

## **BUSINESS-TO-BUSINESS MARKETING: CURRENT CHALLENGES AND EMERGING OPPORTUNITIES**

**التسويق الصناعي: التحديات الراهنة والفرص المتاحة**

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### **Abstract:**

This paper would outline the importance of business-to-business marketing in today's challenge environment. Efficient business-to-business marketing requires understanding of the B2B marketing context and its specifics. The changing environment, the lack of domain knowledge and many other hurdles and obstacles continuously create new challenges for the management of B2B marketing.

In the paper we will examine the specifics of B2B marketing and the paper consist of two main parts: the theoretical foundation and the main

accomplishments and challenges facing B2B marketing, and the looking forward of future perspectives.

Based on the literature review – we conclude that evidently, in an industrial environment largely the same principles of consumer marketing hold. However, there are a number of important differences between practices in a consumer environment and in a business environment. The paper closes with highlighting promising future research avenues.

**Key words:** marketing, business to business marketing, business hurdles.

### **Résumé :**

Ce document souligne l'importance du marketing interentreprises dans l'environnement actuel des défis. Un marketing interentreprises efficace nécessite une bonne compréhension du contexte marketing industriel et de ses spécificités. L'environnement changeant, le manque de connaissances du domaine et de nombreux autres obstacles créent continuellement de nouveaux défis pour le management du marketing industriel. Dans le document, nous examinons les spécificités du marketing industriel et le document est composé de deux parties principales : les bases conceptuelles et les principales réalisations et les défis auxquels fait face le marketing

industriel. Sur la base de la revue de la littérature, nous concluons qu'évidemment, dans un environnement industriel les mêmes principes de marketing du consommateur prédominent. Cependant, il existe un certain nombre de différences importantes entre les pratiques dans un environnement de consommation et dans un environnement organisationnel. Le document se termine par la mise en évidence de futures pistes de recherche.

**Mots Clés :** marketing de consommation, marketing industriel, obstacles industriel.

### الملخص:

التأكد والعديد من العقبات تصنع العديد من التحديات في مجال ما بين المنظمات.

تتكون الورقة من جزئين، الإطار المفاهيمي الرئيسية والتحديات التي

تهدف هذه الورقة الى تبين أهمية التسويق الصناعي في بيئة التحديات الحالية. يتطلب التسويق الصناعي الفعال فهم الإطار التسويقي لمجال الصناعة ومواصفاته. البيئة المتغيرة، وعدم وجود المعرفة وحالات عدم

تواجه التسويق الصناعي، وكذا الافاق المستقبلية للبحث في هذا المجال. الضوء على السبل البحثية الواعدة في المستقبل.

#### الكلمات الدالة:

التسويق الاستهلاكي، التسويق الصناعي، تحديات منظمات الاعمال.

واستنادا إلى استعراض الأدبيات - نستنتج أنه، في بيئة ما بين المنظمات نفس مبادئ التسويق الاستهلاكي هي ذاتها إلى حد كبير. ومع ذلك، هناك عدد من الاختلافات الهامة تطل التسويق الصناعي. تختتم الورقة بتبسيط

## INTRODUCTION:

Many businesses develop specifically to serve other businesses, these businesses ideally have a defined business customer and strategy in place when they go to market, this is known as business-to-business marketing (Dawn lawin, 2004). When it comes to business- to-business (B2B) marketing it primarily focused on transactions of products produced for consumption by other businesses (machine tools, office supplies and services in the like) as well as the items that enter into the production process of those other organizations (for example, raw materials like fuel, steel parts; other ingredients like valves, bearings, resins and polymers). B2B marketing is used to be called industrial marketing (Webster 1978a,3).

