

CHAPTER 27

Stage 1
Problem definition

Stage 2
Research approach developed

Stage 3
Research design developed

Stage 4
Fieldwork or data collection

Stage 5
Data preparation and analysis

Stage 6
Report preparation and presentation

Business-to-business (b2b) marketing research

Objectives

After reading this chapter, you should be able to:

- 1 explain what b2b marketing is;
- 2 understand the differences between b2b and consumer marketing;
- 3 explain the marketing research challenges that emerge from the differences between b2b and consumer marketing decision making;
- 4 understand how the concepts of networks and relationships underpin the distinctive challenges faced by b2b decision makers;
- 5 understand what competitor intelligence is and how it may supplement or even take the place of marketing research for some businesses;
- 6 discuss the cultural challenges faced in conducting b2b marketing research in an international setting;
- 7 discuss the ethical considerations in b2b marketing research by comparing the challenges set in competitor intelligence with conventional marketing research.

The management of customer relationships is the core task of the b2b marketer. The marketing researcher must help to unlock the nature and dynamism of these relationships.



Overview

This chapter starts by defining the nature of b2b marketing, presenting a definition that introduces the concept of 'relationships'. This is followed by a short introduction to the differences between b2b and consumer marketing. The evaluation of differences is crucial if one is to consider whether these have any impact upon the practice of b2b marketing research. The chapter then sets out the bases in which to evaluate the key challenges faced by b2b marketing decision-makers. These bases describe the importance of nurturing and developing relationships and the use of networks. From these bases, the key differences between b2b and consumer marketing are explained in more detail. There are five key areas of difference that are explored, followed in each case by the marketing research challenges these differences present. The 'threat' to conventional marketing research is then explored with a review of the nature and use of competitor intelligence. The challenges faced by b2b marketing researchers in an international setting are then evaluated, discussing how language and cultural differences impact upon gaining access to businesses. This is followed by a discussion of the ethical issues raised in implementing competitive intelligence compared with conventional marketing research. The chapter finally evaluates the implications of using the Internet in b2b research, especially the benefits of briefing and supporting fieldworkers when they have been given the task to interview respondents about technical questions.

We begin with two examples illustrating how marketing research may be used in b2b marketing. The first example demonstrates the use of quantitative and qualitative techniques in an international setting. The case could well refer to any consumer marketing organisation, investing in the use of exhibitions and wishing to evaluate the worth of that investment. It basically illustrates that all the techniques that have been presented and discussed in this text can be used in a b2b context. It could also be used to support the argument that there is no difference between marketing research in b2b contexts compared with consumer marketing, as the case clearly shows that all techniques can be utilised. What it does not reveal are the many challenges facing b2b marketing researchers when generating information in which b2b decision-makers will have confidence.

example

Fair's fair for Ericsson¹

As the world's largest supplier of mobile systems and a leading player in fixed line networks, Ericsson operates in more than 140 countries. It provides total solutions from systems and applications to services and core technology for mobile handsets. Its customers are network operators from around the world; indeed, the top ten largest mobile operators are all customers of Ericsson. Telecoms companies like Ericsson recognise that trade shows play a crucial role in building the brand as well as providing showcases to demonstrate new products and technologies. They also provide the means to nurture and develop relationships by meeting and entertaining customers and other parties.

Ericsson has a clearly defined strategy for participation at trade shows and typically takes part in the 3GSM World Congress (France), CTIA (USA), CeBIT (Germany), CommunicAsia (Singapore) and ITU Telecom Asia (Hong Kong). Given the high levels of expenditure to participate and the importance of this communication channel, Ericsson determined that they needed to ensure that:

- the return on investment in a show could be measured;
- best practice guidelines were developed;
- the Ericsson brand was being communicated consistently.

In order to support the decisions involved in these areas, Ericsson used marketing research to provide feedback in five key areas:

- the 'quality' of visitors;
- their performance at an individual show;
- the impact on customer/employee relationships;
- the impact on the brand;
- the value of participation relative to other communication tools.

Working with the research company BPRI, an array of research techniques were used. Depending upon the nature of their target audience, CAPI, ethnography, telephone, Web and self-completion surveys were used. The CAPI approach was used daily and enabled them to capture findings from the previous day and to make changes to the visitor experience. For example, at the beginning of the 3GSM World Congress, some concern was expressed about the processes used for directing visitors to key Ericsson staff, as well as about the need for a more tailored approach. The daily briefings by the BPRI team highlighted these areas of concern and alternative solutions to these issues were implemented on the same day. Marked improvement was subsequently reflected in much higher scores for these aspects of performance. ■

The second example comes from the many technical challenges in the GlobalCash study. The following serves as a reminder of the GlobalCash 'journey' throughout this text. It may come as a surprise to recall that all of the GlobalCash examples used in the previous 26 chapters to illustrate different techniques and challenges faced by marketing researchers have been set in a b2b context. Again, the whole array of research techniques have been used, which may add further weight to the belief held by many that there are no differences in marketing research for b2b or consumer marketing.

example

GlobalCash Project

Supporting b2b decision making

The GlobalCash study was designed to support b2b decision-makers. The array of techniques used in the study included:

- a traditional postal survey to the largest companies in Europe;
- a telephone survey to these companies prior to the launch of the euro;
- an Internet survey regarding company responses to the introduction of the euro;
- qualitative in-depth interviews with key decision-makers;
- a feedback workshop in Brussels where survey findings were presented to respondents, followed by qualitative workshops based on group discussions.

These techniques were targeted at Chief Executives, Finance Directors and Cash Managers. The decision-makers in major banks from Britain, France, Germany, Ireland, Spain and the USA that required decision support included: Customer Relationship Managers, Systems Designers, Brand Managers, Marketing Managers and Strategists.

Selections of the areas of decision support, taken from the initial proposal, include:

- **Understand your market and your consumers** 'Obtain an increased understanding of what the most demanding customers are looking for in terms of cash management products, services, systems and quality standards across Europe.'
- **Benchmark yourself** 'Learn what major companies in each country and across Europe think about their banks and related service providers and the transactional banking services they use.'
- **Identify market opportunities** 'Understand the strengths and weaknesses of products and services as perceived by the leading companies in Europe.'
- **Product development opportunities** 'Introduce new cash management strategies based on an in-depth understanding of present and future market needs and competitor activity, strengths and weaknesses.' ■

The main challenge in the GlobalCash study lay in gaining access to such prominent and busy executives. Over the 10 years that the study unfolded, different research techniques were tried out and developed to draw out the most meaningful, valid and reliable information from the target executives. The GlobalCash researchers were fortunate to be able to repeat the study every two years and to learn very valuable lessons in implementing the next study. The majority of b2b marketing researchers do not have this luxury, having to do their best in a one-off situation, learning from their experiences and the case material of b2b research practices in many specific contexts.

There are many marketing researchers who believe that b2b marketing research is quite distinctive from consumer marketing research. There is a professional group, the Business Intelligence Group (BIG) www.b2bresearch.org, that was launched in 2001 to support the interests of individuals involved in b2b marketing research. We will progress by evaluating whether there are distinctive characteristics of b2b marketing decision making that may require a different approach to marketing research. To begin such an evaluation we continue by evaluating the nature of b2b marketing and what are contended to be the similarities and distinctions when compared with consumer marketing.

What is b2b marketing?

b2b marketing is a relatively new term used to describe business marketing, industrial marketing or even organisational marketing. It is a simple acronym for the term business-to-business marketing that was initially used to distinguish online business transactions, but is now used as the generic term for business marketing. In very simple terms b2b means businesses that sell products or services to other businesses, such as Intel selling processors to Dell or other computer manufacturers.

Such a simple term masks the challenges faced by b2b marketers. In the following definition, Dibb *et al.*² highlight the activities involved in the process of exchange between two parties. This definition presents little distinction between b2b marketing and the generic process of marketing, as discussed on pages 4 and 5 in Chapter 1.

Industrial [b2b] marketing concerns activities directed towards facilitating and expediting exchanges between industrial markets and industrial producers.

In the second definition, Ford *et al.*³ present a view of b2b marketing that goes beyond the more traditional marketing notions of exchange as presented above.

Business [b2b] marketing is the task of selecting, developing and managing customer relationships for the advantage of both customer and supplier, with regard to their respective skills, resources, technologies, strategies and objectives.

In this definition the key element to emphasise is the task of managing customer relationships. This can be seen as a process that goes beyond the facilitating and expediting exchanges of goods, although it could be argued that the facilitation of exchanges could include the management of relationships. Nonetheless, Ford *et al.*'s emphasis upon the management of relationships forming the essence of b2b marketing could lead to the case that there are more differences than similarities between b2b marketing and consumer marketing.

