

	Preface	xix
1	Introduction to Business-to-Business Marketing	2
2	Classifying Customers, Organizations, and Markets	30
3	Organizational Buying and Buyer Behavior	58
4	The Legal and Political Environment	88
5	Concepts and Context of Business Strategy	110
6	Assessing and Forecasting Markets	144
7	Segmenting, Targeting, and Positioning	188
8	Planning and Positioning the Value Offering	220
9	Innovation, Branding, and Competitiveness	256
10	Pricing in Business-to-Business Marketing	290
11	Business-to-Business Selling: Developing and Managing the Customer Relationship	336
12	Channel Relationships	372
13	Communicating with the Market	416
14	Business Ethics and Crisis Management	456
	Case Study 1: LastMile Corporation: Choosing a Development Partner	486
	Case Study 2: Automotive Headlamps	498
	Case Study 3: Marketing Plastic Resins: GE and BW	506
	Glossary	510
	Subject Index	520
	Name Index	531
	Company and Product Index	533

Preface	xix
----------------------	------------



Introduction to Business-to-Business Markets	2
---	----------

Marketing Fundamentals in Business-to-Business Markets	4
<i>Business Markets and Business Marketing Defined</i>	5
<i>The Marketing Mix</i>	5
<i>Marketing Philosophy and Culture</i>	9
Further Differences between Business Marketing and Consumer Marketing	9
<i>Derived Demand</i>	10
<i>Complexity—A Rationale for Relationship Marketing</i>	14
<i>Market Structure</i>	16
<i>Some International Considerations</i>	16
An Examination of Value	17
The Value Chain	18
<i>Direct versus Support Activities</i>	19
Misunderstanding of the Value and Value Chain Concepts	21
Trends and Changes in Business Marketing	23
<i>Hypercompetition</i>	23
<i>Formation of Partner Networks</i>	24
<i>Adoption of Information Technology and the Internet</i>	24
<i>Supply Chain Management</i>	25
<i>Time Compression</i>	26

2 Classifying Customers, Organizations, and Markets	30
--	-----------

Practical Application of Market Generalizations	34
Types of Organizational Customers	35
<i>Commercial Enterprises</i>	35
<i>Government Units</i>	36
<i>Nonprofit and Not-for-Profit Organizations</i>	37
<i>Producer Types</i>	37
<i>Customer Needs Influenced by Classification of Markets</i>	39
Classifying the Business-to-Business Market Environment	40
<i>Publics</i>	40
<i>The Macroenvironment</i>	42
<i>Usefulness of Classification</i>	47

The Concept of a Value Network	47
<i>Using the Value Network Concept</i>	48
Changes in Markets over Time	50
<i>The Product Life Cycle</i>	51
<i>The Technology Adoption Life Cycle</i>	53
3 Organizational Buying and Buyer Behavior	58
The Nature of Buying	60
<i>The Consumer Buying Decision Process</i>	60
<i>Organizational Buying</i>	61
<i>The Buying Center</i>	62
Organizational Buyers' Decision Process: A Stepwise Model	63
<i>Intricacies of the Buying Decision Process</i>	64
Organizational Buyers' Decision Process: A Process Flow Model	65
Stage 1: Definition	66
Stage 2: Selection	68
Stage 3: Solution Delivery	71
Stage 4: End Game	71
Two Examples of Buying Decision Processes	72
<i>Straight Rebuy Example: Buying Office Supplies</i>	72
<i>New Task Example: Acquiring Automated Sales and Customer Management System</i>	74
Transition of Buying Decision Process: New Task Becomes Rebuy	77
Influences that Shape the Buying Decision Process	78
<i>Other Organizational Influences</i>	79
<i>Other Interpersonal and Individual Influences</i>	79
Implications for Business Marketing	79
The Variability of Rational Buying Decisions	80
<i>Human Factors in Business Decisions</i>	80
<i>Mutual Dependence and Customer Loyalty</i>	81
<i>A Brief Psychology of This Process</i>	82
4 The Legal and Political Environment	88
Business Regulation in a Free Market	90
Enforcement Responsibilities	91
Legislation Affecting Marketing	92
<i>Sherman Antitrust Act (1890)</i>	92
<i>Clayton Act (1914)</i>	92
<i>Federal Trade Commission Act (1914)</i>	93
<i>Robinson-Patman Act (1936)</i>	94
<i>Celler-Kefauver Act (1950)</i>	95
<i>Consumer Goods Pricing Act (1975)</i>	95
<i>Securities Laws</i>	96
<i>The Uniform Commercial Code</i>	96

