

Business Marketing

Week 1: Marketing Planning and Analysis

Appreciate the need for strategic planning and supply chain management (153 – 158)

The roles of marketing within Supply/Demand Chain Management

S/DCM (element)	Role of Marketing
Process Managing integration between demand and supply	<ol style="list-style-type: none">1. Dissemination of customer & market information2. Improved effect of marketing activities from integrating processes3. Encouraging a demand-driven information needs
Configuration (how we do things) Managing structure between integrated processes & customer segments	<ol style="list-style-type: none">1. Linking external customer segmentation with internal segmentation of production, logistics and purchasing2. Gaining knowledge of changing customer needs as basis for structurally adapting the supply chain
Social Interaction Managing working relationship between marketing & SCM	<ol style="list-style-type: none">3. Exchanging timely information with SCM about customer segment, new customer opportunities, new product opportunities, etc.4. Collaborate with SCM for a mutual understanding of the information exchanged and collective goals

Understand and apply the process of marketing planning (158 – 167)

Elements of a typical marketing plan

Analysis – corporate mission, marketing audit, SWOT

Objectives – grow, maintain, harvest, divest

Strategies – competitive strategies, product/market decisions, STP, branding

Tactics - Marketing mix programmes (market data, market analysis, target market strategy)

Implementation – resources, responsibilities, time scales

Control – measurement, evaluation, feedback

Strategic issues in marketing planning

Generic competitive strategies

- Cost leadership
- Differentiation
- Focus
- Avoiding being 'stuck in the middle'

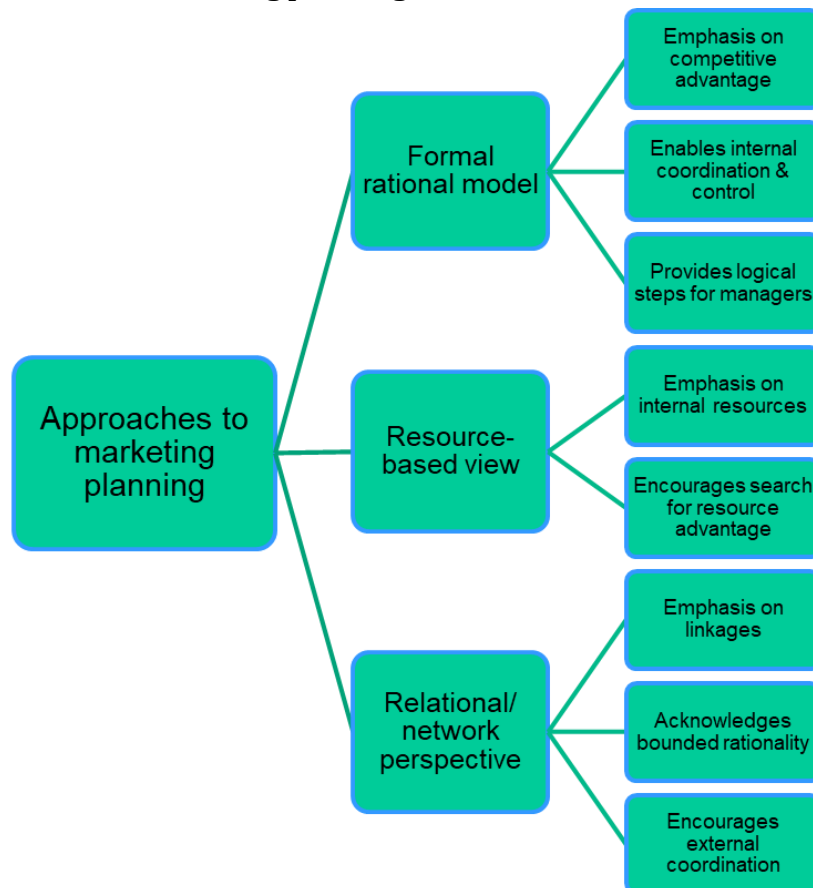
Product/market decisions

- Market penetration
- Market development
- Product development
- Diversification

