



Dr. AMA Suyanto

Chapter 11

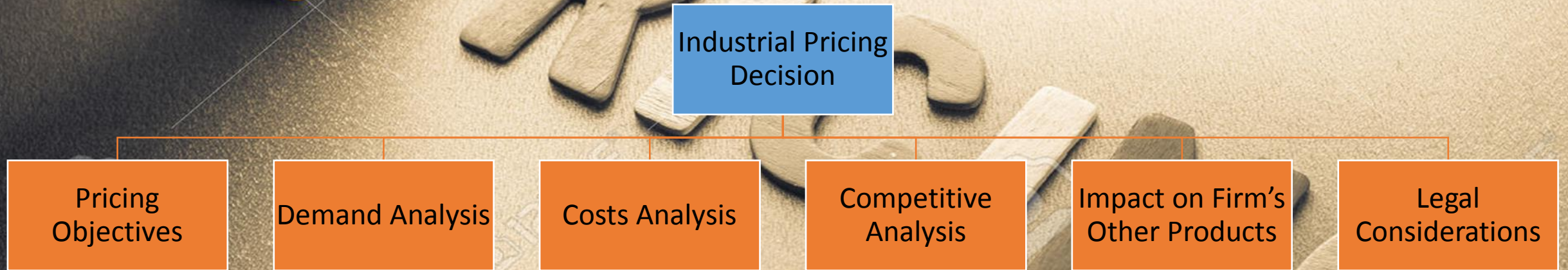
Pricing Strategy for Business Market

The Meaning of Price on Business Markets

When members of a buying center select a particular product, they are buying a given level of product quality, technical service and delivery reliability



The Industrial Pricing Processes



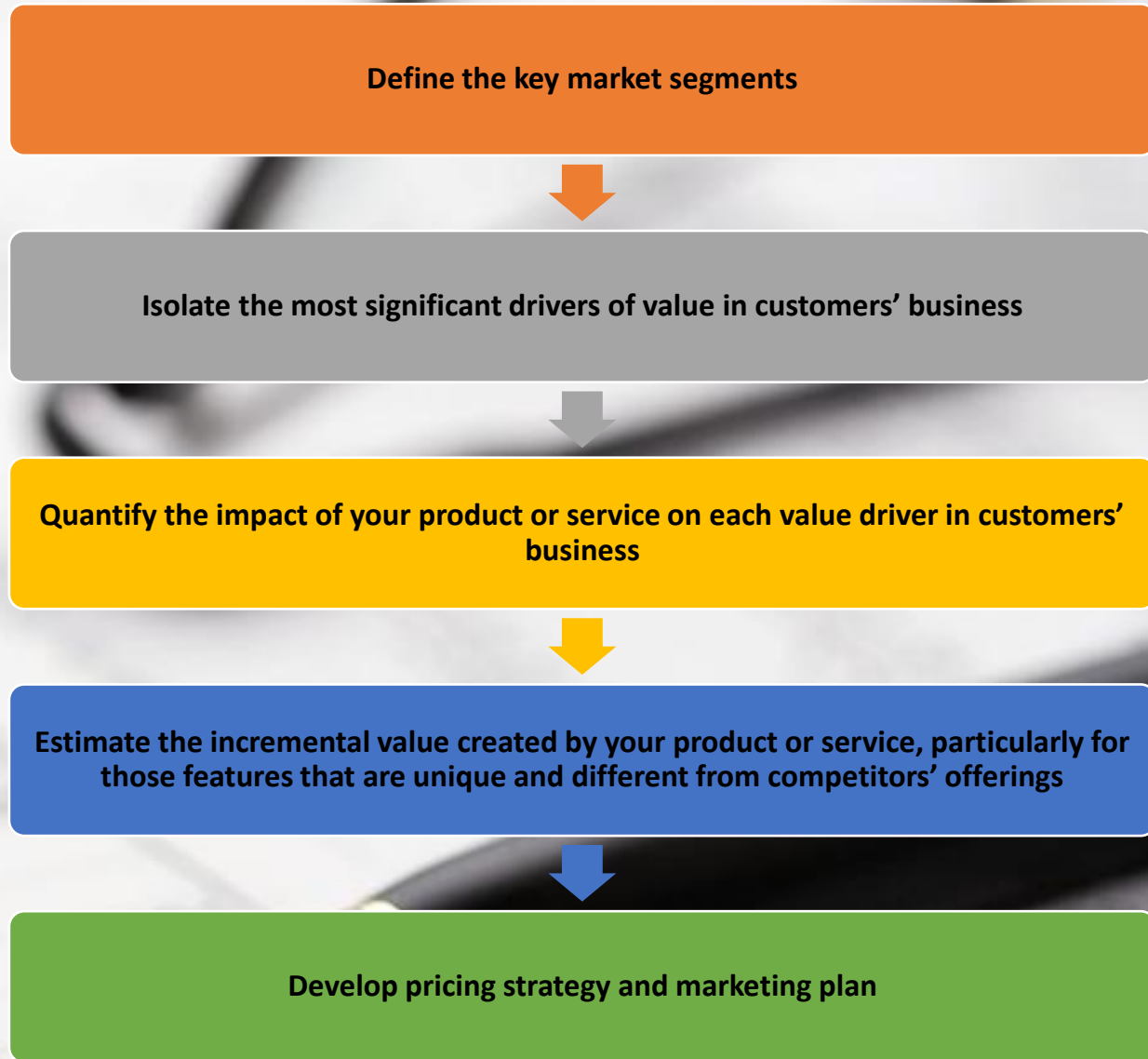
Pricing decision must be based on marketing and overall corporate objectives.

