PART I  THE ENVIRONMENT OF BUSINESS MARKETING

Chapter 1  A Business Marketing Perspective  3
  Business Marketing  4
  Business Marketing Management  5
  Business Market Customers  6
  Business Markets versus Consumer-Goods Markets  7

B2B TOP PERFORMERS: Career Path for B2B CEOs:
  For Many, It Began in Marketing!  8

  Designing Customer Solutions  10
  Marketing's Cross-Functional Relationships  10
  Characteristics of Business Markets  12

Business and Consumer Marketing: A Contrast  13
Smucker: A Consumer and Business Marketer  14
Distinguishing Characteristics  15
A Relationship Emphasis  15
The Supply Chain  16
Supply Chain Management  17
Managing Relationships in the Supply Chain  17

INSIDE BUSINESS MARKETING: Career Profile: Delivering
  Service Solutions to IBM Customers  18
  Commercial Enterprises as Consumers  19
Classifying Goods for the Business Market  20
Entering Goods  20

B2B TOP PERFORMERS: Jim Ryan, Group President,
  W.W. Grainger, Inc.  22
  Foundation Goods  22
  Facilitating Goods  23

Business Marketing Strategy  24
Illustration: Manufactured Materials and Parts  24
Illustration: Installations  24
Illustration: Supplies  25
A Look Ahead  25
Summary  27
Chapter 2 The Business Market: Perspectives on the Organizational Buyer

Commercial Enterprises: Unique Characteristics
Distribution by Size
Geographical Concentration
Classifying Commercial Enterprises
The Purchasing Organization
Goals of the Purchasing Function

INSIDE BUSINESS MARKETING: The Supply Chain for McNuggets

Strategic Procurement

INSIDE BUSINESS MARKETING: Harley-Davidson’s World-Class Purchasing Organization

E-Procurement
Everyone Is Getting Wired
Enhancing the Buyer’s Capabilities
Delivering Measurable Results
Buying Direct and Indirect Goods
Reverse Auctions

ETHICAL BUSINESS MARKETING: Gift Giving: “Buy Me These Boots and You’ll Get My Business”

How Organizational Buyers Evaluate Potential Suppliers

Governments: Unique Characteristics
E-Government
Influences on Government Buying
Understanding Government Contracts
Telling Vendors How to Sell: Useful Publications
Purchasing Organizations and Procedures: Government
Federal Buying
A Different Strategy Required

The Institutional Market: Unique Characteristics
Institutional Buyers: Purchasing Procedures
Dealing with Diversity: A Market-Centered Organization
Summary
## B2B TOP PERFORMERS: Understanding the Customer's Business—the Key to Success

- Managing Buyer-Seller Relationships 93
- Transactional Exchange 94
- Collaborative Exchange 94
- Switching Costs 94
- Strategy Guidelines 95
- Measuring Customer Profitability 96
- Activity-Based Costing 96
- Unlocking Customer Profitability 96
- The Profitable Few 97
- Managing High- and Low-Cost-to-Serve Customers 98
- Managing Unprofitable Customers 100
- Firing Customers 100
- Customer Relationship Management 101
- Acquiring the Right Customers 101

## INSIDE BUSINESS MARKETING: Diversify a Customer Portfolio Too!

- Crafting the Right Value Proposition 104
- Instituting the Best Processes 106
- Motivating Employees 107
- Learning to Retain Customers 107
- Gaining a Customer Relationship Advantage 108

## INSIDE BUSINESS MARKETING: Do Interpersonal Relationships Matter to Corporate Buyers?

- Customer-Relating Capability 109
- Gaining a Position of Advantage 111
- Achieving Performance Rewards 111
- Summary 112
- Discussion Questions 112
- Internet Exercise 113
- Case: Siebel Systems 114

### PART III ASSESSING MARKET OPPORTUNITIES 115

#### Chapter 5 Segmenting the Business Market 117

- Business Market Segmentation Requirements and Benefits 118
- Requirements 119
Chapter 6 Organizational Demand Analysis

Organizational Demand Analysis 140
Using the Internet for Business Marketing Research 141
The Role of Market Potential in Planning and Control 144
The Role of the Sales Forecast 146
Applying Market Potential and the Sales Forecast 146

INSIDE BUSINESS MARKETING: Accurate Forecasts Drive Effective Collaboration between Boeing and Alcoa 147
Determining Market and Sales Potentials 148
Statistical Series Methods 148
Market Research 151

B2B TOP PERFORMERS: Go Deep into the Customer’s Organization 152
The Essential Dimensions of Sales Forecasting 153
The Role of Forecasting 153
E-Forecasting 154
Forecasting Methods 154
Qualitative Techniques 154
Quantitative Techniques 157
Combining Several Forecasting Techniques 161
Summary 161
Discussion Questions 162
Internet Exercises 162
Case: IBM Global Services 163

