

Dept. of Business Administration  
MBA IV Semester  
(Marketing Specialization Elective)  
Industrial Marketing - SE412  
Unit III..contd..(2).

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### Course Objectives and Course Learning Outcomes

- Course Objectives:-The purpose of this course is to familiarize the student with the concepts of B2B marketing and develop an insight into the finer aspects of business markets and acquaint the student in managing the business markets.
- Course Learning Outcomes: - After completion of the course students will be able to take up career options in the domain of B2B / Industrial marketing of various companies.

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### Course Contents

- **UNIT I:** A Business Marketing Perspective: Basic concepts and Perspective on B2B – Customer Types, Derived Demand, Characteristics of B2B and B2C markets; Classification of Goods; Understanding Organizational Buying Behaviour- Buying Process, Forces determining behaviour – Buying Situations, TCO, KAM, Buying Centre & Risk Management Strategies; Segmenting Business Markets-Requirements, Bases for Segmenting – Macro and Micro, Segmentation Process, Implementation.
- **UNIT II:** Managing Products for Business Markets:-Product Quality & Customer Value, Product Value, Product Policy, Planning Industrial Product Strategy, Technology Adoption Life Cycle; Pricing Strategy for B2B Markets- Pricing Process, Value Based Pricing, Cost Determinants, Pricing across PLC, Competitive Bidding; Channel Management, Supply Chain & E-Commerce:- Direct & Indirect channels, Entities, Design & Administration; Role of E Commerce; Supply Chain Design and Planning.
- **UNIT III:** Branding of B2B products :-B2B branding concepts, B2B Brand Architecture; Managing Relationships in Business Markets:-Relationship Spectrum; Managing Buyer – Seller Relationship; Customer Profitability Analysis; CRM Strategy; Relationship Marketing Effectiveness; Sales Force Management in B2B :-Personal Selling Organization; Key Account Management; Business Marketing Communication-B2B Social Media, Customer decision journey,B2B Top performers.
- **UNIT IV:** Types of Bids & Tenders, Public Private Partnership, Project Marketing Vs Product Marketing, Management of Services in Business Markets, Buying outside services, Evaluation & Control of Marketing Efforts; Emerging trends in B2B Marketing: E-commerce and effects of Digital Technology, Green practices for sustainability.

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### Recommended Reference Books & Websites

- Recommended Reference Books:
  1. Business to Business Marketing –A South Asian Perspective:-Michael D. Hutt, Dheeraj Sharma & Thomas W. Speh (11th edition).Cengage Publication
  2. Business Marketing Concepts and cases: - Sharad Sarin, Mc Graw Hill Publication
  3. Business-To-Business Marketing -Analysis and Practices:- By Robert P. Vitale, Waldemar Pfoertsch, Joseph Giglierano.
- Recommended Websites :
- Websites of Asian Paints, Godrej, MRF Tyres, Tata Steel, Boeing, ABB Group, 3M , Bosch , Diversey , and other company websites dealing in Industrial / B2B Sector.

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### Unit III.. contd.. topics covered

- Sales Force Management in B2B
- Organizing the Personal Selling
- Key Account Management

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### B2B Sales Force Management Functions

- Organize the sales force
- Manage key accounts
- Select high-performing sales force

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## B2B Sales Force Management

It mainly involves :

- Sales Forecasting
- Determining the size of sales force
- Selecting the sales force
- Training the sales force
- Motivating the sales force
- Quota Setting and Routing
- Setting the activity and other goals
- Monitoring the sales force efforts

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## Organizing the B2B Personal Selling

Geographical Type of B2B Organization :

In this type of organization focus is on assigned territories of sales person

- Derived Advantages :
  - Widely used.
  - Reduces travel time & distance between customers.
  - Reduces costs.
- Possible disadvantages :
  - All the sales people have to perform all selling tasks for all the products and for every customers in the assigned territory. Whereas each salesperson may not have entire details of entire product range and may emphasize on only few high commission products.

## Organizing the B2B Personal Selling

Product Oriented Type of B2B Sales Organization :

In this type of organization focus is on product specific.

