

Strategic B2B Marketing

David Weinstein

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:

(1) you have been less exposed to the B2B sector.

(2) targeting a business is quite different than targeting a consumer-so while the strategic marketing concepts are universal, their application also a different challenge.

(3) in B2C your 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.

(4) 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 ecosystems. 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, for a 3-hour session, covering a specific challenge in strategic B2B marketing. 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. Sessions and contents

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

1st Meeting: The Challenge of B2B: Customers, Accounts and Organizational Interfaces

(a) 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 is 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. How can you explain Verbeek's success to date?
 2. What issues does Totpet's new global purchasing unit introduce into this supplier-customer relationship?
 3. Why is Verbeek UK resisting?
 4. What would you do if you were Verbeek's Johan Ten Cate?

(b) Lecture-Discussion and Takeaways: Managing the Business Customers

(c) Optional readings:

- a. 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
- b. K. Storbaka, "Strategic account management programs: Alignment of design elements and management practices", *Journal of Business and Industrial Marketing*, 27 (2012) 259-274
- c. 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

2nd Meeting: Competitive Dynamics in B2B Spaces

(a) Case discussion: "Symphony: A 21st-Century Communicator"

Initially conceived as a competitor to Bloomberg's terminals, a consortium of financial services firms launched its own secure messaging platform, Symphony. Symphony soon expanded beyond chat to include a range of services including data integrations, bots, applications, and a web conferencing solution; by 2019 Symphony's user base grew to 400 thousand clients, larger than Bloomberg's. Management must evaluate the options for future growth-including how to leverage the need for Robotic Process Automation (RPA) in the financial sector and possible expansion beyond financial services.

Prepare before the session

- Read Symphony: A 21st-Century Communicator
Option: view before class: <https://vimeo.com/296055259>
- **Submit your own answers to the following questions:**
 1. What are the sources of competitive advantage of both Bloomberg and Symphony?
 2. What are the prevailing trends that create pressure on both organizations?

3. How do you see the core value proposition of each affected over time?
4. What would you recommend to Bloomberg? To Symphony?

(b) Lecture-Discussion and Takeaways: Competitive Dynamics in B2B Spaces

(c) 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

3rd Meeting: B2B Pricing Challenges and Strategic 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.

Takeaways

Prepare before the session:

- Read Fortis Industries (A)
- **Submit your own answers to the following questions:**
 1. Why is Fortis losing market share and how might this affect its cash flow?
 2. What is Fortis' current marketing strategy?
 3. Which of the 2 pricing changes do you recommend that Fortis adopt, if any?
 4. Any other recommendations?

(b) Lecture-Discussion and Takeaways: Strategic Market Segmentation in B2B

(c) 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

4th Meeting: Value Chain Leadership in B2B

(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?

Prepare before the session:

- Read the case Nissan: the Hakone Pilot (A)
- **Submit your answers to the following questions**
 1. What is an automobile company's business model and what is the threat of a the "Shaken War"?
 2. What does Nissan like the strategy of Toyota Yokohama and what was the dealer support plan?
 3. Why did Nissan dealer not embrace the strategy?
 4. What might have gone wrong in Hakone? How do you fix it?
 5. Once fixed, and given earlier dealer skepticism, how should Nissan scale the operation across Japan?

(b) Lecture-Discussion: Going to Market in B2B

(c) 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)

5th meeting: Branding and Brand Metrics in B2B

(a) Alternative 1: 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.

• Submit your answers to the following questions:

1. What are health care industry trends that BD faces?
2. How the purchase of medical material been affected?
3. What is, or will be, the impact on BD Vacutainer? Explain why.
4. APG rejected the last proposal. What should be proposed now?
5. What are the short and long run implication of your recommendation?

