Business to Business Marketing 6th edition Brennan Test Bank

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Business to Business Marketing (6th)

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Total Questions: 10

Multiple Choice (10)

Q1. *[Multiple Choice]*

The key distinguishing feature of business-to-business marketing is that the customer is an ______ rather than an individual consumer.

- **a)** Actor
- **b)** Resource
- **c) Organization ✓ correct**
- **d)** Activity

Q2. *[Multiple Choice]*

According to service-dominant logic, in the end all marketing concerns services. Which of the following statements is not true.

- **a)** When buying products, business buyers are seeking value-in-use
- **b) Physical products are not relevant to service-dominant logic ✓ correct**
- **c)** All economies are service economies
- **d)** All products have associated service elements

Q3. *[Multiple Choice]*

Airbnb, Uber, Deliveroo and Couchsurfing are all examples of:

- **a) Sharing economy ✓ correct**
- **b)** Competitive economy
- **c)** Resource economy
- **d)** Driving economy

Q4. *[Multiple Choice]*

The nature of demand in business markets is:

- **a)** Direct
- **b) Derived ✓ correct**
- **c)** Indirect
- **d)** Elastic

Q5. *[Multiple Choice]*

A concentration ratio is defined as the combined market shares of the few largest firms in the market. Where concentration ratios are high:

- **a)** Industry will be more innovative
- **b)** It is less likely that firms in an industry will collude to raise prices
- **c)** Production volumes will be more stable
- **d) It is more likely that firms in an industry will collude to raise prices ✓ correct**

Q6. *[Multiple Choice]*

Which of the following is not a means to classify products according to Murphy and Enis (1986):

- **a) Maintenance repair and operating (MRO) products ✓ correct**
- **b)** Preference products
- **c)** Specialty products
- **d)** Convenience products

Q7. *[Multiple Choice]*

Personal selling makes sense in business markets due to:

- **a) Concentrated demand ✓ correct**
- **b)** Dispersed demand
- **c)** Less powerful sellers
- **d)** Less powerful buyers

Q8. *[Multiple Choice]*

In business markets:

- **a)** The transaction value is usually small
- **b)** The buying process is simple
- **c)** Purchase professionalism is low
- **d) The degree of interactivity is often high ✓ correct**

Q9. *[Multiple Choice]*

In terms of marketing practice:

- **a)** In consumer marketing personal selling is used to a greater extent than in business marketing
- **b)** In consumer marketing relationships are used to a greater extent than in business marketing
- **c) In consumer marketing branding is more extensive and sophisticated than in business marketing ✓ correct**
- **d)** In consumer marketing segmentation is less extensive and sophisticated than in business marketing

Q10. *[Multiple Choice]*

In terms of buying behaviour:

- **a)** In business marketing purchasing cycles are shorter than in consumer marketing
- **b)** In consumer marketing buyer/seller interdependence is high
- **c)** In business marketing formal written rules are uncommon
- **d) In business marketing many people influence the buying decision ✓ correct**

Teacher guide

Chapter 1: Business-to-business markets and marketing

Tips for introducing the concepts

Overview

This chapter aims to provide the student with an introduction to the fundamental concepts of B2B marketing that is sufficiently authoritative to provide them with a firm foundation in an unfamiliar subject area, while acknowledging that areas of lively debate remain. Most obviously, there is the fundamental question of whether or not B2B marketing should be considered a separate area of study, research and practice from B2C marketing. Another central theme of the chapter is the manufacturing/services distinction. We present sufficient evidence to demonstrate clearly the shift that has been experienced in many large economies from manufacturing to service industries; the key point here is that B2B marketing is, in general, about the marketing of complex bundles of goods and services. Recent research in the area of service-dominant-logic suggests that even this may not be going far enough, and that all marketing can be considered to be services marketing.

