

BUSINESS- TO-BUSINESS MARKETING

The coursebook
for Quality and
Production
Management
students



**Katarzyna
Łazorko**



Business-to-Business Marketing

THE COURSEBOOK FOR QUALITY AND PRODUCTION
MANAGEMENT STUDENTS

KATARZYNA ŁAZORKO

Reviewers:

Dr Iwona Herbuś,

Wyższa Szkoła Bankowa, Opole

Dr Sławomir Kowalski

Politechnika Częstochowska, Wydział Zarządzania

Cover design:

Karolina Kowalska

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Introduction

The coursebook was prepared for the first-year students of the Quality and Production Management Course, conducted at the Faculty of Management, at the Czestochowa University of Technology. The structure and the content of the coursebook are adapted to the didactic process of marketing in the group of the first-year, engineering courses students.

The coursebook presents the basic marketing concepts that are discussed during the lectures. In addition, the tasks that are carried out during the practical part of the course are included. The content of the coursebook should enable understanding of complex marketing processes, as well as prepare the students to design marketing strategies in B2B and B2C markets.

The script can be a source of marketing knowledge for students studying technical subjects, as it contains synthetically systematized knowledge, and many practical tasks to make them understand how companies create and implement their marketing strategies.

1. The Concept Of Marketing

Marketing is an integral part of management of any organization in the market. Regardless the fact, whether organizations can be identified as for profits or non-profits, they implement marketing strategies to increase their competitiveness.

Marketing, as a concept, emerged in the early 20th century and has evolved a great deal since then. Defining marketing has changed over the years. The first publications on marketing appeared in the early 20th century. The first marketing course at the univeristy was introduced in 1914.

In marketing theory, several stages of interpretation of the concept may be found. The first definitions, of the so-called marketing 1.0, focused on meeting customer needs through the right offer. At this stage customers were perceived as the primary element determining market success or failure. The concept of marketing 2.0 emphasized reaching strongly specified target groups, prosumerism and value creation, integrated and interactive communication. Marketing 3.0 is about seeing customer through their aspirations, values and all the elements that define them as humans, as well as balancing the company's effectiveness with responsibility for the environment in which it operates. The next concepts, the marketing 4.0 concept, is related to digitalization and the functioning of customers and companies in a highly digitized environment. Consequently, marketing 5.0, implies the usage of technological solutions that imitate humans. This approach enables even more efficient solutions to create value at the level unavailable ever before¹ (Table 1).

Nowadays, marketing is defined as follows:

„Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (American Marketing Association²).

¹ More: K. Ratman Ewolucja marketingu w: Marketing kreatywny – sztuka czy manipulacja, ed. by A.Niedzielska, J.Pikuła – Małachowska, Wyd. Politechniki Częstochowskiej, Częstochowa 2021.

² <https://www.ama.org/the-definition-of-marketing-what-is-marketing/> (access 12.09.2022).

Table 1 Comparison of marketing paradigms

The Feature	Marketing 1.0	Marketing 2.0	Marketing 3.0	Marketing 4.0
Concentration	Product-oriented marketing	Consumer-oriented marketing	Marketing oriented towards people	Human-centered marketing deepened by the client's "journey" in the shopping process
Aim	Sale of products	Satisfaction and customer retention	Making the world a better place, providing positive values	Inspiring the client to co-create new content and products/services
Forces enabling the emergence of a concept	Industrial Revolution	Information technology	A new wave of technologies	Digital economy
The way companies perceive the market	Mass customers with material needs	Intelligent customers driven by reason and emotions	A man with reason, heart and soul	Netizen man (citizen of the network)
Key marketing concepts	Product development	Diversification and distinction on the market	Providing higher values	Anthropomorphization of brands
Marketing guidelines	The specificity of the product	Positioning the company and product	Mission, vision and company values	Promoting content and creating brands
Value proposition	Functional	Functional and emotional	Functional and emotional and spiritual	Commitment and trust
Interactions with consumers	Collective approach, one-to-many transactions	Individual approach, one-to-one relations	Relationships and cooperation "many to many"	Relations based on the functioning of the networking, an enormous generation of consumers

Source: W.Wereda, J.Woźniak, Building Relationships with Customer 4.0 in the Era of Marketing 4.0: The Case Study of Innovative Enterprises in Poland. Social Sciences, <https://www.mdpi.com/2076-0760/8/6/177> (access 10.12.2022).

Contemporary marketing in its form of marketing 5.0 that bases on the use of technologies is shifting towards³:

- marketing automation,
- agile marketing, i.e. responding quickly to changes in the environment and using current events to build marketing messages,
- facial recognition and voice technologies,
- robotics,
- sensor technologies,
- leveraging customer experience (CX) with the brand,
- storytelling using multiple media,

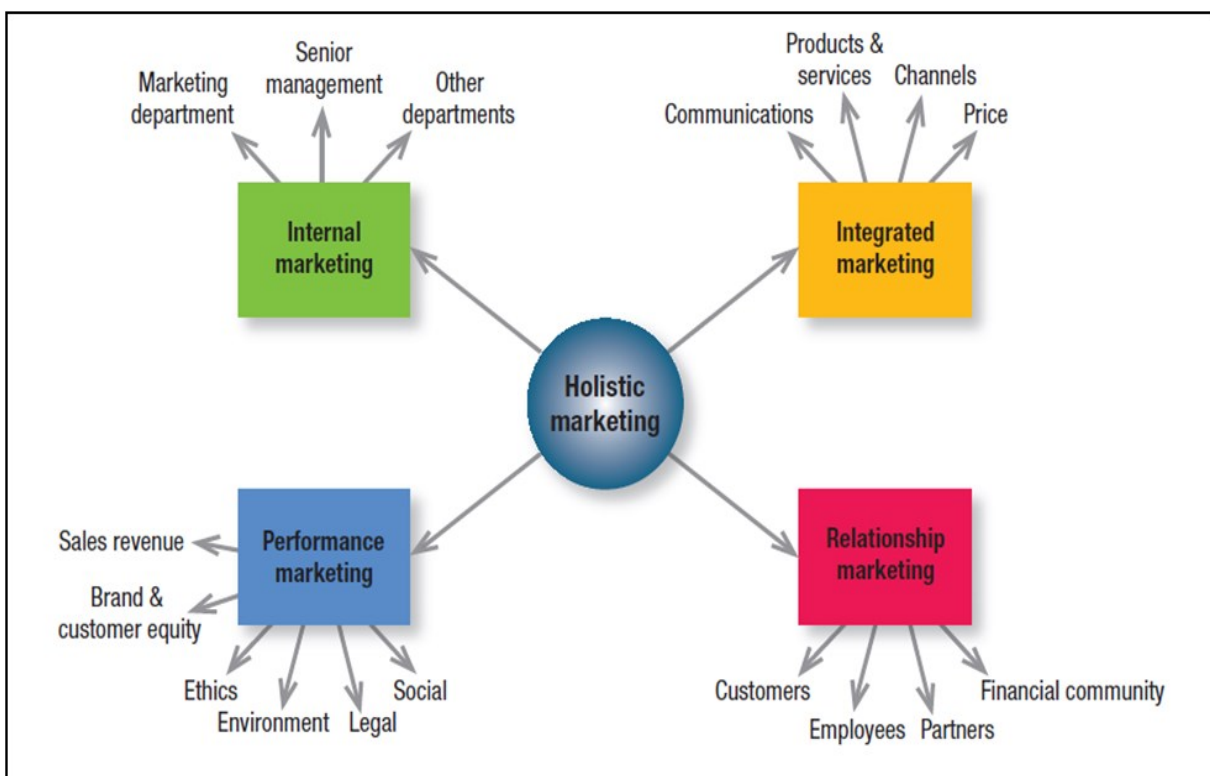
³ K.Ratman, op.cit., s.31

- omnichanneling - reaching customers through all possible channels,
- marketing in virtual and augmented reality.

The marketers are constantly looking for the most effective ways to communicate with their audiences. Today, marketing is based on the concept of so-called **holistic marketing**, which implies the coexistence of four basic components that only when analyzed together make up effective marketing in an organization⁴ :

- relationship marketing,
- internal marketing,
- performance marketing - interpreted as an understanding of the significance of the financial and non-financial benefits (market share, rate of customer loss, legal, social, environmental effects of the activity) that marketing activities generate for the company and society;
- integrated marketing, which implies the need to integrate the company's marketing activities at different levels: communication, products, their price and channels of offering them (Figure 1).

Figure 1 The components of holistic marketing



Source: <https://evarsity.my/topic/the-holistic-marketing-concepts/> (access 23.12.2022).

⁴ Ph.Kotler, K.L.Keller, *Marketing*, Dom Wydawniczy Rebis, 2012

A crucial element of marketing for many years now has been building a **CSR strategy** - corporate social responsibility. According to its principles (regulated by ISO 26000), " in their activities, businesses voluntarily take into account social interests, environmental aspects, or relations with various stakeholder groups, especially employees. Being socially responsible means investing in human resources, in environmental protection, in relations with the corporate environment and in communicating those measures, thus contributing to the company's competitiveness and creating conditions for sustainable social and economic development."⁵

Some basic marketing terms

Value is the basic concept that is associated with marketing. The value of a product means its ability to satisfy customer needs. The more the product satisfies the needs of the customer, the higher its value is. Value is estimated by customers on the basis of a comparison between:

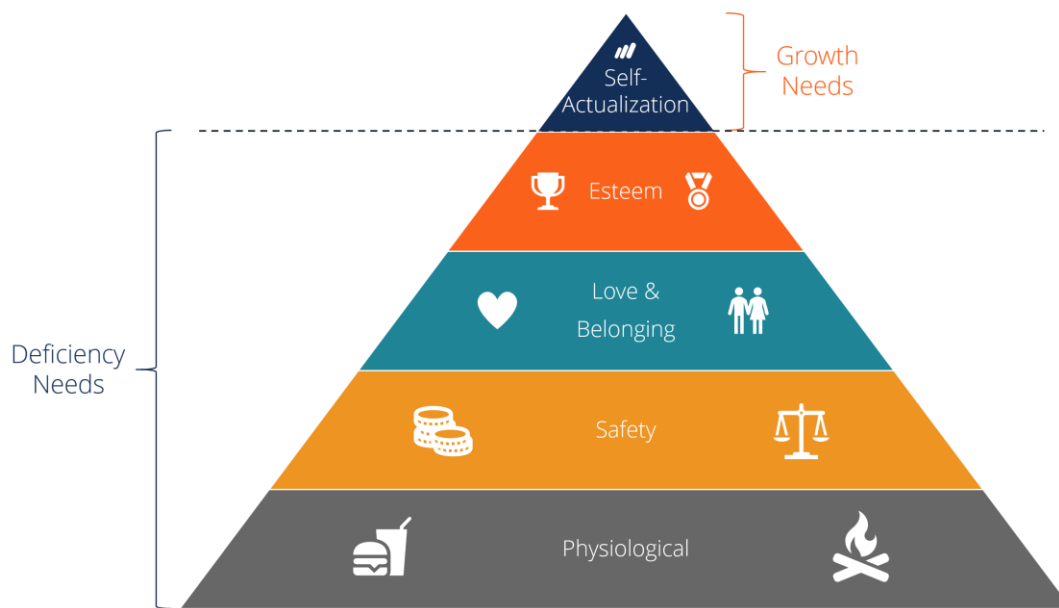
- functional and emotional benefits,
- and costs: financial, time and energy, and psychological (consequences of a purchase).