Introducing the distinction between b2b and consumer marketing

There are many products and services which may be clearly identified as b2b transactions, such as electrical components used in the manufacture of earthmoving equipment. Other products and services, which at first glance may appear to be b2b transactions, may also be sold to consumer markets. For example, electrical components used in car manufacturing may be sold direct to consumers who wish to service, repair or even transform their own cars. Other more obvious examples of products and services which may be bought by both businesses and consumers include: cars, private health insurance, meals in restaurants, laptop computers and stationery equipment – the list could go on! Littler⁴ contends that the key factor that distinguishes between b2b and consumer transactions is *the purpose for which they are sold*. In b2b transactions, he argues that products are bought for resale or for the production of other goods, and services are bought to facilitate the resale and production of goods. In consumer transactions, products and services are generally bought for the self, the household or as gifts. This distinction clearly does not rule out consumers reselling products, as any glance in the classified columns of newspapers for ‘unwanted Christmas presents’ or a search on eBay (www.ebay.com) would quickly reveal!

If there are different purposes for which goods and services are sold in the two sectors, the approaches to marketing them could differ quite significantly, the nature of target markets may be fundamentally different, and the marketing techniques that communicate and generate sales could differ. However, the underlying reason for such a difference may be simply that business consumers tend to be seen as rational buyers, whilst consumers tend to be seen as more intuitive and emotive. In examining the differences between business and consumer purchases, Wilson⁵ argues that it is difficult to dispel the persistent images of professional committees deciding proactively on organisational purchases, and wilful or manipulated individual consumers engaging in semi-rational or impulsive buying behaviour. Such images can be defended if one is circumspect in choosing examples to illustrate the argument, from either perspective. For example, if one were to contrast the buying decision for a train manufacturer selecting the supplier of braking mechanisms compared with a consumer buying chocolates, there would very different time frames and stages to the decision-making process. If one were to compare the differences between the two sectors in the decision to buy a Christmas hamper as a gift, the time frame and stages to the decision-making process may be very similar. The purpose behind the decision to buy a Christmas hamper may also be very similar. There are also many examples of consumer purchasing that may be very ‘professional’ in terms of knowledge of prices, quality, source reliability, product availability and product applications which is not only highly professional but can make the difference between competitive survival or failure – in the sense of sustaining accustomed standards of organisational (i.e. family) performance⁶. There are clearly many grey areas between a notion of business purchasing = professional and consumer purchasing = emotive and impulsive. The task of setting out clear differences is difficult given the breadth of products and services that are purchased by businesses and consumers and the great overlap in the nature and intention of the purchase. One of the foremost industrial marketing writers, Frederick Webster,⁷ recognised that many of the differences may be only by degree, but that there are substantial differences:

If we are to understand and intelligently attack industrial marketing problems, a number of substantial differences between industrial and consumer marketing must be recognized. While it may be true that these are often differences of degree rather than kind, the degrees of difference are substantial.

In examining the similarities and differences between b2b and consumer marketing, the strength of the argument lies in the examples chosen to make the case for the difference to be 'substantial'. These differences may not be absolutes; there may always be specialised b2b and consumer markets that can be used to counter-argue a point. The emphasis may be upon the propensity or tendency for b2b and consumer marketing problems to be different. The 'tendencies' for b2b purchases developing distinctive characteristics do have implications for the b2b marketing researcher. Before examining these implications, two factors at the heart of the defence for the distinction of b2b marketing need addressing, that is **networks** and **relationships**. These factors are founded in Ford *et al.*'s definition of business marketing and are the basis for the contention that there are fundamental differences between b2b and consumer marketing, and thus differences in the approaches and challenges faced by b2b and consumer marketing researchers.

Bases for the distinction of b2b marketing research

The network

Ford *et al.*⁸ argue that the transactions between a business supplier and its customers are not isolated events that are unrelated to each other. Instead, each of the transactions takes place in a relationship and each is related to the previous experience of the companies and what they plan for the future. Business marketers have relationships with their suppliers and these relationships are vital if the marketer aims to build strong relationships with their customers. Each of their suppliers will have relationships with other suppliers and with their customers. All of these relationships are affected by the other ones and are intertwined in a network, and it is in this network that the b2b market operates. The distinctive element of seeing b2b marketing as a series of relationships in a network is that, if the marketing researcher wishes to understand the behaviour of an individual company, then they have to understand its relationships with other companies. Businesses are not seen as free agents, able to develop and implement their strategy in isolation; each is dependent upon the other in order to act and react to the strategies of others. In other words, the basic assumption of network thinking is that 'no business is an island'.⁹

Figure 27.1 illustrates a distribution network from the perspective of a large supplying company: IBM. The figure demonstrates the different ways that computers can reach customers in Italy.

In order to understand a network, a focal relationship is usually chosen. By choosing a particular relationship the network can be examined from that perspective. As soon as the focal relationship changes, a new set of relationships emerges. By examining a network carefully a b2b marketer can achieve a realistic and balanced understanding of their own position in the minds of customers and suppliers. It is very important to evaluate the network from different focal points as drawing the network from the perspective of just one business can lead it to believe that it is more important to others than it actually is. The existence of a network should not cloud the fact that the key task of b2b marketing is to manage each single relationship. It is through its relationships that a business learns and adapts to its surrounding network; that a business exploits and develops its own abilities and gains access to others, and it is also through relationships that a business can influence different businesses elsewhere in the network.

Relationships

Ford *et al.* use the term 'relationship' to describe 'the pattern of interactions and mutual conditioning of behaviours over time, between a company and a customer, a supplier or other organisation'.¹⁰ The time dimension of a relationship requires decision-makers to shift their emphasis away from each single discrete transaction, towards tracking how things unfold in the relationship over time and changing them

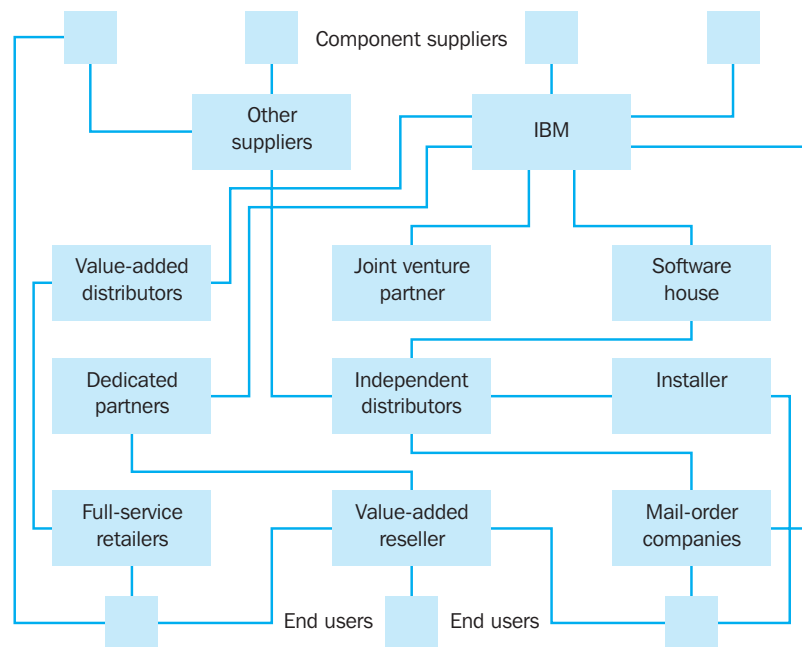


Figure 27.1
IBM's distribution network

when appropriate. Relationships with business customers are likely to be complex. A business's relationships with its suppliers, development partners and financial institutions that constitute its network all depend upon its relationships with its customers and on solving their problems in those relationships. Ford *et al.* make the clear distinction between the growth of Customer Relationship Management (CRM) systems and the stream of books and articles dealing with 'relationship marketing'. They contend that the idea that underpins most relationship marketing literature is that relationships are the creation of the marketing company. Such views do not help b2b marketers who have to cope with:

- The history of their relationship and the impact of those events upon how different individuals in separate businesses react to each other.
- Relationships that are not necessarily positive through coping with differences in aims and understanding that may result in conflict as well as cooperation.
- Both businesses interacting with each other, both attempting to manage the relationship in a way that they think appropriate.