Strategy & tactics

- Tactics support strategies
- Tactics are more operationally detailed
- Perspectives vary depending on managerial level

Some approaches to marketing planning



Understand the concept and apply a situation analysis in business-to-business marketing contexts (167 – 169)

Elements of a marketing audit

External Audit	Internal Audit
Business environment – SLEPT factors	Sales – by segment, customer, product line etc.
The market – total size, growth, trends, characteristics	Profitability – costs, margins
Customers – distributors, end users, organization buyer behaviour (BB)	Management of marketing mix – Net Domestic Product rates, sales practice
Suppliers – direct, upstream, competencies	Resources – people, money, materials
Competitors – direct, indirect, strategies	Market share – leader, follower, nicher

Use information sources and assess market potential (170-172)

Comparing B2B with B2C market research

The universe	Size of sample	Defining respondents
Accessibility of respondents	Cooperativeness of respondents	Cost per respondent
	Researchers/ interviewers	

Understand & apply B2B market segmentation principles and processes (173 – 176)

Market	Organizations with needs or wants, the ability to purchase and the willingness to buy.
Market Segment	A group of current or potential customers with some common characteristics which we can use to predict their actions when subjected to a target marketing strategy.
Market Segmentation	The process of dividing a market into meaningful, relatively similar (homogeneous) and identifiable segments or groups (heterogeneous).

Process of segmenting: pulling market (data) apart – putting data back together again – enables marketers to develop target market strategies

Criteria:

- **Measurability**
- **Accessibility**
- **Substantiality**
- **Responsiveness**

Measurability

- The amount of information available about customers for a segment

Accessibility

- Amount of marketing effort a company can focus on customers in the segment
- How many customers? How much effort required? What are customers worth to suppliers?

Substantiality

- Are the segments large and profitable enough to justify using a separate target market strategy
- We can alter at least one component of price, product, place, or promotion strategy to reach a target
- E.g. promotion and distribution strategy may be the same for 3 targets, but the product and pricing strategies may differ
- Determine the size of the market using segmentation based on:
 - Market characteristics
 - Customer characteristics

Responsiveness

- Will the customers respond to the target market strategy developed for the segment

Bases for segmenting a market

Macro Bases – Market Characteristics

- **Customer location**
- **Customer size**
- **Market served by customer**
- **Usage rates**
- **Purchase situation**

Customer Size: Dividing markets into segments based on customer usage highlights customers that are heterogeneous and homogenous on certain characteristics. These include buying method and promotion tools required, channel requirements, product range, type of customer relationship, importance of individual customers, etc.

How to identify customer-based segments: Rank customers on a relevant attribute – amount of product purchased, value of product purchased, market share, etc.

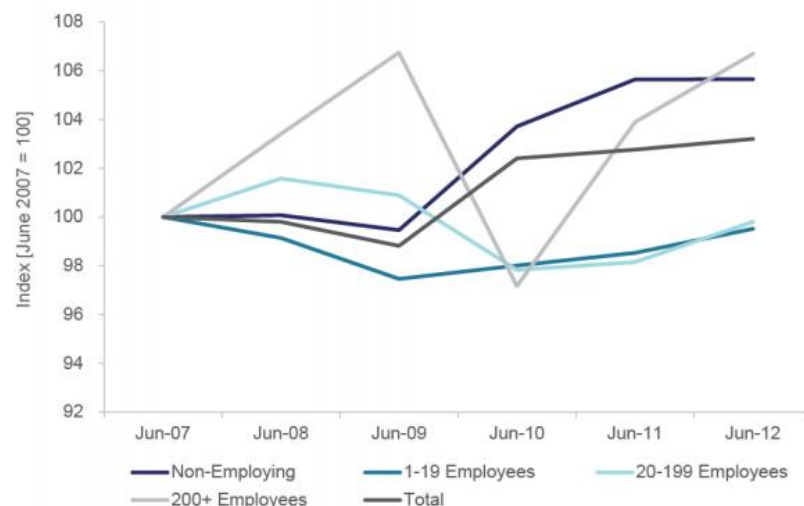
Baby Food	Share 2013	Tonnes
Danone, Groupe	30.80	13,552
Heinz Co, HJ	15.30	6,732
Aspen Pharmacare (Pty) Ltd	12.40	5,456
PZ Cussons Plc	11.80	5,192
Nestlé SA	4.50	1,980
Tasmanian Pure Foods Group	4.40	1,936
McCallum Industries Ltd	2.70	1,188
Want Want Holdings Ltd	0.80	352
Hain Celestial Group Inc, The	0.60	264
Organic Baby Food Co Pty Ltd, The	0.60	264
Holle Baby Food GmbH	0.50	220
A2 Corp Ltd	0.40	176
Hampden Trading Pty Ltd	0.30	132
Kids Food Co Ltd, The	0.00	0
Kraft Heinz Co	0.00	0
		0
Others	10.10	4,444
Private Label	4.90	2,156
Total	100.00	44,000