- Achieving target return on investment.
- Achieving market-share goal.
- Meeting competition.

Customer Value



A Value-Based Approach for Pricing



Pricing Across The Product Life Cycle (Pricing Strategies)

Follow the
Crowd

Penetration
Pricing

Price
Skimming

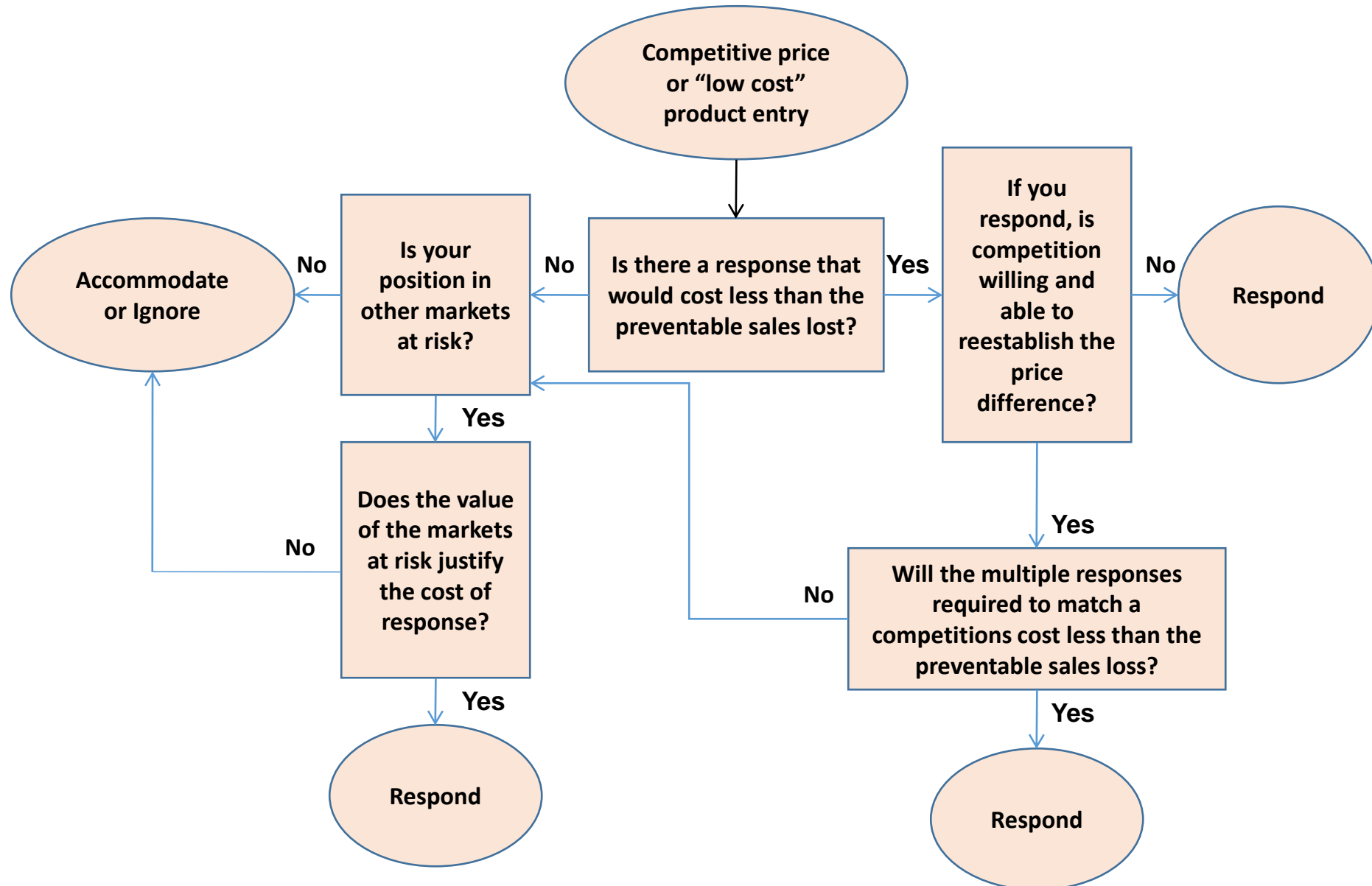
Penetration Pricing is charging a very low initial price.