Ideas for the class

A key goal for the first class is to start the process of getting the students to think about marketing as a process that takes place between organizations. It is likely that many students – unless you have a class of mature students – will find this a difficult idea to come to terms with. Our experience suggests that some marketing students, despite having been taught since day one that marketing is *not* just about advertising and sales devices designed to sell goods and services to consumers, still have a strong prejudice that that is exactly what it is. The approach that we use to try to overcome this point of view as quickly as possible is to take the students on a journey of discovery through a wide range of different B2B marketing contexts. In essence, therefore, we advocate starting off the class with several concrete examples of major B2B marketing organizations, and simply presenting these to students as the reality of B2B marketing, and as major employers who potentially offer excellent career opportunities (this usually helps to get their attention). You can vary the range of examples to suit your own interests and preferences, and to suit the background of the students. It is important to cover a wide range of different industry sectors, in particular providing a good balance between firms that are more manufacturing-orientated and firms that are service-orientated. This can be turned into a very effective learning vehicle for the students about marketing and business in general. Here is a brief list of suitable companies, which are selected to fit with Chapter 1 of the textbook and to lead into a more extended discussion of the Rolls-Royce case study to be found at the end of the chapter. In each case, we suggest that you take the class to the company website and establish the scale and nature of operations, before asking the students to reflect on the particular issues associated with marketing in that organization.

Air Products, www.airproducts.com (manufacturing-orientated but with important service components)

Veolia Environmental Services, http://www.veolia.co.uk/ (predominantly a service organization)

IPSOS Mori, www.ipsos-mori.com (a very different kind of service organization – note that this website is also an excellent general marketing resource containing summaries of a range of interesting marketing and social research projects conducted by a professional market research company)

Rolls Royce, www.rolls-royce.com (arguably a balanced manufacturing/service company, although best known as a manufacturer)

In this chapter, we also introduce the idea that B2B marketing is not just relevant for large firms, but small entrepreneurial firms too. In doing so, we show how firms can engage in B2B marketing even if it seems like they are really a B2C firm. We use craft beer (something students generally understand) as an example. We illustrate that they need to market their produce to distributors and business customers given that they rarely engage with the end consumer or beer drinker. This form of thinking can be applied to many products.

An interesting exercise for students might be to compare the marketing activities of a craft brewery that they are familiar with a large macro-brand such as Heineken. Apart from size, what is different about being an entrepreneur when it comes to marketing? The end of chapter reading (McCartan, 2023) suggests networks as the saviour to entrepreneurial or small firm marketing. But developing networks is not always straightforward or their preferred way of doing business. Introducing concepts such as an independent mindset or internal locus of control could spark a lively debate regarding the importance of networks in such contexts!

B2B scenarios

B2B scenario 1.1: Advice Magnus!

Research has shown that entertainment plays an important role in B2B organizational relationships. As summarized by Oakley and Bush (2016: 565): 'Such research suggests that the selective use of ethical customer entertainment could create a forum for increasing mutual understanding and act as a relationship catalyst that ultimately engenders co-creation of value between buyer and seller'. However, entertainment raises ethical issues, and as Oakley and Bush (2016: 566) further remark: 'the potential for customer entertainment to evoke suspicion looms over the buyer-seller dyad'. Suspicion can be defined as a psychological state in which an individual considers that another person may have a hidden motivation for their behaviour. The more expensive the entertainment, the likelier it is that suspicions will be aroused. In the case described, it seems more than likely that the actions Magnus intends to take will raise suspicion in the minds of the client representatives. Magnus may be confused between the nature of a professional relationship and a personal relationship. Very likely, the best way to proceed is to communicate directly with the client. In a personal relationship it may make sense to arrange a pleasant day out to soften bad news, but it probably doesn't make so much sense in a professional relationship.

B2B scenario 1.2: Magnus and the engineers

The literature on conflict and misunderstanding between the marketing and engineering functions is extensive. The reasons for such conflicts and misunderstandings discovered through academic research are much what one would expect. In particular, there tends to be a lack of mutual respect because of the very different educational and training backgrounds of marketers and engineers. Marketers in engineering-based B2B industries are likely to encounter the sort of situation described in this scenario. One thing that helps is simply to know that this is likely to happen, and so to be aware of the differences between a marketing perspective and an engineering perspective. Research shows that many engineers are happy to learn more about marketing. Certainly, in any engineering-based firm, it is also necessary for the marketer to have some grasp of and sympathy towards the engineering perspective.

In this chapter, we also introduce the idea that B2B marketing is not just relevant for large firms, but small entrepreneurial firms too. In doing so, we show how firms can engage in B2B marketing even if it seems like they are really a B2C firm. We use craft beer (something students generally understand) as an example. We illustrate that they need to market their produce to distributors and business customers given that they rarely engage with the end consumer or beer drinker. This form of thinking can be applied to many products.

