

INDUSTRIAL MARKETING

Editorial objective

The *Journal of Business & Industrial Marketing* provides academics who are teaching marketing and directors and executives of marketing with new ideas concerning **business-to-business marketing**. That is, how one company or organization markets its goods/services/ideas to another company or organization.

Coverage

Competition

Distribution channels

Media

NPD

Organizing for international growth

Relationship marketing

Sales force

The buying culture

INDUSTRIAL MANAGEMENT & DATA SYSTEMS

Industrial Management & Data Systems (IMDS)

aims to improve managerial skills by promoting awareness of new technology and related concepts and their implications for new products and processes;

and to improve the industrial manager's understanding of all aspects of management activity, facilitating better communication between

INDUSTRIAL MARKETING

- By P K Ghosh

Industrial Marketing

Book Description

Industrial Marketing is a comprehensive textbook specially designed to meet the needs of management students.

The book explains core concepts of industrial marketing through practical applications and supplements them with numerous managerial examples, caselets, and detailed case studies.

It provides in-depth coverage of the three key components of industrial marketing management:

- 1- organizational buying and buyer behavior,
- 2- strategy formulation in industrial markets,
- 3- and product, channel, and price planning for industrial goods and services.



B2B BRAND MANAGEMENT

PHILIP KOTLER
WALDEMAR PFOERTSCH



- Take for instance the *Boeing company*. Only a few years ago a very interesting incident happened at the *Boeing headquarters in Seattle*. Shortly after Judith A. Muehlberg, a *Ford veteran* started as head the Marketing and Public-Relations department, she dared to utter the “B” word in a meeting of top executives. Instantly, a senior manager stopped her and said: “Judith, do you know what industry you’re in and what company you’ve come to? We aren’t a consumer goods company, and we don’t have a brand.” Since then US aerospace giant *Boeing* has come a long way. Nowadays, branding and brand management do matter in a big way to them. In 2000, the company’s first-ever brand strategy was formalized and integrated in an overall strategy to extend its reach beyond the commercial airplane business

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THE PURPOSE OF MARKETING

*Marketing is a **set of** processes for creating , **communicating**, and **managing** customer relationships(**CRM**) in ways that that benefit **company** and **delivering value and satisfy the customer***

Marketing attract customer

CRM keep the customer and turn them to Loyal customer

Without them price is only attraction

MARKETING DEFINITION

- **Marketing** is the **homework** that managers undertake to:
- **Assess** Needs
- **Measure** their **extent** and **intensity**
- **determine** whether a **profitable opportunity** exists?

- we have to take some initiatives
- We have to accumulate enough inf.
- the system of monopolized approach has reached the end of the road.

MARKETING DEFINITION

- **Marketing** continues throughout product's life:
 - Trying to find **new** customer;
 - Keep **current** customer by:
 - Improving product **appeal** and **performance**,
 - **Learning** from product **sales results**,
 -
- Several factor will **impact** the effectiveness (
- I don't want to make decision **impulsively**