The b2b relationship is not a relationship that is managed in a unilateral manner, i.e. a relationship that the marketer can 'drive'. CRM systems that hold the details relating to every customer, that are typically used to ensure all interactions with the customer are consistent and knowledge driven, are typically 'unilateral'. Though CRM systems may measure and model characteristics of transactions that develop over time, they are electronic observations of measurable characteristics of those transactions. CRM systems are not a means to acquire a realistic understanding of the rich and qualitative complexities of continually developing b2b relationships.

In the context of understanding networks and relationships, the prime objective of marketing researchers in business markets therefore is to establish and support an understanding of how the network operates and how successful relationships evolve. There is a need to understand how networks develop and how businesses and individuals in it relate to each other. By being able to recognise patterns of behaviour in the network, businesses should gain some guidance on how they should act and react. To develop such an understanding of patterns requires more than analysis in the traditional sense of gathering and interpreting the available data on patterns of sales and market shares. It means

capitalising on the tacit knowledge inside the business and in other networked businesses. Tacit knowledge in this sense could mean, for example, understanding the psychological barriers that may exist in managers when presented to new offerings that evidently offer better monetary value than they get from their present suppliers. They may have worked with their present suppliers for many years and developed economically and socially together; what price would they pay to sever that relationship?

Faced with such a challenge in understanding networks and relationships, the b2b marketing researcher has all the techniques as detailed and illustrated in this text at their disposal. Having the techniques available is one thing; implementing them is another. The challenge for the b2b marketing researcher is to creatively adapt and develop the techniques to overcome the obstacles in the b2b environment. In order to understand the challenge set for the b2b marketing researcher we now examine the implications they face of the differences between business and consumer purchases.

Implications of the differences between business and consumer purchases for the marketing researcher

The differences between b2b and consumer purchases have implications for the approach, research design and individual data gathering and analysis techniques that may be employed by marketing researchers. We now examine the nature of the differences between business and consumer marketing and the challenges faced in applying marketing research techniques using the framework of arguments as presented by Ford *et al.*¹¹ As we work through the individual challenges you will also see how these challenges become interrelated. The five key differences are summarised in Figure 27.2 and then individually evaluated.

The number of people who may be involved in a b2b purchasing decision

The concept of the ‘buying centre’ is well established in business purchasing. Collective decisions are more typical of complex, expensive or controversial purchasing decisions in larger businesses, whereas routine decisions and/or decisions made by smaller organisations are typically made by individuals rather than by groups.¹² However, even in cases of decisions apparently made by an individual, there could still be many other roles of influence involved in the phases of the purchasing process before and after the actual decision itself.

Webster and Wind¹³ famously identified five buying ‘roles’ within the context of ‘buying centres’. We can illustrate these roles by using an example of a b2b scenario involving an FMCG business buying Marketing Research services!

Key differences between b2b and consumer marketing	b2b marketing tends towards	Consumer marketing tends towards
1 Number of people involved in purchasing decision	High	Low
2 Professionalism of those involved in the purchasing decision	More rational	More emotive
3 Time taken to negotiate from decision to buy to actual purchase	Lengthy	Short
4 Importance of individual consumer to supplier	High	Low
5 Relationship development	Joint negotiation	Unilateral

Figure 27.2
Summary of differences between b2b and consumer marketing

- 1 *Users*. This may be a Brand Manager seeking marketing research support for the decisions faced in the launch of a new product.
- 2 *Influencers*. This may be a Human Resources Director who has used a range of research organisations for staff surveys over the past two years.
- 3 *Buyers*. This may be a Purchaser who is responsible for drawing up a research brief, contacting research organisations, gathering research proposals and managing the negotiation process.
- 4 *Deciders*. This may be the Marketing Director if the budget for project exceeds a set amount.
- 5 *Gatekeeper*. This may be another Brand Manager who may be supportive or downright secretive and may help or hinder in feeding information and the interpretation of that information.

Further categories have been suggested such as those of:

- 6 *Initiator*.¹⁴ This may be a more Senior Manager to the Brand Manager that recognises the decision problems faced by the Brand Manager/user and encourages them to purchase marketing research support or even champions their case for marketing research support.
- 7 *Analyst*.¹⁵ This may be an individual who has the technical ability to critically evaluate the offerings and associated costs as presented in the proposals from competing research agencies.
- 8 *Spectator*.¹⁶ This may be the Brand Manager of a competing brand who may react in the way the Brand Manager/User desires – ‘sheer panic’ at the thought that the competition is employing a major ethnographic study to support the development of a new integrated communications strategy.

This example shows eight people involved in the decision. In some organisations, these roles may be performed by one person, in others there may be numerous influencers and gatekeepers, sometimes working in different managerial functions, hierarchical levels and geographical locations. The people in the ‘buying centre’ will have different needs because of their different responsibilities, so a buyer is likely to be more interested in price and contractual details than a user is. Behind these roles there are individuals who will have their own perceptions, expectations and objectives based on their personalities and backgrounds.¹⁷ The marketing researcher needs to help decision-makers measure and understand these individuals and their inter-relationships.

Marketing research challenges. The main challenge of the number of people involved in a business purchase is one of sampling. In a team such as that illustrated above, who would be the target **element** when putting together a sampling plan? Even if there were sampling frames that listed the managerial roles of individuals in an organisation, it is highly improbable that they will be listed by their roles in a ‘buying centre’. The views of the marketing researcher Ruth McNeil illustrate this point.

example

Open for business?¹⁸

Sampling is becoming ever more demanding. Clients are requiring specialist samples, targeting particular people with particular job titles or skill sets. Such detailed specifications require the fieldwork company to know both where to find and how to access good lists. The absence of good, globally relevant sampling frames is still an issue. Given that SIC codes are rapidly becoming out of date, the increasingly specific demands for respondent type mean that a b2b researcher’s skill now lies as much in finding the right respondent as in conducting and analysing a good interview. ■

The above example illustrates something of the 'detective' skills in tracking down the right respondent for a survey or interview. Even when we have tracked down the right individual, the challenge of getting them to respond in the way we would like is a great challenge. This challenge is developed in the next difference between b2b and consumer purchases discussed below.

The people involved in a b2b purchase are professional

The concept of the professional buyer is well established in business purchasing. Businesses use professional buyers to make economically sound purchases that support their strategic and operational decisions. Such professionals establish auditable systems of purchasing to cope with relatively cheap and routine goods through to expensive, complex and risky one-off products and services such as the purchase of a new accounting information system in a multinational company. Purchasing professionals in essence aim to manage b2b transactions in a rational and economic manner. The following example briefly describes the nature and mission of the professional body that represents purchasing professionals.

example

The professional buyer – a Chartered Purchaser

The Chartered Institute of Purchasing and Supply (CIPS) is an international education and qualification body representing purchasing and supply chain professionals. CIPS exists to promote and develop high standards of professional skill, ability and integrity among all those engaged in purchasing and supply chain management. It is the largest organisation of its kind in Europe and a central reference point worldwide on matters relating to purchasing and supply chain management. Its Professional Code of Ethics is the model for the international code and the domestic codes of many countries. The Institute acts as a centre of excellence for the whole profession of purchasing and supply chain management. ■



Even when one has gained access to a target respondent, the challenge still remains to gain access to what they really feel or think about a subject.

A body of professionals with rational, economic and ethical practices and that are auditable in a business should make the research challenge of measuring their practices relatively easy when compared with emotive and fickle consumers. However, even assuming that it is the professional buyer that makes the purchasing decision, one has to consider why they should divulge or share their practices with marketing researchers.

Marketing research challenges. The first major challenge of the people involved in a business purchase being professional is one of **access**. Access can be described as working at two levels.

- 1 *Initial contact:* getting to meet a target respondent in the first instance so that they understand the nature, purpose and benefits of taking part in an interview or completing a questionnaire.
- 2 *True feelings:* assuming that a researcher has managed to persuade a target respondent to participate, are they able to access what they really feel or think about the research subject? How guarded or sensitive may the respondent be in responding to the set questions and probes? Will they be responsive to research techniques that seek to uncover issues that are difficult to conceive and/or express?