## LITERATURE REVIEW:

In the past several decades, the term 'industrial marketing' has given birth to the wide term 'B2B marketing', and its meaning has developed to encompass the activity of building relationships (including both products and services) between organizations (which include businesses and government institutions, not- for- profit organizations...). In this sense, specific examples of marketing issues

– such as a manufacturer–retailer relationship in consumer product markets (for example UNO as the key account for CEVITAL), pharmaceutical firms marketing to doctors (who prescribe medicines to patients) or agribusiness firms selling fertilizer, seeds to farmers – all involved within the logic of B2B marketing. In contrast business-to- consumer (B2C) marketing focuses mainly on the final transaction between the firm (retailer) and the customer.(Rajdeep Grewal and Gary L. Lilien, 2016,1)

Table 1 shows some key differences between B2B and B2C marketing. B2B marketers typically focus on fewer and more varied customers, using more complex and more technical processes than it appears in consumer marketers. This complexity (which is due to the presence multiple stakeholder: purchasing agents, engineers, manufacturing managers, lawyers and others) has given birth to a field of study called ‘organizational buying behavior’ which is primarily specific to B2B marketing. Gary L. Lilien, 2012,3)

The presence of a few powerful customers, which often generate a heavy percentage of sales (for example, Agro-Film Emballage firm may count Cevital and Amor Ben Amor food processing company among its business customers but also serve hundreds of thousands of small to medium- sized enterprises), means that many common research tools popular in the B2C domain are either inappropriate or must be adapted to the B2B domain.

In addition, many B2C transactions still occur through common channels (for example, consumer packaged goods in retail stores, so retailers can capture data about the competitive consumer marketing landscape), but transactions in the B2B field, especially larger ones, tend to be private, direct sales that often involve extensive negotiations. Thus, data about the nature of the customer and the terms of the transaction are not transparent. Gopalkrishnan R. Iyer, 2000

Both the relative simplicity of the B2C marketing domain (compared with B2B) and the much larger number of public transactions has made that domain more attractive for researchers than the B2B domain, as a scan of the topics published in top journals will readily attest. But yet according to the most recent US Department of

Commerce Statistics (see <http://www.census.gov/econ/estats/> ), B2B e-commerce accounts for more than 91 per cent of the dollar volume of such transactions, versus less than 9 per cent for B2C e-commerce.

### **Key differences between B2B and B2C marketing:**

<b>Business-to-Consumer</b>	<b>Business-to-Business</b>
<ul style="list-style-type: none"><li>✓ Marketing dominant culture</li><li>✓ Market to end of chain</li><li>✓ Perceptual proposition</li><li>✓ Value in brand relationship</li><li>✓ Large customer segments</li><li>✓ Smaller-unit transactions</li><li>✓ Transaction linkage</li><li>✓ More direct purchase</li><li>✓ Consumer decides</li></ul>	<ul style="list-style-type: none"><li>✓ Manufacturing/Tech dominant culture</li><li>✓ Market to value chain</li><li>✓ Technical proposition</li><li>✓ Value in use, quantifiable</li><li>✓ Small number of customers</li><li>✓ Large-unit transactions</li><li>✓ Process linkage</li><li>✓ Complex buying sequence</li><li>✓ Web of decision participants</li></ul>

Rajdeep Grewal and Gary L. Lilien, 2016.

### **BACKGROUND:**

Reid and Plank (2000), traced the history of B2B marketing from 1930's until 1970's (e.g. Frederick 1939; Lester 1936, Webster 1965, Sheth 1973; Webster and Wind 1972), they state that until the late 1960's and the beginning of 1970's that B2B marketing area began to attract focused attention.

Webster (1978b) noted that although B2B marketing represent approximately half the economy, most research in top marketing journals focused on B2C marketing, The same seems to be true today, department of Commerce statistics in the US and many developed

countries show that B2B transactions account for the same dollar value as B2C transactions, yet, especially in top- tier marketing journals, research on B2C marketing far outstrips research on B2B marketing.

Over more than a decade has passed since Reid and Plank's (2000) comprehensive review of B2B literature, and both the real world and the world of academic research have evolved substantially.

## **OBJECTIVE OF THE RESEARCH:**

The goal of this paper is to provide a brief overview and perspective on the field. In the next section, we outline our view on why the field has attracted so (relatively) little academic attention and what we can be done to address the challenges of performing research in the B2B domain. Then we mention a few ideas about where further research needs lie in the B2B domain.