In this section, we also bring to light new and somewhat disruptive business models within the sharing economy which have created new entrepreneurs. These examples are interesting as they further spark debate between B2B and B2C marketing and get students thinking. Some examples include Airbnb, Uber and Deliveroo. A useful activity may be to examine these websites and analyse which parts of their businesses are B2B and which parts are B2C. Amazon.com is also interesting in this respect with its every increasing number of shopfronts.

The snapshot (1.2) illustrates how new technologies have enabled entrepreneurs to create small businesses in large industries such as aviation. We would suggest that students search the Internet to find similar businesses.

Chapter case study

Overview

The Rolls-Royce case study is designed to give the student pause for thought about the fundamental nature of B2B marketing. In particular, it aims (a) to reinforce the message that B2B marketing frequently involves the complex combination of product and service components to deliver customer solutions, and (b) demonstrate the complexity and importance of long-term supplier/customer relationships in B2B markets. At a more prosaic level, the case study asks students to reflect on the nature of competitive advantage for a major B2B marketer. The case study itself provides a succinct introduction to the business of Rolls-Royce, covering the design, manufacture and marketing of the world-famous engines (particularly aero-engines), and the provision of after-sales service to companies that use RR engines. The process by which real-time data from Rolls-Royce engines is analysed by RR engineers so that they can diagnose and solve problems that the customer probably didn't know even existed, while a plane is still in the air, is particularly striking. The case study also illustrates the importance of the services aspect of B2B marketing and how environmental shocks (Covid-19), can influence their bottom line.

The indicative questions

The first two indicative questions provide an explicit opportunity for students to reflect on the realities of service-dominant-logic, and then an opportunity to analyse the competitive advantage of RR. Service-dominant-logic can easily appear to be an esoteric, abstract concept with little practical relevance. RR provides an excellent example of SDL in action; in particular, the airline that buys a plane fitted with RR engines simply wants to buy the capacity to transport passengers and freight reliably and safely. The RR total product offering is designed to deliver exactly that. Indeed, one can imagine a RR executive, presented with the concept of SDL, simply wondering what all the fuss is about, since the delivery of customer value through a carefully designed bundle of product and service attributes is exactly what RR does. The second question (about RR's competitive advantage) is best addressed in student teams, so that different teams can develop separate lists of RR's key advantages, and those lists can then be combined, and critiqued by the whole class during a plenary session. The third question looks at the external environment and how it can impact a business. While it is clear that the pandemic had a negative effect on the business of RR, it would be less obvious that it was due to the lack of flying hours. The students may also consider the influence that increases in the price of energy would have in addition to defence and the Russia–Ukraine war.

Online content

Videos, websites and articles

Resource	Video
Title	Air Products Freshline Food Solutions (3′30″)
URL	https://www.youtube.com/watch?v=oav7ZxoH7PI
Comments	This short video introduces students to many of the issues that they will encounter when studying B2B marketing. Air Products & Chemicals Inc. is a global business supplying products that are incorporated into many of the consumer products that we use every day. The promotional video illustrates B2B marketing in practice, and shows how the industrial context in which B2B marketing is implemented may differ substantially from the everyday consumer (B2C) context with which students are likely to be more familiar.

Resource	Video
Title	Why Boeing Is Betting on Services (3′06″)
URL	https://www.youtube.com/watch?v=-M1EM7GpNSE
Comments	Boeing estimates the aerospace services market is worth $2.6 trillion globally over the next ten years ($1.7 trillion of that in Europe). In this video David Longridge, VP, Commercial Services, Boeing, talks about why this area of business-to-business marketing is growing so fast.

Resource	Websites
URL	http://www.b2bmarketing.net http://www.b2bmarketing.net/magazine
Comments	These two recommended websites will provide the students with an endless supply of material concerning matters that are uppermost in the minds of B2B.

Resource	Online Article
Title	The Ultimate Guide to B2B Marketing in 2022
URL	https://blog.hubspot.com/marketing/b2b-marketing
Comments	This is a really nice article which simply explains the fundamentals of B2B marketing, B2B marketing strategies to reach specific audiences, B2B digital and social media marketing. It offers videos to enhance student learning and introduces the concept of buyer behaviour as a lead into Chapter 2 of this book.