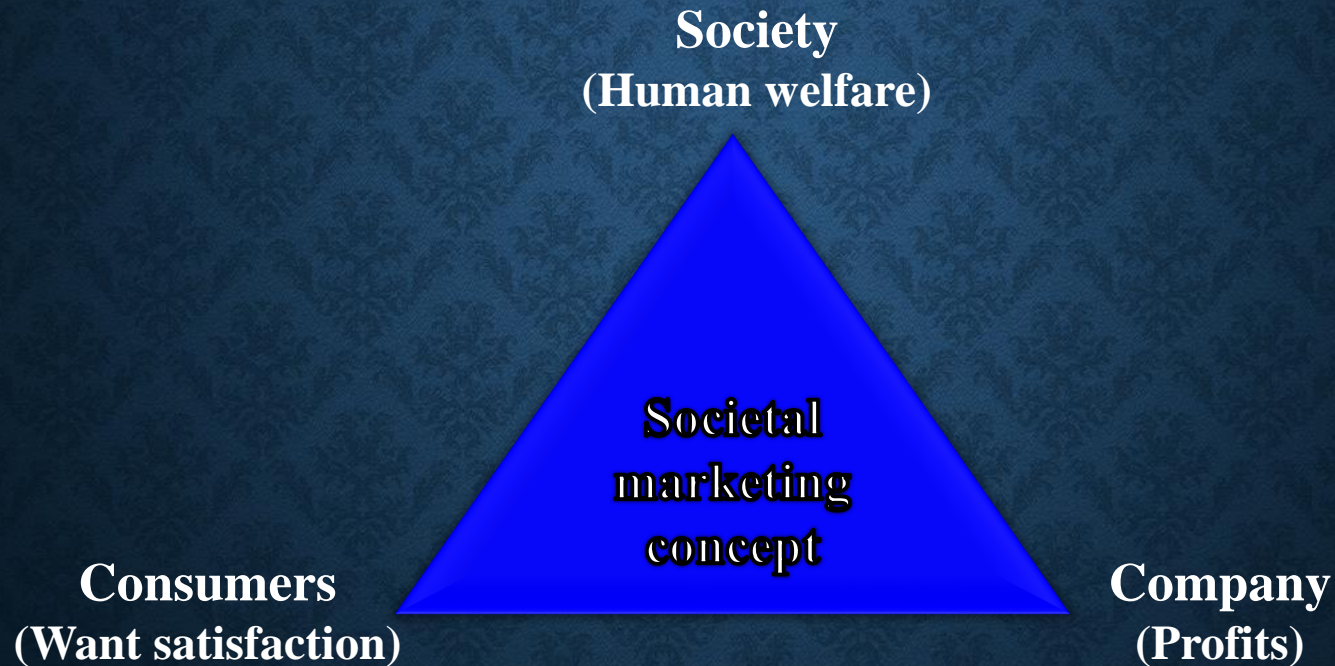
NEEDS, WANTS, AND DEMANDS

- People have almost **unlimited want** and **limited resources**. Thus, they want to **choose** products that provide **the most value** and satisfaction for their money.
- **wants** become **demand** When backed by **buying power**,
- **Consumer view products as bundle of benefits.**
- **A Honda civic**, means the basic transportation, affordable price, and fuel economy.
- **A Lexus** means comfort, luxury
-

VALUE, SATISFACTION, AND QUALITY

- **Results:**
 - Fall = Dissatisfied (one tell to seventeen)
 - Match = Satisfied (one tell to five)
 - Exceed = Delight and finally become Loyal
- **Outcome:**
 - Satisfied customer make repeat purchases.
 - Tell to others about good experiences with the product.
- **Smart companies:**
 - *Aim to delight customers by promising only what they can deliver, then delivering more than they promise*

SOCIETAL MARKETING CONCEPT



1-there are a few issues that if we get it right we will have success and if we don't we have to shut project down

2- you have to designate

Your Future prosperity is heavily depend on a decision you are making now

WHO MADE THIS PROFOUND STATEMENT

The aim of marketing is to make selling unnecessary

- If you research the market and Identify the unmet needs and you create solution and product people will learn about it and buy without much selling
- **The future is not what it used to be**
- **Marketing is too important to be left to marketing dept.**

Industrial Marketing

- **Also called:** Business-to-Business (B2B) and Organizational Marketing.
- **Definition:** the creation and management of mutually beneficial relationships between organizational suppliers and organizational customers.

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INDUSTRIAL VS CONSUMER MARKETING

Areas of Difference	B2B Market	Consumer Market
Market Characteristics	Geographically Concentrated	Geographically Disbursed
	Relatively Fewer Buyer	Mass Market
Product Characteristic	Technical Complex	Standardize
	Customized	
Service Characteristic	Service , timely Availability extremely Important	Somewhat Important
Buying Behavior	Involvement of Various functional area from both the ends	Involvement of family members
	Purchase Decisions are performance based and rational	Purchase decisions are mostly based on Physiological /social/psychological needs
	Technical Expertise	Relatively less technical expertise is required

INDUSTRIAL VS CONSUMER MARKETING

Areas of Difference	Industrial Market	Consumer Market
Channel Characteristic	More Direct	Indirect
	Fewer Intermediaries	Multiple layer of Intermediaries
Promotional Characteristic	Emphasis on Personal Selling	Emphasis on Mass Media (Advertising)
Price Characteristic	Competitive Bidding and Negotiated Prices	List Price
	List Price for Standard Products	

The Nature of Industrial Buying
and Buying Behavior



External Environment

- **Six Environments**

- Technological
- Economic
- Social/Cultural (Customer)
- Political/Legal
- Natural/Climatic
- Competitive

External Environment

- **Characterized by:**

- Degree of Stability
- Complexity
- Diversity
- Hostility

six Major Differences Between B2B and B2C

- Nature of demand
- How the customer buys
- Communication process
- Economic/Financial factors
- The **technical characteristics** of the product are important.
- The customer is an organization rather than an individual consumer, or family.