- > High price elasticity of demand
- > Strong threat of imminent competition
- > Opportunity for substantial production cost reduction as volume expands

Price Skimming is charging a high initial price

- Appropriate for distinctly new products
- Provides the firm with opportunity to profitably reach market segments not sensitive to high initial price
- Enables marketer to capture early profits
- Enables innovator to recover high R&D costs more quickly

Responding to Price Attacks by competitors



Source: Figure from "How to Manage an Aggressive Competitor" by George E. Cressman, Jr. and Thomas T. Nagle from BUSINESS HORIZONS 45 (March-April 2002): p. 25. Reprinted with permission from Elsevier.

Competitive Bidding

Closed Bidding

Often used by business and government buyers, involves a formal invitation to potential suppliers to submit written, sealed bids for a particular business opportunity

Open Bidding

Is more informal and allows suppliers to make offers (oral and written) up to a certain date.

- When it is hard rigidly define requirement
- Prices may be negotiated.

Bidding is costly and time consuming

- Simultaneous bids often used
- All participants see the bids
- Goal: Push Price Down
- Can damage supplier-customer relationships

Strategies of Competitive Bidding

Choose bid opportunities with care



Find contracts that offer the most promise



Remember that the low bidder may be able to secure much more business that is profitable over the longer term



How likely will follow-on business occur???





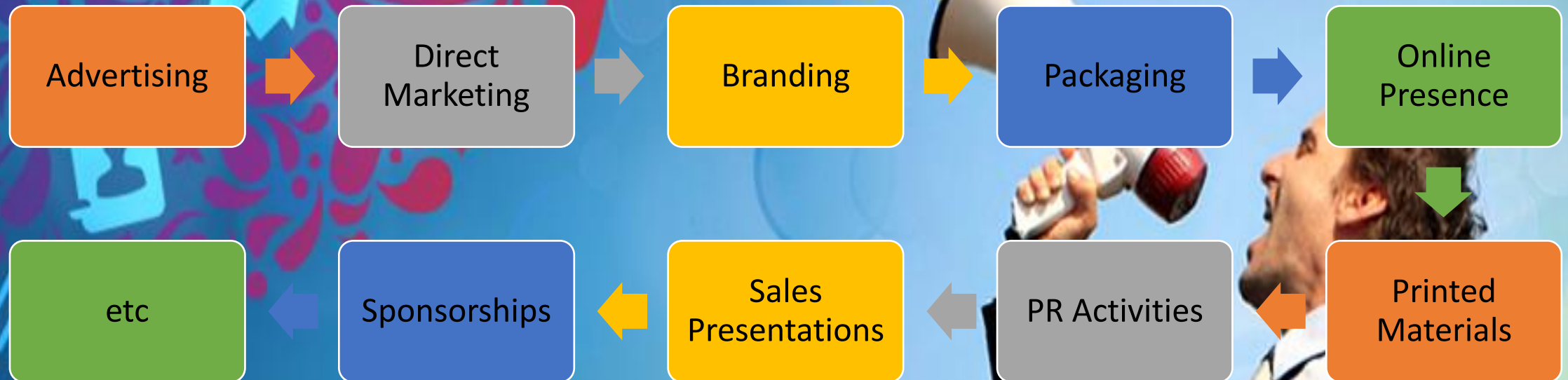
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Chapter 12

Business Marketing Communication

What is Marketing Communication?

Marketing communication (MarCom) is a fundamental and complex part of a company's marketing efforts. Loosely defined, MarCom can be described as all the messages and media you deploy to communicate with the market.