The most commonly cited theory related to needs is the concept created by A.Maslow, the so-called hierarchy of needs. The author of this concept arranged the needs showing the mechanism and the sequence of their satisfaction, from the level of physiological needs to the level of self-actualization needs (Figure 2).

In marketing, a specific way to satisfy customer's needs is described as a **want**, basing on the assumption that all people around the world share the same set of needs (as defined by A.Maslow, for example), but they differ in the ways to satisfy them. For example, to satisfy the needs of esteem, some people would acquire knowledge and become specialists in a particular area, while others will reach the same way of satisfaction buying a fancy car. Thus, some authors would claim, and that point of view is also shared by me, that marketers can create new ways to satisfy needs, they create wants but they can't create needs, as the pool of them is identified and cannot be expanded.

⁵ <https://www.parp.gov.pl/csr#csr> (access10.10.2022)

Figure 2 Maslow's hierarchy of needs



Source: <https://corporatefinanceinstitute.com/resources/management/maslows-hierarchy-of-needs/> (access 10.11.2022)

In marketing, there is quite a significant difference between people described as clients and people who are identified as customers. People who actually buy a product and pay for it are called **clients**. And the ones who use products are called **consumers**. This distinction may seem to be unimportant, but in marketing it is crucial, because the behavior of members of the two groups directly influence and determines marketing efforts. The awareness of the difference and characteristics of the groups is extremely important in marketing strategy planning and its further introduction in the markets. Clients and consumers are grouped basing on their characteristics and defined as segments (segmentation process is more detailedly discussed in chapter 5), and later the target groups is chosen. Basing on detailed descriptions of target group/s businesses should prepare their marketing strategies.

It should be remembered that the marketing activities do not apply only to individual buyers (this form of activity is called **B2C** market - business-to-customer market). Most of their revenues are generated on the **B2B**- business-to-business industrial markets, where buyers represent different types of enterprises and organizations, including so-called **non-profit organizations** (their primary purpose is not to make profit, e.g. schools, hospitals, and foundations). Buyers within the B2B market purchase products from other businesses in order to prepare offers that reach the final clients in the B2C market.

Branding is a key element in conducting marketing activities. A brand is interpreted as a name, term, sign, symbol, design or a combination of them, designed to recognize the goods and services of competitors. Thus, the brand is a source of information for the customer about the quality of the offer, possible benefits, country of origin, related attributes, etc. It enables the customer to choose a product without giving it much consideration, relying only on the manufacturer's promise regarding a specific product, or group of products. "In the B2B market, brand promotion focuses on emphasizing the technological quality of a product or the level of service provided. In the consumer market, on the other hand, more attention is paid to emotional factors." ⁶ The issue of branding is discussed in more detail in Chapter 4.

⁶ <https://www.heuristic.pl/blog/e-marketing/Rola-marki-na-rynku-B2B-vs-B2C-wprowadzenie;183.html> (dostęp 10.12.2021)

Basic marketing concepts – tasks, discussion points

1. Among the most common mistakes when it comes to defining marketing is identifying it with sales. It's worth remembering that there are completely different foundations underlying both concepts. As P. Drucker noted, "the purpose of marketing is to make sales unnecessary." How to interpret his claim?
2. Provide examples of products that can have different value in different circumstances.
3. Think about a cell phone. Out of what reasons is its value so high?
4. Complete the table

	Product 1	Product 2
Target group/s		
Functional benefits		
Emotional benefits		
Costs: time		
Costs: energy		
Monetary costs		
Psychic costs		

5. To each category of your needs, assign the specific wants and products you buy to satisfy them.

needs	wants	products
physiological		
safety		
Love & belonging		
esteem		
Self-actualisation		

2. The B2B marketing business characteristics

The B2B market (so-called institutional market) comprises all the activities undertaken by commercial and not-for-profit buyers to prepare their own products. The examples of B2B market activities include the following relations:

- an aircraft manufacturing company - an engine supplier,
- an accounting agency - company offering invoicing software,
- a refurbishment company - paints dealer,
- a library - a rack-making manufacturer,
- a farm - a bank providing loans.

So the institutional market includes: commercial enterprises, financial institutions and non-profit organizations (including public institutions).

The key attributes that characterize the B2B market include:

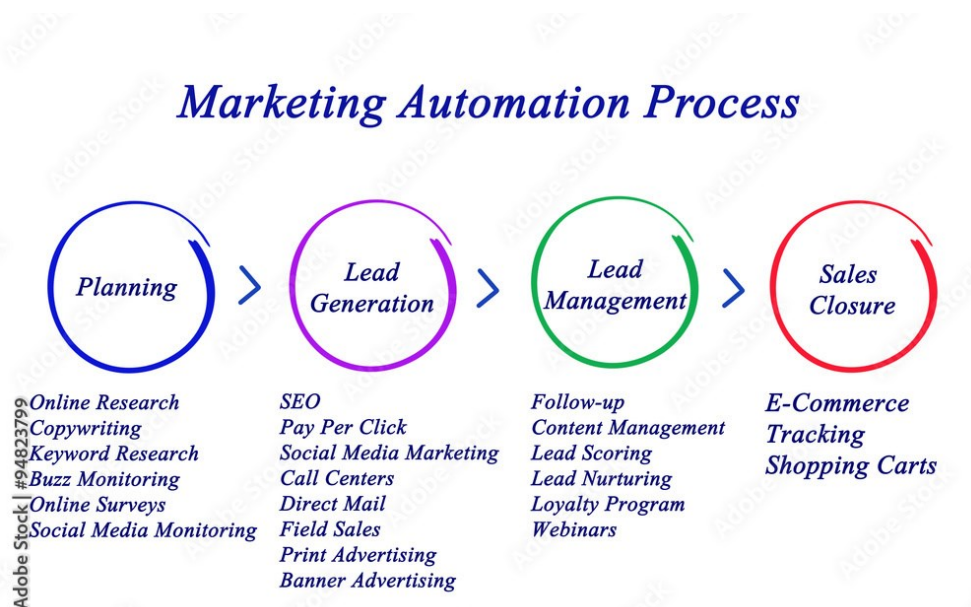
1. Smaller number of larger suppliers - in the B2B market, there are considerably less customers (companies) to be served compared to the B2C market, however, they generate considerably higher turnover;
2. close supplier-customer relationships - due to the smaller number of customers, building relationships is a necessity. Suppliers cooperate with customers in a network of mutual bonds, based on long-term contracts and other forms of cooperation, usually planned in advance and envisaging collaboration over a longer period of time.
3. procurement professionalism - products purchased for companies and organizations are usually carried out by procurement professionals. Purchasing processes often involve adherence to specific procedures, include the need to prepare a professional bid, require more time and often negotiations (more on this in Chapter 3).
4. More people influencing purchasing decisions - the purchasing process in organizations is definitely more formalized than in the B2C market, which is a direct result of the larger sums involved and also the nature of the products purchased. Frequently, procurement is handled by purchasing teams, also known as buying centers. According to research, an average of 5.4 people are involved in the purchasing process in the B2B market⁷.

⁷ K.Schmidt, B. Adamson, A. Bird, *Marketing the Consensus Sale*, "Harvard Business Review" 2015, March, <https://hbr.org/2015/03/making-the-consensus-sale> (access 09.05.2022).

5. Repeated meetings of prospective partners - the procurement process in organizations often requires many meetings, involving negotiations, customization of the product to meet customer expectations. Sometimes the buying process in the B2B market can take years.
6. Derived demand - demand in the B2B market is derived from demand in the B2C market, this means that what companies need for their production is directly determined by what their end customers want.
7. Inelastic (rigid) demand - demand in the B2B market does not fluctuate as much with price changes as in the B2C market, especially over short periods of time.
8. Induced demand - small changes in demand in the B2B market can cause significant changes to inputs.
9. Geographic concentration of customers due to, among other things, location of resources, infrastructure.
10. Direct procurement - in the B2B market, intermediaries are usually eliminated, mostly to reduce unnecessary costs.

One of the elements that have dramatically changed service in the B2B market in recent years is the **marketing automation** (Figure 3).

Figure 3 Marketing Automation Process



Source: <https://stock.adobe.com/images/marketing-automation-process/94823799> (access 10.12.2022)

Market automation involves the use of a wide range of internet tools to obtain information about customers and apply it to designing marketing programs for specific audiences on an ongoing basis. This way of marketing is characteristic for the B2B market.

B2B marketing – tasks, discussion points

1. Give some examples of companies that operate simultaneously in B2B and B2C markets. By reviewing their offers for individual and institutional customers, analyze the characteristics that distinguish marketing activities in the two markets.
2. Point out some examples of the derived demand.
3. Why is the demand in the B2B market price inelastic?

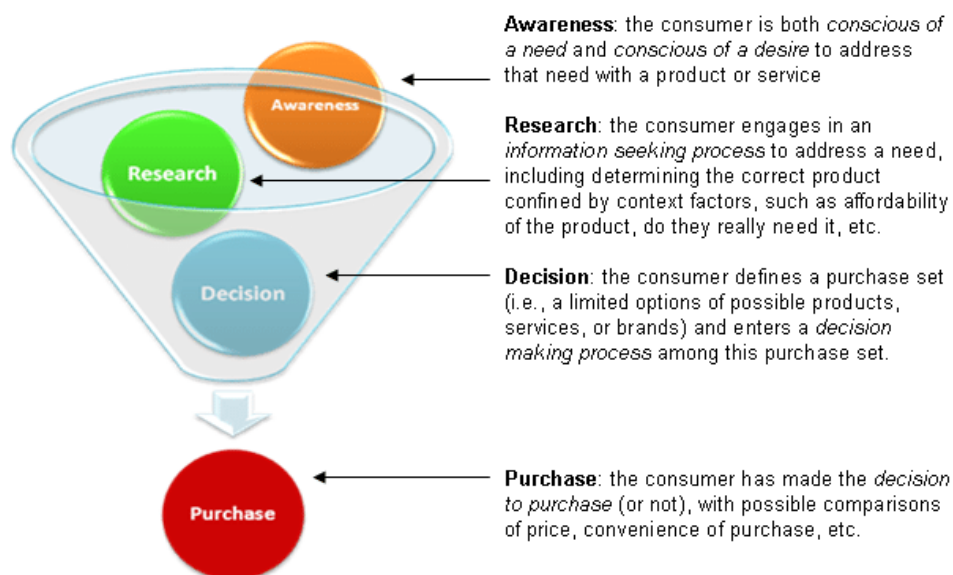
3. Buying Processes

As mentioned, companies buy differently than individual clients. Their purchases take longer and they are usually more formal.

In case of individual customers, we usually indicate two main models describing their behavior. One of them is called the funnel and the second one is described as the Customer Decision Journey.

