing

Topic 2. Relationship approach in B2B marketing

Topic 3. Buying process in B2B markets

Topic 4. Business information systems and marketing research in B2B sector

Topic 5. Different approaches to segmenting B2B market

Topic 6. The product strategy of B2B company

Topic 7. Communication tools and media of the B2B promotional mix

Topic 8. Channel management in B2B markets



Topic 1. The nature of B2B marketing:

Topic 1 introduces the fundamental characteristics used to define business markets and considers the nature, size, and dynamics of the sector. It establishes the key elements of business-to-business marketing and makes comparisons the better known business-to-consumer sector.



Topic 2. Relationship approach in B2B marketing:

This topic examines the nature and role of external relations and networks in implementing marketing strategy, their impact on a firm's marketing performance, and how they are managed.



Topic 3. Buying process in B2B markets:

Buying process in B2B markets is considered to be one of the most important issues of B2B marketing because of different buying procedures and consumer behavior of business clients.



Topic 4. Business information systems and marketing research in B2B sector:

This part of the course introduces fundamental IT concepts in order to give a basic appreciation of business information systems and related technologies. The main aspects of the topic relate to functional systems of data gathering and management as well as specific issues of marketing research in B2B markets.



Topic 5. Different approaches to segmenting B2B market:

Topic 5 considers issues concerning different approaches to segmenting B2B markets. It develops conventional approaches and explores issues around the implementation and practicalities of B2B segmentation. It concludes by discussing ways in which organizations can use different positioning when segments and targets are agreed.



Topic 6. The product strategy of B2B company:

This topic examines the nature and features of B2B products and services. These constitute some of the essential elements through which organizations operating in B2B market develop value-based propositions for their customers. Product market portfolios, including the product and technology life cycles, new product development processes in B2B markets are investigated.



Topic 7. Communication tools and media of the B2B promotional mix:

Topic 7 focuses on the nature and characteristics of the individual communication tools and media of the b2b promotional mix. Attention is given to the importance of the personal selling and direct marketing in this sector, but also to the characteristics and usage of exhibitions, sponsorships, public relations and the role of the Internet within b2b marketing communications.



Topic 8. Channel management in B2B markets:

This topic examines the means by which a business marketer might try to reach target markets and gain maximum market coverage for their problem-solving abilities. Among other things, various channel structures and reasons for the use of multiple routes to market will be explained.



Teaching methods

> Lectures



Teaching methods

> Lectures

□ Case studies



Teaching methods

> Lectures

> Case studies

□ Projects



Teaching methods

- > Lectures
- > Case studies
- > Projects
- Group work



Teaching methods

- > Lectures
- > Case studies
- > Projects
- > Group work

□ Exercises



Teaching methods

- > Lectures
- > Case studies
- > Projects
- > Group work
- > Exercises
- Discussions



Teaching methods

- > Lectures
- > Case studies
- > Projects
- > Group work
- > Exercises
- > Discussions

□ Videos

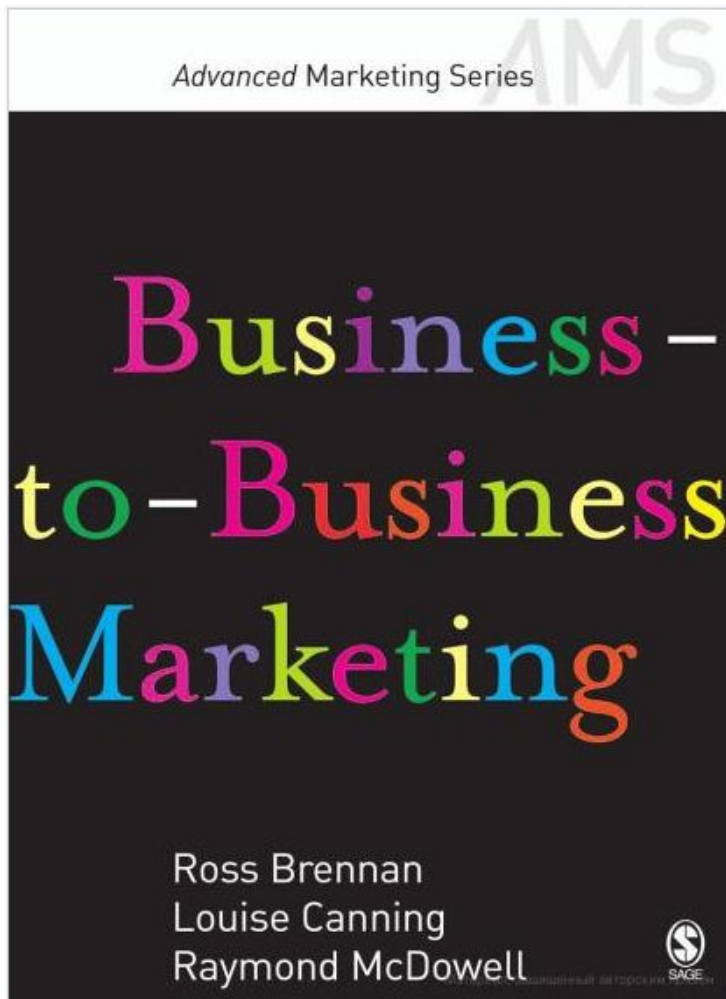


Teaching methods

- > **Lectures**
- > **Case studies**
- > **Projects**
- > **Group work**
- > **Exercises**
- > **Discussions**
- > **Videos**
- > **Presentations**