The example on page 32 illustrated how increasingly difficult it is to gain access to Chief Executive officers, especially in a b2b context. It illustrates the despair faced by marketing researchers when they are briefed to interview managers who the researchers know have been targeted in many other

studies, and they realise the difficulty or impossibility of gaining access to them, at both levels of access described above. The views of the marketing researcher Richard Field further illustrate this point.

e x a m p l e

Is nothing straightforward in b2b research?¹⁹

Organisational changes are making it increasingly difficult to complete business research. It is, for example, harder to contact business executives. Routes to them are less likely to be through a secretary or even a switchboard. Phone numbers are more likely to be direct, unlisted or routed through a central department or an automatic exchange that is immune to the persuasive interviewer. On a wider level, researchers have also had to contend with both the seemingly inexorable conglomeration of the business world and policy changes on compliance. Increasingly, corporate policy forbids interviews – even in corporations that need, and commission, research themselves. In areas where there is a restricted pool of potential respondents, one cannot afford low strike rates. It doesn't just take longer to complete the quotas; one just runs out of contacts. ■

The second level of access ('true feelings') also presents major challenges for the b2b marketing researcher. The issue raised by professional purchasers at this level is whether they actually behave in a rational and economic manner and whether they understand or are willing to discuss any emotive or subjective reasons for their purchasing behaviour. The following quote illustrates that, although business purchasers may be professional and strive to be rational in economic terms, the reality is somewhat different.

No organisation has the resources (in terms of time, energy, money and brain capacity) to look at all the possibly relevant information about all the competitive alternatives available.²⁰

At some point in the evaluation of potential alternatives, professional purchasers will determine that they have considered enough information to be able to make a decision. Professional purchasers may strive for and project an image of rationality. The marketing researcher Neil McPhee²¹ does not see it this way:

There is a strand of business teaching that has put forward a model that decision-making in corporates is logical and unemotional. This has never been true and is not true now. Research respondents remain human, even when they are at work, and human emotions have a habit of clouding rationalism.

The following example illustrates the techniques used by Insight Research Group to clarify the issues that may cloud rationalism in b2b purchases.

e x a m p l e

A spoonful of research helps the medicine go down²²

The only difference between doctors and other consumers is that this is a classic b2b market, in which customers are not in themselves the end consumers. However, they still have a set of beliefs about the value of a brand for themselves and their patients. It is imperative therefore that researchers get beyond doctors' rational and logical outer shell. They need to find a robust way to underpin functional data with the kind of emotionally driven information that could be used to feed into differentiated pharmaceutical products. Having long known that doctors were adept at assuming and maintaining a professional, logical 'distance' in research, the Insight Research Group began looking at how this behaviour might affect the depth of the overall findings. The often thoughtful, cogent, technical and articulate responses from doctors were in themselves something of a barrier to getting at the more fundamental drivers and triggers for prescribing which were required to make really compelling campaigns. This led to the development of a research approach which placed a greater emphasis on non-direct ques-

tioning, increased observation and interpretation of materials, generated from purpose designed exercises. In small workshops, doctors participated in group and individual work that helped to dismantle the 'doctor' behaviour and facilitate access to their deeper 'sensing' levels. At the analysis stage, the specific sorts of communication, imagery, language and even tone that would help the brand to trigger response at both rational and emotional levels became the focus. ■

It could be quite easily argued that such research approaches are commonplace in consumer marketing research; there is nothing distinctive in such an approach for b2b marketing researchers. What makes it distinctive is the juxtaposition of the access issues discussed above, i.e. getting to interview professional purchasers in the first instance and, if access is gained, getting them to cooperate – with the implementation of qualitative techniques. The following example from the GlobalCash project illustrates the difficulties and expense involved in making such approaches work.

example

GlobalCash Project

Engineering the group discussion

Trying to bring together finance directors and cash managers from the largest companies in Europe to participate in focus groups could be viewed as an impossible task. The logistics of bringing together such senior managers, the rewards they may demand for attending such an event and the question of how much they would reveal to other managers and researchers in such a forum make the whole technique questionable. The GlobalCash solution demanded many months of planning, great expense to create an event that would draw managers together and the careful setting of a context that made managers relaxed enough to be open with their responses.

Part of the incentive to complete the GlobalCash questionnaire was an invitation to take part in a 'closed forum for respondents'. This meant that a date was set to present findings from the survey exclusively to respondents. The date and meeting place of The Management Centre in Brussels (a forum for 'serious' discussion of high quality) were established well in advance to allow managers the chance to put the date in their diaries. The day started with an initial session of presenting statistical findings to the whole group of managers who had responded to the questionnaire. As questions were fielded in this forum, particular topics of interest were identified and focus groups (never named as focus groups but as 'workshops') were built around these topics. By mid-morning, groups of around 10–12 managers were together tackling a theme of importance to them. With a loose set of topics to develop into questions and probes, the format for a focus group was achieved. ■

The second major challenge of the people involved in a business purchase being professional is one of **interviewer credibility**. The subject of an interview may be technical in nature given the complexity of the product or service. This was discussed in Chapter 8 in the context of qualitative depth interviewing. The interviewer with credibility in the eyes of the respondent would appreciate the significance of particular revelations, understand the language (even technical language and jargon in certain areas) and ultimately get the respondent to open up, i.e. they will gain a greater level of access.

The nature of networks or relationships within an industry may have a level of complexity that could prove to be difficult for an interviewer to comprehend. These complexities may not present problems when a structured interview is being conducted. However, if there are open-ended questions or areas where probing is required, as would be necessary in any qualitative interview, the 'technical competence' of the interviewer will be revealed. If the interviewer has technical knowledge, probing can be much more meaningful to the respondent, the process of building a rapport can be much stronger and a richer and more revealing response may be obtained. In the GlobalCash study, the very precise technical nature of the subject and

the seniority of the respondents meant that interviewer credibility had to be tackled when the series of in-depth interviews was planned. The supporting researchers from business schools in individual European countries helped in gaining access to key respondents, and a Professor would be at hand to help with any language and cultural issues. The nature of the questions and probes were handled by a consultant with an international reputation in the field of cash management, that the respondents respected, wanted to talk to and could relate to at their technical level. The consultant had knowledge of the banking techniques, but, just as important, the nature of networks and relationships that operated in a highly competitive industry.

A b2b purchase may take a long time from the moment when the issue is first raised until final delivery

Given the complexity of a business customer's requirements, the importance or value of their purchase, the number of individuals involved in the purchase and the level of their knowledge and the help and advice that negotiating suppliers can give, a business purchase can be a very lengthy process. The following GlobalCash example illustrates the time taken for what may seem to be a simple decision, i.e. to choose to work with a new bank.

example

GlobalCash Project

Interfering parents

Hitachi Europe operate from offices in UK and Germany. They manage transactions with wholesalers and retailers throughout Europe involving the euro and other currencies, e.g. Swiss francs and UK pounds. They manage these transactions and the relationships with the parent company in Japan through a number of domestic and international banks.

One of the key challenges that Hitachi Europe faced was trying to simplify the process of managing transactions and cutting down on the expense incurred in their thousands of transactions. The first route that they took was to purchase and implement a new accounting system, which in itself took three years from the moment of recognising the nature of their problem through to evaluating possible solutions, negotiations with alternative suppliers and on to buying and implementing the system through to changes in practices and training their staff. The second route was to concentrate their banking business by cutting down the number of banks they had accounts with and to develop a new business relationship with a bank that had the international expertise, compatible information systems and service support of the quality level they sought.

For an organisation like Hitachi, choosing a new bank and setting up a new account is not like a consumer going into a bank branch or to a Website and selecting a product from a range of standard products. The main obstacle to change faced by Hitachi was the parent company's insistence that the European offices worked with certain Japanese banks. It is left to your imagination to appreciate the nature and intricacy of the networks and relationships between individuals working in Hitachi headquarters, regional offices, country offices, wholesalers, retailers and the banks that support their operations. Developing a new relationship between Hitachi Europe and a new bank, which would involve the demise of many establishing relationships, would involve much negotiation within Hitachi and between existing banks and the new bank. For Hitachi Europe the process started at the time of choosing a new accounting system. Working with the new bank took another two years to complete, five years in all. ■

In this example, the compounding factors of the time taken from the moment when an issue is first raised to final delivery emerge from the numbers of individuals who may be involved in the negotiations and the fact that they are professionals working in an environment of clear cost/benefit analyses. Assuming then that marketing researchers can identify who to talk to and gain access to them, what new challenges emerge given lengthy decision-making processes?

Marketing research challenges. The main challenge of the time taken to make a business purchase is one of **respondent error**.

Telescoping

A psychological phenomenon that takes place when an individual telescopes or compresses time by remembering an event as occurring more recently than it actually occurred.