PART IV FORMULATING BUSINESS MARKETING STRATEGY 165

Chapter 7 Business Marketing Planning:
Strategic Perspectives 167
Marketing's Strategic Role 168
The Hierarchy of Strategies 168
Strategy Formulation and the Hierarchy 171
INSIDE BUSINESS MARKETING: From Bullet-Point Plans to
Strategic Stories at 3M 173
Marketing's Cross-Functional Relationships 173
Cross-Functional Connections 174
B2B TOP PERFORMERS: High-Performing
Cross-Functional Managers 175
Functionally Integrated Planning:
The Marketing Strategy Center 175
The Components of a Business Model 178
Customer Interface 178
Core Strategy 179
Strategic Resources 180
The Value Network 181
Profit Potential 181
The Balanced Scorecard 181
Financial Perspective 182
Customer Perspective 183
Internal Business Process Perspective 184
Strategy Map 186
Summary 188
Discussion Questions 189
Internet Exercises 190
Case: Microsoft Targets Small and Mid-Sized Businesses 191
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustaining the Lead</td>
<td>218</td>
</tr>
<tr>
<td>From Core Products to End Products</td>
<td>220</td>
</tr>
<tr>
<td>Exploiting Selected Core Competencies</td>
<td>220</td>
</tr>
<tr>
<td><strong>Product Quality</strong></td>
<td>221</td>
</tr>
<tr>
<td>Meaning of Quality</td>
<td>222</td>
</tr>
<tr>
<td>Meaning of Customer Value</td>
<td>222</td>
</tr>
<tr>
<td>Product Support Strategy: The Service Connection</td>
<td>224</td>
</tr>
<tr>
<td><strong>Product Policy</strong></td>
<td>224</td>
</tr>
<tr>
<td>Types of Product Lines Defined</td>
<td>224</td>
</tr>
<tr>
<td>Defining the Product Market</td>
<td>225</td>
</tr>
<tr>
<td><strong>B2B TOP PERFORMERS:</strong> BASF: Using Services to Build a Strong Brand</td>
<td>227</td>
</tr>
<tr>
<td>Planning Industrial Product Strategy</td>
<td>227</td>
</tr>
<tr>
<td>Product Positioning</td>
<td>227</td>
</tr>
<tr>
<td>The Process</td>
<td>227</td>
</tr>
<tr>
<td>Isolating Strategy Opportunities</td>
<td>228</td>
</tr>
<tr>
<td>Product Positioning Illustrated</td>
<td>229</td>
</tr>
<tr>
<td><strong>Building a Strong Brand</strong></td>
<td>229</td>
</tr>
<tr>
<td>Strong Brands Promise and Deliver</td>
<td>230</td>
</tr>
<tr>
<td>Building Brand Equity</td>
<td>230</td>
</tr>
<tr>
<td>Does Brand Building Pay Off?</td>
<td>232</td>
</tr>
<tr>
<td><strong>The Technology Adoption Life Cycle</strong></td>
<td>232</td>
</tr>
<tr>
<td>Types of Technology Customers</td>
<td>233</td>
</tr>
<tr>
<td><strong>INSIDE BUSINESS MARKETING:</strong> The Gorilla Advantage in High-Tech Markets</td>
<td>234</td>
</tr>
<tr>
<td>Strategies for the Technology Adoption Life Cycle</td>
<td>235</td>
</tr>
<tr>
<td>The Bowling Alley</td>
<td>235</td>
</tr>
<tr>
<td>The Tornado</td>
<td>236</td>
</tr>
<tr>
<td>Main Street</td>
<td>237</td>
</tr>
<tr>
<td><strong>Summary</strong></td>
<td>237</td>
</tr>
<tr>
<td><strong>Discussion Questions</strong></td>
<td>238</td>
</tr>
<tr>
<td><strong>Internet Exercise</strong></td>
<td>239</td>
</tr>
<tr>
<td>Case: NCR Self-Checkout Systems</td>
<td>240</td>
</tr>
</tbody>
</table>

