

# Strategic B2B Marketing B8684

Spring 2021, A term  
Tuesdays: 2.00 – 5.15PM

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## I. Introduction

B2B (“Business to Business”) dominates the economy and your career might take you there. But most of your personal experience and MBA training is biased towards B2C (“Business to Consumer”). This course is designed to fill this gap.

As a consumer, you are an experienced and active participant in B2C (“Business to Consumer”), being the target of marketing campaigns. Even when not actively in “shopping-mode,” you are constantly exposed to B2C marketing activities, as you watch television or use the internet. If you have already taken marketing courses, your personal insight into B2C enables you to understand how companies compete through powerful strategic concepts, like market segmentation, product positioning, and marketing mix.

The situation may be quite different for the B2B context-and here are some of the reasons:

- *you have been less exposed to the B2B sector*
- *targeting a business is quite different than targeting a consumer-so while the strategic marketing concepts are universal, their application is a different challenge*
- *in B2C learning from one product space is generally “portable”. In B2B, your experience in one product space is more difficult to generalize, because of differences in market structures. Yet we must use analytical concepts and models there for strategic decisions.*
- *the nature of the B2C market allows industries and academics to perform research and make decisions based hard data. In B2B data is frequently difficult to collect or the number of customers is simply too small, rendering statistics not credible. That means that personal experience and learning from others is crucial for success.*

But there is more! Consider the following examples:

- *A manufacturer of industrial detergents for factory floors, selling directly to end-users, for their consumption*
- *A manufacturer of electronic semiconductors*
- *A management consulting firm*
- *A provider of specialized software to large financial institutions*

Intuitively strategic marketing concepts should work in all these scenarios. However, the specific competitive “spaces”, in which each of these organizations operates are so diverse, making each challenge unique. Not only because of the small number of customers, and the dearth of market research data, but because of the following more important reasons:

1. **The demand for products in the typical B2B space is “derived” and “interactive”:** The typical B2B company sells into “value chains” that terminate by delivering value propositions to a final end-user. They must consider several layers of industrial customers and other parties downstream. Simultaneously, they must also take into account input from their upstream supply chains. Finally, they must also be in synch with other companies that complement their offering. In other words, such companies stand to get hurt should things not align in just the right way within their respective ecosystems.
2. **In B2B, client organizations’ purchasing decision processes are complex and even opaque:** A diversity of parties exerts a direct influence on the decision-making process leading to whether a client buys from you, how much, and at what price. Among them are the client’s executives that represent internal functions, external consultants, key customers, key suppliers, and government regulators. Then there are indirect parties having an impact on the client’s decision, i.e., their competitors and consultants. Keep in mind too, the decision process includes human beings with their psychological and emotional needs and biases. Finally, organizational “power games” are also a major factor in the customer’s ultimate purchasing decision. Some “decision-makers” are more powerful in certain cases and less so in others and these relative powers may vary over time.
3. **B2B customers seek more than only product performance:** Clients run businesses to seek profitability, stability, and reduced risk. For that reason, they search out those ecosystems that will provide them, over time, with stable sources of new technology, as well as sound professional and personal relationships, among other such benefits. In certain cases, the client would trade-off buying a superior product for being part of more desirable relationships or eco-systems. So, the challenge for a B2B firm is not to be “myopic”. We must always ask itself “what business are we really in”. When this question is asked, a B2B firm finds that some of the drivers of its business model are subtle and complex.