Using the supplementary readings

The three suggested journal articles are:

Fern, E.F. and Brown, J.R. (1984) 'The industrial/consumer marketing dichotomy: a case of insufficient justification', *Journal of Marketing,* 48 (Spring): 68–77.

McCartan, A. (2023) 'Marketing and performance in small firms: the role of networking', *Journal of Research in Marketing and Entrepreneurship*, 25 (1): 150–182.

Vargo, S.L. and Lusch, R.F. (2004) 'Evolving to a new dominant logic for marketing', *Journal of Marketing*, 68 (1): 1–17.

These articles address fundamental questions about the nature of marketing in general and B2B marketing in particular. The Fern and Brown article is probably more easily digestible for students, and the central argument, that we should be sceptical about the dichotomization of marketing into 'industrial' and 'consumer', remains topical even today. The Vargo and

Lusch article is intrinsically more complex, and is also slightly more difficult for students to relate to their studies in B2B marketing. The chapter materials, and the case study, aim to make the relevance of the service dominant logic (SDL) arguments to B2B marketing clear. However, students may need more assistance with this reading. The final article introduces the idea of B2B marketing in a small business context. It introduces the importance of business networks for the small firm to overcome liabilities associated with being new and small. This area is re-visited in Chapters 3 and 9.

Chapter 2: Buyer behaviour

Tips for introducing the concepts

Overview

Understanding and engaging with the customer are clearly fundamental to the business marketer. This chapter includes themes typically covered in discussions of organizational buying, namely the decision-making process and the decision-making unit, variations in behaviour associated with these and the consequences for the business marketer. These are topics with which students are likely to be already familiar from introductory marketing courses but an important aspect of the chapter is the need to place this behaviour within the context of markets in which business customers compete, their business strategies and the contribution expected of purchasing to organizational performance. In presenting the material contained in this chapter, we try to highlight the fact that these issues will shape the way in which a business customer (and to which we should obviously add its employees) engages with external markets to satisfy its supply needs.

Ideas for the class

As we have already noted, it can be challenging for students to get to grips with the notion that marketing takes place between organizations. Continuing to help students overcome this and/or to broaden their understanding of organizational markets, coverage of customer behaviour could be started by getting students to think about a particular market and organization that operates in that market. If students have limited experience of business markets, then it can be a consumer market, because what we're really interested in is getting students to think about the behaviour of organizations that feature in these end consumer markets. So students might think of fashion retailers such as FatFace, GAP, supermarket chains such as Aldi, Tesco, Walmart, food chains such as Nandos, Pizza Express, brands such as Nike. Students might equally consider the institution at which they are studying. Yes, these various organizations compete in consumer markets, but they also represent clients to the business marketer. The class could then go on to focus on a particular organization within a specific industry, the nature of its business activities and select a product used by their target organization. Students can be asked to consider factors likely to influence purchase behaviour associated with purchasing the product, describe the stages in the decision-making process that might be enacted, who might participate in the purchase process and when, as well as the likely interests and influence of the various DMU members. The discussion can then move on to considering how a supplier of the chosen product/service (the business marketer – and it helps to base this part of the exercise on actual companies too) might try to influence and respond to and shape the behaviour of the target customer organization in the selected business market.

In using this activity, it is possible to integrate it into an interactive lecture, where the tutor might initially start by getting students to come up with firms with which they are familiar, but have in mind one particular organization and product (and marketer of it) which can be used as the basis of discussion.

Alternatively, students can be given these activities in preparation and ahead of class discussion or equally it can be used as the basis of an assignment. Each of these gives greater scope for students to search selected markets, view target business customer and also marketer websites and can result in a range of business markets and products which extends the breadth of student knowledge considerably – particularly if the markets, customers, products and suppliers are posted online and weblinks provided to enable all students to visit these.

Alternative activities could involve students being set the task of sourcing information about selected firm's procurement policies. So, for example:

Aldi: outlines information on procurement practices within its suppliers page (https://www.aldi.co.uk/suppliers).

Apple: provides outline information on working responsibly with suppliers on their procurement page (www.apple.com/procurement).