Business Legislation Issues	96
<i>Intercompany Stockholding</i>	96
<i>Interlocking Directorates</i>	97
<i>Price Maintenance</i>	97
<i>Refusal to Deal</i>	98
<i>Resale Restrictions</i>	98
<i>Price Discrimination</i>	99
<i>Quantity Discounts</i>	102
Substantiality Test	102
Company Size	104
Intellectual Property	104
<i>Antitrust Implications of Intellectual Property</i>	106
Political Framework of Enforcement	106
Pacific Drives Revisited	107
5 Concepts and Context of Business Strategy	110
What Is Strategy?	113
<i>Key Strategy Concepts</i>	113
<i>Recent Trends</i>	114
The Hierarchy of Business Strategy	115
<i>Strategic Resource Allocation</i>	115
<i>Strategic Business Units</i>	116
Tools for Designing Strategy	117
<i>The Growth-Share Matrix</i>	117
<i>An Illustration of Matrix Analysis</i>	120
<i>Multifactor Portfolio Matrix</i>	122
Corporate Strategy: Creating a Portfolio of Businesses	125
<i>Incompatibility of Cultures within Organizations</i>	125
<i>Portfolios and Value</i>	126
The Spirit and Dream of the Entrepreneur	126
<i>The Organization Mission</i>	127
<i>Changing the Rules</i>	128
Strategy-Making and Strategy Management Processes	129
<i>Reconciling Theory with Practice</i>	130
Performing Strategic Management in the Business-to-Business Company	131
Step 1. <i>Develop Goals and Objectives</i>	131
Step 2. <i>Environmental Analysis</i>	132
Step 3. <i>Strategy Design</i>	132
Step 4. <i>Implementation Plan Design</i>	133
Step 5. <i>Strategy Implementation</i>	133
Step 6. <i>Monitoring of Environment and Performance Results</i>	133
Step 7. <i>Analysis of Performance</i>	134
Step 8. <i>Adjustments</i>	134

<i>A Critique of the Model</i>	134
<i>The Balanced Scorecard</i>	135
Special Issues in Business Strategy	136
<i>Strategy Development and the Internet</i>	136
<i>Volatility and Uncertainty Require Flexibility</i>	137
<i>Strategy Implications of Value Networks</i>	137
<i>Strategic Implications of Market Ownership</i>	138
<i>Strategy Development in New Businesses</i>	138
6 Assessing and Forecasting Markets	144
Market Research	146
<i>Market Research Fundamentals</i>	148
<i>Implications of Types of Decision Support</i>	150
<i>Designing the Research—Differences from Market Research in Consumer Markets</i>	154
<i>Designing the Research Approach—Other Special Circumstances</i> <i>in Business-to-Business Market Research</i>	155
<i>Practical Advice for Performing Market Research in Business-to-Business Markets</i>	157
<i>Summary of Market Research</i>	162
Competitive Analysis	162
<i>The Six Sources of Competition</i>	163
<i>Information to Collect on Individual Competitors</i>	164
<i>Sources of Competitive Information</i>	167
<i>Summary of Competitive Analysis</i>	169
Forecasting Markets	169
<i>Forecast Types and Techniques</i>	172
<i>Marketing Operations Forecasts in Depth</i>	174
<i>Summary of Forecasting</i>	178
Appendix 6-1: Typical Research Problems to Be Overcome by Attention to Good Research Methodology	182
Appendix 6-2: Useful Sources of Customer Information	182
Appendix 6-3: Working with Market Research Vendors	186
7 Segmenting, Targeting, and Positioning	188
The Relationship between Segmenting, Targeting, and Positioning	191
Market Segmentation	193
<i>Basic Ideas of Segmentation</i>	193
<i>Value-Based Segmentation</i>	195
<i>The Process of Determining Segmentation</i>	197
<i>Summary of Segmentation</i>	203
Choosing Target Segments	203
<i>Attractiveness of Segments</i>	203
<i>Choosing Targets</i>	206