Customers ranked high to low on tonnes of food produced – calculated from market share data

Product ANZSIC/End Market: Australia New Zealand Standard Industry Codes provide a consistent classification of businesses over time

Product value in use: the value in use for tyres is higher for the owner of a fleet of taxis (used 24/7) compared to a company's fleet vehicle

Size of buyer organization:



Source: ABS Cat. No. 8165.0

Geographic location of buyer organization: maps and segments industry clusters

Type of buying situation: Segment into centralised or localised buying

Segment customers into those who are:

- New task buyers
- Straight re-buyers
- Modified re-buyers

Strategic implications: If you are the current supplier, keep buyers as straight re-buyers. If you are *not* the current supplier, move customers to a modified re-buy

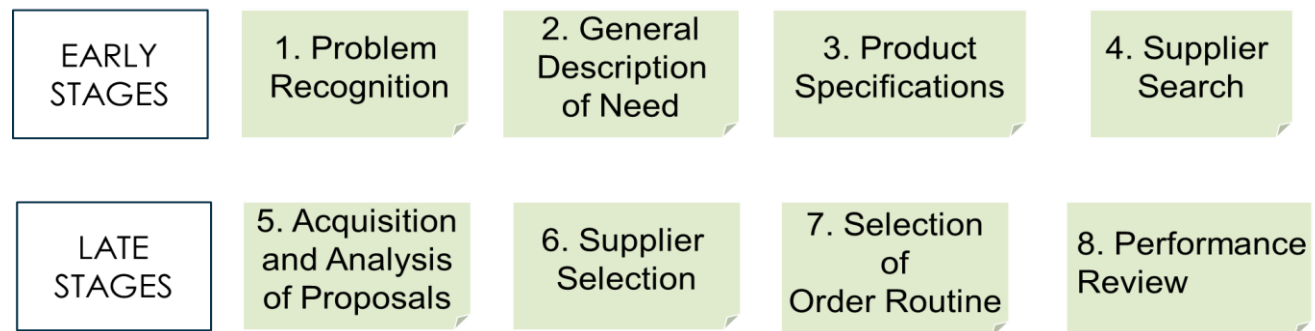
Micro Bases – Customer Characteristics

- Purchasing strategies
- Purchasing policies
- Importance of purchase
- Attitude to risk
- Personal characteristics of buyer

Purchasing strategy & purchasing policy: segmenting a market by customer procurement policy later in this topic

- Type of buying situation
- Stage in decision process

Stages in decision process



Importance of purchase: perceived risk, cost of item, stages in decision process

Attitude to risk: firm's overall attitude to risk

Marketing segmentation decisions: company decides whether to select segment based on:

- The distinctiveness of the segment
- The future attractiveness of the segment
- The resource demands of serving the segment
- The selling firm's strategy

Week 2: B2B Marketing and Organizational Buying Behaviour

Explain the significance of business-to-business marketing in the global economy

B2B marketing: the marketing activities of any kind of organization which has exchange relationships with other organizations or businesses