Literature



Business-to-Business Marketing 2007

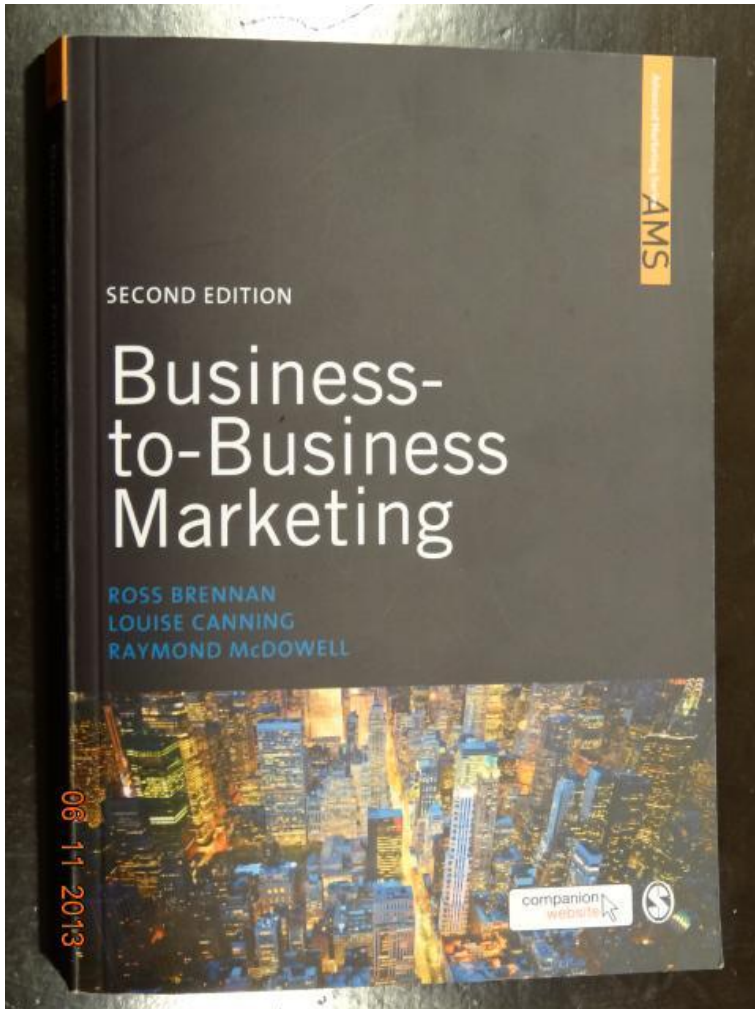
Ross Brennan
Louise Canning
Raymond McDowell

SAGE Publications Ltd.



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Literature



Business-to-Business Marketing/ Second Edition 2011

Ross Brennan
Louise Canning
Raymond McDowell

SAGE Publications Ltd.



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Dr. Ross Brennan



Born in Falkirk, Scotland, Ross spent his formative years in Macclesfield in northern England where he attended the King's School before going on to read economics at Clare College, University of Cambridge. After spending the earlier years of his career at British Telecommunications plc, Ross went on to work for Middlesex Polytechnic, which became Middlesex University in 1992. Ross currently holds the post of Reader in Marketing at Hertfordshire Business School; over the years he has also collected an MSc from Imperial College (London) and a PhD from the University of Manchester. All four of Ross's books have been collaborative efforts. Most recently, he eagerly grabbed the opportunity to become a co-author with marketing legend Philip Kotler on 'Marketing: An Introduction', which is on the way to becoming Europe's best-selling introductory marketing textbook. A second edition of 'Business to Business Marketing' appeared in late 2010, and a third edition is expected in 2014. The 2nd edition of 'Marketing: An Introduction' was published in 2012, and the 3rd edition is currently being prepared.