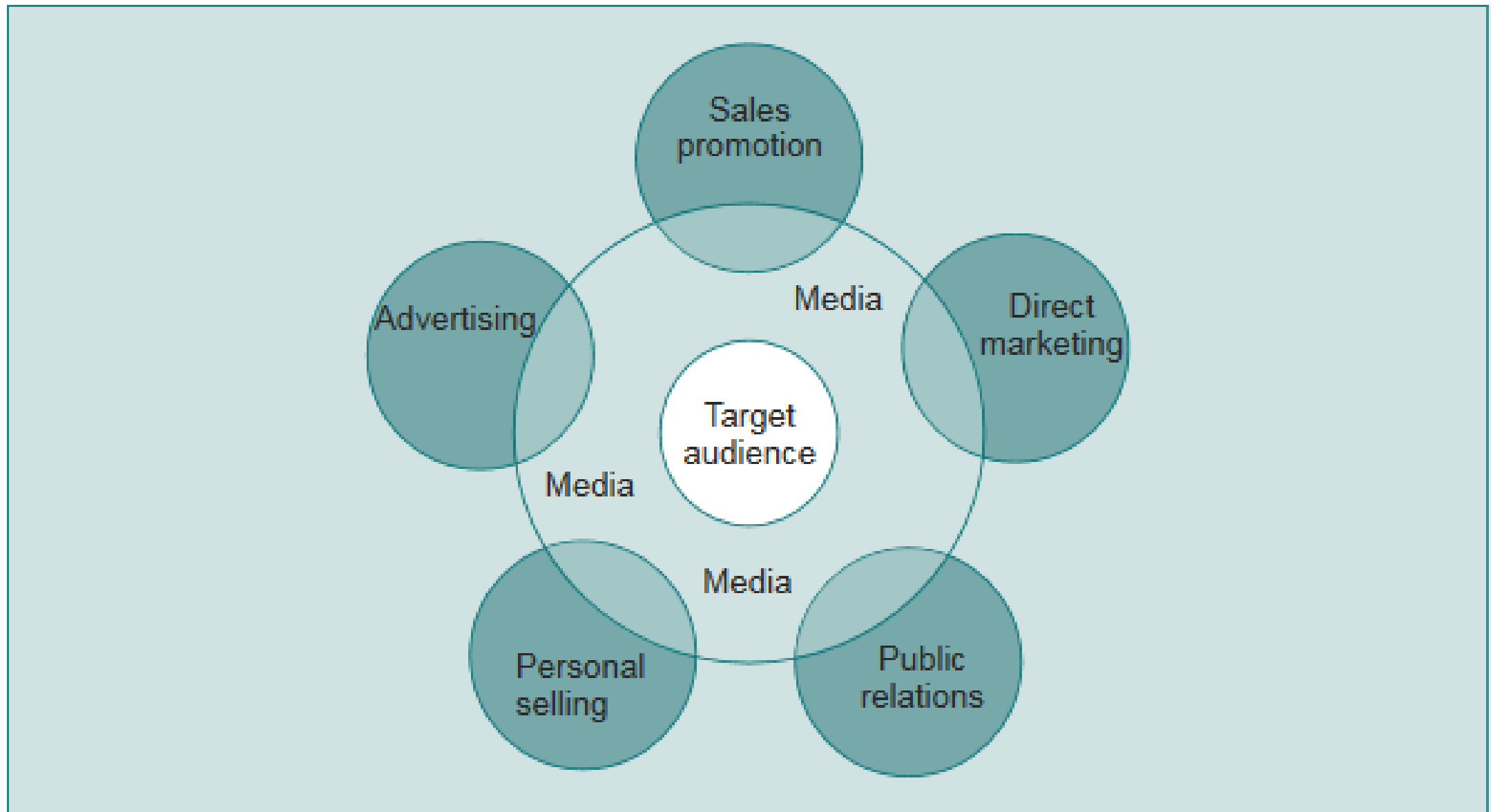


Figure 1.1 The tools and position of the marketing communications mix

The Role of Advertising

Integrated Communication program

Enhancing sales Effectiveness

Increased Sales Efficiency

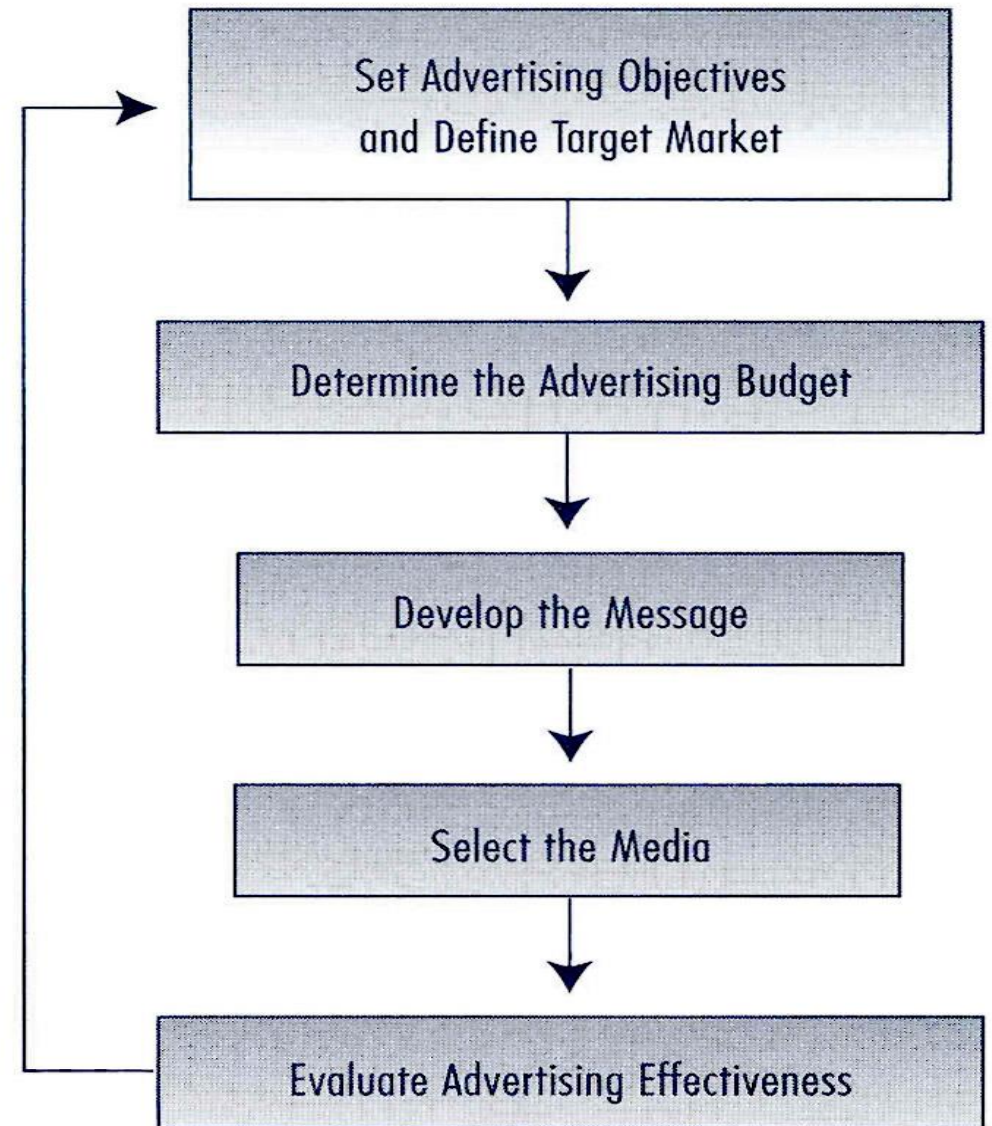
Creating awareness

Interactive Marketing Communication

What B2B Advertising Cannot do

The Decision Stages: Developing B2B Advertising Program

- ✓ Advertising is only one aspect of an entire marketing strategy.
- ✓ The advertising decision process begins with formulating advertising objectives.
- ✓ Equally important: selection and evaluation of media.