Industrial marketing – 1960s

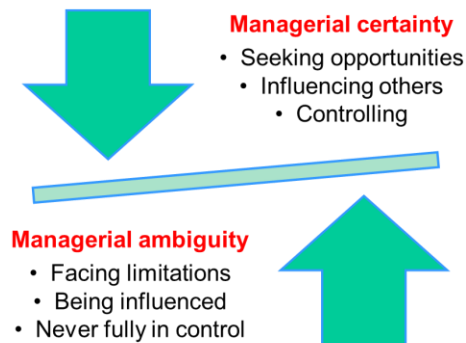
Organisational marketing – 2000s

Business-to-business marketing – 1980s

Significance of B2B markets

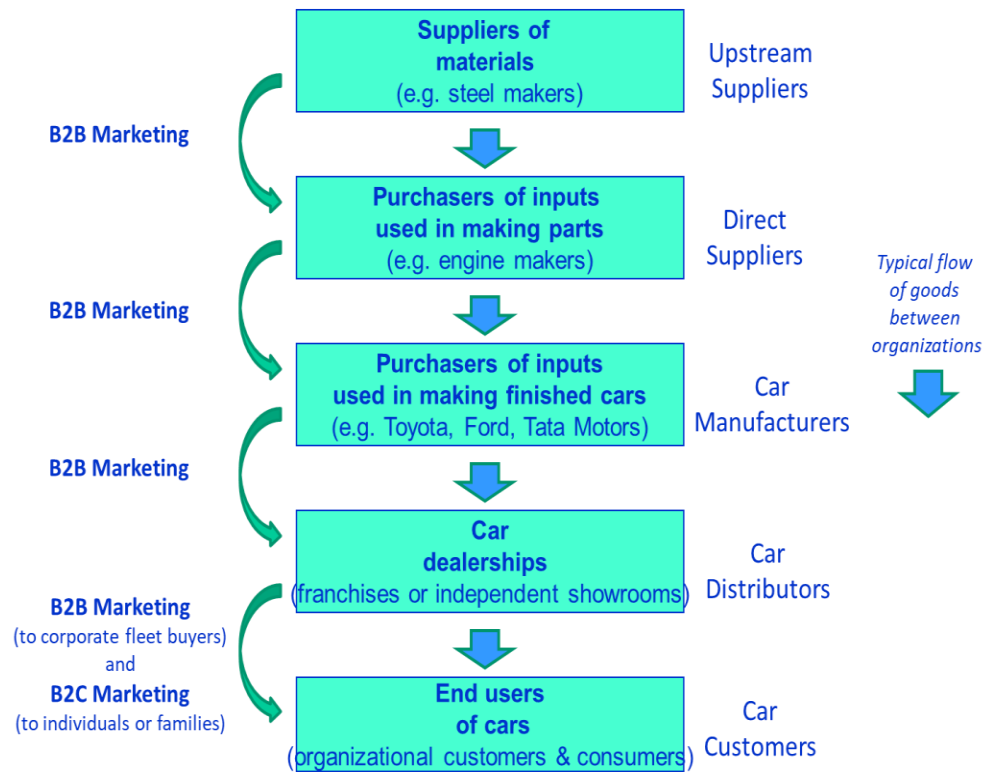
- Purchasing power of private & public-sector organizations can be huge
- business-to-business exchanges have a greater impact on people's lives than B2C trading
- B2B activities make a major contribution to most national economies
- Upstream inter-organizational trading supports almost every end user market
- Key B2B activities are carried out 'behind the scenes' of most B2C experiences
- B2C marketers are learning from business-to-business marketing practices

Paradoxes facing managers and firms in industrial networks



Explain the significance of the supply-demand chain and value chain concepts for business-to-business marketers

Figure 1.4 – supply/demand chain for cars



ELEMENTS OF A TYPICAL VALUE CHAIN (Fig 1.5)