Dr. Ross Brennan

**Reader in Marketing
University of Hertfordshire
2012 – Present**

**Reader in Marketing
Middlesex University
2004 – 2012**

**University of Manchester – Institute of Science and Technology
PhD, Marketing
1994-1998**

**Product Manager
British Telecom
1979 – 1990**

**Imperial College, London
MSc, Management Science
1984 – 1985**

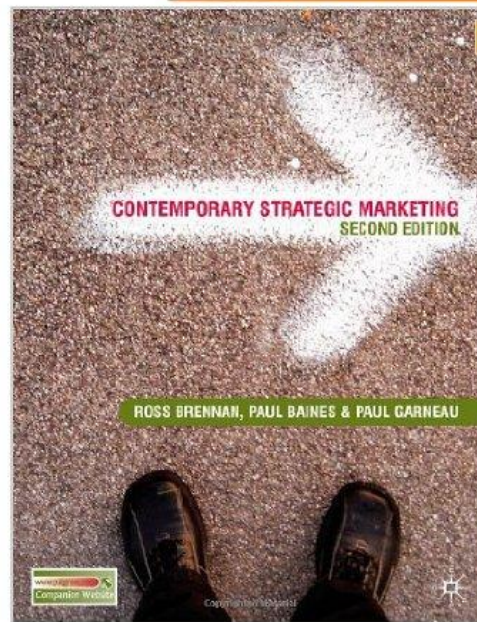
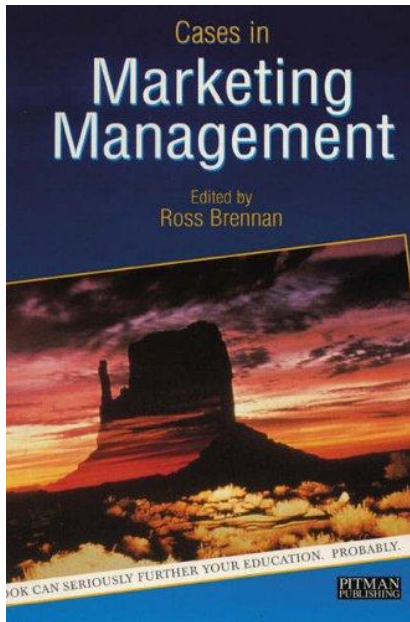
**University of Cambridge
BA, Economics
1976 - 1979**



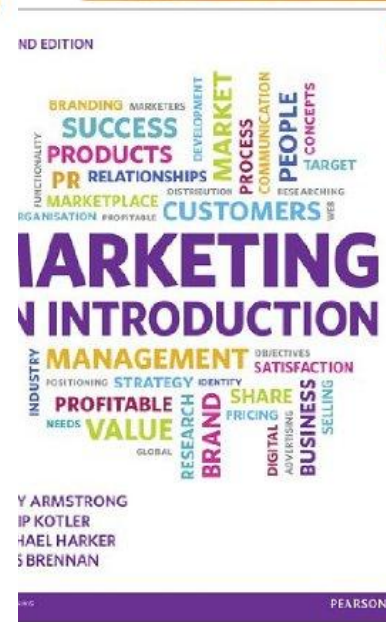
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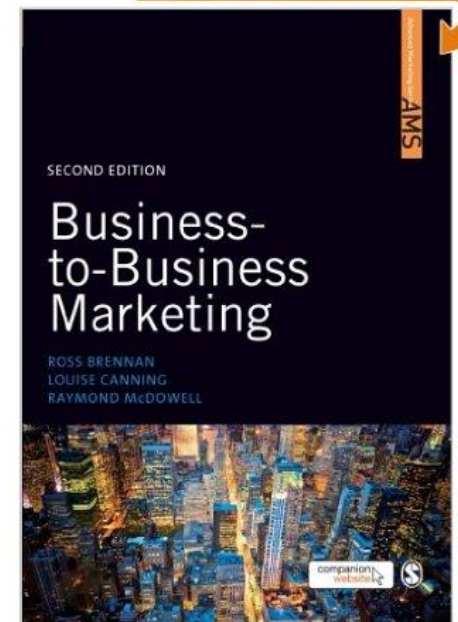
Click to **LOOK INSIDE!**



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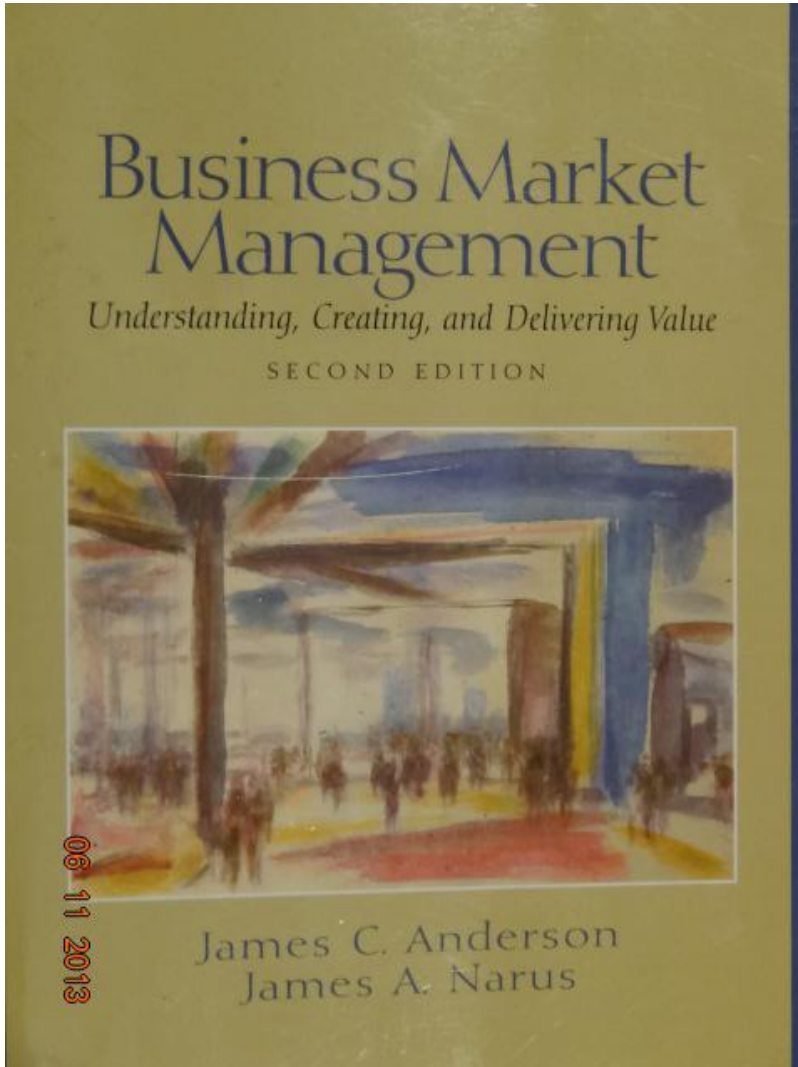