## II. Learning method

We shall meet once a week, during the half-term, covering a specific challenge in strategic B2B marketing. Each session will be 3h15, including a 15-minute break. Each of our six sessions will include a case discussion and a lecture-discussion

- 1. Case discussion:** this session provides a context to the application strategic concepts, giving us 6 distinct B2B spaces. Each discussion will include a debate, replicating discussions that must have taken within the management team of the company we meet in the case. Our debates allow us to identify challenges, define problems, propose analytical approaches, and establish performance metrics. The interactive nature of the process is an important ingredient to the depth of learning we seek. I'll also have information on "what happened" and some "inside stories".
- 2. Lecture-discussion:** With the case discussion providing us a backdrop, we shall discuss concepts and tools that emerge and how they are applied. This session shall include more B2B examples of applications, tools, and theory, largely based on my personal experience. The objective is to give you a comprehensive learning "package" on the day's topic.
- 3. Optional Readings:** Each session in this course is accompanied with optional recently published readings and some "classics" for deepening your learning. These articles were selected for you to read at your leisure: before the session, after it or even later on, when you encounter a challenging B2B situation in your career. Most articles also contain references for you to explore further. Naturally, I am at your disposal for other references or advice on the exciting B2B domain.

### III. Evaluation and grading

The learning process in this course is based on individual and team learning, and the evaluation will reflect it. Here are the evaluation components, along with their respective proportions in the final grade.

Individual pre-class assignments	20%
Contribution to class discussion	25%
Final exam or team project	55%

1. **Individual pre-class assignments (20%):** to benefit from our case debates, it is very important that you prepare yourself for them, not as an observer but as a participant. I have assigned a set of assignment questions, preparing you for the discussion. Our objective is for you to try to “crack” the case on your own, submit your analysis and, following the case, assess the “added value” of the debate. The grade here will simply assess whether you made the effort to prepare yourself for the discussion, so that you can listen actively and contribute to the case discussion. Hence the grade here will be of a “pass/fail” nature. Please submit your answers, via Canvas, to 5 of the 6 sessions, ahead of our class discussion. in a maximum of one page of Arial fonts of size 12. Submission after class has started would not count.
2. **Contribution to class discussion (25%):** as you well know, the added value from an in-class case discussion happens through active listening and contributing to the debate. As the leader of the discussion, my role, immediately after each class is to review what happened and the impact each participant had on the discussion. Clearly it is quality, rather than quantity, that will count, although I expect a critical mass of participation from each student.
3. As this is a short course, I expect you to participate in all sessions. If you do not participate in a session, you shall be required to watch the recording of the class and submit an analysis of the case, reflecting what we have discussed in class
4. **Final Exam or team project (55%):** You have a choice between taking a final exam or a team project.
  - The exam will be an analysis of a strategic B2B marketing case, where you would be expected to apply concepts we covered in the course.
  - The project alternative is to create a team of 2-3 students, examining a strategic B2B topic of your choice. Details on the process and timeline of projects will be announced during the first class.

## IV. Overview of sessions

Topic	Case	Submit your answers to the following questions before class
1 <a href="#">The Challenge of Strategic B2B</a>	Bloomberg LP-More than the Box?	<ol style="list-style-type: none"> <li>1. How does the Bloomberg terminal fare compared to alternatives?</li> <li>2. What do you think about Bloomberg pricing strategy?</li> </ol>
2 <a href="#">Targeting, or the Difference between Strategic and Trivial Market Segmentation</a>	Fortis Industries	<ol style="list-style-type: none"> <li>1. What is Fortis' current marketing strategy?</li> <li>2. How should Fortis react to the rise in steel price?</li> </ol>
3 <a href="#">Value Leadership: a Key Ingredient in Strategic B2B Marketing</a>	Nissan: The Hakone Pilot	<ol style="list-style-type: none"> <li>1. Why did the dealers not embrace the campaign propose by Nissan?</li> <li>2. The Hakone Pilot is showing flat results. What would you propose to do now?</li> </ol>
4 <a href="#">Value Propositions and Metrics in B2B</a>	Becton Dickinson & Co	<ol style="list-style-type: none"> <li>1. Consider the upcoming meeting with APG as the last. What would you propose now?</li> <li>2. What are the short and long run implication of your recommendation?</li> </ol>
5 <a href="#">The Rise of Digital in B2B</a>	Guest speaker	No case questions
6 <a href="#">Strategic Account Management: Supplier-Customer Organizational Interfaces</a>	Verbeek Industrial Packaging	<ol style="list-style-type: none"> <li>1. Explain the reaction of Verbeek UK</li> <li>2. What would you do if you were Verbeek's Johan Ten Cate?</li> </ol>