## **ACCOMPLISHMENTS AND CHALLENGES:**

As Reid and Plank (2000) note, focusing on the period from 1978 to 1997, research in B2B marketing has come a long way and has produced much useful knowledge. Their review of 2194 articles and book chapters covers (1) planning; (2) organizational buying behavior and purchasing; (3) marketing sciences (including market research, segmentation and forecasting); (4) product (including new product and service development and management); (5) pricing; (6) channels; and (7) promotion (including advertising, sales promotion and sales force management and compensation). They show that B2B publications in top marketing journals are rare, appearing in the Journal of Marketing(JM) at a rate of about five a year, Journal of Marketing Research(JMR) at a rate of about two a year and Marketing Science (MS) at a rate of less than one a year; the Journal of Consumer Research (JCR) is completely focused on B2C issues. The bulk of B2B research appears in more specialized journals such as Industrial Marketing Management (37 per cent), Journal of Business and Industrial Marketing (8 per cent), Journal of Business- to- Business Marketing (2 per cent, though the journal only began in 1991, so the number would be higher today),International Journal of Purchasing and Materials Management (9 per cent) and Journal of Personal

Selling and Sales Management (6 per cent). LaPlaca and Katrichis (2009) provide a recent update and find that not much has changed: since each journal's founding, B2B publications have represented 6.8 per cent of the articles in JM, 2.5 per cent in JMR, 1.3 per cent in MS and 0 per cent in JCR.

It is clear that if B2B marketing has just as much economic import as B2C marketing, then the volume of top quality B2B research should be greater. We believe there are structural reasons, which we call obstacles, that explain this divergence.

### **Obstacle 1: Complexity and Heterogeneity**

The most complex consumer behavior involves households of several individuals, normally spanning a generation or two. Rarely are more than two or three individuals involved in any purchase decision. In the B2B world, an organization may involve dozens of individuals with vastly different backgrounds in the purchasing decision-making process. And as we noted, a firm's prospect list may include firms of vastly different sizes and whose use of the focal firm's offering may differ widely. Consider a simple case Tetrapack is an ingredient used in the processed food sector and drinks. It has varying customer value and competes with different alternative ingredients in these and other applications. Conceptualizing and analyzing such market situations requires qualitatively different research approaches to deal with issues of purchasing complexity and customer/prospect heterogeneity than the approaches needed in the consumer marketplace. The small number of customers in many markets doubles these difficulties (for example, suppliers of parts for luxury cars engines may have only Ferrari and rolls-royce as potential customers). Gopalkrishnan R. Iyer, 2000.

### **Obstacle 2: Lack of Domain Knowledge**

As we are all consumers: we understand the choice process for consumables and durables and even experience the challenges of family decision-making. We also understand (mostly) what products and services are supposed to do for us. In the B2B field, some business experience within an organization, whether in sales, production or engineering provides a similar background and thus is

almost essential for a B2B researcher. In addition, a background in science, technology or engineering is extremely helpful to understand the domain of study. The solution seems clear: PhD students with work experience and a technology background have clear advantages over their mates in their ability to understand the B2B domain and the related research issues. For those with a technical background but no business management experience, some company experience or internship would be most useful and should be considered part of the professional career development process.

### **Obstacle 3: Lack of Data Availability**

According to obstacle 1 is that data for B2B research are rarer and more difficult and time consuming to collect than are data from consumer sources, and experimental data used to study consumer behavior and psychology or secondary data used to develop consumer behavior models. This lack of data availability was one of the key drivers of the development of the ISBM( Institute Of The Study Of Business Markets) whose mission consist of connecting B2B researchers with organizations that share an interest in their research problem and thus facilitating the collection of primary source data. The ISBM hosts a data resources program (<http://isbm.smeal.psu.edu/drp> ) to identify and document the location of and means of access to useful secondary source data. Peter J. LaPlaca et al, 2009.

We believe that the use of software for customer relationship management (CRM) may increase the availability of secondary data from CRM suites to study B2B issues. Although this trend of greater data availability is a welcome sign, more needs to be done. The ISBM thus will be reaching out to B2B researchers, urging them to document and share their data. We believe such sharing will lead to differing approaches to the same data, as well as facilitating meta- analytic studies.