Traditional buying funnel is based on the assumption that as a customer is considering what product they should buy, they consider some group of brands they are aware of and choose a specific offer out of the brands they already know (Figure 4).

Figure 4 The four stage buying funnel (Awareness, Research, Decision, and Purchase) with explanations



Source: J.Jansen,S.Schuster, *Bidding on the buying funnel for sponsored search and keyword advertising*. Journal of Electronic Commerce Research. 12/2011.

In the traditional funnel (simple brand-customer interaction), there are some stages:

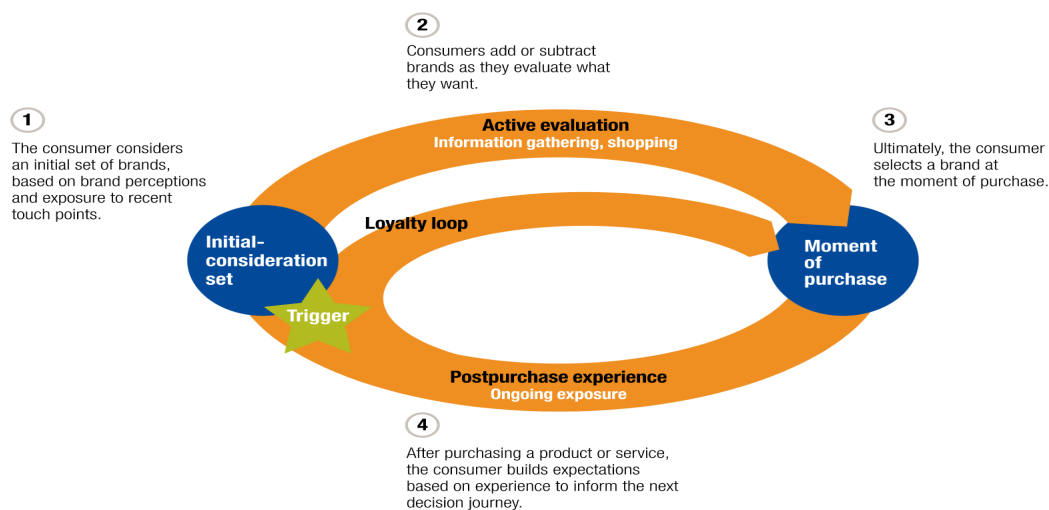
1. Feeling the need
2. Recognizing a want
3. Possessing information (actively – by searching for information about the offer, asking friends, etc., passively – when different types of information about product reach customer without their intention to find out, e.g. commercials, opinions expressed by users during informal meetings, etc.)

4. Evaluation
5. Decision
6. Purchase (sometimes clients decide to buy something but when they visit a shop or other POS, they change their primary option – research results reveal that about 40% of clients change their decisions while being at a shop⁸)
7. Post-purchase behaviour – feelings and opinions towards the product purchased that influence subsequent needs and desires that arise (e.g., buying a computer makes you want to buy the right software).

Satisfaction or lack of it after a purchase also influence subsequent purchases. The use of the traditional funnel is becoming increasingly rare, with communication with a company based solely on companies sending information about their products.

Today, customers operate in a completely new reality, which is shaped primarily by the vast amount of information that reaches them. Thus, the number of options for satisfying needs is increasing. Customers also seek information about products and their applicability, reviews, etc., even after the purchase. McKinsey noted this correlation by proposing a new purchasing model, the so-called Customer Decision Journey (Figure 5).

Figure 5 Customer Decision Journey

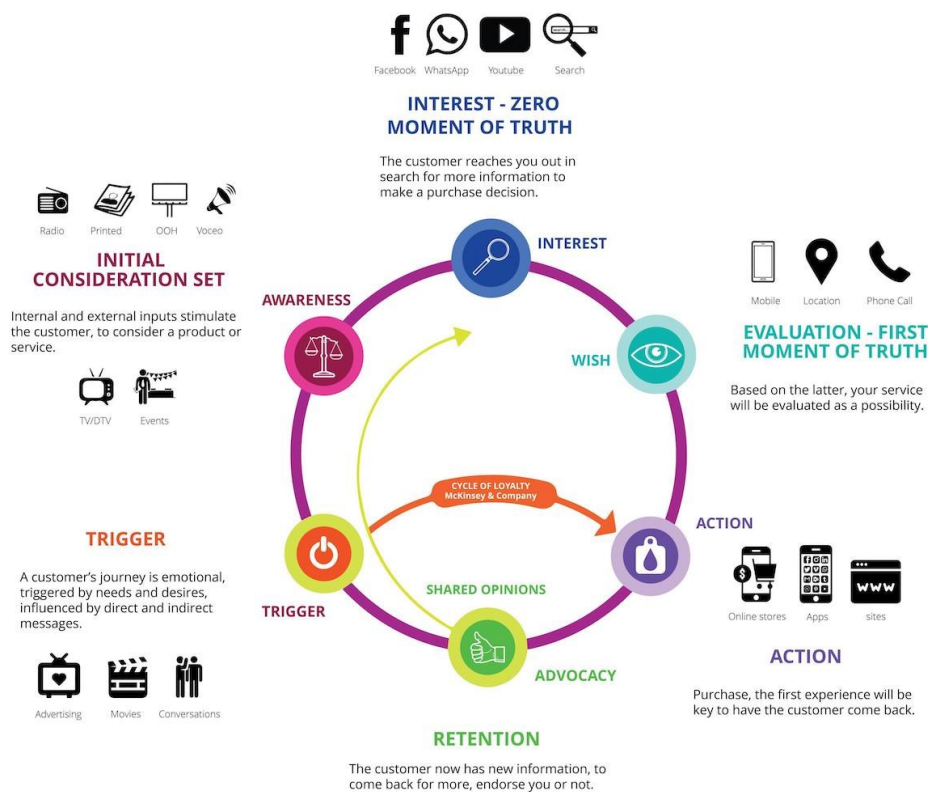


Source: <https://www.smartinsights.com/marketing-planning/marketing-models/mckinseys-consumer-decision-journey/> (access 10.12.2022)

⁸ D.Court, D.Elzinga, S.Mulder, O.J.Vetvik, *The Customer Decision journey*, <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey> (access 9.05.2022).

Today, the Internet is the main element in building an information strategy. The search for information at every stage of the buying process is forcing a shift from "push" models - prompting purchases, to content that is decidedly more informative, offering customer support at each stage, encouraging positive reviews and tailoring the message to the search history. The visualization of the process of the stages customers go through during their purchase behavior is called Customer Journey Map and it is one of the tools used when designing marketing strategies (Figure 6).

Figure 6 Customer Journey Map



Source: Business Growth Hackers, Customer Journey Map: *Understanding the Path that the Client Will Follow to Reach Your Product or Service*, <https://bghackers.com/customer-journey-map-understanding-the-path-that-the-client-will-follow-to-reach-your-product-or-service/> (access 10.12.2022)

The buying process in the B2B market is definitely longer and more complex than in the B2C market, as well as formalized. When making a purchase, companies and organizations typically go through the following stages:

1. Need recognition,

2. Product specification,
3. Supplier search,
4. Proposal analysis,
5. Order specification
6. Performance assessment

Or:

1. Problem identification
2. Solution exploration
3. Requirements building
4. Supplier selection
5. Purchase (Figure 7).

'B2B buying doesn't play out in any kind of predictable, linear order. Instead, customers engage in what one might call "looping" across a typical B2B purchase, revisiting each of those six buying jobs at least once. Buying jobs don't happen sequentially, but more or less simultaneously.'⁹

Nowadays, contact with potentials is now mainly through the Internet - 71% of those looking for solutions for their company search for information online before making a purchase, moreover, the process of verifying the supplier is also mainly based on online sources¹⁰.

It is noteworthy that in the B2B market, by the time a buyer seeks contact with a supplier he already has the majority of the purchasing path (according to some authors, up to 90%¹¹).

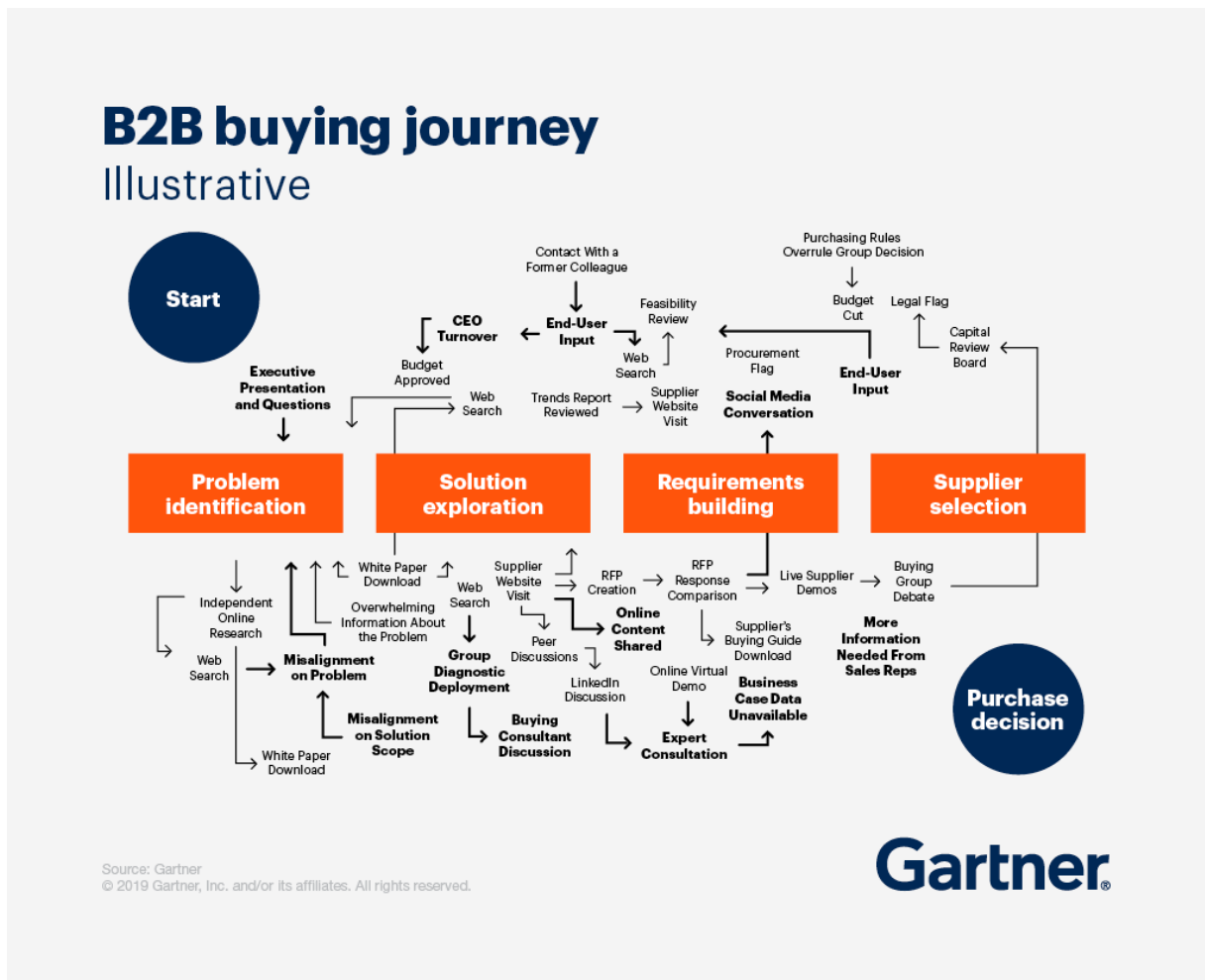
If we have a look at Figure 7, we can easily observe how expanded the journey of B2B customers is.