In Chapter 13 we discussed the errors caused when administering questionnaires through the inability of respondents to remember events. **Telescoping** takes place when an individual telescopes or compresses time by remembering an event as occurring more recently than it actually occurred.²³ The ability to remember an event is influenced by (1) the event itself, (2) the time elapsed since the event, and (3) the presence or absence of things that would aid memory. We tend to remember events that are important or unusual or that occur frequently. Decision-makers that are part of a 'buying centre' are more likely to remember the negotiations, events and individuals associated with their most recent decisions. In the GlobalCash example the time taken to conduct negotiations developed over five years. During that time, negotiations may unfold in different geographical locations, involving different business functions and types of decision-maker. The personnel involved may even change as decision-makers move on to other projects or other organisations. For the marketing researcher this presents challenges in terms of accessing potential respondents who were present through the process of negotiations. If such decision-makers can be accessed, the next challenge is to get them to remember key events and individuals. Questions that do not provide the respondent with cues to the event, and that rely on unaided recall, can underestimate the actual occurrence and nature of an event.

In Chapter 3 (pages 75 to 77) we discussed the non-sampling errors termed as response errors. It was noted that a non-sampling error is likely to be more problematic than a sampling error. Its problematic nature emerges from the difficulties involved in identifying the error, measuring it and making changes in estimates. Response errors can be broken down into 'respondent inability' and 'respondent unwillingness'.

- *Inability error* results from the respondent's inability to provide accurate answers. Respondents may provide inaccurate answers because language and logic used in a survey or questionnaire bear no relevance to their experiences, or the question format and content may be taking them into issues that are meaningless in their work context. Such an experience may result in respondents suffering from fatigue, boredom and a general lack of engagement with the process of questioning. For example, in the GlobalCash example, imagine a respondent being asked to respond to a series of Likert scale items about the service quality of online technical support. Though the organisation may use such support, a professional buyer responding to the scales may see the overall issue of online technical support as being of very low priority in the context of all the issues involved in negotiating with a new bank. Could the marketing researcher trust that the respondent has thought through the measured issues carefully and is being honest?
- *Unwillingness error* arises from the respondent's unwillingness to provide accurate information. Respondents may intentionally misreport their answers because of a desire to provide socially acceptable answers, to avoid embarrassment or to please the interviewer. More especially in the b2b scenario, their answer has great commercial sensitivity and responding to it truthfully would reveal their commercial intellectual property. For example, to impress the interviewer a respondent may intentionally say that their business works with *The Cooperative Bank* in order to portray themselves as having relationships with organisations that profess a socially responsible agenda. They may not have any business with this bank, but would the interviewer be able to validate this response? As another example, the interviewer may pose questions about weaknesses in the services offered by a par-

ticular bank. The respondent may consider this sensitive as the weaknesses may reveal flaws and, by implication, the individuals involved in these flaws in their own organisation. The respondent may also question what may happen to their responses. If given directly to other banks in an unaggregated form, it would present all the elements required for another bank to make a sales pitch that may upset an established relationship.

Overcoming telescoping and respondent errors raises fundamental questions about the techniques used to elicit information and the benefits and rewards given to respondents. These types of error cannot be simply managed by larger samples as we will explore in the next section.

In many cases each business customer is individually important to a supplier and responsible for a significant proportion of its total sales

An example to illustrate this difference between b2b and consumer marketing is the extreme situation of dependence which can occur in commercial aviation, where there are only two main suppliers of airliners and only a few dozen major customers. Of course, not all b2b marketers have so few target customers. A manufacturer selling photocopier paper could have potentially huge numbers of businesses to sell their wares to, from major multinationals through to home businesses. In consumer marketing, a manufacturer of bespoke tailor-made shoes, selling at €2,000 a pair, may have relatively small numbers of target consumers that are responsible for a significant proportion of their total sales.

In b2b and consumer marketing, examples can be found of businesses that have a few high-value customers and those that have huge numbers of customers with low-value transactions. In general, however, b2b marketers have a higher propensity to deal with fewer customers of high value when compared with consumer marketers. The comparison between the two is illustrated in Figure 27.3.

To further illustrate the comparison between b2b and consumer marketing, an example from the GlobalCash study is presented below.

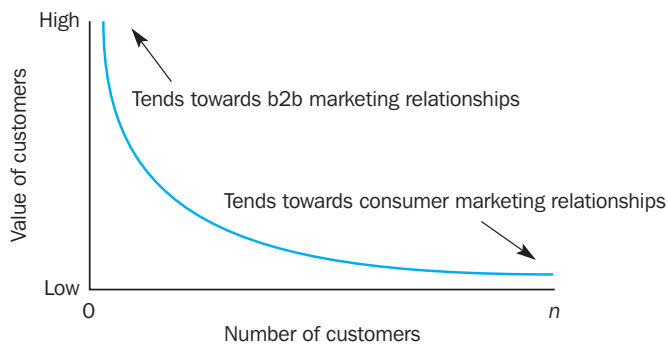


Figure 27.3
Customer number/value trade-off

e x a m p l e

GlobalCash Project

Size matters

One would imagine that in commercial banking the number of target businesses is huge: every business requires banking services of some sort. ‘Some sort’ of services covers a vast array of services that banks can deliver. When these services are individually analysed, the individual number of consumers is not so big. We will examine such an analysis in the case of cash management banking.

Imagine yourself going on holiday and wanting to exchange your local currency for Australian dollars. All banks can help you make currency exchanges. The transaction is paid for through an exchange rate that is constantly changing and a commission fee. If you were a small business conducting transactions that involved a few currency exchanges per year, then you may have to pay the ‘going rates’ at your local bank or shop around for the best rates. However, for a company like Peugeot, imagine the variation in their profits depending upon the relative value of the euro to the US dollar and how much it costs for each currency transfer. Think of the currencies that Peugeot may have to deal in and the number of transactions and flows of funds. To Peugeot, the fluctuations in currency values and timing of cash transfers are crucial factors that can make the difference between sound profits and a loss. Given the volume of their business and the size of their transactions, Peugeot would not pay the ‘going rate’ that yourself or a small business would. They would expect a cash management banking service tailored specifically to their operations that may be radically different from the operations of BMW.

The target markets in cash management banking sought by major banks are those companies that operate internationally or even globally, dealing in huge sums and a variety of currencies. There may be millions of individual transactions to manage, huge networks of transactions across many countries or very high values to the transactions. When examining the nature of businesses that fulfill these requirements, there are relatively few compared with the total number of businesses, which is why the GlobalCash study, conducted on behalf of 15 of the largest pan-European banks, targeted just the largest 5,000 companies in Europe, a very small fraction of the total number of European businesses. ■

The GlobalCash example illustrates how the essence of relatively few consumers may be of high value – through careful target marketing. Some businesses may have a mass marketing strategy that aims to target a great breadth of business types; others may have to specifically tailor their offerings to suit the specific needs of quite distinctive businesses. From the following example you are encouraged to track down the Kelly’s directory (see the Web link references below) for a UK and global illustration of how businesses may be classified and the extent to which b2b marketers may finely tune the nature of their offerings to generate business with a few high-value businesses.

e x a m p l e

Kelly’s – a 205-year-old success story²⁴

Kelly’s, a subsidiary of the publishers Reed Elsevier, is the UK’s premier brand for industrial purchasing and supplies. Its print directory, popularly known as ‘the Big Red Book’ for industrial product and part manufacturers, comes out yearly, and has done since 1799. Its current directory aggregates more than 150,000 companies in 110,000 categories. Kelly’s added a CD-ROM version of the directory in 1989 so that users could more easily search the listings. In 2001 a dynamic search-based site was established enabling customers to look for anything from abrasives to water pumps. Since then, the number of searches on www.kellysearch.com has risen from 10,000 to 12.5 million a month. The number of companies it represents has also ballooned from 150,000 to 1.3 million and each business receives quarterly figures tracking the responses the site has generated. ■

Marketing research challenges. The main challenge of each business customer being individually important to a supplier and responsible for a significant proportion of its total sales is one of coping with relatively few target consumers. As most quantitative marketing research techniques tend to assume large numbers of potential target consumers and survey respondents, the challenge faced by b2b marketing researchers is one of **sampling methods** and the subsequent **analyses that may be performed given sample selection**.

We have already presented the challenges of ‘element’ definition in a sampling plan, gaining access to respondents (and the effect upon response rates) and response error. If we add on the challenge of conducting surveys when there are relatively few target respondents, it is clear to see that the whole sampling process becomes very challenging.

In choosing a sampling method for a small target population, probability methods such as random and systematic sampling can be utilised. With simple random sampling it is often difficult to construct a sampling frame that will permit a simple random sample to be drawn. Simple random sampling may or may not result in a representative sample; this is the paradox faced when drawing a random sample – one does not know if it will be representative of a target population, only the probability that it will be within margins of error. Although samples drawn will represent the population well on average, a given simple random sample may grossly misrepresent the target population. This is more likely if the size of the sample is small, as faced in many b2b surveys.