Products/Services

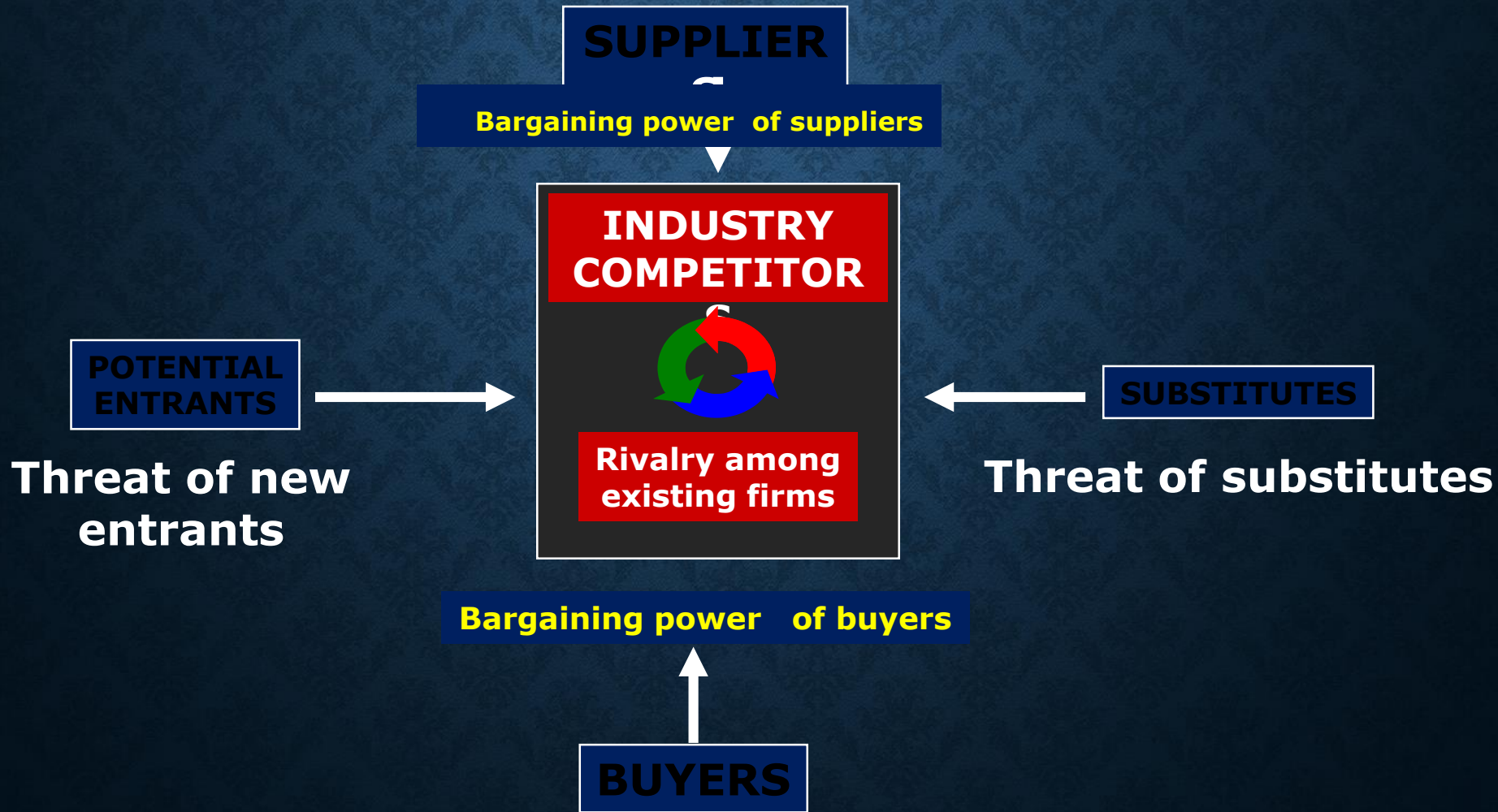
- More complex
- Large unit dollar value/Large quantities
- Custom/Tailored
- Various Stages from raw material to finished goods.
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How Customer Buys

- **Group Process**
- **Formal**
- **Lengthy**
- **Loyal**
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PORTER'S FIVE FORCES OF COMPETITION FRAMEWORK

5 نیروی پورتر در چارچوب رقابت



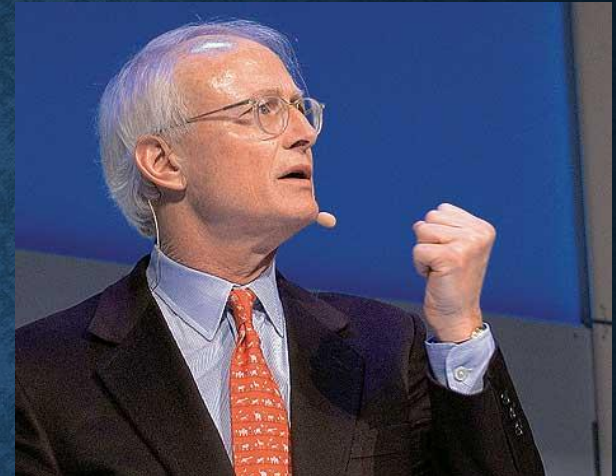
A brand for competition



سازمان همکاری اقتصاد و توسعه

Organization for Economic
Cooperation & Development

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■



Michael Eugene Porter professor at
Harvard Business School .

A definition that has gained favor in the OECD is that *competitiveness* is a degree to which a place can, under free market and fair conditions, produce goods and services which meet the test of international markets while simultaneously maintaining and expanding the real incomes of its people over the long time.

هم تقاضای بین المللی را برآورده سازند هم نیازهای داخلی در بلند مدت محقق نمایند
شرایطی که شرکت

COMPETITIVE ADVANTAGE

When a firm sustains profits that exceed the average for its industry, the firm is said to possess a **competitive advantage** over its rivals. زمانی که سود شما از

میانگین در آن صنعت بیشتر می شود می گویند شما مزیت رقابتی دارید

The **goal** of much of business strategy is to **achieve a sustainable competitive advantage**. اهداف بسیاری از کسب و کارها بدست آوردن یک مزیت رقابتی پایدار است.