## V. Details of sessions and content

Here are more details on the topics we shall cover, along with their respective content and assignments:

### 1<sup>st</sup> Meeting: The Challenge of Strategic B2B

**a. Case discussion: “Bloomberg LP-More than the Box?”**

In late 2013, Bloomberg LP, the financial information powerhouse, was challenged by a competing messaging service owned by a consortium of banks, many of whom were Bloomberg's customers. This development came when growth was slowing, and news was emerging that Bloomberg's business practices may have compromised the privacy of its customers. Did these events serve to open fissures in the company's ability to maintain industry dominance?

**b. Prepare before the session**

- Read Bloomberg LP-More than the Box
- **Submit your own answers to the following questions:**
  1. How does the Bloomberg terminal fare compared to alternatives?
  2. What do you think about Bloomberg pricing strategy?

**c. Lecture-Discussion and Takeaways:** Competitive Dynamics in B2B Spaces

**d. Optional readings:**

- Value proposition, Wikipedia
- V. Kumar & W. Reinartz, “Creating Enduring Customer Value”, Journal of Marketing, 80 (2016), 36-68
- J. Anderson, J. Narus & W. Van Rossum, “Customer value propositions in Business Markets”, HBR March 2006
- Song H., Cadeaux J. and Yu K. “The effects of service supply on perceived value propositions under different levels of customer involvement”, Industrial Marketing Management (2015)
- D. Zahay & Abbie Griffin, “Marketing strategy selection, marketing metrics and firm performance”, Journal of Business & Industrial Marketing, February 2010

### 2<sup>nd</sup> Meeting: Targeting, or the Difference between Strategic and Trivial Market Segmentation

**a. Case Discussion: Fortis Industries**

The price of steel has risen for Fortis Industries' packaging division, a steel strapping provider. The division needs to maintain high profitability in a flat market, as it is competing with vertically integrated steel companies operating at under capacity. Some managers recommend that Fortis take advantage of the raw material market share. Other executives feel that Fortis should launch a “Price-flex” policy, thereby enabling salespeople to offer discounts to those price sensitive customers within their territories and raise the price for the less sensitive ones.

**b. Prepare before the session:**

- Read Fortis Industries (A)
- **Submit your own answers to the following questions:**
  1. What is Fortis' current marketing strategy?
  2. How should Fortis react to the rise in steel price?

**c. Lecture-Discussion and Takeaways:** Strategic Market Segmentation in B2B

**d. Optional readings:**

- Robert J. Thomas, “Multistage market segmentation: an exploration of B2B Segment Alignment”, Journal of Business & Industrial Marketing, 31 (2016)

- B. Shapiro & T. Bonoma, “How to segment industrial markets”, HBR May 1984
- A. Rindfleisch & K. Antia, “Survey research in B2B marketing: current challenges and emerging opportunities”, Handbook on Business-to-Business Marketing, 699-714
- Y. Wind, “Blurring the lines: is there a need to rethink industrial marketing?” Journal of Business & Industrial Marketing”, Volume 21 (206) 474-81

### **3<sup>rd</sup> Meeting: Value Leadership: a Key Ingredient in Strategic B2B Marketing**

#### **a. Case discussion: “Nissan: the Hakone Pilot”**

Independent car inspection, “Shaken” (pronounce: Shah’ Ken) specialists have appeared in Japan, hurting auto manufacturers and their dealers’ profitability. Nissan tried to convince its independent dealers to replicate a successful Toyota dealership’s strategy and was willing to support them with resources. However, most dealers did not embrace the concept, forcing Nissan to launch a showcase “Pilot” at the Hakone dealership. While early results were promising, the gain Shaken market share has flattened and Management must take corrective action. Once Hakone is back on the growth curve, how should Nissan scale the concept across Japan?