**Chapter 10 Managing Innovation and New Industrial Product Development**  

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Management of Innovation</td>
<td>242</td>
</tr>
<tr>
<td>Induced Strategic Behavior</td>
<td>243</td>
</tr>
<tr>
<td>Autonomous Strategic Behavior</td>
<td>243</td>
</tr>
<tr>
<td>Topic</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Product Championing and the Informal Network</td>
<td>244</td>
</tr>
<tr>
<td>Bringing Silicon Valley Inside</td>
<td>245</td>
</tr>
<tr>
<td>Managing Technology</td>
<td>247</td>
</tr>
<tr>
<td>Classifying Development Projects</td>
<td>247</td>
</tr>
<tr>
<td>A Product-Family Focus</td>
<td>248</td>
</tr>
<tr>
<td>The Disruptive Innovation Model</td>
<td>249</td>
</tr>
<tr>
<td>Innovation Winners in High-Technology Markets</td>
<td>251</td>
</tr>
<tr>
<td>INSIDE BUSINESS MARKETING: Patching: The New Corporate Strategy</td>
<td>253</td>
</tr>
<tr>
<td>The New-Product-Development Process</td>
<td>254</td>
</tr>
<tr>
<td>What Drives a Firm’s New Product Performance?</td>
<td>254</td>
</tr>
<tr>
<td>Anticipating Competitive Reactions</td>
<td>256</td>
</tr>
<tr>
<td>Sources of New Product Ideas</td>
<td>256</td>
</tr>
<tr>
<td>B2B TOP PERFORMERS: Best Practices for Successful Innovation: Create a Supportive Culture</td>
<td>257</td>
</tr>
<tr>
<td>Quality Function Deployment</td>
<td>259</td>
</tr>
<tr>
<td>Determinants of New Product Performance and Timeliness</td>
<td>260</td>
</tr>
<tr>
<td>The Determinants of Success</td>
<td>260</td>
</tr>
<tr>
<td>Determinants of Product Success for Japanese Companies</td>
<td>261</td>
</tr>
<tr>
<td>Fast-Paced Product Development</td>
<td>262</td>
</tr>
<tr>
<td>Summary</td>
<td>263</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>264</td>
</tr>
<tr>
<td>Internet Exercise</td>
<td>264</td>
</tr>
<tr>
<td>Case: Motorola’s Disruptive Initiative: The Ultra-Cheap Cell Phone</td>
<td>265</td>
</tr>
<tr>
<td>Chapter 11 Managing Services for Business Markets</td>
<td>266</td>
</tr>
<tr>
<td>From Products to Solutions</td>
<td>267</td>
</tr>
<tr>
<td>A Solution-Centered Perspective</td>
<td>267</td>
</tr>
<tr>
<td>Benefits of Solution Marketing</td>
<td>269</td>
</tr>
<tr>
<td>INSIDE BUSINESS MARKETING: To Sell Jet Engines, Teach Your Customer How to Sell Aircraft</td>
<td>270</td>
</tr>
<tr>
<td>Business Service Marketing: Special Challenges</td>
<td>270</td>
</tr>
<tr>
<td>Services Are Different</td>
<td>271</td>
</tr>
<tr>
<td>Tangible or Intangible?</td>
<td>271</td>
</tr>
<tr>
<td>Simultaneous Production and Consumption</td>
<td>272</td>
</tr>
<tr>
<td>Service Variability</td>
<td>273</td>
</tr>
<tr>
<td>Service Perishability</td>
<td>273</td>
</tr>
</tbody>
</table>
Chapter 13  E-Commerce Strategies for Business Markets 314

Defining E-Commerce 316
Key Elements Supporting E-Commerce 317
The Internet and World Wide Web 317
Intranets and Extranets 319
The Strategic Role of E-Commerce 319
E-Commerce as a Strategic Component 320

INSIDE BUSINESS MARKETING: UPS Delivers the Goods Using Sophisticated E-Commerce Technology 321
What the Internet Can Do 322
The Internet: Strategy Still Matters 322
Crafting an E-Commerce Strategy 324
Delineating E-Commerce Objectives 324
Specific Objectives of Internet Marketing Strategies 326

B2B TOP PERFORMERS: GE Healthcare: Using the Web to Create New Services 327
Internet Strategy Implementation 327
The Internet Product 328

INSIDE BUSINESS MARKETING: Top-Rated B2B Web Sites 329
Channel Considerations with Internet Marketing 330
The Internet as a Channel Alternative 331
The Effect of the Internet on Pricing Strategy 332
The Internet and Customer Communication 332
Summary 334
Discussion Questions 335
Internet Exercise 336
Case: Using the Internet at W. W. Grainger 337
**Chapter 14 Supply Chain Management**

- The Concept of Supply Chain Management
- Partneryships: The Critical Ingredient
- Supply Chain Management: A Tool for Competitive Advantage
- Supply Chain Management Goals
- Benefits to the Final Customer
- The Financial Benefits Perspective
- Information and Technology Drivers
- Successfully Applying the Supply Chain Management Approach
- Successful Supply Chain Practices