Michael Porter identified two basic types of competitive advantage:

cost advantage

differentiation advantage

COMPETITIVE ADVANTAGE

- A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage).

• مزیت رقابتی زمانی ایجاد می شود که شرکت محصولی را با همان ویژگیهای رقیب ولی با قیمت کمتر ارائه می دهد و یا با ویژگیهای متمایز تر



COMPETITIVE ADVANTAGE

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- **Cost and differentiation advantages** are known **as positional advantages** since they describe the firm's position in the industry **as a leader** in either cost or differentiation. به این مزیتها مزیت جایگاهی هم گفته می شود چون اون صنعت را به عنوان رهبر در مزیت هزینه ای و یا تمایزی مطرح می نماید
- **A resource-based view** emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation. نگاه منابعی=تاکید در بهره برداری شرکت از منابع و توانمندیهایش در خلق مزیتهای رقابتی که منجر به خلق ارزشی می شود
-

RESOURCES AND CAPABILITIES

- According to the resource-based view, in order to develop a competitive advantage the firm must have طبق نگرش منابعی برای اینکه شرکت بتواند مزیتی خلق کند باید منابع و توانمندیهای داشته باشد که از رقبایش برتر است

1- resources and

2- capabilities

that are superior to those of its competitors.

در غیر این صورت رقبا می توانند تمایزاتش را به سرعت کپی کنند و مزیت رقابتی او محو می شود

Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear.

RESOURCES AND CAPABILITIES

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- **The following are some examples of such resources:**

- Patents and trademarks ثبت اختراع

- Proprietary know-how

- customer base

- Reputation of the firm

- Brand equity

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BRAND EQUITY

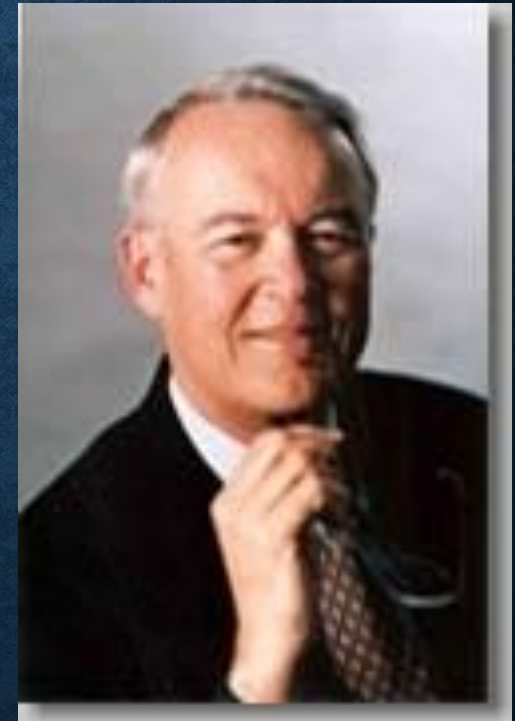
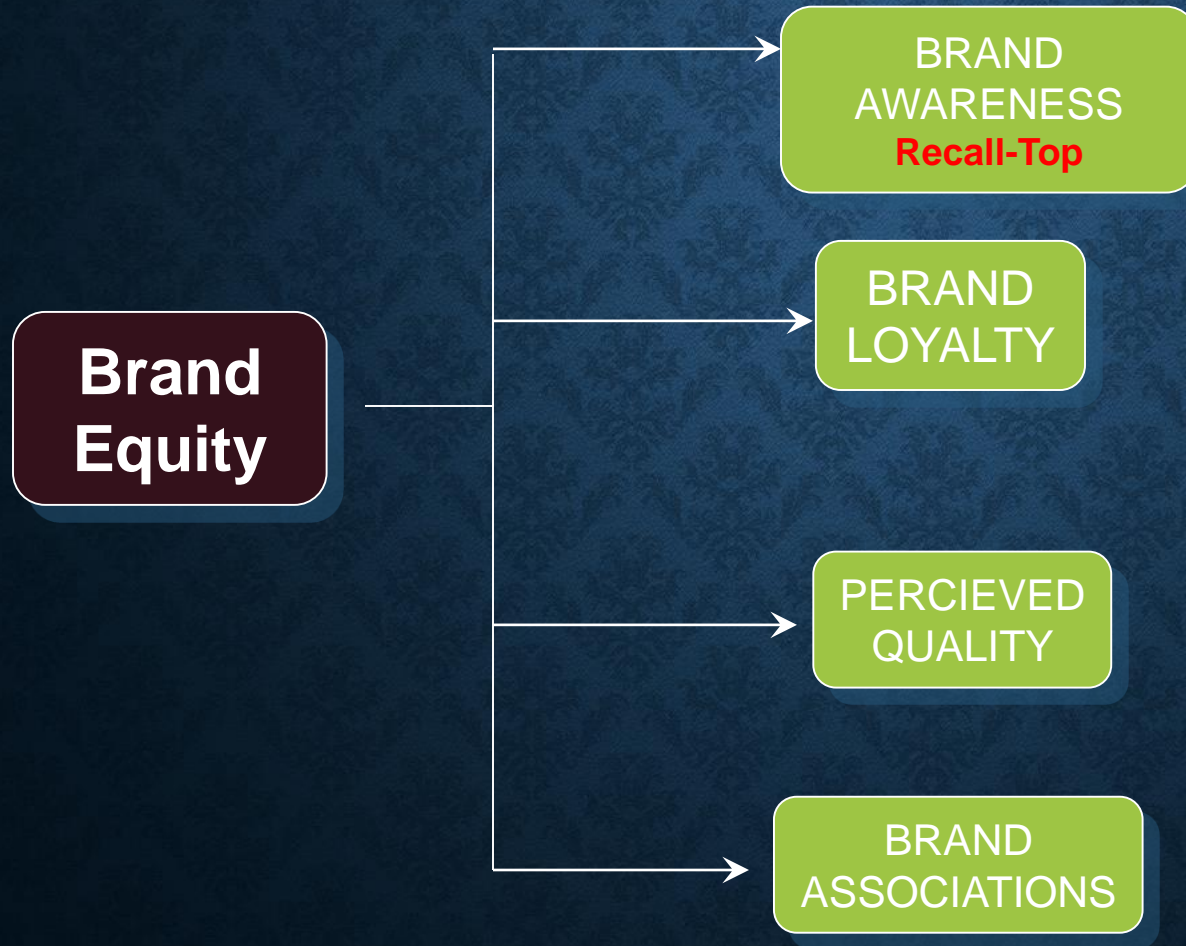
- A set of stored values that consumers associated with a Product/Service.