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Optional Reading



Business Market Management 1999

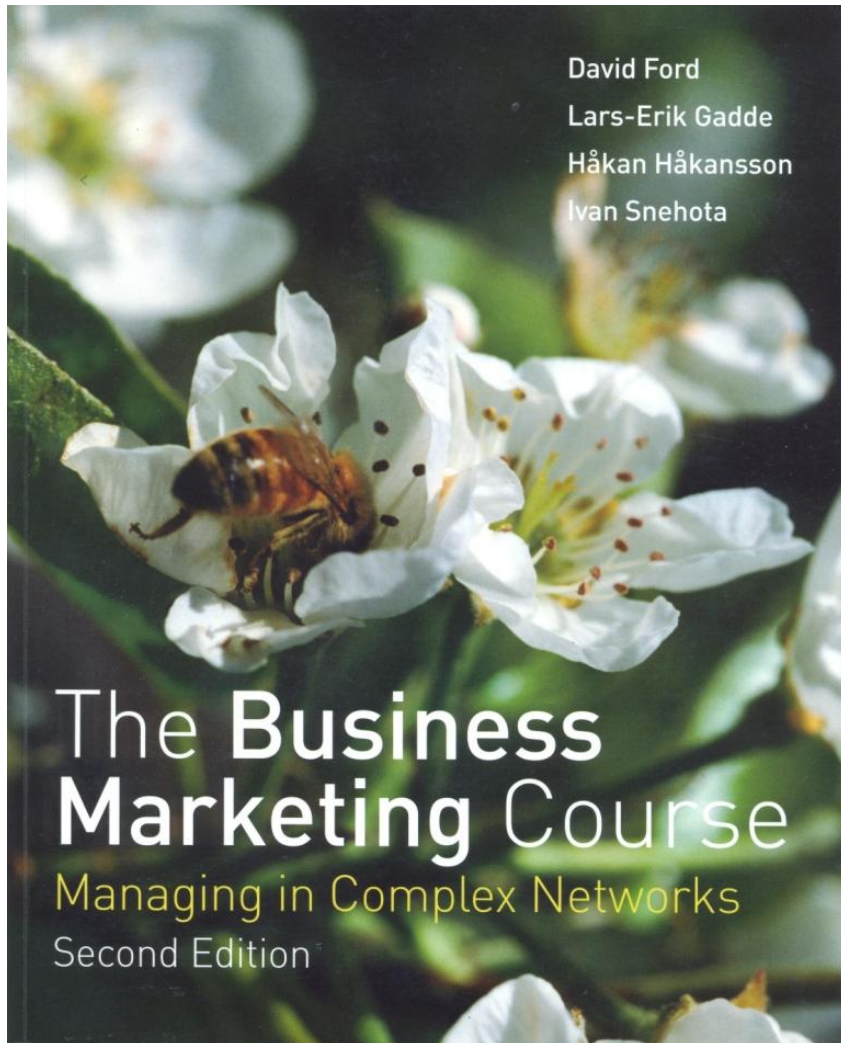
James C. Anderson
James A. Narus

Pearson Education, Inc.



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Optional Reading



The business marketing course: Managing in complex networks 2006

David Ford
Lars-Eric Gadde
Håkan Håkansson
Ivan Snehota

John Wiley & Sons

Also...

□ Academic articles (Journal of Marketing, Industrial Marketing Management, etc.)



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Also...

> Academic articles (Journal of Marketing, Industrial Marketing Management, etc.)

□ Business articles (HBR, Sloan Management Review, etc.)



Also...

- > **Academic articles** (Journal of Marketing, Industrial Marketing Management, Journal of Business-to-Business Marketing, etc.)
- > **Business articles** (HBR, Sloan Management Review, etc.)
- > **Press** (Bloomberg, Businessweek, The Economist, etc.)



Grading policy

Test on articles **10%**

Mid-term Exam **10%**

Individual project **10%**

Group project **10%**

Final exam **60%**



Test on articles

10%

20 **first** minutes of each class

Please, don't be late for the class!



Mid-term test: open-book format

10%

Date: 21st of November

Time: 13:00-13.45 (45 min)

Written mid-term examination test covers the main topics studied during the first part of the course (Topic 1, Topic 2, Topic 3, Topic 4, Topic 5, and Topic 6) and consists of both multiple choice and essay type questions.