Developing the Message

3 Considerations

Perception



Benefits Focus



Understanding Buyer Motivation

Developing B2B Advertising Message

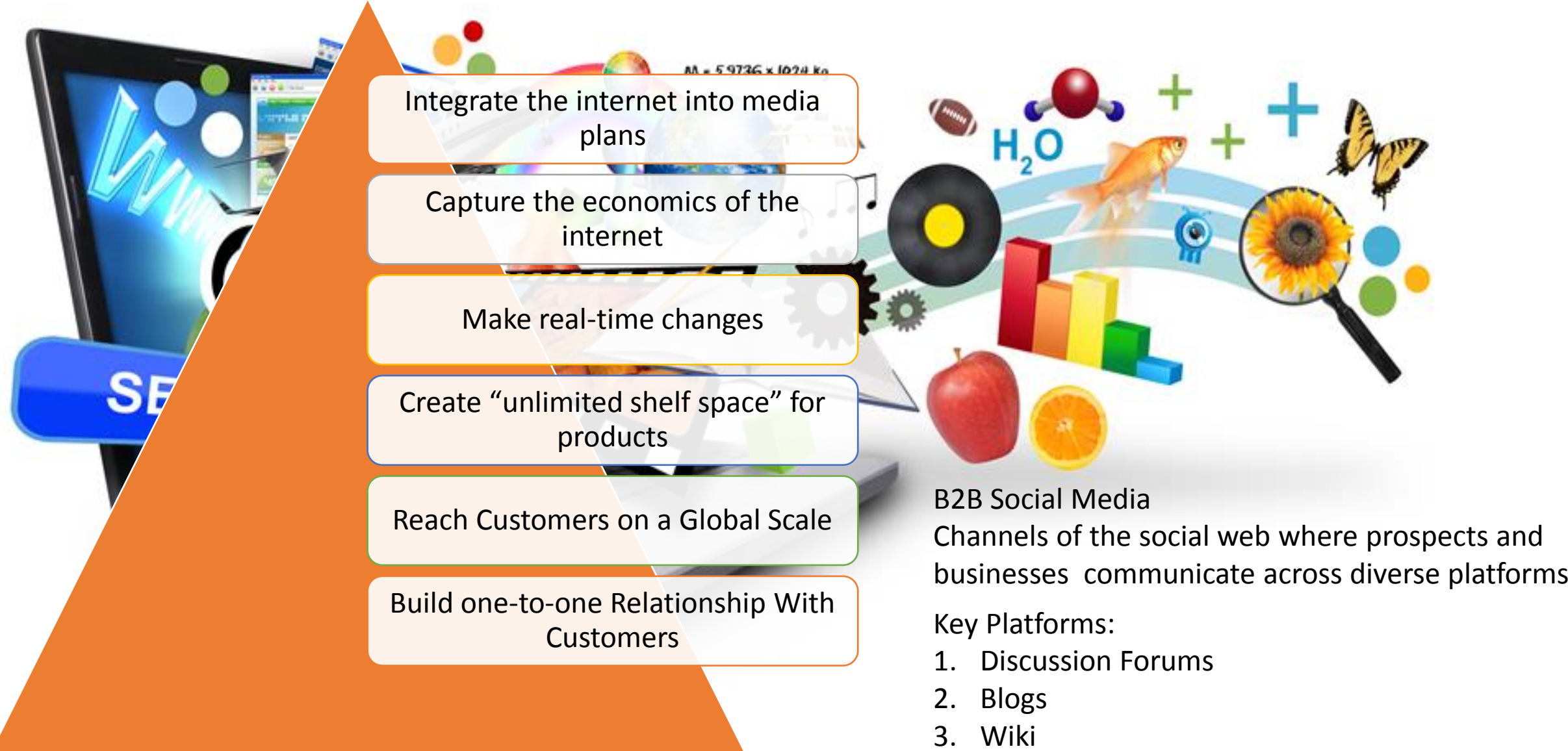
Determine advertising objectives

Evaluate target audience's buying criteria

Analyze most appropriate language, format and style to present message.

Then consider the message!

The Power of Internet Marketing Communications



Integrate the internet into media plans

Capture the economics of the internet

Make real-time changes

Create “unlimited shelf space” for products

Reach Customers on a Global Scale

Build one-to-one Relationship With Customers

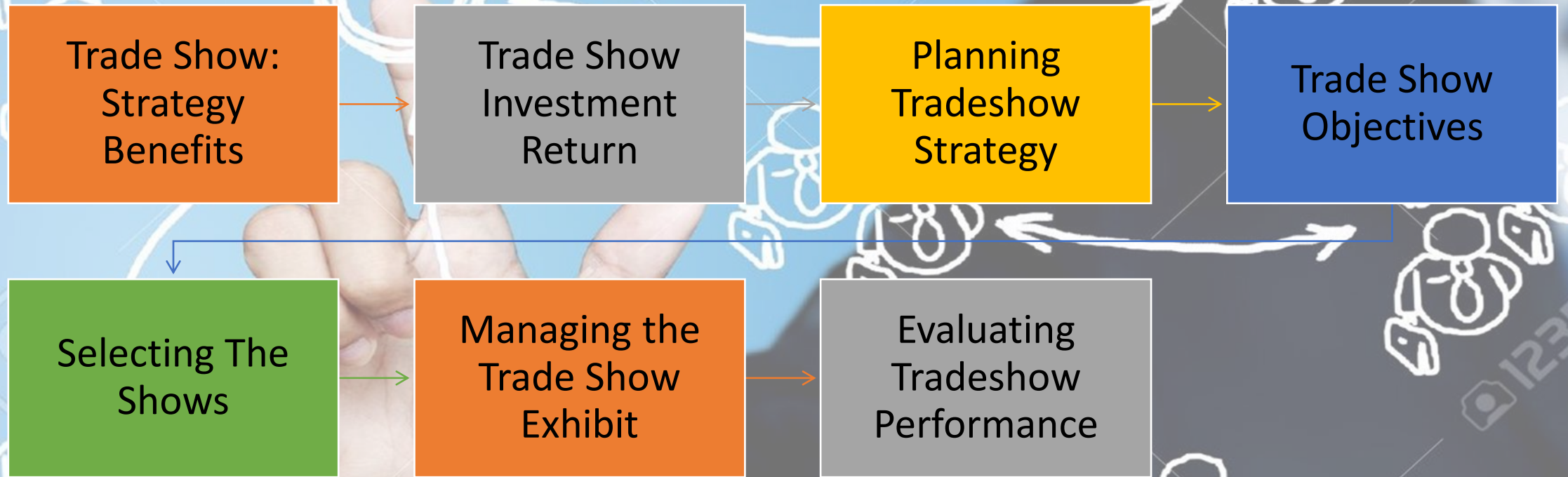
B2B Social Media

Channels of the social web where prospects and businesses communicate across diverse platforms