- Sales person specialize in few products of entire product line.
- Generally applicable with large band width and several products i.e., 3M, Proctor and Gamble, etc.
- Major Advantages : The sales force specializes and have a complete product knowledge of few products .It also increases the value of firm's total offering to the customers.
- Possible Disadvantage: Expensive Products and sometimes complicated

## Organizing the B2B Personal Selling

- Market Centered Type of B2B Sales Organization

- In this type of organization :
- The sales person specialize in specific customer line or industry vertical, i.e. financial, tourism, airlines, food processing, automobile, telecom, etc.
- Major Advantages : The sales person are best in a industry vertical or customer line and thus accrue higher profits to a organization.

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## Key Account Management

- Large Accounts in B2B markets can be classified as:

- Key Accounts
- Major Accounts
- National Accounts
- Strategic Accounts

## Key Account Management

- A B2B Key Account basically :
- Buys a major volume of total % sales
- It Involves various types of organizational members in the buying decision
- Buys for a geographically dispersed organization
- Focuses and desires a well coordinated and specialized services from sellers as:
  - Logistical support
  - Inventory management
  - Discounts
  - Customized applications

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### Key Account Management

- Many organizations focusing on B2B markets get 80% of their business/profits from 20% of their accounts (industrial/B2B buyers).
- Large companies buy through central procurement process .
- Large companies want their sellers to provide well managed and uniform services for all its geographically dispersed units.
- The companies also want additional services to be provided .

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### Approach for Selecting Key Accounts

The seller focuses on the following to consider whether or not to take on a particular key account :

- Profit potential factor.
- Is the customer willing to pay for extra services or not .
- Select customers from requiring a unique function that is marketable to other customers.
- Consider transactions with the customer that matches the economics of the seller's business.

### Traditional Selling vs. Key Account Selling

	Traditional Selling Focus	Key Account Selling Focus
<b>Sales Volume</b>	Varies	Large volume of purchases by the customer often across multiple business of the seller
<b>Nature of Product/ Service Offering</b>	Core product/service	Core product/service plus customized applications and value-added services
<b>Time Horizon</b>	Short-Term	Long-Term
<b>Benefits to Customer</b>	Lower prices & higher quality	Lower total costs; Broader set of strategic benefits
<b>Information Sharing</b>	Limited: Narrow focus on price and product features	Extensive: Broader focus as firms share strategic goals
<b>Sales Force Objectives</b>	Maximize revenue Satisfied customers	Become preferred supplier; Lower customer firm's total costs; Enhance learning in the relationship
<b>Structure of Selling Center</b>	Individual salesperson is primary link to customer organization	Many individuals from multiple functional areas on the selling side interact with counterparts in the customer organization
<b>Structure of Buying Center</b>	Purchasing Manager and a few other individuals are involved in buying decisions	Many individuals within the customer organization interact in making decisions and evaluating the relationship

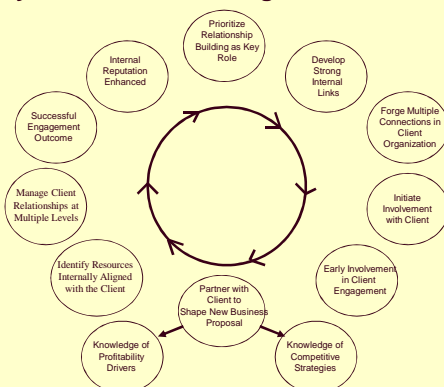
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### The Account Management Process

The Account Manager is responsible for:

- Identifying customer needs.
- Forming a team of experts who will address the customer requirements.
- Assigning the needs to specific experts.

### The Cycle of Account Management Success



### Assignment

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Q1) 'For a B2B/ Industrial sales force it is said that higher the sales person's motivation higher would be the customer's satisfaction level'. Evaluate the statement and suggest ways a company should take to maintain high levels of motivation in its sales force.

Q2) Discuss the major benefits of 'Key Account Selling' over 'Traditional selling' for a company dealing in B2B/Industrial segment.