With systematic sampling, when the ordering of the sample elements is related to the characteristic of interest the technique increases the representativeness of the sample. If businesses within an industry are arranged in increasing order of annual sales, a systematic sample will include some small and some large firms. A simple random sample may be unrepresentative because it may contain, for example, only small firms or a disproportionate number of small firms. Choosing the right characteristics by which to order sample elements is crucial. With the wrong criteria, systematic sampling may decrease the representativeness of the sample. Thus, the power of systematic sampling lies in the accuracy of the sampling frame and the criteria used to order or arrange the sample elements.

With the time and cost factors of sourcing and building up-to-date and accurate sampling frames, with details of sample elements, many b2b marketing researchers will favour administrative, i.e. timing and cost, criteria in preference to statistical criteria, and ultimately be forced to use non-probability sampling techniques. **Non-probability sampling** relies on the personal judgement of the researcher rather than on chance to select sample elements. The b2b marketing researcher would aim to build the elements to include in a sample, rather than starting from a point of having an up-to-date and accurate sampling frame that resembles their target population. Building up the sample in this manner leads the b2b researcher to commonly use judgemental sampling and snowball sampling techniques (as discussed in Chapter 14, pages 364 to 367). Samples created using these techniques may yield good estimates of the population characteristics, but they do not allow for objective evaluation of the precision of the sample results. Because there is no way of determining the probability of selecting any particular element for inclusion in the sample, the estimates obtained are not statistically projectable to the population.

The following example illustrates the challenges faced in the IT industry in sourcing accurate sampling frames and how researchers spend time building their own.

Non-probability sampling

Sampling techniques that do not use chance selection procedures but rather rely on the personal judgement of the researcher.

example

Traditional market share research is dead in the water²⁵

Data concerning IT market share has been one of the most visible aspects of b2b research, with IT trade magazines headlining leading IT companies' latest research findings. Traditionally, these data have been collected from large panels of retailers and resellers and often audited against shipment data provided by many of the manufacturers. Major changes in the IT market now mean that such panels provide only a partial view. Many key IT vendors are working to reposition themselves with their customers, targeting after-sales revenue which may spread over many years. For example, IBM is evolving from a manufacturer of hardware and associated software to a provider of IT services. As a result, for many key IT products, market size bears only an indirect relationship to the most recent purchase data. Measuring it therefore requires complex calculations based on combining the installed base of the product with the after-sales revenue flow it generates. In most cases, the raw data can only be collected by researching customers directly.

Contacting customers directly means that researchers have to collect data about a product which could be purchased by multiple decision-makers at dozens of different locations – and at site, department, or an individual level. These factors present quite formidable sampling challenges. Incompatibility between business sampling frames and official statistics regarding the number of businesses, where the latter exist at all, is common. Many research agencies are forced to build their own sampling frames, often from telephone directories. The result can be sampling frames that miss whole sections of the business population, such as sub-branches or government offices and perhaps the most 'invisible' group, the home-office sector. ■

Summary of sampling challenges. Whilst the theory of sampling is the same for all types of markets whatever their nature, there are key differences between sampling in b2b and consumer markets. These may be summarised as:²⁶

- 1 *Unit definition.* Is it the site (establishment), organisation, legal entity or some other business unit? Each definition offers different benefits and drawbacks, depending upon the research objectives. In consumer research only the individual or household has to be considered.



There is much more variance between a small business and a large organisation than between any two consumers.

- 2 *Element definition.* In b2b research, an individual is interviewed as a representative of the business. We have to be sure to interview the right individual in each business, and be consistent across businesses. This can be complex as business titles and responsibilities vary widely across businesses of different sizes and sectors.
- 3 *Heterogeneity.* There is a lack of homogeneity in the business universe. There is much more variance between a small business and a large organisation than between any two consumers. There is also great variation between different types of small business.
- 4 *Sampling frames.* The available sampling frames of businesses and the nature of their detail that could allow stratification vary considerably in accuracy and coverage.
- 5 *Public sector.* The public sector generally counts as business, though the usage and buying patterns are frequently very different from the private sector.

A b2b purchase or sale is not an isolated event

Salespersons, purchasing professionals and indeed anyone making decisions in a 'buying centre' do not just meet, negotiate a deal and move on to other things. Imagine a cement manufacturer wishing to buy a furnace that is expected to be part of their cement production process for over 20 years. There would be many meetings with staff from the cement company, the various competing furnace manufacturers and many potential suppliers of key components for the furnace. Even when the decision to buy from one particular supplier has been made, the interactions between technical, financial, production and legal staff could take place over many months or even years. The purchase could be the forerunner to servicing and repair contracts and the installation of similar equipment in other cement-making plants.

In the above example of buying a new furnace, there could be a time when modifications need to be made. There are locations where local authorities allow cement manufacturers to burn old car tyres in their furnaces. Adding old tyres to a gas-fired furnace may require modifications to allow the tyres to be fed in, changes to the chimneys to get rid of different fumes and the lining of the furnace. All of these developments may again unfold over time involving purchasing, technicians, production, logistics, marketing and legal personnel. There may be components that need to be replaced frequently given the immense temperatures in the furnace. The delivery of these components may involve a repeat order which may need a simple telephone call or even be generated by computer.

In all of these cases, the customer and supplier interact on the basis of their experiences of previous purchases between them, and given the nature of their expectations for future purchases. The interaction between a customer and supplier is a single episode in the relationship between them. Each episode is affected by the relationship of which it forms part and each interaction in turn affects the relationship itself.²⁷ Each interaction and each purchase or sale can only be understood in the context of that relationship, and ultimately within the network or businesses that enable the relationships to work.

Marketing research challenges. The main challenge of a b2b purchase or sale not being an isolated event is finding a research design that is appropriate to understanding complex networks and relationships. The cross-sectional study is the most frequently used descriptive design in marketing research. **Cross-sectional designs** involve the collection of information from any given sample of population elements only once. They may be either single cross-sectional or multiple cross-sectional designs. In **single cross-sectional designs**, only one sample of respondents is drawn from the target population, and information is obtained from this sample only once.

Cross-sectional design

A type of research design involving the collection of information from any given sample of population elements only once.

Single cross-sectional design

A cross-sectional design in which one sample of respondents is drawn from the target population and information is obtained from this sample once.

Multiple cross-sectional design

A cross-sectional design in which there are two or more samples of respondents, and information from each sample is obtained only once.

Longitudinal design

A type of research design involving a fixed sample of population elements measured repeatedly. The sample remains the same over time, thus providing a series of pictures that, when viewed together, portray a vivid illustration of the situation and the changes that are taking place.

These designs are also called sample survey research designs. In **multiple cross-sectional designs**, there are two or more samples of respondents, and information from each sample is obtained only once. In either variation of the design, much of the richness of the context of individual relationships and the network of relationships is lost. A more appropriate though more expensive and resource-intensive is the longitudinal design. In **longitudinal designs**, a fixed sample (or samples) of population elements is measured repeatedly. A longitudinal design differs from a cross-sectional design in that the sample or samples remains the same over time. In other words, the same people are studied over time. In contrast to the typical cross-sectional design, which gives a snapshot of the variables of interest at a single point in time, a longitudinal study provides a series of 'pictures'. These 'pictures' give an in-depth view of the situation and the changes that take place over time.