Individual project:

You are free to take any item of the topics completed

10%

Power Point presentation (10 min)

Theoretical background with the example for the practical experience of the company

Each project presentation has to start with the clear objective and problem definition to be analyzed and include structured outcomes and conclusions both theoretical and practical



Group projects

10%

Power Point presentation (20 min)

**Revised version of Wikipedia article
+ Handouts (if needed)**

Form groups of 3 people

The outputs:

- 1) revised & improved Wikipedia B2B marketing item article;**
- 2) Power Point presentation**

Choose Wikipedia item article you will improve

Choose a company you will use as an example (all the time)

Come up with a b2b marketing strategy based on all the topics covered

during the course

Present your findings



Final exam: 19th of December, 2014: 1 h 30 min

Open-book format

Questions based on all the issues and materials covered in the course:

- *Relevant Brennan, et al. (either 1st or 2nd editions) textbook chapters*
- *Lecture slides*
- *Articles*
- *Cases discussed, etc.*

Questions (both open and closed type):

- *30% - multiple-choice questions*
- *70% - essay type questions*



Why wasting time?

- > **Form groups of 4 people each (to be completed up to 13:00, 17th of October, 2014)**
- > **Don't form homogeneous groups!**
- > **Exchange contacts with each other and register your group in professor's notepad**



Why wasting time?

- > I do expect that 4 students will choose their individual project profiles within the item 'B2C and B2B markets: The differences and similarities' **TODAY**
- > I do hope that 4 volunteers will determine their individual projects items not later than **14.45 TODAY**
- I invite everybody of 4 volunteers to come to the lecturer's desk to register the individual projects items at **14.45 TODAY**



And now to you...

Up to 60 seconds to each ...

- > Please, introduce yourself**
- > Tell us about your interests and background**
- > Share with us your expectations for the course**





Class 1: Nature of B2B Marketing



Topic 1

The Nature of B2B Marketing



What is B2B marketing?

“Organizational sales and purchase of goods and services to support production of other goods and services for company operations or for resale”



What is B2B marketing?

The global diamond market

Micro case Page 1

Diamond mining and distribution are big business. Among the world's biggest producers are Russian Federation, Botswana, and Australia, each of which produces over 20 billion carats (a carat is a weight of 0.2 gramm). It takes considerable investments: the time taken between discovering a diamond deposit and opening a mine is typically eight years. Mining is just the start, however. Before the diamonds can be sold to a distributor or dealer, they have to be cleaned and sorted. Only about 20% actually go on to be used in jewel manufacture, and then down the marketing channel to retailers and the end consumer. Organizational use take up 80% of diamond production. The main industrial uses of diamonds include cutting tools, abrasives, and powder for grinding and polishing. Even though diamonds are expensive, the material is so long-lasting that it is worth the cost to the buying firm. Industrial diamonds are sold to companies working in the stone, ceramic, metal, and concrete industries. Diamonds are also used by the manufacturers of pistons for aluminum-alloy car engines, computer chips, and surgical blades.



What is B2B marketing?

The global diamond market

Micro case Page 2

Thus, although marketing (via retailers) to consumers can be an important part of a diamond distributor's role (e.g. the famous 'a diamond is forever' advertising slogan, used by De Beers), knowing how to purchase and then resell the right sorts of diamonds from mining producers to satisfy the needs of a huge variety of organizational customers is actually much more important set of activities for most distributors. Their business customers are far less likely to be persuaded by a stylish promotional message than is a consumer buying an engagement ring.

Source: *www.debeersgroup.com*

(Ref.: Nick Ellis. *Business to Business Marketing*. – Oxford University Press. – 2010. – 384 p.)



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Marketing products and services to organizations...

□ **For incorporation** (e.g. ingredient materials, components)



Marketing products and services to organizations...

> **For incorporation** (e.g. ingredient materials, components)

□ **For consumption** (e.g. process materials, office supplies, consulting services)



Marketing products and services to organizations...

- > **For incorporation** (e.g. ingredient materials, components)
- > **For consumption** (e.g. process materials, office supplies, consulting services)
- **For use** (e.g. installations of equipment)



Marketing products and services to organizations...

- > **For incorporation** (e.g. ingredient materials, components)
- > **For consumption** (e.g. process materials, office supplies, consulting services)
- > **For use** (e.g. installations of equipment)
- > **For resale**



Core three elements of the business markets:

Power generation in Africa

Micro case Page 1

Providing electrical power is no easy matter in Africa: the continent accounts for over a sixth of the world's population but generates only 4% of global electricity. The demand for power grows as factories and shopping centres are constructed in countries like Nigeria where it is estimated that only 17 out of 79 power stations built in the 1970s and 1980s are still working. Power cuts are a frequent reality of life in Africa – inconvenient if you are trying to do your shopping, but catastrophic if you are facing hospital surgery. The impact of a firm supplying back-up generators to governments and power companies in such conditions is thus considerable.



Core three elements of the business markets:

Power generation in Africa

Micro case Page 2

Agrecco, based in Scotland, is the world's biggest supplier of temporary electricity in this form. It meets almost 50% of Uganda's power needs and 10% of those in Kenya and Tanzania. Thanks to the continuing demand for their products throughout the globe (in 90 countries at the last count), Agrecco's revenues soared by 42% in 2006-2007. Further growth seems likely since developing countries continue to have infrastructure limitations in meeting power demands, while developed countries are holding ever-larger outdoor events such as the 2008 Olympic Games where Agrecco was the exclusive provider of temporary power.