⁹ Gartner, *The B2B Buying Journey. The B2B buying process has changed, has your sales strategy?*, <https://www.gartner.com/en/sales/insights/b2b-buying-journey> (access 12.12.2022)

¹⁰ *Jak pozyskiwać leady w B2B, czyli o lead nurturingu*, <https://contentstandard.pl/lead-nurturing/> (access 5.12.2021).

¹¹ *Marketing to The Modern B2B Buyer*, <https://convert.leadforensics.com/marketing-to-the-modern-b2b-buyer-download-now> (access 6.10.2021).

Figure 7 B2B procurement process



Source: <https://www.gartner.com/en/sales/insights/b2b-buying-journey> (access 12.12.2022)

In the B2B market there are three types of buying situations¹² :

1. straight rebuy - ordering once again the same product with already defined specifications (e.g. printer paper)
2. modified rebuy (renegotiation of price, changes in requirements, specifications)
3. new buy - made for the first time (e.g., a new building).

Each of these purchases provides different opportunities for suppliers to reach out with their offerings and requires a different decision time, as it is associated with different levels of risk (Table 2).

¹² Ph. Kotler, K. L. Keller, op. cit.

Table 2 Stages of procurement in B2B

	New buy	Modified rebuy	Straight Rebuy
Need recognition (1)	yes	possible	no
Product specification (2)	yes	yes	yes
Supplier search (3)	yes	possible	no
Proposal analysis (4)	yes	possible	no
Order specification (5)	yes	possible	no
Performance Assessment (6)	yes	yes	yes

Source: Ph. Kotler, K. L. Keller, op. cit., s.214

The factors that most significantly influence the buying process of institutional buyers are indicated to be¹³:

- meeting requirements,
- price level,
- compliance with regulations or ethical standards,
- factors related to economic or efficiency needs of companies (e.g., cost reduction and scalability),
- business facilitation (e.g., increased productivity, time savings, reduced effort, simplification, organization),
- subjective factors, such as good cultural alignment and seller commitment.

The purchase process in the B2B market is most often carried out through so-called buying centers. “**Buying centres** are groups of people within organizations who make purchasing decisions. Large organizations often have permanent departments that consist of the people who, in a sense, shop for a living. They are professional buyers, in other words. Their titles vary. In some companies, they are simply referred to as buyers. In other companies, they are referred to as purchasing agents, purchasing managers, or procurement officers”¹⁴. The buying centers usually include¹⁵:

¹³ M.Dadok-Grabska, *Co wpływa na decyzje zakupowe w przypadku kupujących B2B*, <https://nowymarketing.pl/a/35632,co-wplywa-na-decyzje-w-przypadku-kupujacych-b2b> (access 15.12.2022).

¹⁴ A. Francescucci, J. McNeish, N. Taylor *Principles of Marketing*, Reyerson University, <https://pressbooks.library.torontomu.ca/marketing/chapter/4-4-factors-affecting-the-buying-process/> (access 12.12.2022).

¹⁵ Ph. Kotler, K. L. Keller, op. cit., p.207

- initiators requesting purchases,
- users using the products,
- influencers who advise in the purchasing process, preparing specifications, e.g. technical personnel,
- deciders,
- buyers with the formal authority to select the supplier and determine the terms of purchase,
- gatekeepers with the ability to block suppliers or information from reaching the purchasing center, e.g., receptionists, purchasing department specialists.

The development of a marketing strategy must recognize the specificity of purchasing in the B2B market. However, keeping in mind that demand in the B2B market is derived from demand in the B2C market, it is necessary to know the behavior of both groups of buyers, as it can be a source of, for example, competitive advantage in negotiations.

Buying processes - tasks, discussion points

1. Indicate the characteristics and examples of purchases by B2B completing the table

	Characteristics	Examples
New buy		
Straight rebuy		
Modified rebuy		

2. Basing on the material published at: <https://www.leadboxer.com/blog/b2b-vs-b2c-comparisons-in-buyer-intent-decision> discuss:
- Key differences between B2B and B2C market
 - How to influence B2C purchase processes
 - Promotion methods that is effective in B2B and B2C markets.
3. How can the different players in buying centers be influenced by marketing measures? Do you think that the individual characteristics of each person in a buying center influence the buying process?

4. Market Research in B2B

The information that an organization can obtain from the market is divided into:

- primary information - collected for a specific situation, was not previously developed,
- secondary information, which was previously collected, was developed and interpreted for another project.

In marketing we also divide information into:

- external information (coming from the organization), and
- internal information (coming from the organization's environment),

as well as:

- quantitative information (expressed numerically, indicating the frequency of a phenomenon), and
- qualitative information (indicating the causes).

"A marketing information system is a continuing and interacting structure of people, equipment and procedures to gather, sort, analyse, evaluate, and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation, and control"¹⁶. The system includes:

1. marketing research (described in detail below),
2. internal reporting which includes sources of information that are being prepared in view of the day-to-day operations of the organization, e.g. sales reports, financial statements.
3. marketing intelligence defined as "a set of procedures and sources used by managers to obtain daily information about events in the marketing environment. Internal reporting provides information on results, while the marketing intelligence system provides data on events."¹⁷.

As mentioned, the marketing research is one of the subsystems of the marketing information system, and it is used to obtain primary information for solving a particular marketing problems. However, since the procedure of conducting marketing research is a very complicated, time-consuming and costly matter, after identifying a problem that requires solving, it is worth beginning work by looking for secondary sources of information, as they are usually much cheaper and faster.

Usually the process of marketing research takes the following course:

¹⁶ Ph.Kotler, L.Keller, op.cit., p. 77

¹⁷Ibidem

1. specifying the purpose of the study
2. designing the methodology of the study: selection of methods, tools, determining the method of sampling, determining the temporal and spatial scope of the study
3. implementation of a pilot study
4. implementation of improvements
5. realization of the survey
6. data analysis and interpretation
7. presentation of results.

Designing a marketing study requires, among other things, decisions on the use of research methods, which fall into two categories:

- quantitative methods (answering the question of how many customers....,etc.).
- qualitative methods (explaining the phenomena observed in quantitative research, usually explaining why...).

Table 3 Qualitative and quantitative methods of research

Quantitative research	Qualitative research
answer the question "how many"	answer the question "what", "why"
results can be generalized	results cannot be transferred to the population
structured questionnaire used	flexible scenario used
less influence of the researcher on the process	moderator's influence on the group
interpretation of results more objective	more subjective nature of interpretation

Source: CRON, Podstawy prowadzenia badań marketingowych. Etapy procesu badań marketingowych – teoria procesu badawczego, CRON, Warszawa 2006, s.15.

Among the most popular methods of collecting information with quantitative character are:

- surveys (online, packaging, postal, e-mail, etc.)
- interviews (face-to-face, telephone, computer-assisted telephone interviewing - CAPI)

Qualitative research involves:

- focus interviews (conversations in groups of 5-10 people),
- projection techniques (projection is the transfer of one's own perceptions onto other people, colors, signs, etc.),
- in-depth individual interviews (focusing on one specific issue),
- experiments.

Quantitative surveys are conducted on large, representative groups, and their conclusions form the basis for designing qualitative surveys, conducted on much smaller groups, however, while still being representative.

The representativeness of the survey means that the conclusions from the survey can be applied to the entire population. In order to make this possible, it is necessary to ensure that the surveyed group - the so-called **sample** - includes people who represent the structure of the surveyed population. There is a range of sampling methods. In general, they are divided into random and non-random ones:

1. random sampling - based on the probability calculus, in order to conduct them it is necessary to draw up the so-called sampling frame, i.e. a list of people who are in the population studied.

In this category we distinguish, among others:

- a. simple random sampling - people are drawn to the sample on a random basis,
- b. systematic sampling – people are selected from the sampling frame at a regular intervals,
- c. stratified sampling - the population is divided into strata (e.g., men and women) and the number of people from each stratum is drawn to reflect the percentage of the population,
- d. clustered random selection - people are drawn only from a selected stratum or strata.

2. non-random sampling, including, among others.

- a. quota sampling - individuals selected for the study represent a specific set of characteristics,
- b. selection of typical units - the sample includes people the interviewer considers typical of the population,
- c. purpose sampling - the interviewer's subjective judgment determines which individuals are selected for the survey,
- d. convenience sampling - people from the interviewer's immediate surroundings are selected,
- e. snowball selection - we reach out to representatives of the population, and then to recommend more people from the surveyed group (used for informal groups - e.g. amateur anglers).

It is worth remembering that only random sampling, if conducted correctly, can guarantee the representativeness of the survey.

Market research in B2B - tasks, discussion points

1. What sources of information and the MIS subsystems can be useful in the following market situations:
 - a. Entry of a new competitor to the market
 - b. Anticipated changes in raw material prices
 - c. Change in competitor's offerings
2. List the advantages and disadvantages of primary and secondary information. What sources of information are the different subsystems of SIM?
3. Indicate the advantages and disadvantages of the various research methods and their applicability in the B2B market.

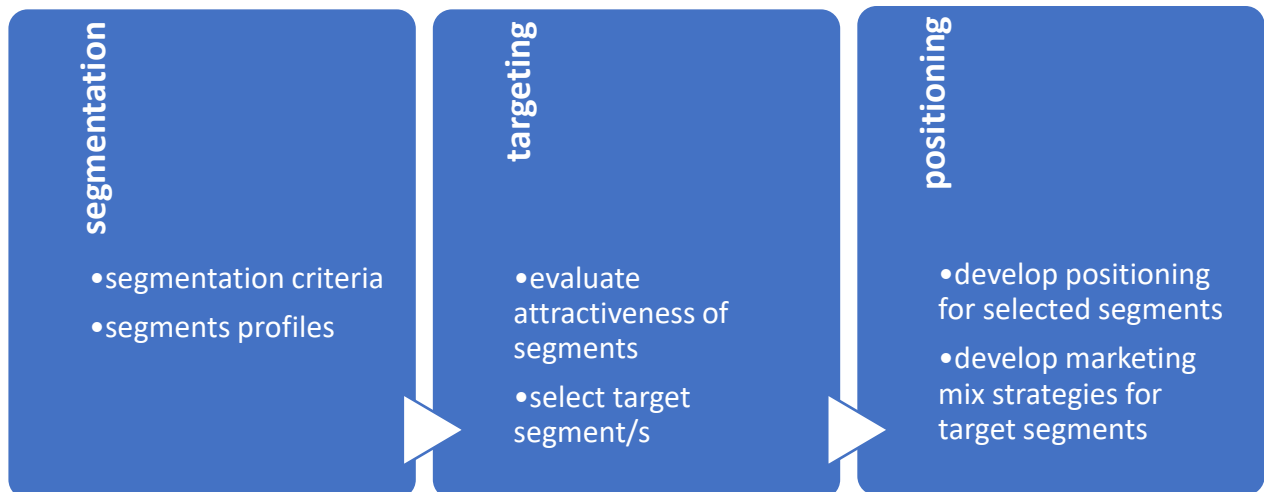
method	advantages	disadvantages	areas of use in b2b
internet survey			
e-mail survey			
face-to-face interview			
telephone interview			

4. How can sampling method impact study results?

5. Market segmentation

In the most commonly used model, marketing strategies are based on the STP model - segmentation - targeting - positioning (Figure 8). This is one of the most popular models illustrating different stages of developing a marketing strategy.