- مجموعه ای از ارزشها که مشتریان آنها را با محصول و یا خدمات مورد نظر مرتبط می دانند

- These associations add value **beyond** the basic product functions due to past investments in marketing the Brand.

- این تداعیات ارزشهای فرا تر از عملکرد عادی محصول را با توجه به سرمایه گذاری بر روی بارزایی برند به آن اضافه می کند

در سال 1991 چهار بعد اصلی از برابری برند مبتنی بر مشتری را تعریف کرده **AKER** است



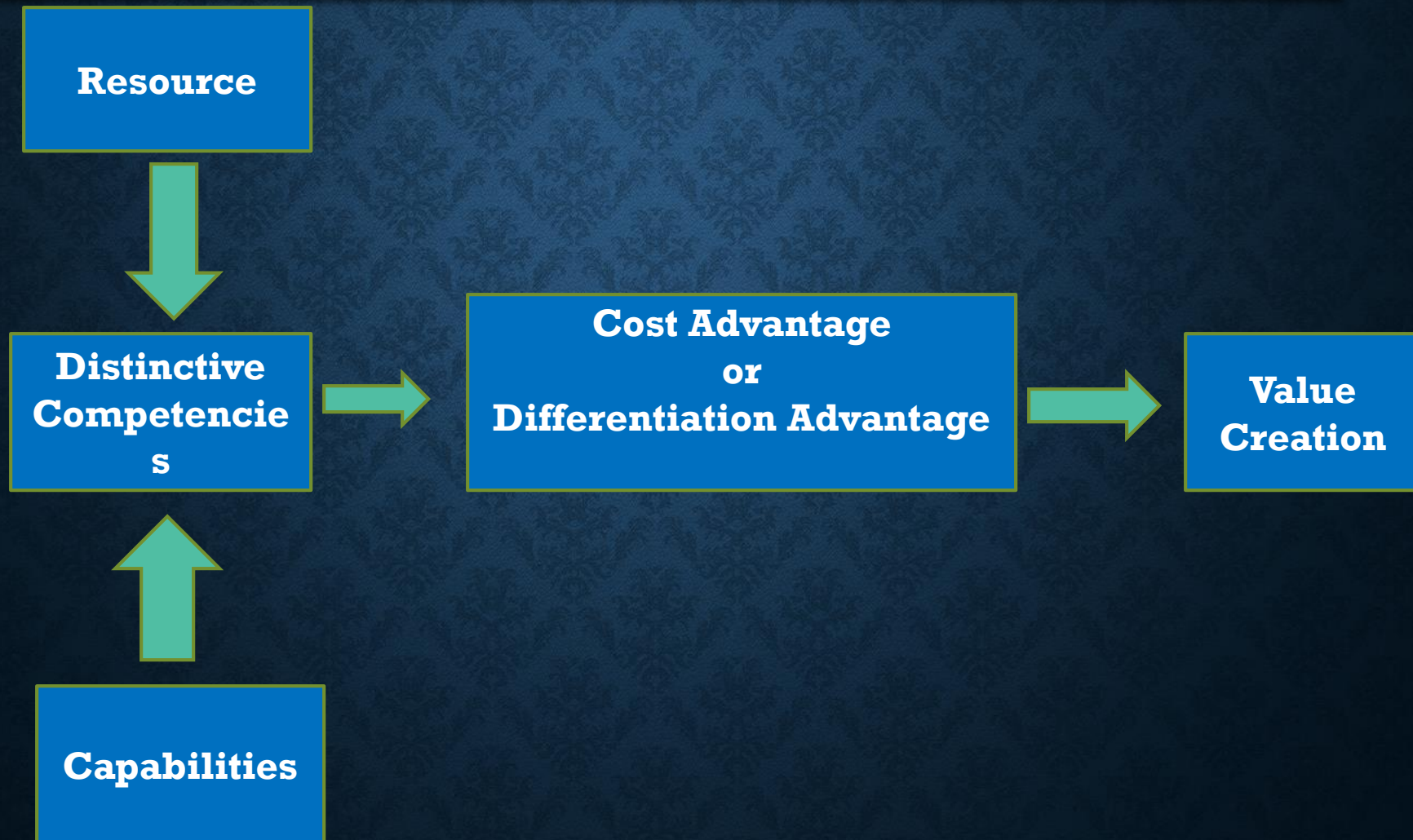
RESOURCES AND CAPABILITIES

- **Capabilities** refer to the firm's ability to utilize its resources effectively. داشتن توانمندی لازم در بهره برداری اثربخش از منابع
- An example of a capability is the ability to bring a product to market faster than competitors. مثلاً سریعتر آوردن محصول به بازار
- **Such capabilities are embedded** in the routines of the organization and are not easily documented as procedures and thus are **difficult for competitors to replicate**.

RESOURCES AND CAPABILITIES