Source: www.agrecco.com

(Ref.: Nick Ellis. *Business to Business Marketing*. – Oxford University Press. – 2010. – 384 p.)



Core three elements of the business markets:

a) Industrial markets



Core three elements of the business markets:

- a) Industrial markets
- b) State Institutions



Core three elements of the business markets:

- a) Industrial markets
- b) State Institutions
- c) Non-Governmental Organizations



Characteristics of B2B markets:

Ice-cream machinery

Micro case Page 1

The Italian firm, Carpigiani, manufactures ice-cream-making machinery for organizational customers in over 100 countries. These includes fast-food chains like Pizza Hut and McDonald's as well as several large franchise chains such as Cold Stone, which runs nearly 1,500 stores in America and East Asia. Carpigiani claims to have about half the global market for ice-cream makers, giving it profits of €163 million in 2006. It employs 500 people. The managing director believes that this success is down to a recent focus on customer service, quality, and new product development. Pointedly, he has stopped television advertising, seeing it as what he terms 'an extravagance' for a machinery manufacturer.



Characteristics of B2B markets:

Ice-cream machinery

Micro case Page 2

The firm uses outsourcing and its four factories are essentially assembly lines since few parts are made 'in-house'. An emphasis on R&D has been especially important since poor materials from suppliers had caused problems in the past. This is vital in meeting the strict regulations for food-making machinery in countries like the US.

Source: www.carpigiani.com

(Ref.: Nick Ellis. *Business to Business Marketing*. – Oxford University Press. – 2010. – 384 p.)



Characteristics of B2B markets:

- > Small number of customers
- > Close buyer and seller relationships
- > Geographical concentration of customers
- > Derivative demand



Characteristics of B2B markets:

- > Inelasticity of the demand
- > Acceleration effect
- > Customers' professionalism
- > Influence on the purchasing behavior



Importance of B2B markets:

The B2B activities behind Cargill's business

Micro case Page 1

In recent years, Cargill has been the largest private company in the US, with revenues of around £ 55 billion in 2007. Although the firm does not comment on its market shares in what are predominantly B2B markets, reports suggest Cargill and its two largest rivals control nearly 75% of the global market in soya; and Cargill is the largest crusher of oilseed in the world.



Importance of B2B markets:

The B2B activities behind Cargill's business

Micro case Page 2

As one of its brochures asserts, 'We buy, trade, transport, blend, mill, crush, process, refine, season, distribute around the clock, around the globe'. The firm's products ends up as flour in bread, wheat in noodles, corn in tortillas, oil in salad dressing, and the meat on the people's tables. Yet, as marketers says, 'Cargill has no consumer face. Few people in Britain have heard of it'.

Source: www.cargill.com

(Ref.: Nick Ellis. *Business to Business Marketing*. – Oxford University Press. – 2010. – 384 p.)



Importance of B2B markets:

> B2B markets are **BIG**



Importance of B2B markets:

- > B2B markets are **BIG**
- > The volume of transactions in the industrial markets is bigger than that of the consumer markets

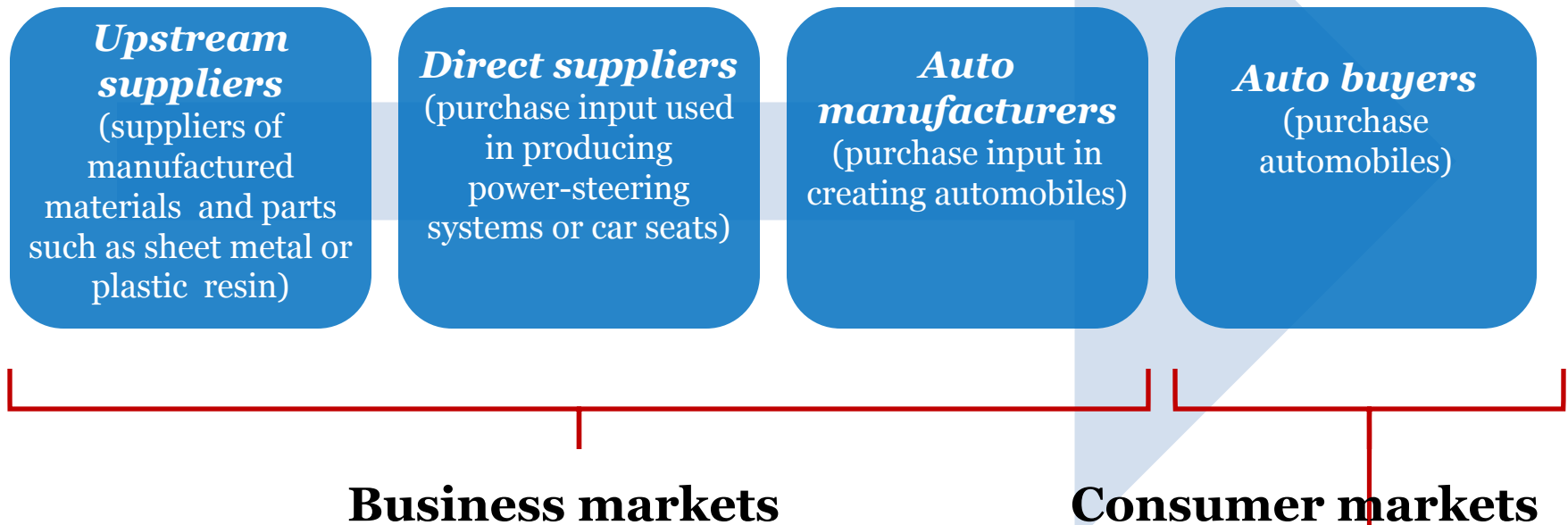


Importance of B2B markets:

- > B2B markets are **BIG**
- > The volume of transactions in the industrial markets is bigger than that of the consumer markets
- > Over **50%** of world economic activity is exchanges between organizations



Example: Chain of suppliers in the automotive car industry



B2B vs B2C

Even 20 years ago Gross et al (1993) provided an impressively long list of some 58 differences between business marketing and consumer marketing



B2B vs B2C (1 of 3):

- > Business customers want to buy products they really need
- > Business customers are more sophisticated buyers
- > Business customers will read and analyze your advertisements



B2B vs B2C (2 of 3):

- > Business buying is a multi-stage process
- > Business purchasing involves multiple influencing factors
- > Business product is more complicated



B2B vs B2C (3 of 3):

- > Business communications are more sophisticated
- > Business customers buy both for their companies and “for themselves”



B2B vs B2C: Differences according to the sphere of use:

- > Marketing planning**
- > Consumer behavior**
- > Marketing research**
- > Market structure**



B2B vs B2C: Similarities according to the sphere of use:

- > Decision-taking persons**
- > Roles**
- > Behavior models**
- > Influence**



Classification of B2B buyers:

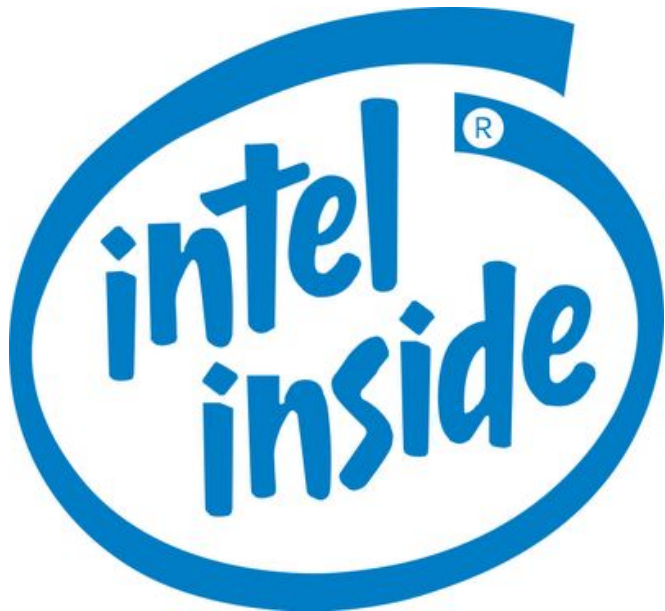
- > Original Equipment Manufacturers
- > Users
- > Dealers and Distributors
- > Government agencies and Institutions



Classification of B2B buyers:

1. Original Equipment Manufacturers (OEM)

Companies are buying the product or service to include it into its own final product sold then in the business or ultimate consumer market



Windows®

Classification of B2B buyers:

2. Users

Companies are buying the product or service to support their own business operations. These products and services do not become a part of the product, but instead help to produce it.

CATERPILLAR®

Classification of B2B buyers:

3. Dealers and Distributors

Companies that buy products for resale (basically in the same form) to users and OEMs.

The distributor accumulates, stores, and sells a large assortment of goods to industrial users.

4. Government agencies and Institutions

Hospitals, nursing homes, schools, etc.

Have great purchasing power

The buying process regulated by the law

Classification of (categories) of B2B products:

1. *Entering Products*
2. *Foundation Goods*
3. *Facilitating Goods*

Classification of B2B products:

1. *Entering Products*

> *Raw materials*

*Farm products (e.g. wheat, cotton, livestock, fruits, vegetables)

*Natural products (e.g. fish, lumber, crude oil, petroleum)

> *Manufactured materials and parts*

*Component materials (e.g. steel, cement, wire, textiles)

*Component parts (e.g. small motors, tires)

Classification of B2B products:

2. *Foundation Goods*

> *Installations*

*Buildings and land rights (e.g. factories, offices)

*Fixed equipment (e.g. generators, computers, elevators, production lines)

> *Accessory equipment*

*Portable of light factory equipment and tools (e.g. hand tools, lift trucks)

*Office equipment (e.g. typewriters, desks)

Classification of B2B products:

3. *Facilitating Goods*

> *Supplies*

*Operating supplies (e.g. computers, printers, etc.)