Figure 8 The STP Model



Source: G.Elliot, S.Rundle-Thiele, D.Waller, *Marketing*, John Wiley&Sons Australia, 2010, p.185.

As mentioned, the fundamental principle of marketing is to recognize the expectations of buyers and provide them with an offer that has a particular value. When planning their market activities, the organizations should target a specific group of customers, homogeneous in terms of some attributes. In marketing, such a group is called a segment. A segment, or a group distinguished from the buyers, should have characteristics in common. Segmentation makes it possible to design an adequate set of marketing tools (the so-called marketing mix). Market segmentation is carried out on the basis of so-called segmentation criteria. In the case of individual buyers, the most frequently mentioned segmentation criteria include¹⁸:

- Descriptive criteria, which include:
 - Demographic criteria (age, number of family members, phase of family life cycle, gender, income, occupation, education, religion, race, generation, nationality, social class),
 - Economic criteria (size of family income, level of individual income, source of income, level of savings, prices),

¹⁸ Ph. Kotler, K. L. Keller, op. cit., p.288 and J.Mirek, *Kryteria segmentacji rynku*, Zeszyty Naukowe Akademii Ekonomicznej w Krakowie, nr 543/2000, p.107.

- Geographic criteria (region, size of city, agglomeration, population density, climate, topography).
- Behavioral criteria, including:
 - Sociographic criteria: brand trust, frequency of use, willingness to buy, opportunity to buy, sensitivity to marketing tools),
 - Psychographic criteria (lifestyle, personality, activity, social class, opinions, reference group, interests),
 - Preference and use criteria (benefits sought, user status, usage intensity rate, loyalty, purchase willingness, attitude towards the product, aesthetics, quality).

In the case of B2B buyers, segmentation usually uses the following criteria: the size of companies, and the volume of their purchases, described as firmographic segmentation based on an analysis of company characteristics, such as (in addition to those mentioned) industry, number of employees, revenue, etc.¹⁹. However, it is worth noting that the B2B market is dominated by relationships, created individually on a one-to-one basis. Individual, personalized offers are created for business customers, and long-term relationships are gradually built to serve not only loyalty but positive word-of-mouth.

Segmentation is carried out in order to prepare marketing activities in a way that best matches buyers' expectations. However, for segmentation to be effective, each of the identified segments should be:

- measurable (it is possible to determine the characteristics of the segment and its size),
- accessible (there are no barriers to access to the segment),
- extensive (large enough to make it profitable to design and implement a specific marketing mix in the segment),
- responsive (i.e., it should respond appropriately to our offer).

The size of the segment should guarantee the profitability of segmentation, targeting, positioning and development of a marketing-mix. There are also undersized segments that are nevertheless profitable from the perspective of companies. These are called **market niches**. They usually include a small group of customers who are willing to pay more money to satisfy their specific needs (e.g. audiophiles, people who restore old musical instruments.). In niches, economies of scale will not work, and the price is usually set individually.

¹⁹ Rynek Polskich Firm Badawczych, *Segmentacja rynku – definicje i typy*, <https://rpfb.pl/segmentacja-rynku-definicja-i-typy/> (access 28.11.2022)

Market segmentation - tasks, discussion points

1. Why is market segmentation conducted? Are all the markets identified as a result of it served by the company?
2. Prepare a table based on the selected 3 examples of advertisements

Product	Descriptive criteria	Behavioural criteria
1.		
2.		
3.		

Now think about how the advertisement would be composed if the audience were chosen from other segments?

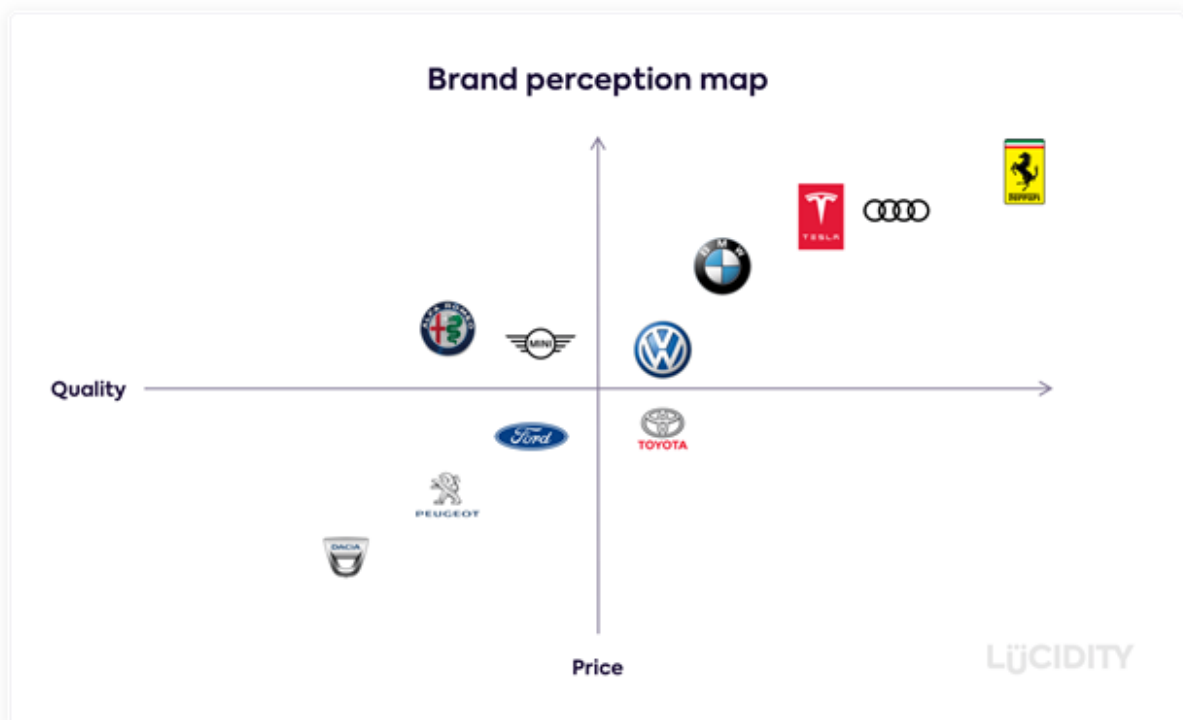
3. Basing on the material you can find here: <https://sixads.net/blog/market-segmentation-examples/>
 - Discuss benefits of market segmentation,
 - Try to identify segmentation criteria implied by different organisations when they try to target the markets.

6. Positioning of products in B2B markets

Positioning a company's offerings is the next step in creating a marketing strategy. This is the process of examining and possibly modifying how an organization is perceived against its competitors. **Positioning** is defined as 'the act of designing a company's offering and image with the goal of occupying a distinctive place in the minds of the target market. The ultimate result of positioning is the successful creation of a customer-oriented value proposition - an irresistible reason why the target market should buy the product.'²⁰

A graphical interpretation of an organization's perception of its competitors is a **perceptual map**, also called a positioning map (Figure 9). It places individual entities on it, based on the attributes that are selected as the most relevant from the customer's perspective (x-axis and y-axis). Interpretation of the graphical depiction of the market allows for possible adjustments to the organization's perceptions (e.g., through properly prepared promotional campaigns) and/or gaps in the market.

Figure 9 Example of perceptual map



Source: <https://anupambajra.medium.com/using-perceptual-mapping-for-competitive-analysis-9aae239ec736/> (access 10.05.2022).

²⁰ Ph.Kotler, R.Keller, op.cit., pp. 308-309.

Changing the perception of a brand in relation to products offered by competitors can be done, among other things, through so-called **product placement**. This is a promotional activity aimed at presenting an offer in various media (e.g. films, TV programs, materials posted on the Internet), which are not perceived by the recipient as forms of promotion. Most often, products are presented and used in "natural" conditions, not identified as being advertised, in order to increase brand awareness, demonstrate product features, ways of using it, and evoke positive associations. An example of product placement is broadcasting of breakfast TV shows from various cities in a country to present their qualities and show them as interesting places to visit, evoking emotions of relaxation, and thus encouraging viewers to take an interest in the destination.

A key element in building a marketing position is the process of **branding**. This is an extremely complicated activity and involves a series of complex decisions, because for many customers the brand is the primary indication during purchasing decisions (more than half of customers prefer to buy new products from manufacturers whose brands are familiar to them). A brand is information about the quality of the product, the values with which the brand is identified, the features of the products and the ways in which they are offered. The brand represents a promise to the customer about the product (i.e., how to solve a specific "problem" the customer faces before buying it, such as a headache), how to serve, etc. It has a tangible market value of its own, is an intangible and legal asset of the organization and can be resold over time.

Branding and building brand awareness among customers should begin with a thorough study of customers' behaviors, attitudes and the elements they perceive as important. The next step is to coherently communicate the desired image through available promotional tools (characterized later in the script). It is worth remembering that the sources of brand information for customers and other stakeholder groups are not only the messages coming from the company, but also secondary sources, which include : employees (more on their importance can be found in the later section of the script on internal marketing), events, social participation, country of origin, distribution channels, and relationships with other brands.

Positioning - tasks, discussion points

1. Prepare a positioning map for any industry based on data on perceptions of individual brands (retrieved from Internet resources).
2. Prepare a questionnaire for the positioning study.
3. How product placement is used in the B2C and B2B market - give examples.
4. Point out the differences between brands created in the B2C and B2B market.
5. Give 2 examples of brand positioning:
 - a. what is the chosen target audience?
 - b. what does the brand want to communicate?
 - c. what means were used (colors, product placement, etc.) to communicate the message?

7. Marketing mix

After segmentation, targeting (selection of target markets) and positioning, a set of marketing instruments - the marketing mix - is created. Most often, especially in the case of goods, it contains four elements (4Ps) - product, price, promotion and distribution, however, in the case of services, a seven-element set is created - adding people, processes and physical evidence to the traditional four-element mix, the so-called 7Ps.