**B2B TOP PERFORMERS:** Making Supplier Relationships Work

- Logistics as the Critical Element in Supply Chain Management
- Distinguishing between Logistics and Supply Chain Management
- Managing Flows
- The Strategic Role of Logistics
- Sales-Marketing-Logistics Integration
- Just-in-Time Systems
- Total-Cost Approach
- Calculating Logistics Costs
- Activity-Based Costing
- Total Cost of Ownership
- Business-to-Business Logistical Service
- Logistics Service Impacts on the Customer
- Determining the Level of Service
- Logistics Impacts on Other Supply Chain Participants
- Business-to-Business Logistical Management
- Logistical Facilities
- Transportation
- Inventory Management

**INSIDE BUSINESS MARKETING:** The Profit Impact of

- Inventory Management
- Third-Party Logistics
- Summary
- Discussion Questions
- Internet Exercise
- Case: Managing Logistics at Trans-Pro
Chapter 15 Pricing Strategy for Business Markets 366

The Meaning of Value in Business Markets 367
Benefits 368
Sacrifices 369
Value-Based Strategies 369

B2B TOP PERFORMERS: The Key to Value-Based Strategies—Understand the Customer’s Economics 370

The Pricing Process in Business Markets 371
Price Objectives 371
Demand Determinants 372
Cost Determinants 375
Competition 377
Pricing across the Product Life Cycle 379
Pricing New Products 379

ETHICAL BUSINESS MARKETING: On Ethics and Pricing at Raytheon 380

Legal Considerations 381
Responding to Price Attacks by Competitors 381
Evaluating a Competitive Threat 382
Understanding the Rules of Competitive Strategy 384
Competitive Bidding 384
Closed Bidding 385
Open Bidding 385
Strategies for Competitive Bidding 386
Summary 386
Discussion Questions 387
Internet Exercise 388
Case: Meeting the Challenge of Reverse Auctions 389

Chapter 16 Business Marketing Communications: Advertising and Sales Promotion 390

The Role of Advertising 391
Integrated Communication Programs 391
Enhancing Sales Effectiveness 392
Increased Sales Efficiency 393
Creating Awareness 393
Chapter 17 Business Marketing Communications: Managing the Personal Selling Function

Foundations of Personal Selling: An Organizational Customer Focus 415
Relationship Marketing 415

INSIDE BUSINESS MARKETING: Career Profile: Managing Relationships at IBM 416
Relationship Quality 417
Managing the Sales Force 418
Organizing the Personal Selling Effort 418
Key Account Management 420
National Account Success 422

**B2B TOP PERFORMERS:** Using Customized Strategies to Outmaneuver Rivals 423
- Isolating the Account Management Process 423
- Account Management Success 424
- **Sales Administration** 425
- Recruitment and Selection of Salespersons 425
- Training 426
- Supervision and Motivation 427
- Evaluation and Control 430

**ETHICAL BUSINESS MARKETING:** Ethics in Selling 431
- Models for Industrial Sales Force Management 431
- Deployment Analysis: A Strategic Approach 431
- The Internet: Transforming the Selling Process 433
- Summary 435
- Discussion Questions 435
- Internet Exercise 436
- Case: Account Management at Yellow Roadway: Choosing Customers Wisely 437

---

**PART V**  EVALUATING BUSINESS MARKETING STRATEGY AND PERFORMANCE 439

Chapter 18 Controlling Business Marketing Strategies 441
- A Strategy Map: Portrait of an Integrated Plan 442
- Developing the Strategy: The Process 444
- Maps: A Tool for Strategy Making 446
- **Marketing Strategy:** Allocating Resources 447
- Guiding Strategy Formulation 447
- Managing Individual Customers for Profit 448
- The Marketing Control Process 448
- Control at Various Levels 448
- Strategic Control 449
- Annual Plan Control 450
- Efficiency and Effectiveness Control 452
INSIDE BUSINESS MARKETING: Digital Cockpits to Track Corporate Financial Performance 453
Profitability Control 453
Feedforward Control 455
Implementation of Business Marketing Strategy 456
The Strategy-Implementation Fit 456
Implementation Skills 457
The Marketing Strategy Center: An Implementation Guide 457

Looking Back 460
Summary 461
Discussion Questions 461
Internet Exercise 462
Case: Sealed Air Corporation: Delivering Package Solutions 463

Cases 465
Case Planning Guide 465
S.C. Johnson's Professional Division 466
Westward Industries Ltd. (A) 468
Clariant Corporation Marketing 483
RJM Enterprises, Inc.—Romancing the Vine 498
Pfizer, Inc. Animal Health Products—A: Market Segmentation and Industry Changes 531
Circuit Board Corporation 543
Beta Pharmaceuticals: Pennsylvania Distribution System 556
Pivot International—Pursuing Growth 562
Deere & Company Worldwide Logistics 583
Yield Management at American Airlines 588
Barro Stickney, Inc. 594
Cyanide Destruct Systems Inc. 625
The Indicted CFO 638
Ethical Dilemmas in Business Marketing 641

Name Index 643
Subject Index 649