Nestle: visiting the company's site and entering 'supplier code' in the search function will provide students with listings of information on aspects of Nestlé's sourcing policies (www.nestle.com).

B2B scenarios

B2B scenario 2.1: Through the eye of a needle

This scenario is based on McKinsey 2019 report on sustainable sourcing in the fashion industry and BBC news feature about the challenges of fabric traceability in the sector.

Students can be directed to each of these sources to understand the way in which

i. testing and tagging can be used to trace material

ii. close/collaborative relationships are the principle way to know about the manner in which each phase in garment manufacture is undertaken (something that testing and tagging can't reveal).

Asking students to consider this from the perspective of suppliers to either Levi or Asket exposes students to the capacity of these very different clothing brands to ensure traceability and compliance with company/government policies. Besides looking at information that each firm communicates about their CSR/purchasing policies, students can be directed to platforms such as https://textileexchange.org/ to see how managers (particularly) at small firms can use such resources for fabric traceability and transparency to reduce environmental impact.

B2B scenario 2.2: Broken glass

The scenario is based on Hurkens et al. 2006 case study application of TCO to the independent auto repair chain Carglass. The scenario provides background information on Carglass' parent company Belrom as well as the nature of auto glass supply to the aftermarket.

As a company dealing with end consumers, the scenario allows students to see the connection between a business operating in consumer markets but which at the same time is an organizational customer for glass suppliers. The scenario describes the movement of glass pieces through Carglass' distribution system, showing how costs other than purchase price might be incurred and which Carglass needs to account for in trying to determine the true cost of doing business with a glass supplier. The scenario can be used to simulate preparation for an actual meeting between Carglass' and its 2 leading suppliers.

The article by Hurkens et al. (2006) provides more detail on how TCO was framed in the case of Carglass and this could be used to guide a purchasing team to draft a briefing document for meetings with ARG suppliers. Equally, in receiving the briefing document and measures that Carglass propose to use for TCO analysis, the supplier's customer account team could suggest ways in which TCO might be used and the efficiency of Carglass' supply chain improved.

Chapter case study: Healthy business!

Overview

The case study provides a vehicle through which to examine the complexities associated with procurement in the healthcare sector, sector variations between countries and scale of possible supplier involvement from contract cleaning to major capital investment projects. One way of dealing with the case is to direct students to a specific outsourced service (rather than leaving them to choose) and then examining these in relation to purchase behaviour. So, for example, at 2 extremes – contract cleaning (as supplied by Compass' MediRest) and supply of integrated non-clinical solutions (such as Serco and the Fiona Stanley Hospital, Perth).

The indicative questions

Question one gives students the opportunity to apply some of the principles associated with buyer behaviour covered in the chapter, albeit with varying degrees of complexity. Getting students to think about contract cleaning themselves is perhaps feasible, less daunting and certainly less complex and thinking about service performance criteria could generate some discussion. Assuming that students don't go to listed information sources, besides discussing answers, students could be taken to the link (https://www.hygiena.com/health-care-solutions/ensure-touch-health-care/) to learn about policies and tools for monitoring hospital cleanliness. At the other extreme and perhaps via a broader plenary discussion, students could be encouraged to consider a major capital investment project such as the Fiona Stanley Hospital. Again, following on from that discussion, the class could be provided with summary information on purchasing policies followed by Fiona Stanley Hospital for facilities management (https://www.fionastanley.health.wa.gov.au/~/media/HSPs/SMHS/Hospitals/FSH/Files/PDF/FSH-Summary-Facilities-Management-Project.pdf)

A way to finish this question (although it might trigger some debate) is how easily hospital authorities can monitor the performance of contracted service suppliers – students could, for example, examine publicity surrounding the outsourcing contractor Serco.

Question two

This serves more as a general observation regarding the extent to which publicly available information can guide purchase decisions. Companies such as Johnson Controls provide a limited number of videos to showcase their work in the healthcare sector. While dated (the content was published in 2013), students might be shown, Johnson Control's video case of the facilities management service supplied to Baptist Memorial Hospital and encouraged to consider

- its purpose and likely target audience
- whether it might be of use of other hospital managers considering sourcing integrated solutions and if so, at what stage in the decision process
- what other sources managers might use before contacting suppliers such as Johnson Controls.

Equally, students could compare this with content published by competing technology solutions providers such as Siemens.