#### **b. Prepare before the session:**

- Read the case Nissan: the Hakone Pilot (A)
- **Submit your answers to the following questions**
  1. Why did the dealers not embrace the campaign propose by Nissan?
  2. The Hakone Pilot is showing flat results. What would you propose to do now?

#### **c. Lecture-Discussion: Going to Market in B2B**

#### **d. Optional readings:**

- A. Agnihorti, “Extending boundaries of Blue Ocean strategy”, Journal of Strategic Marketing, 24 (2016)
- T. Levitt, “Marketing Myopia” Harvard Business Review, June 30, 2004
- C. Homburg, H. Wliczek & A. Hahn, “Looking beyond the horizon: how to approach the customers’ customers in Business-to-Business Markets” Journal of Marketing 78 (2014)

### **4<sup>th</sup> meeting: Value Propositions and Metrics in B2B**

#### **a. Case discussion: “Becton Dickinson & Co.: VACUTAINER Systems Division”**

Becton Dickinson's (BD) VACUTAINER division (which manufactures and sells blood collection products) has been negotiating with hospital buying group. Recent changes in the health care industry involve this buying group attempting to negotiate both lower prices and different distribution terms with BD. The negotiation has come down to a choice few combinations of BD’s relationship with the buying group and pricing, which must now be presented to the customer.

#### **b. Prepare before the session:**

- Read the case “Becton Dickinson & Co.: VACUTAINER Systems Division”
- **Submit your answers to the following questions:**
  1. Consider the upcoming meeting with APG as the last. What would you propose now?
  2. What are the short and long run implication of your recommendation?

#### **c. Lecture-discussion: Metrics in B2B**

#### **d. Optional readings**

- David Weinstein, “Intel Inside “. (case to be distributed)

- Jason Ryan and Sari Silvano, “The critical role of corporate brand equity in B2B marketing: An example and analysis”, *The Marketing Review* 13(1):38-49 · April 2013

### 5<sup>th</sup> Meeting: The Rise of Digital in B2B

- Lecture-Discussion: The Rise of Digital Strategic B2B Marketing: Potentials and Pitfalls**
- Guest Speaker: Christine Alemany:** The case of UnitedLex: “Legal Transformation in the Digital Age”
- Optional Readings:**
  - Severina Iankova et al., “A Comparison of Social Media Marketing between B2B, B2C and Mixed Business Models,” *Industrial Marketing Management* 81 (August 2019): 169-179
  - Saul Bernan, Josh Goff, and Carolyn Heller Baird, “The Experience Revolution: Digital Disappointment-Why Some Customers Aren't Fans”, IBM Institute for Business Value, IBM Digital Strategy and iX, 2017
  - Rob Markey, “Run B2B Sales on Data, Not Hunches,” HBR.org, September 12, 2016

### 6<sup>th</sup> Meeting: Strategic Account Management: Supplier-Customer Organizational Interfaces

- Case discussion: “Verbeek Industrial Packaging”**  
The global Dutch steel drum provider, Verbeek, has been working on a long-term relationship with the newly established global purchasing office at Totpet, a large French Oil company. Totpet’s global purchasing manager also holds the position of head of purchasing for Totpet France. He has submitted a request for short term lower prices in all countries where the two companies do business together. Strategic relationships with Totpet are a “headquarters issue,” but pricing at Verbeek is in the hands of its autonomous, geographical organized, Strategic Business Units. The leader of Verbeek UK feels that there is no need to accept the “request from Paris.”
- Prepare before the session:**
  - Read Verbeek Industrial Packaging (A)
  - **Submit your own answers to the following questions:**
    1. Explain the reaction of Verbeek UK
    2. What would you do if you were Verbeek’s Johan Ten Cate?
- Lecture-Discussion and Takeaways:** Managing the Business Customers
- Optional readings:**
  - K. Wilson & D. Woodburn, “The impact of organizational context on the Failure of key and strategic account management programs”, *Journal of Business & Industrial Marketing*, 29 (2014) 353-363
  - K. Storbaka, “Strategic account management programs: Alignment of design elements and management practices”, *Journal of Business and Industrial Marketing*, 27 (2012) 259-274
  - A. Gupta, A. Kumar, R. Grewal & G. Lilien, “Within-seller and buyer network structures and key account profitability”, *Journal of Marketing*, 83 (2018) 108-132