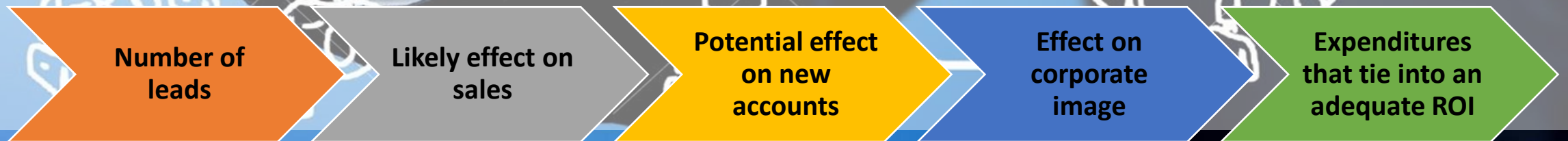
Key Platforms:

1. Discussion Forums
2. Blogs
3. Wiki
4. Social Networks

Managing Trade Show Strategy



Companies need to set measurable goals in advance of the trade show including:





Dominance of Personal Selling

In B2B business, personal selling is the dominant component and a major determinant of overall company success.

- Personal selling is dominant because:
 1. Compared to consumers, there aren't as many potential business customers.
 2. **The dollar purchases are much larger.**
 3. The products and services are more technical.
 4. **Salespeople need to know about their customers' businesses and about their customers' customers' businesses, too!**

Managing The Sales Force

SALES

- Recruitment and Selection SalesPersons
- Training
- Supervision and Motivation
- Organizational Climate
- Job Satisfaction
- Turn Over
- Evaluation and Control
- Performance Measures
- Setting performance Standards

Sales Administration

Organizing the personnel selling effort

- Geographical Organization
- Product Organization
- Market-Centered Organization

Key Account management

- Key Accounts Vs Regular Accounts
- A Different Type of Relationship
- Selecting Key Account

National Account Success

- Building internal relationships
- Aligning resources to client needs
- Forging relationships with the customer organization
- Managing the customer engagement process
- Knowing the customer
- Build strong relationships within the selling firm and customer organization