Table 4 Elements of marketing – mix

Product <ul style="list-style-type: none"> • Quality • Image • Branding • Features • Variants • Mix • Support • Customer service • Use occasion • Availability • Warranties 	Promotion <ul style="list-style-type: none"> • Marketing communications • Personal promotion • Sales promotion • PR • Branding • Direct marketing 	Price <ul style="list-style-type: none"> • Positioning • List • Discounts • Credit • Payment methods • Free or value-added elements 	Place <ul style="list-style-type: none"> • Trade channels • Sales support • Channel number • Segmented channels 	People <ul style="list-style-type: none"> • Individuals on marketing activities • Individuals on customer contact • Recruitment • Culture/ image • Training and skills • Remuneration 	Process <ul style="list-style-type: none"> • Customer focus • Business-led • IT-supported • Design features • Research and development 	Physical evidence <ul style="list-style-type: none"> • Sales/staff contact experience of brand • Product packaging • Online experience
---	--	--	--	--	--	--

Source: D.Chaffey, E-marketing mix or Digital Marketing Mix, <https://www.davechaffey.com/digital-marketing-glossary/e-marketing-mix/> (access 29.12.2022).

The development of a marketing mix strategy should begin with an analysis of customer perceptions of marketing tools. The most popular concept to enable such a comparison is called **4Cs**, according to which:

- the product is a benefit for the customer, a solution to their problem (product - **customer solution**),
- the price is one of the **costs** that the customer bears when purchasing the product (according to the mentioned value concept),
- promotion is the source of information about offers (promotion - **communication**),
- distribution serves to make the product as accessible as possible for the convenience of customers (place - **convenience**).

The development of a marketing mix strategy should begin with the recognition of the customer's exact expectations toward the offer and its marketing, for example, using the profile of the buying persona. The marketing mix should be a response to customer expectations articulated in the 4C concept.

The most important element in the design of a marketing mix strategy is consistency, which allows for a synergistic effect. All the instruments form the "mix", affect consumer behavior as a whole and bring much greater benefits than using each instrument separately - meeting the principles of the synergy of marketing instruments.

There are different approaches towards marketing mix. You can find them in this article: <https://www.albertocarniel.com/post/marketing-mix#viewer-6n3e1>.

Whatever model of marketing mix has been chosen, it must be remembered that all the instruments must be coherent, complement each other and must be designed basing on detailed analysis of the target group.

Marketing mix – tasks, discussion points

1. Complete the table below. Choose any product offered in the market. Analyze the elements of the marketing mix and how they correspond to customer expectations.

Marketing-mix	4C – clients perception	4P – offer
Product		
Price		
Promotion		
Dystrubution		
Other elements (in case of services)		
People		
Processes		
Phisical evidence		

2. Using any two products as an example, analyze their integrity and indicate how synergy would potentially work.

8. Product

In marketing, a **product** is anything that satisfies a customer's needs. Thus, a product can be: goods, services, events, experiences, people, places, tangible and intangible values, organizations, information, ideas²¹.

Products are divided into:

1. consumables (in the B2C market):

- a. perishable - wearing out completely and quickly,
- b. durable - used for a long time,
- c. services

2. investables (offered in the B2B market):

- a. materials and parts,
- b. investment products,
- c. procurement products
- d. services.

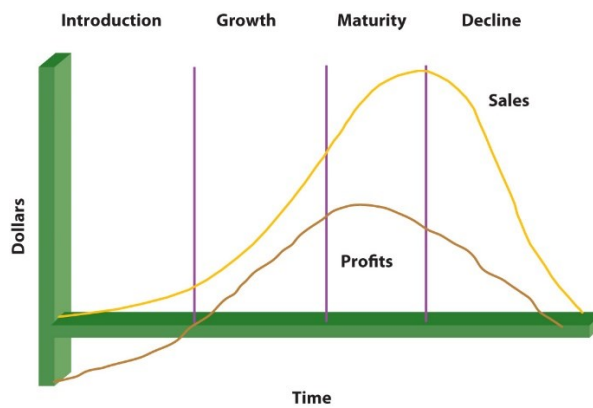
In the B2B and B2C market, services (consulting, office cleaning, etc.) are offered in addition to material products. The characteristics of services that directly translate into the way they are offered are:

- intangible,
- perishable (the service cannot be stored),
- inseparable from service provider and service recipient,
- heterogeneous (due to the expectations of the recipients and the skills of the vendors, each service can be delivered differently).

Each product has a set period of time for which its presence in the market is designed, which is called the **product life cycle**. It consists of introduction, growth, maturity and decline stages (Figure 10).

²¹ Ph.Kotler, K.L.Keller, op.cit., pp.6-7.

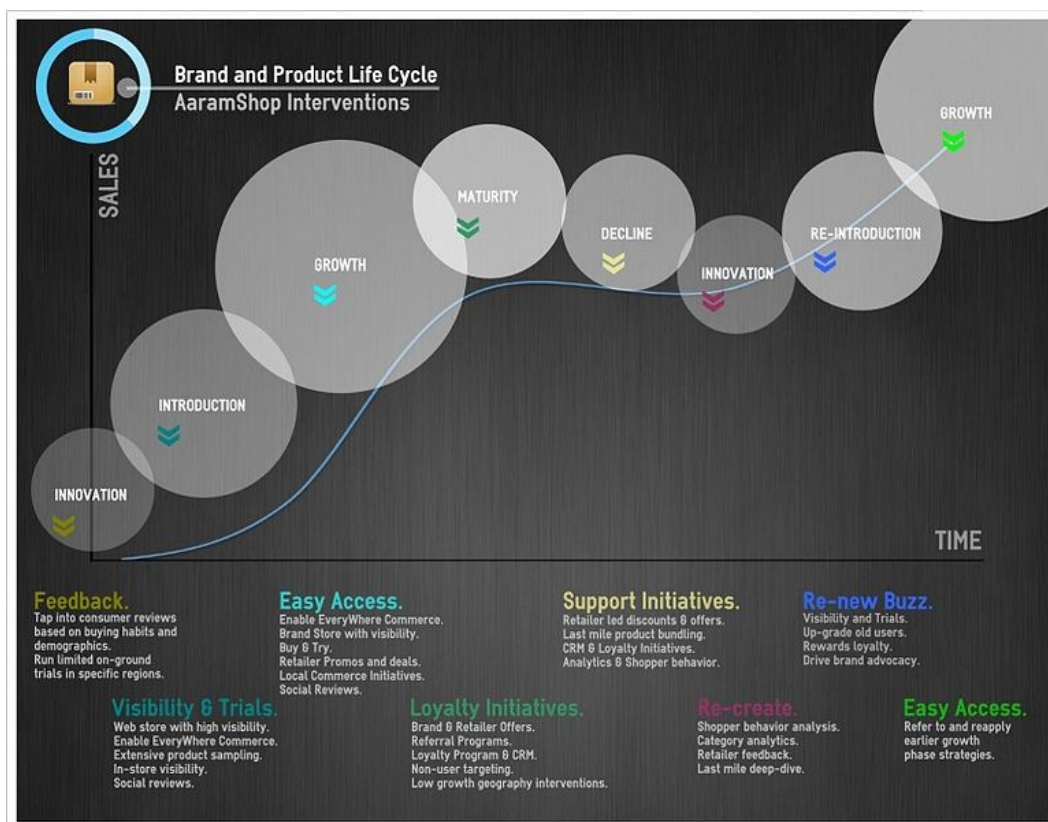
Figure 10 Product life cycle



Source: University of Minnesota Libraries Publishing edition, *Principles of Marketing*. [online]. Available at: <https://open.lib.umn.edu/principlesmarketing/> (access 12.12.2022) .

Each of them require different marketing efforts, in including different promotional efforts in different target groups (Figure 11).

Figure 11 Different forms of marketing activities at different product life cycle stages



Source:

https://commons.wikimedia.org/wiki/File:Brand_%26_Product_Lifecycle_Interventions_by_AaramShop.jpg
(access 12.12.2022)

The next issue that is crucial for building a product management strategy is the concept of **product levels**. In marketing, it is suggested that a product is not a homogeneous composition, and it consists of so-called product levels. There are many theories on the number of product levels (3,4,5), for the purpose of this study it was assumed that the product consists of:

1. the core product - the reason why customers buy the product
2. generic product - price, quality, packaging, appearance, ingredients, material, model, brand, etc.
3. augmented product - any additions to the offer that can make it more attractive
4. potential product - other possible current or future uses of the product.

The company's products are examined using so-called portfolio analyses. The most commonly used is the BCG matrix (Figure 12).

Figure 12 The BCG Matrix



Source: <https://bstrategyhub.com/make-wiser-investing-decisions-bcg-matrix-explained-with-examples/> (access 15.12.2022)

The BCG matrix makes it possible to identify the products with the highest profitability and the financial resources that need to be invested in it. The most important thing for the company is to have some cash cows, as their high profitability guarantees an inflow of funds and resources to be invested in offerings that require financing ('question marks' or 'stars') and secure the company's day-to-day operations. In the case of "dogs," a decision is made to withdraw them from the market , or alternatively to make modifications that bring the offering back to the market as a 'question marks'.

Product – tasks, discussion points

1. Give some examples of products in each category

	examples
<ul style="list-style-type: none">• goods• services• events• experiences• people• places• organisations• information• ideas	

2. Discuss marketing activities (their purpose, the most effective tools) in each phase of the product life cycle.

3. According to the 30/70 rule, the core product absorbs 70% of the cost, but customers decide to buy mainly because of the augmented and potential product. How do you explain this correlation?

4. Analyze the products being offered in the selected sector following the BCG matrix.

5. As mentioned in Chapter 1, in the B2B market, product quality is of particular importance to customers. Why?

6. Fill in the table.

Service characteristics	Meaning?	Concequences for marketing?
intangability		
perishability		
inseparability		
heterogenousity		

9. Price policy

Price is interpreted in marketing as one of the costs that the buyer bears when purchasing a product. It is also an articulation of value for customers. Price is also an integral part of the marketing mix (described in Chapter 5).

Preparing a pricing strategy requires taking the following steps²²:

1. setting targets
2. estimating demand
3. calculating costs
4. comparison with competitors' offers
5. selecting a pricing method
6. selecting a pricing strategy
7. determining the final price.

There are several ways to set prices in the market and the main ones include:

- cost-plus pricing - set the price by estimating costs and then adding the planned mark-up.
- value – based pricing - is set on the basis of the price accepted by the customer,
- competitive pricing - the method based on the prices set by competitors.

Also, there is a classification of prices according to their level and assumed goals. They are implemented in the first phase of product launch, and they are:

- the skimming strategy, when the price is set at a high level in the initial phase and reduced over time,
- the penetration strategy, when the price is set at a low level in order to attract the widest possible pool of potential buyers.

If we combine the above-mentioned strategies with promotion (intensive or less intensive), we can identify four basic strategies that can be used to market a product (Table 5).

²² Ph.Kotler, L.Keller, op.cit, p.417.