*Maintenance and repair items (e.g. paints, brooms)

> *Business Services*

*Maintenance and repair services (e.g. window cleaning, typewriter repair, production line maintenance)

*Business advisory services (e.g. legal, management consulting, advertising)

*IT-services

Modern trends of B2B marketing development:

Fascinating 3-D printer

http://www.youtube.com/watch?v=8aghzpO_UZE



Classification of (categories) of B2B products:

1. *Entering Products*
2. *Foundation Goods*
3. *Facilitating Goods*

Modern trends of B2B marketing development:

- > The growing importance of the material and technical supply service (*Supply Chain Management*)
- > Long-term contracts
- > Just-In-Time production systems



Modern trends of B2B marketing development:

- > Frequent and reliable deliveries
- > Stable schedule of the production process
- > Closeness of the suppliers and customers
- > Leasing



Modern trends of B2B marketing development:

- > Stocks are managed by the suppliers which work “on the territory” of the company
- > Electronic interaction with suppliers and distributors
- > **90%** of all Internet sales are B2B transactions



Modern trends of B2B marketing development:

- > Centralized purchasing
- > Buying and selling of the systems
- > Analysis of customer value
- > Sharing the risks as well as values –
“we are going to take the risks and share the values



Modern trends of B2B marketing development:

- > The broadening practical application of the concept of service-dominant logic
- > 'Key account management' strengthening managerial practices
- > Comprehensive B2B branding
- > Rapid extension of B2B markets: boosting marketplaces like BRICS countries



Modern trends of B2B marketing development:

The broadening practical application of the concept of service-dominant logic

- Key account management
- B2B branding
- Rapid extension of B2B markets in BRICS countries



What are the main differences between consumer-goods and business markets and marketing ?

<http://www.youtube.com/watch?v=PK4twKHI-38>



What are the main differences between consumer-goods and business markets and marketing ?

<http://www.youtube.com/watch?v=OpaAvSAdq1o&feature=relmfu>



What are the main differences between consumer-goods and business markets and marketing ?

http://www.youtube.com/watch?v=u_17twTGfMU&feature=relmfu



What are the main differences between consumer-goods and business markets and marketing ?

B2C

- Customer
- Buying Behavior
- Buyer-Sellers Relationship
- Product
- Price
- Promotion
- Channels

B2B



What are the main differences between consumer-goods and business markets and marketing ?

	B2C	B2B
Customer		
Buying Behavior		
Buyer-Sellers Relationship		
Buyer-Sellers Relationship		
Price		
Promotion		
Channels		

If you were a marketing manager in a B2B company, what kind of responsibilities would you have?



Achieving goals



Failing to achieve goals



Performance metrics in B2B

> Define financial objectives



Performance metrics in B2B

> Define financial objectives

□ Define customer value proposition



Performance metrics in B2B

- > Define financial objectives
- > Define customer value proposition
- Establish time line for results



Performance metrics in B2B

- > Define financial objectives
- > Define customer value proposition
- > Establish time line for results
- Define necessary marketing resources



Performance metrics in B2B

- > Define financial objectives
 - > Define customer value proposition
 - > Establish time line for results
 - > Define necessary marketing resources
- Define the measurable result parameters



Performance metrics in B2B

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 - > Define customer value proposition
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 - > Define necessary marketing resources
 - > Define the measurable result parameters
- Execute marketing strategy



Performance metrics in B2B

- > Define financial objectives
- > Define customer value proposition
- > Establish time line for results
- > Define necessary marketing resources
- > Define the measurable result parameters
- > Execute marketing strategy

□ Control results



Performance metrics in B2B

- > **Define financial objectives**
- > **Define customer value proposition**
- > **Establish time line for results**
- > **Define necessary marketing resources**
- > **Define the measurable result parameters**
- > **Execute marketing strategy**
- > **Control results**
- > **PREPARE YOUR REPORT**



Performance metrics & B2B marketing

↑ Revenue

↓ Production cost

Gross profit

Gross margin

↓ Commercial cost

↓ Management cost

EBITDA

↓ Depreciation & Amortization

↓ Interest

↑ **EBT**

Profit margin

ROI on marketing expenses



Case 1

- > Explain how the chain of derived demand affects the demand for steel
- > Explain the differences between marketing an industrial raw material such as steel and a fast-moving consumer good (e.g. washing powder) in terms of market structure differences, buying behavior differences, and marketing practice differences.



Reading: Home Task – be ready to Class 2

Brennan, et al. (2007, or 2011) **Chapter 1 and Chapter 2**

'OOO Rusal-Sayanskaya Folga's Choice of Marketing Strategy' Case

Atlee Valentine Pope and George F. Brown, Jr.
Best-in-Class Behaviors in Business-to-Business Relationships (April 2007) – be ready to the 17th of October – PDF file will be supplied by Prof. Andrey Zagorskiy



Summing up...

Now you should have:



Summing up...

Now you should have:

□ **General idea of what the course is about**



Summing up...

Now you should have:

> General idea of what the course is about

□ **Understanding of the requirements of the course**



Summing up...

Now you should have:

- > General idea of what the course is about
- > Understanding of the requirements of the course

□ **General idea of what B2B marketing is about**



Summing up...

Now you should have:

- > **General idea of what the course is about**
- > **Understanding of the requirements of the course**
- > **General idea of what B2B marketing is about**
- > **How the course is related to practice**