A key feature of creating such 'pictures' of relationships and networks is the building of contextual material from sources such as sales data, customer data, secondary data statistics, intelligence through press and trade commentary that focuses upon particular markets or industries and a vast resource of intelligence held within the employees of a business that may be seeking research support. In the following example, the SevenHR company was built around secondary data and intelligence sources, plus in-depth interviews within SevenHR.

example

A new approach to FMCG and retail recruitment – SevenHR²⁸

Frustrated by current practices in the recruitment industry, a group of FMCG and retail professionals decided to form a new recruitment consultancy. SevenHR considered that a researched understanding of its markets and target customers should be at the core of its business. They commissioned the research agency Propaganda to develop their launch strategy. Propaganda was briefed to evaluate the perceptions of key industry decision-makers and to explore the opportunities of developing a differentiated recruitment brand. Propaganda used a two-stage strategy. First they conducted desk research using secondary data and intelligence to audit the competitors of SevenHR, with focus on how they portrayed themselves and what reputation they had earned among industry influencers. Second, internal research was conducted which included in-depth interviews with each of the founding members of the company. The findings of the research project enabled Propaganda to establish a cultural mission statement for SevenHR, and formed the basis of their communications tactics. Having launched in October 2002, within six months the business was already 75% ahead of forecast. Significantly, almost every client had placed repeat business, some returning up to five times. ■

There may be a lack of resources devoted to allowing b2b marketing researchers to use longitudinal studies and uncover the wider contextual issues that would allow detailed knowledge of relationships and networks. There could be a limitation in the way that b2b researchers view the value of contextual material. Bairfelt and Wilkinson²⁹ argue that many b2b marketing researchers demonstrate a 'tunnel vision', which fails to recognise the wider business context of business findings. Many researchers work comfortably within the standard research process of: a brief, proposal, research set-up, fieldwork, presentation and report. They continue to argue that 'desk research is a dying art and that the multitude of excellent Internet resources are sadly neglected'; many b2b researchers are consistently failing to put their research into a wider market or business context. Such a failing can affect the briefing/proposal stage as well as the analysis/reporting stage. This means that research findings are often set in a 'vacuum' without reference to the challenges faced by b2b marketers. The danger of this is that b2b marketing research is seen by decision-makers as a 'nice-to-know' or luxury item rather than a key part of the planning and decision-making process. Adding value by drawing on the various sources of

market intelligence available reduces the risk of marketing research appearing irrelevant to decision-makers. It can also improve the research process so that decision makers value the information provided.

The weaknesses of cross-sectional research designs, the resources required to perform longitudinal designs and the limitations of some b2b researchers to appreciate the wider context of their investigations may result in b2b decision-makers looking to other sources for decision support. Over recent years there has been a growth in the use and practice of competitor intelligence. Many organisations have developed competitor intelligence systems that allow them to have a relatively low-cost 'picture' of their environment, competitors and sometimes even their customers. Competitive intelligence uses many marketing research techniques and by using multiple sources aims to set a broad context to allow the b2b decision-maker to understand the networks in which they operate. The next section briefly explores the nature of competitor intelligence and its 'threat' to the nature and standards of conventional marketing research.

The growth of competitive intelligence

The research designs and techniques employed in competitive intelligence may in some respects differ from the structured methods of marketing research; in other respects there are many similarities. Over the last 15 years or so, those who professionally gather competitive intelligence have continued to refine research techniques and to distinguish their approach from industrial espionage. In general, the research design employed for competitive intelligence is exploratory, using primarily secondary data, intelligence sources and qualitative primary data.³⁰ Competitive intelligence has been defined as a systematic process by which a firm gathers, analyses and disseminates information about its rivals³¹ or as a process of researching a competitor's organisation, products, prices, financial performance, technology and strategy.³²

From these definitions we can see in 'systematic' and 'process' the continuous development of an understanding or knowledge of competitors. In the first definition we see the elements of managing data that replicate the marketing research process in terms of gathering, analysing and disseminating data. In the second definition we see the focus of data gathering in terms of products, prices, financial performance, technology and strategy. These are areas of measurement and understanding that go beyond the remit of conventional marketing researchers.

While the nature of competitive intelligence has evolved there has been much confusion over what competitive intelligence is and what it is not. Competitive intelligence is not corporate espionage, stealing competitive documents or accessing competitors' computer files. Rather, the discipline is a structured approach to a different type of research which has evolved as an outgrowth of strategic planning and market research. The Society of Competitive Professionals (SCIP) was formed in 1986 to develop behavioural standards and a code of ethics.³³

The most commonly used techniques in competitive intelligence are:

- 1 *Review of public records*: monitoring secondary sources of information such as government records, commercial databases, media reports and news clippings, and company-produced literature, for potential threats and opportunities.
- 2 *Observational techniques*: directly observing competitors' activities or facilities through overt surveillance is another way to acquire competitive data, though such practices may be viewed with suspicion. Likewise, learning about a competitor's capabilities, strengths and weaknesses through physical inspection of its products

or actual use of its services is seen to be within the bounds of acceptable practice. Observers contribute to the gathering of ‘informal’ information concerning the market and business at different levels. Observers are not formal researchers but members of business departments, marketing specialists, technicians in engineering departments or plant-building departments. Employees in every department, including sales, purchasing and research and development, hear industry news well before it appears in a trade journal or in databases.³⁴ These observers and their contacts form key components of b2b relationships set in the context of networks.

- 3 *Personal interviews*: conversations with informed sources are beneficial when hard-to-find information about a competitor’s strategies and intentions are used to fill critical gaps in secondary data and provide a more complete understanding of the competition.³⁵

In the gathering and interpretation of ‘public records’, conducting personal interviews and overt observations, competitive intelligence targets individuals from the following types of organisation:³⁶

- competitor companies;
- customers;
- suppliers;
- distributors;
- government organisations;
- trade associations;
- financial institutions.

Given the array of data sources, data-gathering techniques, institutions and individuals that may be targeted (including consumers in some instances), and the array of employees that may be used to ‘observe’, competitor intelligence is clearly a ‘broad brush’ approach. Competitor intelligence can offer the broad context and in many instances detail specific areas to b2b decision-makers that may be missing in conventional marketing research. Marketing research techniques may be more error free, less subjective and carried out with much stronger and more well-established codes of conduct when compared with competitor intelligence. However, for the b2b decision-maker needing to understand the long-term development of relationships and the dynamics of the network in which those relationships work, conventional views of marketing research may not offer the support they seek. They may forego an amount of error, interpret subjective and biased views and even push the boundaries of ethical practice to gain support that is more attuned to the decisions they face. In the following example we see how Texas Instruments, as long ago as 1995, moved this way by utilising their marketing research practices and findings as a foundation for their competitor intelligence system.

example

The evolution of marketing research archives to a comprehensive competitive intelligence system³⁷

When Alicia Helton was Director of Corporate Market Research at Texas Instruments, she championed the placing of semiconductor marketing research archives on the corporate intranet. They began with current research reports and gradually added two years of earlier reports. At the time they used Microsoft PowerPoint for all research presentations, so it was easy to convert to HTML. They required all research suppliers to follow the same standards with a policy that the entire research presentation was available on the intranet within one week of the original presentation. The whole site used a portion of the semiconductor marketing site and, as this was already established, it proved to be the ideal foundation for their competitive intelligence system. From this point, Texas Instruments began to improve its acquisition, analysis and dissemination of competitive intelligence. The strategic leadership team worked with

consultants The Futures Group to fully integrate competitive intelligence into strategic decision making. Marketing research was seen as but one component of competitive intelligence. However, because the competitor intelligence system was built around marketing research archives, they found that the use and influence of marketing research grew. ■

This example illustrates that competitor intelligence need not replace marketing research. In this case, the well thought out use of competitor intelligence increased the use and influence of marketing research. This relationship happened because competitor intelligence helped to provide the broader context needed to get the most out of interpreting marketing research findings. There still remain ethical issues to consider with competitor intelligence, which will be tackled later in the chapter.



International marketing research

It is clear from the many examples throughout the text that b2b marketing research is practised in international settings. The challenges involved in conducting international research detailed in Chapter 26, i.e. adapting research techniques based upon different cultures and languages, simply add to the challenges of b2b marketing research detailed in this chapter. The b2b marketing researcher Stephen Connell of the Research Agency MORPACE International argues that in his experience international b2b research is getting easier for a number of reasons.³⁸ He contends that globalisation in b2b as well as consumer industries is making marketing research interviews more familiar and acceptable. The Web allows survey and focus-group respondents to be accessed in almost any country of the world. Technology allows for more centralisation of data collection and field operations alongside the more traditional options of using local sub-contractors or partners.

The following two examples summarise recent projects completed by Connell.³⁹ In both examples he highlights how small the potential sample may be and how that can help in managing the project from a central location.

example

Customer satisfaction survey in global telecoms

A survey was undertaken of 95 telephone companies from around the world, from Argentina to Inner Mongolia, in which up to six face-to-face interviews were carried out per company. The interviews, a total of 420 individuals in 200 organisations, combined scoring and rating questions with a considerable amount of open-ended discussion of business and technical issues. Appointments were set up by telephone and email, and interviewers travelled from the UK or, in one or two cases, from the USA. A total of nine languages, including Mandarin, Russian and Polish, were used to make appointments and to conduct the interviews.