## VI. Bio

Professor David Weinstein is the Van Leer Professor of Industrial Marketing, Emeritus, at INSEAD. He earned his PhD in Marketing and Information Systems from Columbia University in New York and is graduate of the Hebrew University of Jerusalem in Economics and Mathematical Statistics.

David's teaching, research and consulting experience span sectors like semi-conductors, CRM systems, biochemicals, specialty-chemicals agrochemicals, industrial packaging, automobiles, trucks, auto-parts, software support and development, global customer IT support, agricultural chemical, medical imaging, specialty steel, electrical power distribution mining, financial services and management education.

Professor Weinstein has accumulated 48 years of experience of teaching in MBA, EMBA and executive education programs, with several awards as best professor in several universities. These awards were for classroom performance and for innovative educational technology and teaching material development.

His research was published through blind peer reviews, in the Journal of Business, Journal of Marketing, Management Science, Multivariate Behavioral Statistics and other refereed professional journals.

Professor Weinstein joined INSEAD in 1972 and served several times as chair of its marketing area. He was program director for several of INSEAD's open enrollment executive programs. He designed, built and directed numerous customized programs for many global corporations in his areas of expertise. Some of these programs were of general management nature, for senior global leaders and others for B2B marketing managers.

David Weinstein was Visiting Scholar at Harvard Business School in 1977-1978, Visiting Professor at Stanford Business School in 1982-1984 and the Henry Sweetbaum chair of Distinguished Visiting Professor at the Wharton School of the University of Pennsylvania in 1993-4.

Between 1993-2001 Professor Weinstein was co-academic director of the Industrial Marketing Strategy program for senior executives at the Wharton School. Between 2002-5 he was Ryder Visiting Eminent Professor at the Chapman Graduate School of Business at Florida International University, later held the chair of Barski-Greenstein Visiting Professor there until 2008. Between 2010-2014 Weinstein was Visiting Professor at the University of Miami, teaching the core marketing course, in Spanish, to Latin American executives attending its Spanish speaking Global EMBA program.

In all the above schools, Professor Weinstein, contributed, in addition to his role of professor and program director, as internal chair or member of committees for executive education strategy.

Professor Weinstein was a member of the editorial board of the Journal of Marketing and associate member of several advisory committees of the Marketing Science Institute.

Professor Weinstein's wrote numerous management education cases. Published in case clearing houses. Many of them became "best sellers" as they were adopted by business school professors for their classes and corporations for internal management training. They include subjects like the power of brand equity, global account management, automotive parts distribution and distribution of electric power, sports sponsorship, pricing, strategic

account management and many more. Most of these cases were derived from Professor Weinstein's personal consulting involvements.

Professor Weinstein is a co-author of **INDUSTRAT: The Strategic Industrial Marketing Simulation** ([www.industrat.com](http://www.industrat.com)). This leading-edge simulation has been adopted, under license by leading business schools' professors in the US and elsewhere for their MBA and executive programs. **INDUSTRAT** has also been used by many corporations as part of internal strategic and organizational change initiatives.

Professor Weinstein was Principal, together with other academics, at The MAC Group, the global strategic consulting firm. He is fluent and teaches in English, French, Spanish and Hebrew. David was a player in the Israeli National Basketball league and made it to the national student team of that country. With age he progressed to squash and tennis, ending as an avid golf player today.

At Columbia Graduate School of Business, David Weinstein offered in 2018-2019 an MBA elective titled "Building and Driving Strategic Business Marketing Strategies", designed around the **INDUSTRAT** simulation.