Alternative 2 : “Doosan Infracore International: Portable Power Brand Transformation”

Doosan acquired a portfolio of industrial portable power equipment from the US company Ingersoll Rand. Doosan’s strategy had been to become a global, full line manufacturer of construction equipment and its intention was to use its name to rebrand the new products. The question is whether Doosan would benefit from immediate rebranding or if other branding strategies would be more effective. The case covers the factors which must be considered, leading to 4 brand transformation scenarios.

• Submit your answers to the following questions:

1. What are the driving forces behind Doosan’s acquisition of the three compact equipment businesses from Ingersoll Rand?
2. Why does Doosan typically re-brand acquisitions to the “Doosan” brand name?
3. What are the pros and cons of the four brand transformation scenarios?
4. Which of the four scenarios would you recommend? Why?

(b) Lecture-discussion: Brand Equity Metrics in B2B

(c) 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
- Article by David Weinstein to be added.

6th Meeting: The Rise of Digital in B2B

(a) Case discussion: Maersk Line: “B2B Social Media”

Maersk, the largest container shipping company in the world, launched a social media platform. The case provides details about the platforms involved, the content provided on each and the associated resources. The question is “How to move forward?” and what are the organizational aspect to consider.

• **Submit your answers to the following questions:**

1. Who does Maersk’s digital initiative target?
2. What is the value of the digital tools for customers?
3. What metrics would you use to evaluate this initiative?
4. Targeting direct customers’ decision makers
5. What are the implementation challenges?

(b) Lecture-discussion: The Rise of Digital in B2B

(c) Optional Readings: (to be completed):

V. 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

1. Individual/team assignment (18%): our objectives for you are to try and “crack” the case on your own, or in a team of up to 3 members, so that you can listen actively, contribute to the class debate and appreciate the added value of the discussion. to benefit from our case debates. I have assigned a set of assignment questions to each case, which you should submit in one single page. Your grade for each submission will be either “Insufficient preparation”, “adequate preparation” or “strong preparation”.

Please submit your answers, for sessions 2-6 sessions, ahead of our class discussion. Submission after class has started would not count.

2. Contribution to class discussion (32%): 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.

As this is a short course, I expect you to participate in all sessions. If, for any reason, you cannot participate in a case discussion session and know it in advance, you must let me know and submit a full written analysis, showing that you discussed it with your classmates who were present.

3. Final Exam or team project (50%): 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 3-4 students, examining a strategic B2B topic of your choice. Details on the process and timeline of projects will be distributed before the first class.

VI. Bio

Professor David Weinstein is the Van Leer Professor of Industrial Marketing, Emeritus, at INSEAD and Adjunct Professor and Faculty of Executive Education at Columbia University in New York.

He earned his PhD in Marketing and Information Systems from Columbia University in New York, graduated of the Hebrew University of Jerusalem in Economics and Mathematical Statistics.

Professor Weinstein's teaching, research and consulting experience focus mainly on Strategic B2B marketing, spanning 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.

Other of Professor Weinstein's areas of interest are the measurement of brand equity and power and the professional sports.

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

Professor Weinstein's 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 and 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 corporate global leaders.

Professor 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 also 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 in Spanish, in the Global EMBA Program for executives coming from Latin American countries

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 published numerous case studies, many becoming "best sellers" as they were adopted, worldwide, by business school professors for their classes and corporations for internal training. They include subjects like the power of brand equity, global account management, automotive parts distribution and distribution of electric power, corporate sports sponsorship, measuring brand equity, pricing, strategic account management and many more. Most of these cases were documenting Professor Weinstein's personal consulting involvements.

His most recent case is Nissan Corporation's decision and implementation of sponsoring the Rio 2016 summer Olympics. A major outcome of this project is the development of a marketing research and metrics tool for diagnosing the effectiveness of marketing budgets and their allocation and prescribing corrective guidelines.

Professor Weinstein is a co-author of INDUSTRAT: The Strategic Industrial Marketing Simulation (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, for many years, at The MAC Group, the global strategic consulting firm, before its acquisition by Cape Gemini.

Professor Weinstein fluent and teaches in English, French, Spanish.