- The firm's resources and capabilities together form its **distinctive competencies**. منابع و توانمندیها بر روی هم شایستگیهای متمایز را خلق می کنند
- These competencies enable **innovation, efficiency, quality, and customer responsiveness**, all of which can be leveraged to **create a cost advantage or a differentiation advantage** -این شایستگی ها شرکت را توانمند در نوآوری-بهره وری-کیفیت -پاسخگویی به مشتری که همه اینها باعث خلق مزیت های رقابتی در هزینه و تمایز می شود

A MODEL OF COMPETITIVE ADVANTAGE



- New Product Development

DEFINITION

- **New Product Development**
 - Development of original products, product improvements, product modifications, and new brands through the firm's own
 - **R & D efforts.**

NEW PRODUCT DEVELOPMENT STRATEGY

New products can be obtained via **acquisition** or **development**.

NEW PRODUCT DEVELOPMENT STRATEGY

New Product Development Process:

Stage 1: Idea Generation

Internal idea sources:

R & D

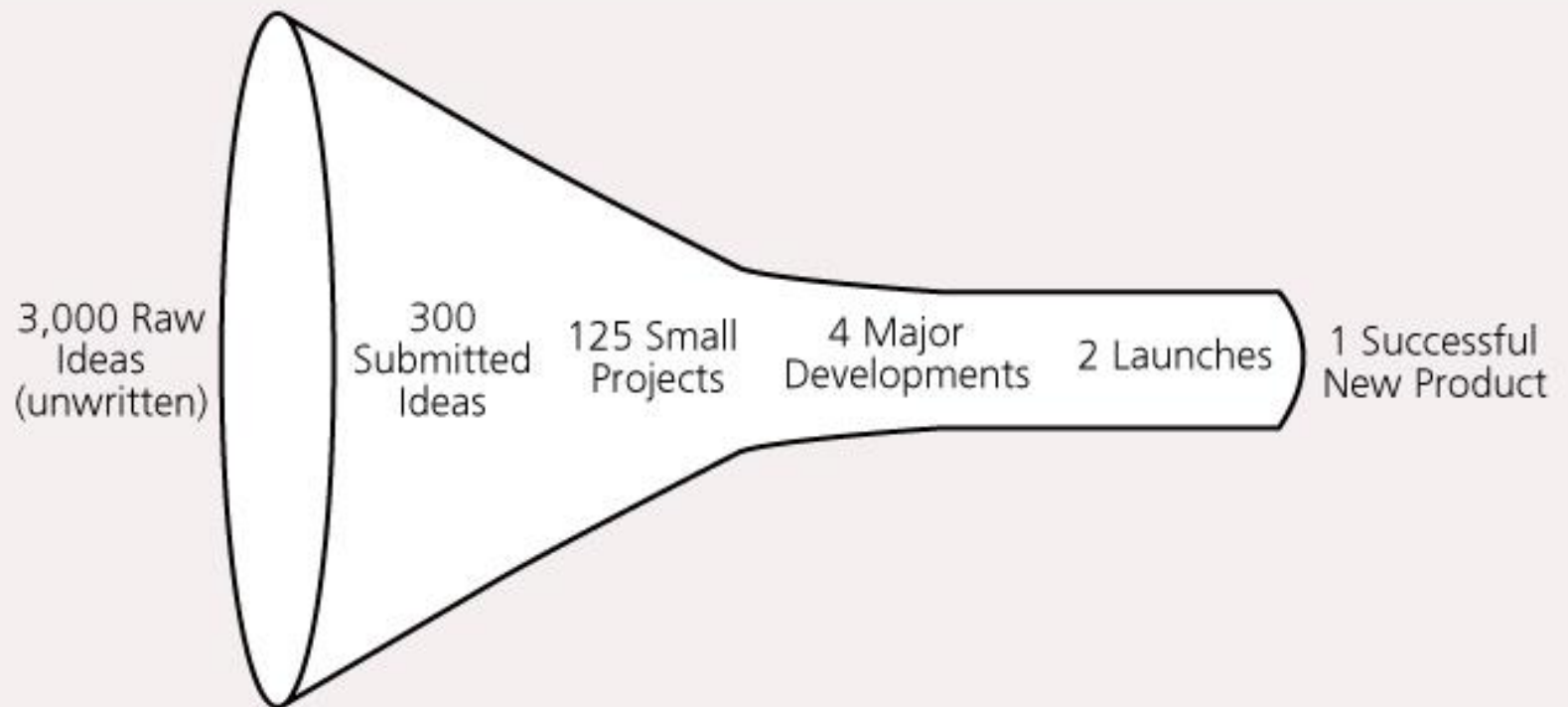
External idea sources:

- **Customers, competitors, distributors, suppliers**

NEW PRODUCT DEVELOPMENT STRATEGY

- New Product Development Process:
 - **Stage 2: Idea Screening**
 - Product development costs increase substantially in later stages.
 - **Ideas** are evaluated against **criteria**; most are eliminated.

INNOVATION FUNNEL



NEW PRODUCT DEVELOPMENT STRATEGY

New Product Development Process:

Stage 3: Concept Development and Testing

Product concepts provide detailed versions of new product ideas.

Concept tests ask target consumers to evaluate product concepts.

NEW PRODUCT DEVELOPMENT STRATEGY

New Product Development Process:

Stage 4: Marketing Strategy Development

Strategy statements describe:

The target market, product positioning, and sales, share, and profit goals for the first few years.

Product price, distribution, and marketing **budget** for the **first year**.

Long-run sales and profit goals and the **marketing mix strategy**.

NEW PRODUCT DEVELOPMENT STRATEGY

- New Product Development Process:
 - **Stage 5: Business Analysis Sales, cost, and profit projections**
 - **Stage 6: Product Development**
 - **Prototype** development and testing

NEW PRODUCT DEVELOPMENT STRATEGY

New Product Development Process:

Stage 7: Test Marketing

Standard test markets

Controlled test markets

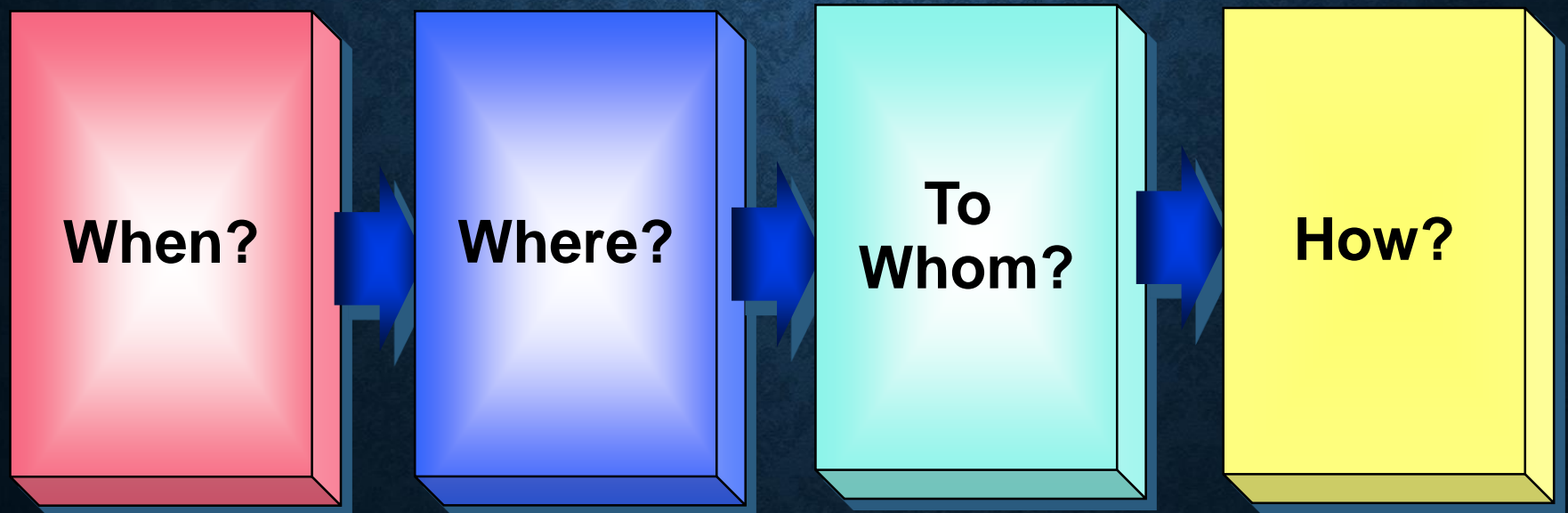
Simulated test markets

Stage 8: Commercialization

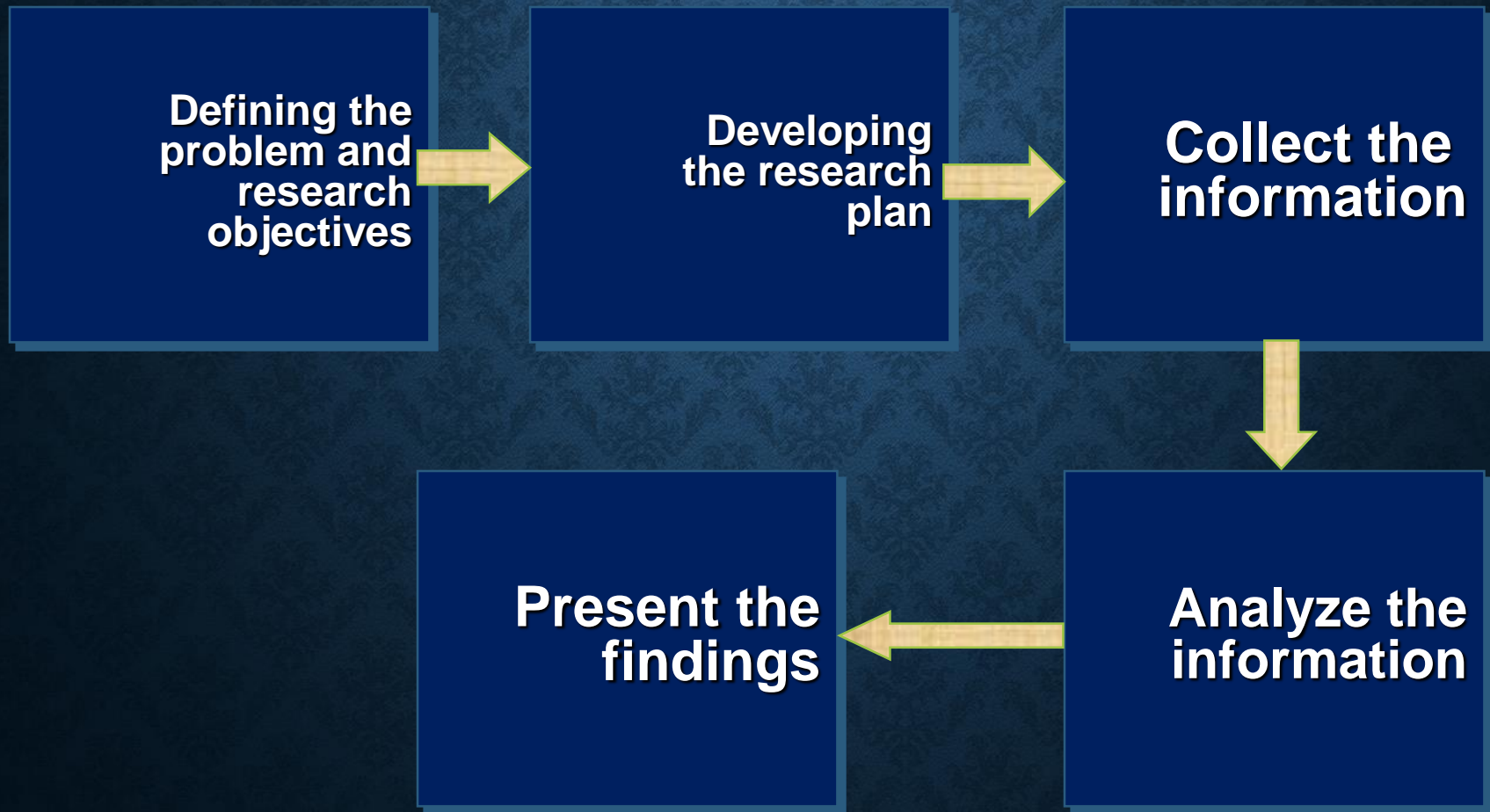
New Product Development Process

Step 8. Commercialization

Commercialization is the Introduction of the New Product into the Marketplace.



THE MARKETING RESEARCH PROCESS



CBBE MODEL

- According to the model, building a strong brand involves four steps:
 - (1) establishing the proper **brand identity**, that is, establishing breadth and depth of brand awareness,
 - (2) creating the appropriate **brand meaning** through strong, favorable, and unique brand associations,
 - (3) eliciting positive, **accessible brand responses**, and
 - (4) forging **brand relationships with customers** that are characterized by intense, active **loyalty**.
- Achieving these **four steps**, in turn, involves establishing **6 brand-building blocks**
- **brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance.**

برای ساختن یک برند قدرتمند باید 4 قدم برداشت

1- ایجاد هویت 2 - ایجاد یک معنا برای برند با توجه به عملکرد و تصویر برند 3- احساسات و قضاوت

پاسخگویی 4- وفاداری

برای تحقق این 4 قدم باید به 6 مولفه توجه کرد:

1- آگاهی 2- عملکرد کاربردی برند 3- تصویر برند 4-، قضاوت مشتریان بر روی برند 5- احساسات و قضاوت مشتری بر روی برند 6- وفاداری