Positioning	210
Further Issues in Segmentation, Targeting, and Positioning	211
<i>Segmentation and Positioning Based on the Technology Adoption Life Cycle</i>	212
<i>Positioning a Product Line</i>	213
8 Planning and Positioning the Value Offering	220
The Product Life Cycle	223
The Product Life Cycle and Life Stages of Offerings	225
<i>Offering Development Stage</i>	225
<i>Offering Introduction Stage</i>	226
<i>Offering Growth Stage</i>	227
<i>Offering Maturity Stage</i>	230
<i>Offering Decline Stage</i>	231
<i>Knowing Where a Product Is in Its Product Life Cycle</i>	231
The Product Life Cycle from the Viewpoint of an Established Offering	233
<i>Product Elimination Decisions</i>	234
Basic New Product Development Process	235
<i>Customer/Market Orientation</i>	238
<i>Team Approach</i>	239
<i>Invest in the Early Stages</i>	240
<i>Stage Gates</i>	240
<i>Concurrent Development</i>	241
<i>No Shortcuts</i>	242
The Role of Marketing in the Product Development Process	242
<i>Marketing Defines the Outcomes</i>	242
Reducing the Risk of New Product Failures	244
<i>Why Do New Products Fail?</i>	244
<i>Contrary Perceptions of Innovation</i>	246
Collaborators	246
Make-or-Buy Decisions	248
<i>Factors in the Decision</i>	249
<i>Supplier Role in the Decision</i>	251
9 Innovation, Branding, and Competitiveness	256
Marketing Entrepreneurially	260
<i>Changing the Rules</i>	263
<i>Practical Aspects of Creating an Entrepreneurial Orientation</i>	263
Competing through Innovation	265
<i>Innovation across the Offering</i>	266
<i>Pursuit of Disruptive Technologies</i>	270
<i>Pursuit of Sustaining Innovation</i>	272
<i>Practical Aspects of Accomplishing Innovation</i>	273

Competing by Building a Brand	277
<i>Importance of Brand in Business-to-Business Buyer Behavior</i>	278
<i>Branding as a Standard</i>	280
<i>Defending the Brand</i>	282
<i>Building a Strong Brand</i>	283
10 Pricing in Business-to-Business Marketing	290
Pricing Basics	295
<i>Pricing to Reflect Customer Value</i>	297
<i>Relevant Costs</i>	303
<i>Demand Functions and Pricing</i>	305
Managing Price as Part of Marketing Strategy	308
<i>Strategic Context of Pricing</i>	309
<i>Pricing throughout the Product Life Cycle and the Technology Adoption Life Cycle</i>	310
<i>Penetration Pricing and Price Skimming</i>	313
<i>Pricing in Discovery Mode</i>	315
<i>Pricing for International Marketing Efforts</i>	316
Managing Pricing Tactics	317
<i>Summary of Managing Price</i>	322
Pricing Implementation: The Case of Negotiated Pricing	322
<i>Two Types of Situations</i>	323
<i>Preparation for Negotiation</i>	325
<i>Last Thoughts on Negotiation</i>	327
Pricing and the Changing Business Environment	328
<i>Pricing, Time Compression, Hypercompetition, and the Internet</i>	328
Appendix 10-1: Contribution Analysis	334
11 Business-to-Business Selling: Developing and Managing the Customer Relationship	336
The Nature of Sales and Sellers	338
Characteristics of Business-to-Business Selling	339
<i>Repeated, Ongoing Relationship</i>	340
<i>Solution-Oriented, Total System Effort</i>	340
<i>Long Time Period before Selling Effort Pays Off</i>	340
<i>Continuous Adjustment of Needs</i>	341
<i>Creativity Demanded of Seller by Buyer</i>	341
The Role of Sales in a Modern Organization	341
<i>Relationship Sales and Marketing</i>	342
<i>Four Forms of Seller Roles</i>	345
<i>Other Types of Selling Roles</i>	350
<i>Post-Sale Customer Service</i>	352
<i>Management Perspective</i>	354