## **Obstacle 4: Diffuse Focus**

Perhaps most important, the domain of B2B research encompasses many problems and relies on a variety of research foundations. The study of B2B markets is a substantive domain that builds on theories from a diverse set of parent disciplines, including economics, sociology, and psychology. Research on sales force management, the primary promotion mechanism in B2B markets, studies the same phenomena using behavioral (Bradford et al. 2010) and analytic (Mantrala et al. 2010) perspectives.

The commonality of the substantive domain is helpful, but, insufficient; for example, researchers from each perspective on sales force management normally look for to attend different academic conferences. The ISBM has developed an academic conference each two years to encourage cross- perspective communication. B2B research also faces considerable heterogeneity in the unit of analyses – whether an individual sales manager in sales research, a buying unit in buying behavior research, a firm for B2B strategy and segmentation issues, an inter- firm relationship for distribution channels research or an inter- firm network for product development research. And research on these differing units of analysis relies on differing theoretical perspectives. Psychological theories might be most appropriate for sales managers, whereas the resource- based view informs firm- level studies, transaction cost economics clarifies inter- firm issues and sociological network perspectives are beneficial for studying inter- firm networks. We hope this handbook and related follow- up work will help facilitate cross- problem connections and scholarly links (Bradford et al. 2010).

These obstacles are unimportant illustrations; other comprehensive points can be added. Yet they are real, so the burden is on occasional scholars in our field to build a community, share data, share expertise and recruit and nurture the young talent the field needs to address the many important and challenging problems the field presents.

## **FUTURE PERSPECTIVES AND OPPORTUNITIES:**

Demand for B2B products is derived; it depends on final consumer demand. For example, the demand for tetrapack depends on demand

for processed food and drinks in consumer and industrial markets. In turn, the demand for processed food in industrial markets depends on the demand for consumer products produced by industrial firms that buy processed food for business use.

Thus, B2B firms face the unique challenges of marketing not only to their immediate customers but also to customers of their customers – and so on down the value chain. The nature of this derived demand creates phenomena such as ingredient branding (e.g. tetrapack Inside) and corporate advertising in an attempt to build equity with customers' customers.

The nature and coordination of value capture throughout the value chain (from raw materials to manufactured materials to component parts to finished goods, all flowing through multiple channels of distribution) present a pathway for research and also suggest a domain in need of an integrated conceptual framework. Yet research on derived demand has not surfaced in top marketing journals. (Jacqueline Pels, Roderick J Brodie, 2004)

Many well-known firms (for example Boeing, Rolls-royce, Mercedes) obtain the vast majority of their sales by selling to governments. Selling to the government poses unique challenges, including the importance of instruments such as tenders and a marketing timeline that starts months or years before the tenders arrive.

G.lilien state that Governments at different levels and in different countries have varying and often unique institutional and legal arrangements. However, they buy – and in very large quantities. Government accounts might be seen as key accounts but they pose many challenges that differ from those in the private sector, including unique budget cycles, complex buying processes that involve many actors from divergent governmental bodies and the need for an influence and presence in the political institution. This area of enormous financial importance has seen little rigorous academic research.

Finally, the ISBM conducts a biennial<sup>1</sup> marketing trends study (<http://www.isbmtrends.com>), in which we highlight the key issues that leading B2B academics and practitioners believe are the main issues that academics and practitioners should be addressing to be prepared for future's B2B marketplace. We solicit academics and practitioners alike, to investigate the most recent version of that study to complement the issues and directions raised here.

**Notes:**

- 1- UNO: is a subsidiary of the Cevital Group, which specialises in mass distribution and is located in several regions of Algeria.
- 2- Cevital: Algerian company to have invested in a wide variety of business sectors.
- 3- Amor Ben Amor: Algerian Food processing company.
- 4- Tetrapack is a multinational food packaging and processing, The Company offers packaging, filling machines and processing for dairy, beverages, cheese, ice cream and prepared food.
- 5- ISBM: institute of studies of business markets <http://www.isbmtrends.com>

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<sup>1</sup> Conference held each two years.

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### **WEBOGRAPHIC**

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