The Cycle of Account Management Success

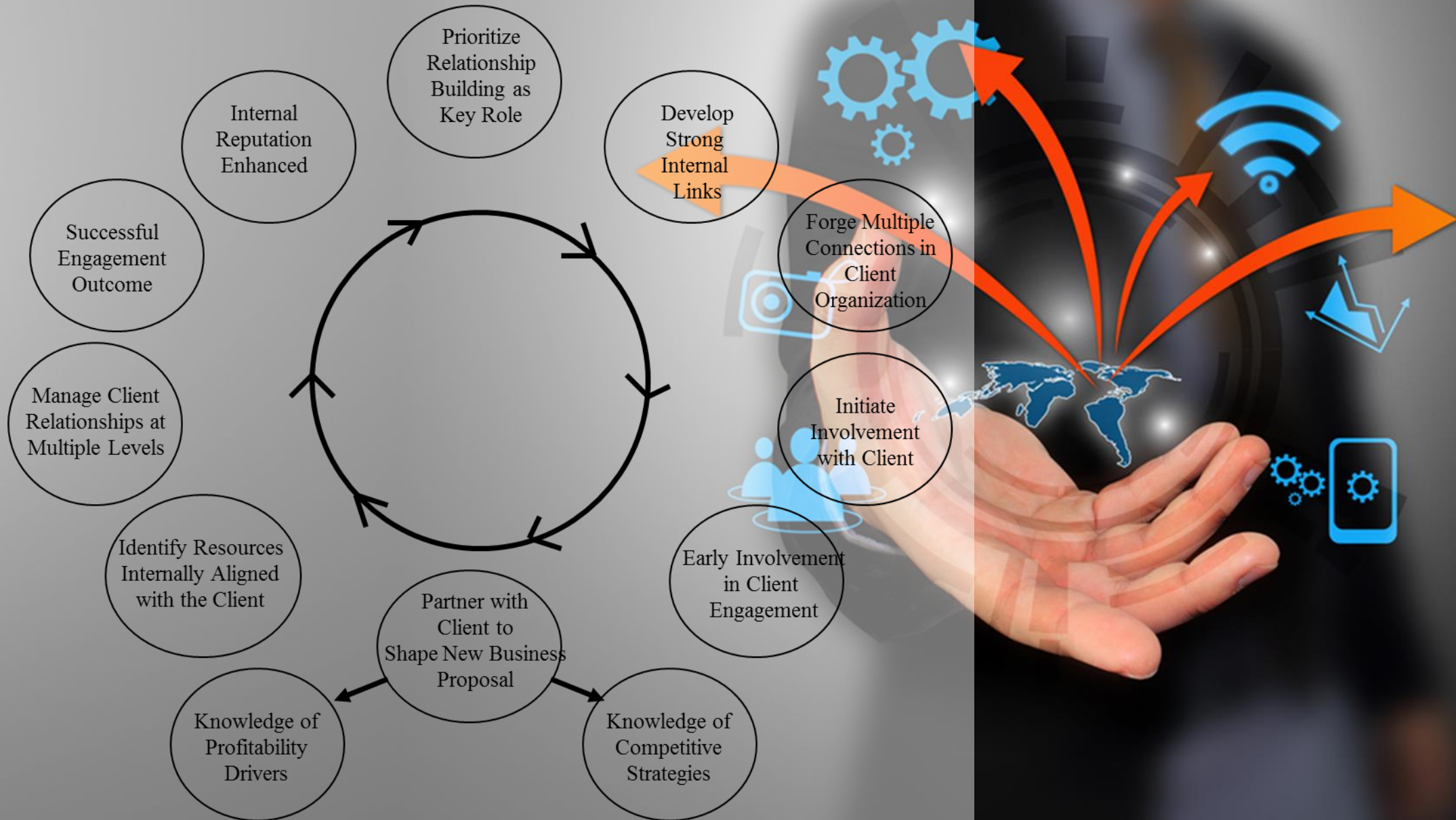


Table 14.1

Traditional Selling vs. Key Account Selling

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

Source: Adapted with modifications from Joseph P. Cannon and Narakesari Narayandas, "Relationship Marketing and Key Account Management," in *Handbook of Relationship Marketing*, Jagdish N. Sheth and Atul Parvatiyar, eds. (Thousand Oaks, Ca.; Sage Publications, 2000), p. 409; and Frank V. Cespedes, *Concurrent Marketing: Integrating Products, Sales and Service* (Boston: Harvard Business School Press, 1995,) pp. 186-202

3 Important Sales Territory Traits

Potential

Measure of total business opportunity (commissions or compensation) for all salespeople in particular market

Geographic Dispersion

If high, sales effort will be wasted in travel time

Concentration

Degree to which potential confined to few larger accounts in territory

Sales Resource Opportunity Grid: Planning & Control Units (PCU)

- **PCU opportunity includes: total potential that PCU represents for all sellers**
- **Sales organization strength includes: competitive advantages or distinctive competencies that firm enjoys within PCU**
- **Deployment analysis matches sales resources to market opportunities**
- **Sales resource opportunity grid can classify industrial firm's PCU portfolio**

PCU Opportunity	High	<p>Opportunity Analysis PCU offers good opportunity because it has high potential and because sales organization has strong position</p> <p>Sales Resource Assignment High level of sales resources to take advantage of opportunity</p>	<p>Opportunity Analysis PCU may offer good opportunity if sales organization can strengthen its position</p> <p>Sales Resource Assignment Either direct a high level of sales resources to improve position and take advantage of opportunity or shift resources to other PCUs</p>
	Low	<p>Opportunity Analysis PCU offers stable opportunity because sales organization has strong position</p> <p>Sales Resource Assignment Moderate level of sales resources to keep current position strength</p>	<p>Opportunity Analysis PCU offers little opportunity</p> <p>Sales Resource Assignment Minimal level of sales resources; selectively eliminate resource coverage; possible elimination of PCU</p>
		High	Low
		Sales Organization Strength	

SOURCE: Reprinted by permission of the publisher from "Steps in Selling Effort Deployment," by Raymond LaForge and David W. Cravens, *Industrial Marketing Management* 11 (July 1982): p. 187. Copyright © 1982 by Elsevier Science Publishing Co., Inc.



W I O
E N D

Three white dice are arranged in a row on a white surface. The front faces of the dice display the letters 'E', 'N', and 'D' in a bold, black, sans-serif font. The top faces of the dice display the letters 'W', 'I', and 'O' in a lighter, grey, sans-serif font. The dice are slightly rounded and cast a soft shadow on the surface below them.