The Mutual Needs of Buyer and Seller 355

The Needs of the Job Function 355

The Needs of the Organization 356

The Individual Needs of the Buyer and Seller 358

Selling—The Structure 358

Sales Force Organization 359

Direct Sales Force 359

Sales Force Deployment 360

Sales Force Compensation 361

Manufacturers' Representatives 364

Market Conditions That Favor Either Manufacturers' Representatives
 or a Direct Sales Force 366

Combinations of Representation 368

12 Channel Relationships 372

The Rationale for Marketing Channels 375

Marketing Channels Deliver Value 376

Economic Utility 377

Channel Flows and Activities That Create Value 378

Marketing Channels Meet Customer Needs and Expectations 381

Industrial Distributors Serve Industrial End Users 382

Industrial Distributors Serve Industrial Suppliers 384

Value Networks Are Marketing Channels 385

Business Logistics Management 387

The Physical Distribution Concept—A Cost-Service Relationship 388

Economic Utility of Business-to-Business Markets 390

Channel Design 391

Dual Distribution and Multidistribution 392

Reduce Discrepancy of Assortment 392

When Use of Distributor Channels Is a Good Channel Design 393

Distribution and the Product Life Cycle 397

Introduction 397

Growth 398

Maturity/Decline 398

Managing Channels of Distribution 399

Selecting and Caring for Distributors 399

Power and Conflict in Marketing Channels 400

Channel Patterns and Control 401

Channels and the Internet 404

The Internet's Potential Role in Business-to-Business Marketing 405

Development of New Types of Channels 407

What Went Wrong 409

Future Adoption of Internet Technology for Channel Management 410

13	Communicating with the Market	416
	A Communications Model	420
	<i>Losing Meaning in the Translation</i>	420
	<i>Media Can Impact the Message</i>	421
	<i>Feedback</i>	422
	<i>Noise</i>	423
	<i>Capabilities of Promotion</i>	424
	X The Elements of the Promotion Mix	424
	<i>Personal Selling</i>	424
	<i>Advertising</i>	425
	<i>Sales Promotion</i>	425
	<i>Public Relations</i>	427
	Promotional Methods in Business-to-Business Marketing	429
	<i>Convergence of the Promotion Mix</i>	432
	<i>Print Promotion</i>	432
	<i>Corporate Advertising</i>	435
	<i>Direct Mail</i>	436
	<i>Sales and Support Literature</i>	436
	<i>Channel Promotions</i>	438
	<i>Promotional Merchandise</i>	439
	X Public Relations, Trade Shows, Conferences, and Corporate Positioning	439
	<i>Trade Shows and Conferences</i>	439
	<i>Public Relations and Positioning</i>	442
	<i>Sensacon Applications of Public Relations, Trade Shows, and Positioning</i>	444
	Internet and Web Communications in Business-to-Business Marketing	445
	<i>Web Site</i>	446
	<i>Attracting Visitors to a Web Site</i>	449
	<i>Opt-In E-Mail</i>	450
	<i>Newsletters</i>	450
	<i>Newsletter Advertising</i>	450
	<i>On-Line Seminars</i>	451
	<i>Effective Internet Communications</i>	451
	Promotion and the Impact of Trends in Business-to-Business Markets	452
	<i>Promotion and Time Compression</i>	452
	<i>Promotion and Hypercompetition</i>	453
14	Business Ethics and Crisis Management	456
	Ethical Issues and the Marketing Concept	461
	The Societal Marketing Concept	461
	<i>Societal Marketing as an Ethical Base</i>	463
	A Clash of Ethical Standards	463
	<i>Ethical Standards among Different Stakeholders</i>	464

Ethical Standards at Different Levels in the Organization 465
Ethical Standards of the Individual and Performance Standards of the Organization 466
Individual Ethical Behavior 470
 Win-Win, Win-Lose, and Zero-Sum 470
Ethical Behavior and Value Networks 473
Crisis Management 473
 Crisis Preparation 475
 Media Relations during a Crisis 478
 Minor Crises: Preparation for and Handling of Incidents 479

Case Study 1: LastMile Corporation: Choosing a Development Partner 486

Case Study 2: Automotive Headlamps 498

Case Study 3: Marketing Plastic Resins: GE and BW 506

For additional case studies, visit our Web site at <http://vitale.swcollege.com>

Glossary 510

Subject Index 520

Name Index 531

Company and Product Index 533