Table 5 Pricing strategies in the first stage of the product life cycle

	High price	Low price
Intensive promotion	Rapid skimming	Rapid penetration
Low promotion	Slow skimming	Slow penetration

Other classifications of pricing strategies identify²³ :

- one price strategy - offering the same prices in all geographic points,
- base point pricing strategy - offering the same prices at specific locations,
- zone pricing strategy - different prices depending on the zone (e.g., transportation),
- time-charge strategy,
- product line pricing strategy,
- downsizing strategy - product offered at a lower price in a smaller package ,
- fixed and variable price strategies - diversifying prices depending on certain circumstances (e.g., last minute offers),
- pricing strategy for complementary products: low price of equipment + higher price of complementary items or higher price of equipment + lower price of complementary materials,
- a pricing strategy that includes a supplementary services pack,
- a low-interest crediting (installment purchase) strategy,
- "cost-free" strategy,
- leader price strategy - a selected product is offered in a specified week at an attractive price,
- traditional price strategy - unchanging over long periods of time, for example, by reducing the weight of the product,
- the odd-even price strategy (7.99zł),
- the prestige pricing strategy.

As well as²⁴:

- value based strategy - setting prices based on buyers' assessment of quality,
- the good price strategy - using a lower price while ensuring good quality,
- the special customer price strategy,
- the strategy of seasonal promotions,

²³ H.Mruk, Marketing. Satysfakcja klienta i rozwój przedsiębiorstwa, PWN Warszawa, 2012, p. 214-217.

²⁴ Ph.Kotler, K.L.Keller, op.cit.

- the psychological discount strategy - boosting the price up artificially at the beginning and then offering the product with a discount.

In the pricing, it is necessary to consider three situations where an increase in prices triggers an increase in demand, a situation different from the market mechanism, where an increase in prices causes a decrease in demand, and for that reason they are called paradoxes²⁵:

1. the Giffen paradox of increasing demand for food even when prices are rising;
2. the Veblen paradox, the so-called demonstration phenomenon referring to the situation when the demand for luxury goods does not decrease, despite the rising prices of these products, as consumers want to demonstrate their position and income through buying them;
3. the speculative paradox referring to buying products despite their rising prices, as a result of the expectation future profits from such a transaction .

In the B2B market, prices are most often set individually with buyers, adjusted to the volume of sales and based on a precise recognition of individual expectations of business partners.

²⁵ H.Mruk, op.cit., p. 209.

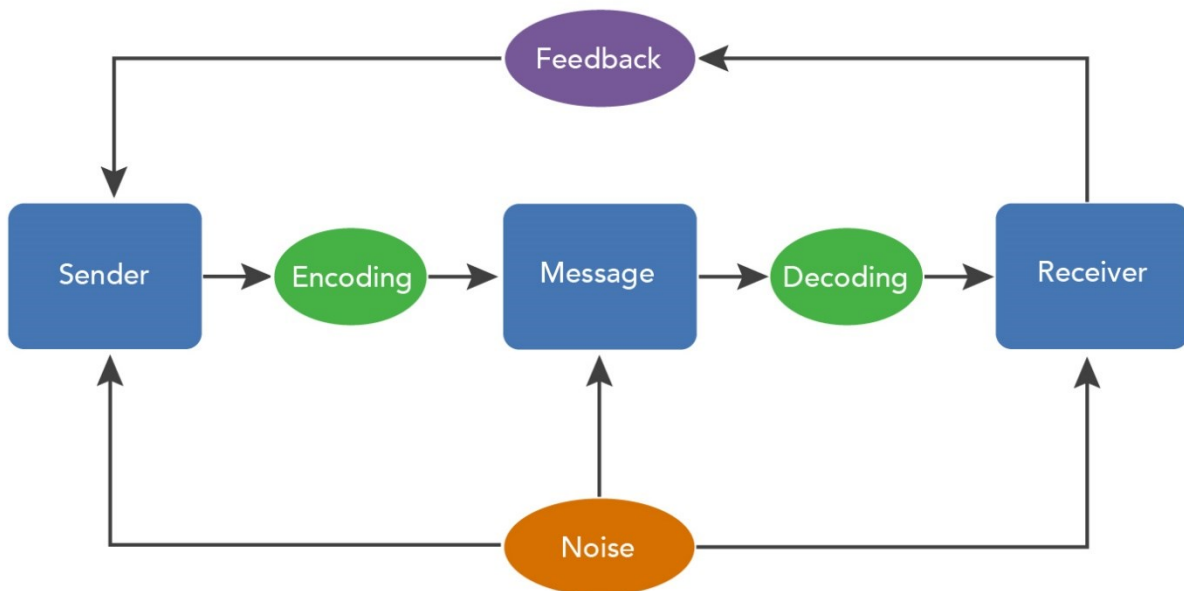
Price strategies- tasks, discussion points

1. Discuss the advantages and disadvantages of different pricing methods.
2. In which segments it is possible to use penetration strategies and in which segments it is possible to use cream-gathering strategies.
3. Give examples of situations that show the mechanism of operation of the various situations of increasing demand in a situation of increasing prices (Giffen's, Veblen's and speculative paradoxes).
4. Give examples of companies using particular pricing strategies.
5. How prices are usually set in the B2B market.

10. Promotion mix in the B2B market

Promotion is the process of communicating (Figure 13) between a company and various groups of its stakeholders, including buyers. Thus, communication in marketing is not only limited to activities related to offering products, but includes, among other things, presentation of ways of use, supporting the customer after the purchase, presentation of initiatives that meet social goals, presentation of the company as an employer (so-called employer branding), and thereby become part of the strategies underlying many areas of the organization's activities.

Figure 13 Communication process



Source: <https://courses.lumenlearning.com/wm-organizationalbehavior/chapter/the-process-of-communication/> (access 12.12.2022)

In the communication process, the key points include:

- the encoding stage - the information must be coded so that it is decoded by the target group according to the intent of the message creation,
- elimination of potential noises, meaning any interferences that occur in the process,
- responding to the feedback that is received from the market and modifying the messages, if necessary.

The purpose of promotion, therefore, is to reach customers with information about our offer and present it as attractively as possible. It is worth noting that this "attractiveness" of the promotional message means tailoring it as much as possible to the expectations, behavior and characteristics of the target audience. In fact, different groups of customers perceive different elements of promotion, including its content, in different ways. However, what is the most important is to make sure that the promotion as a whole reaches the target group and creates the effect we want to achieve (e.g. increasing sales, arousing trust in the brand, etc.). Adapting the promotion in terms of the tools used and the content communicated is one element of effective promotion, the other is the consistency of different elements with each other, with the organization's goals, values, style, etc. It's not only about creating a consistent message, but also integrating the tools over time. This approach increases the effectiveness of the tools through the synergy effect mentioned earlier.

Preparation and introduction of promotion involves:

1. identifying goals
2. identifying target groups
3. message preparation
4. choosing channels and tools
5. budgeting
6. evaluation and control of effects.

In promotion we use tools that are described as promotion-mix. They include²⁶:

1. **Advertising** is any mass, paid and impersonal form of promotion. Among the features of advertising the following can be mentioned: ubiquity, the possibility of enhancing expressiveness (through appropriate choice of words, colors, music, etc.), controllability - the advertisement and its content are fully controlled by the sender. The most important forms of advertising are:

- Internet advertising: in social media, paid search advertising, native advertising, display advertising²⁷
- television advertising
- product placement
- radio advertising
- press advertising

²⁶ H.Mruk, op.cit., Ph.Kotler, K.L.Keller, op.cit.

²⁷ More: <https://www.g2.com/articles/types-of-advertising> (access 15.12.2022).

- outdoor
 - cinema advertising.
 - non-standard forms of advertising, for example: ambient, guerilla marketing²⁸.
2. **Sales promotion** includes promotional activities that are expected to change the behavior of buyers in the short-term. The purpose of sales promotion is to draw customers' attention to an offer, encourage them to buy and invite them to finalize the deal quickly. The most significant disadvantage of sales promotion is the fact that it can be very easily copied by competitors. The types of sales promotion include:
- in case of B2B: volume discounts, free offers, purchase rewards, rebates, special bonuses, special purchase terms, joint advertising, contests, sales meetings, etc.
 - in case of B2C: bonuses, coupons, special offers, samples, contests, and lotteries.
3. **Public relations** is a form of promotion focused on building relationships with organization's environment by cooperation with the media. It is oriented at creating positive perception of the organization among various groups of stakeholders. It is marked by high credibility, the possibility of a wide presentation of the offer and reaching groups that are difficult to reach by other means. Among the most frequently mentioned PR tools there are:
- media relations (media relations),
 - crisis PR,
 - internal PR,
 - lobbying (legally permissible activities seeking to exert pressure on decisions made by public authorities²⁹).
 - sponsorship.
4. **Event and experience marketing** highly involving events.
5. **Direct marketing** i Interactive, which is characterized by direct contact, personalization, and immediate responsiveness to customer's expectations. The forms of direct and interactive marketing include:
- telephone calls, hotlines
 - Internet interaction
 - meetings
 - mailings

²⁸ More you can find here: <https://www.theinspiringjournal.com/non-standard-advertising-methods-for-global-brands/> (access 15.12.2022).

²⁹ <https://mfiles.pl/pl/index.php/Lobbing> (access 10.12.2021)

- SMS, MMS offers,
 - mail order catalogs,
 - fairs, exhibitions,
6. **word-of-mouth marketing** held through recommendations of fellow users. Its main advantage is the timely impact, i.e. when the user is looking for information about offers.
 7. **personal selling** is used as a tool for building relationships with customers. Used in B2B more frequently than in B2C.

Promotion mix in the B2B market – tasks, discussion points

1. Analyze the communication process using any example of advertising. What can be a source of communication noise?
2. Basing on this material: <https://ca.indeed.com/career-advice/career-development/types-of-promotions> analyse pros and cons of different promotion-mix tools.
3. Analyze the various forms of advertising and their possible application in the B2B market.

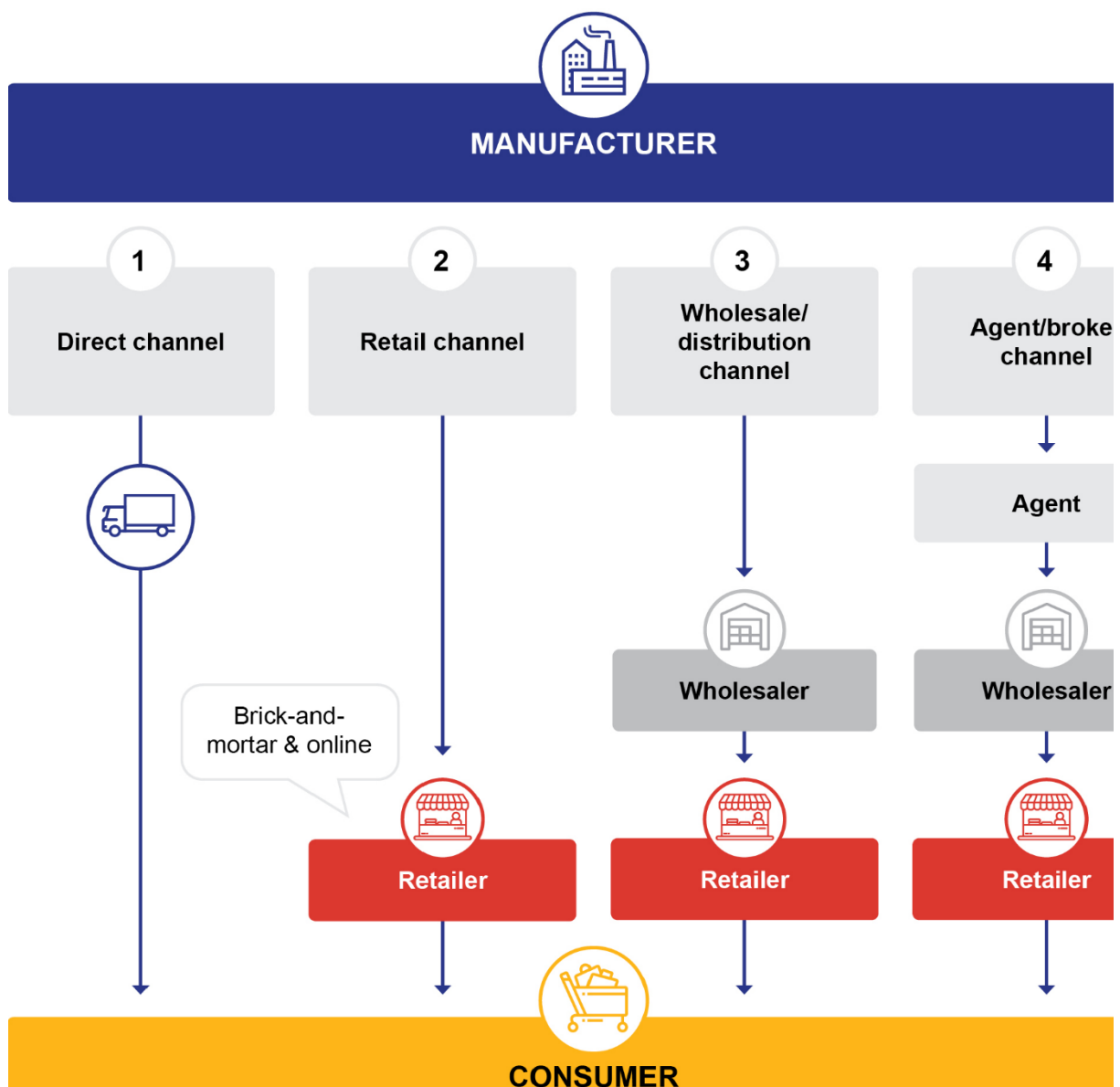
	Pros	Cons	Application in the B2B market
Internet adverts			
TV adverts			
Product placement –			
Radio broadcasts			
Press adverts			
Outdoor			
Other forms of advertising			

4. What forms of promotion can be the most effective in the B2B market and why?
5. Are alternative, non-traditional forms of adverting effective in the B2B market? Why?

11. Distribution

Distribution in marketing includes the system of delivering products from the manufacturer to the final customer. "The path" that a product takes is called a **distribution channel**, and the various channels make up the distribution system. Distribution channels include wholesalers, retailers, distributors, and the Internet. The channels can be qualified as direct and indirect (Figure 14).

Figure 14 Types of distribution channels



Source: <https://openbooks.uct.ac.za/uct/catalog/download/29/52/1585?inline=1> (access 5.12.2022)

Direct channels are mostly used for services, and in the B2B market. Indirect channels make it possible to reach a wide audience, but they are associated with higher costs and the need for greater control over the quality of products sent through the channel.

Distribution channels can also be divided into wide (when several intermediaries appear at one level in the distribution channel) and narrow.

In distribution channels, forward go to customers products, property rights and promotion, backwards product fees, complaints, feedback, and orders.

The distribution system is based on the main idea of the **distribution strategy** . In this case, we can specify:

- "push" strategy when the product is "pushed" through the distribution channel, through a system of incentives for intermediaries and thus reaches the final buyer,
- "pull" strategy, which is based on informing final buyers about the offer in purpose to make them " push" intermediaries to sell a certain product.

The following distribution strategies are most commonly used:

- intensive distribution to ensure that the widest possible group of buyers is reached,
- selective distribution through selected intermediaries with specific, e.g. legal, authorizations to sell products,
- exclusive distribution, when there is only one intermediary in a specific area. Najczęściej stosuje się następujące strategie dystrybucyjne:

Distribution – tasks, discussion points

1. Fill in the table

Distributiona	Pros	Consy	examples
Direct			
Indirect			
Intensive			
Selective			
Exclusive			

2. Discuss the ways in which companies implement push and pull strategies. Give examples of the products most commonly offered in each way.

12. Relationship marketing and internal marketing

Relationship marketing is the long-term process of building relationships with buyers and, over time, modifying them in terms of the tools used, mainly in terms of data acquisition and areas of use. Among many trends identified by practitioners-specialists as those that will shape future markets to the greatest extent, creation of relationships with customers is one of the leading ones.

The key elements of relationship marketing include:

- long-term cooperation, long-term perspectives to analyze effectiveness,
- focus on the most "valuable" customers,
- customers over time become partners and engage in co-creating offers,
- the effect of customer relationships is their positive advocacy in favor of the company,
- expansion of marketing activities to areas such as employees (internal marketing), potential

One of the theories related to relationship marketing is a concept of consumer loyalty ladder.

That includes the following steps³⁰:

1. prospects/leads
2. customer,
3. client,
4. supporter,
5. advocate,
6. partner.

The higher the level, the closer the relationship between the customer and the organization becomes. Thus, the task of relationship marketing is to bring customers to the highest possible level of partnership. Advocates and partners are not only bound to the organization as loyal buyers, but also influence other people through positive statements made about the product and service provider.

Relationship marketing plays a special role in the B2B market because, among other things, it:

- shortens the buying process,
- reduces costs (due to higher orders, and not having to invest resources in the process of acquiring new customers),
- raises employee morale and satisfaction, strengthens informal word-of-mouth.

³⁰ M.Christopher, A.Payne, D.Ballantyne, Relationship Marketing. Bringing Quality, Customer Service and Marketing Together, Butterworthe-Heinemann, Oxford 1996.

Relationship formation depends on the following factors :

- trust,
- commitment,
- cooperation,
- common goals,
- structural and social constraints
- balance in terms of independence and mutual influence of partners.

The fundamental task of relationship marketing is to "continuously deliver the benefits expected by the buyer and overcome barriers to cooperation" in the process of: identifying opportunities and threats to maintain relationships, analyzing the organization's position, monitoring, and actions taken to deepen bonds with buyers .

Most commonly in the markets (relationship marketing is used in many markets, not just the customer market) ties are built basing on: financial, social and structural factors. Those bonds of a financial nature are the weakest, those of a structural nature are the strongest.

The key aspect of building relationship marketing is to operate in the internal market, treating the employees as the company's first customers, as partners involved in co-participating in the creation of products and offering them. That concept is referred to as **internal marketing**. It emerged in the marketing literature along with the concept of relationship marketing. It implies perceiving employees as partners whose commitment and loyalty to the company result in customer loyalty and commitment, and thus contribute to the development of the company.

Implementation of the principles of internal marketing requires a number of changes in the organization, mainly in the following areas: the system of communication within the business, the principles of cooperation between different people and units of the company, the system of motivation and the system of training , as well as changes in the culture of the organization - creating an organizational culture characterized by an open style of management, commitment and cooperation, creating a sense of shared responsibility among employees, providing benefits to employees as recipients of internal marketing programs, as well as encouraging them to co-create these programs . Engaged employees become ambassadors of the brand and increase its value in terms of building the company's image as an employer (so-called employer branding).).

A key element of modern relationship building includes **CRM systems**. These are processes for creating and maintaining relationships with key customers, on the basis of the most effective communication possible. Thus, the basic premise of CRM is to create a database of customer information that enables employees or co-workers to adjust to the needs and expectations of

customers in the most efficient way . On the other hand, CRM systems also provide management with information to measure the effectiveness of their efforts. In practice, “The CRM system collects, connects and analyzes all the data about a particular customer's purchases (including information about the customer, their interactions with company representatives, as well as purchases made, service requests, resources and offers). The system then provides an interface that provides users with access to this data and an understanding of the specifics of each point of contact. It is through this understanding that the foundation for lasting customer relationships is created. Customer data can also be generated to aggregate commission, sales forecasting, region segmentation, campaign design and product upgrades, as well as other sales, marketing and service efforts.”³¹

³¹ <https://www.oracle.com/pl/cx/what-is-crm/> (access 10.05.2021).

Relationship marketing and internal marketing – tasks, discussion points

1. Why is the relational approach effective in the B2B market?
2. Give examples of loyalty programs based on building bonds of a financial, social and structural nature.
3. How can employees support companies' employer branding strategies?
4. How do CRM systems support marketing activities in the B2B market?
5. Analyze two internal marketing programs of your choice.

Check your knowledge

1. What is marketing?
2. What distinguishes a marketing approach from a sales approach?
3. What is the holistic marketing?
4. What are the concepts of marketing 4.0 and 5.0 based on?
5. What is the difference between a need and a want?
6. What are the categories of customer needs?
7. What is a target market?
8. What is derived demand?
9. What are the characteristics of marketing in the b2b market?
10. How does marketing in the b2b market differ from the b2c market?
11. How does the purchase funnel work?
12. What describes the customer decision journey model?
13. How do companies buy?
14. What are the types of purchases in the industrial market?
15. What are buying centers?
16. What roles do company employees play in the buying centers?
17. What is the MIS and what elements does it consist of?
18. What is marketing intelligence?
19. What is the difference between quantitative and qualitative research?
20. What are the methods of sampling?
21. What does it mean that a sample is representative?
22. What are the basic research methods?
23. What does the STP model describe?

24. What is segmentation and a segment?
25. What segmentation criteria are used?
26. What features should a segment have?
27. What is a market niche?
28. What is the purpose of positioning?
29. What do 4P, 4C and 7P mean in marketing?
30. What are the characteristics of services?
31. What are the stages of the product life cycle?
32. What is the concept of product levels and 30/70 relation?
33. What are the elements of the BCG matrix? What is it used for?
34. What are the basic methods of pricing?
35. What are the pricing and promotional strategies used to market a product?
36. What are the paradoxes of Giffen, Veblen and the speculative paradox?
37. How does the communication process work?
38. What tools do make up the promotion-mix?
39. What are the characteristics and forms of advertising?
40. What is sales promotion and what is its purpose?
41. What are the forms of sales promotion?
42. When is product placement used?
43. What is PR?
44. What is event and experience marketing?
45. What are direct and interactive marketing tools?
46. What is the WOM marketing?
47. What are distribution channels and what are their types?

48. What is the "push" strategy?
49. What is the "pull" strategy?
50. What are the three basic distribution strategies? When are they applicable?
51. what is relationship marketing?
52. Is relationship marketing a mass marketing?
53. What are the benefits of using relationship marketing in companies?
54. What types of bonds can a company create with different stakeholder groups?
55. What is the role of employees in the company's performance according to the principles of internal marketing?
56. What is the employer branding?
57. What are the CRM systems used for in companies?

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