The process worked well with response rates of over 85%; the no-show rate when the interviewer arrived was below 5%. The small team of interviewers achieved a very high standard of probing and issues analysis. The travel budget was only 15% of the total cost. ■

example

Revenue loss in telecoms

A survey was carried out of how telecom operators saw the problem of 'revenue loss' caused by billing problems, resulting in a failure to charge for calls, or by deliberate fraud. This was of major concern in the industry and the survey was designed to assess: the extent to which the problem was recognised; quality perceptions of the amount of revenue lost in this way, and approaches to detecting and minimising loss. A total of 50 telephone in-depth interviews were carried out, in more than 30 countries, using a list of fixed and mobile operators assembled by a leading consultancy. ■

In this last example, note that a specialist consultancy was used to develop a sampling frame. A further difficulty faced even when the name and telephone number were listed in the sampling frame was identifying the sample elements. Identifying the relevant decision-maker in each business was difficult as the persons responsible for limiting revenue loss had a wide variety of titles, e.g. Manager Network Operation, Vice President – Finance, Controller, Risk Management Manager, etc. Once these were tracked down, the next challenge was persuading them that the survey was bona-fide and worth responding to. In the end the survey was a success given that a wide range of companies participated despite the clearly sensitive nature of the subject matter.

Connell also presents some generalised observations of cultural differences in applying b2b marketing research which are worth debating:

- Telephone and Web interviews with b2b respondents can be very difficult to achieve in China. Managers are often unwilling to discuss important issues without the reassurance of face-to-face contact. On the other hand, personal interviews, once started, can yield as much information and ideas as anywhere in the world, though it can be difficult to tie down respondents to precise appointments in advance.
- b2b respondents in other countries, including some Southern European countries where marketing research is less familiar, require more reassurance about confidentiality and security. Faxes explaining the research agency, the sponsoring client and the project credentials are more likely to be required after initial contact by telephone (for a telephone or face-to-face survey). Once the interview is granted, excellent information can be provided.
- Telephone and self-completion questionnaires sometimes elicit less detailed and informative responses from Nordic (Denmark, Finland, Iceland, Norway, Sweden) respondents than elsewhere. In this region b2b respondents were more cautious, using formal ways to respond to unstructured questions, although this behaviour can be modified in the context of a face-to-face interview.

This latter observation was certainly the same experience as in the GlobalCash studies. The Nordic/Scandinavian respondents were most cautious in responding to the more sensitive questions, with the Danes having the highest non-response levels to questions that referred to their experiences of specific banks.

With the spread of globalisation and increase of international trade, international marketing research has similarly grown. The marketing research industry has had to respond to the challenges set, with major agencies developing account or relationship teams that serve the worldwide operations of their customers.



Ethics in marketing research

One of the major differences in competitive intelligence and traditional market research is the knowledge of the purpose of the study. Ethical marketing research should reveal the purpose of the study to the respondent, and, sometimes, how the information will be used, especially when explaining why particularly sensitive questions are being asked. Competitive intelligence studies in contrast generally do not reveal the purpose of the study and how the information will be used. Essentially, the competitive intelligence interviewer must develop a 'story' as to why

they are calling the respondent, e.g. they are interested in their products, they are conducting a general industry study, they are conducting a study as part of their degree or they are looking at specific issues within the industry (e.g. legislation or product safety). This may generate a response and some respondents may be happy to cooperate. However, this would be clearly considered as unethical by traditional marketing research organisations.⁴⁰ Being duplicitous in gaining access to respondents could potentially damage the reputation of legitimate marketing researchers and ultimately damage response rates, making access continually more difficult.

For the bona-fide b2b marketing researcher, it is usual to disclose the identity of their clients, i.e. who commissioned the research, either up-front or in the course of an interview. This means that marketing research has to play an ambassadorial role. Marketing researchers are not speaking for their clients, but are representing them in asking respondents for their views. As a result the behaviour of researchers must be highly professional and care must be taken of client and respondent reputation. The size of respondent populations is often so small that treating respondents with care is becoming ever more important and sometimes b2b marketing researchers need to dissuade their clients from trying to cram more into ever-longer interviews. Although it is tempting to ask as much as possible in the one 'hit', this rebounds on researchers and their clients in the long run.⁴¹ Looking back to Chapter 15, pages 393 and 394, where non-response issues were discussed, re-examine the proposed means to improve response rates. Now consider how feasible it is to increase response rates with a small pool of respondents who may be very irritated by the number of requests for interviews and the length of those interviews.



Internet and computer applications

For business respondents, the Web is a useful additional access and information exchange tool beyond the more traditional methods of gathering data. As a means to gain access to b2b respondents, it does not always offer the potential that many commentators believed it would. b2b respondents are busy and, although they may be delighted to talk if asked questions, they often do not have the time to complete Web-based questionnaires, however good their intentions. In the GlobalCash surveys, the Web-based survey, whilst much shorter than the postal survey, did not achieve anything like the same success in terms of response rate. This is only one example and does not dismiss the hugely important role of the Web in b2b interviewing. It can be used to send respondents stimulus or advertising material to look at, to confirm appointments, thank the respondent, and deliver incentives or summary reports; and to publish research results so that respondents, equipped with access passwords, can look at such data and even manipulate data as is relevant to them. A whole spectrum of management-tiered tailored results and interactivity has opened up through the Web.

The Web can also be used for interviewer briefing. One chemical company for instance commonly used to bring sheets of polythene and other materials used for insulation to briefing sessions. Now, however, it can point the interviewers to the Websites, which is a great advantage to all those managing the field force and the interviewers working in the field. Interviewers can develop a clear understanding of

esoteric topics such as insulation, aviation fuel, cabling or the solvents industry. The Web, together with the collection of accurate email addresses, is becoming increasingly important, but in limited, facilitating areas rather than as the overall vehicle for data collection.⁴²

Summary

This chapter was founded upon the key question of whether there are substantial differences between b2b and consumer marketing and thus differences in the approaches and challenges faced by b2b and consumer marketing researchers. The two main bases of b2b marketing are the concepts of networks and relationships. In the context of understanding networks and relationships, the prime objective of marketing researchers in business markets therefore is to support an understanding of how the network operates and how successful relationships evolve. The nature of networks and relationships underpins five key differences between b2b marketing and consumer marketing. These can be summarised as differences in the: number of people who may be involved in a b2b purchasing decision; people involved in a b2b purchase being professionals; nature of b2b purchases taking a long time from the moment when an issue is first raised until final delivery; many cases where each business customer is individually important to a supplier and responsible for a significant proportion of its total sales; and b2b purchases or sales not being isolated events. These differences are the reason that there are distinctive differences in the approaches adopted and challenges faced by b2b and consumer marketing researchers. The key challenges they face are in:

- Administering effective sampling plans with the associated problems of finding appropriate sampling techniques and the limitations of inference from the statistics that they may generate.
- Gaining access to key respondents, in terms of getting to interview respondents in the first instance and getting them to be open and honest. A key element of this access lies in how credible interviewers are perceived by business respondents.
- Business respondents actually remembering what has happened and why they or their organisation behaved as they did. The events may have taken a long time to unfold, involved numerous individuals and taken a great deal of time.
- Creating research designs that can measure or help to create an understanding of the dynamics of networks and relationships.

b2b marketing researchers face further challenges from practitioners in competitor intelligence who have to work with decision-makers who may forego an amount of error, interpret subjective and biased views and even push the boundaries of ethical practice to gain support that is more attuned to the decisions they face. Competitor intelligence need not be a direct replacement for conventional marketing research; it can be a strong supplement that allows research findings to be understood in a more dynamic and broader context. Even though many of the techniques adopted in competitor research match those in marketing research and may be quite removed from notions of industrial espionage, there still remain clear ethical issues about such approaches.

b2b marketing researchers tackle the challenges summarised above, mostly in very creative manners, as illustrated in the examples throughout this chapter and indeed throughout the text. So well in fact that b2b researchers sometimes see themselves as

superior to consumer researchers!⁴³ With the spread of globalisation and increase of international trade, international b2b marketing research has similarly grown. The marketing research industry has had to respond to the challenges set, with major agencies developing account or relationship teams that serve the worldwide operations of their customers. The use of the Web has enabled the management and control of international b2b marketing research to become far more cost effective. The Web has also enabled the briefing and training of field interviewers to become much more effective in terms of enabling them to understand the technical issues of the questions they are posing. This in turn can increase their credibility with business respondents and improve the quality of their response.

Questions



- 1** Why is it important to ask the question 'is b2b marketing research significantly different from consumer marketing research'?
- 2** What characteristics distinguish b2b marketing from consumer marketing?
- 3** From what focal point should a business network be analysed?
- 4** What challenges do b2b marketers face in managing relationships?
- 5** How do the concepts of business networks and relationships relate to each other?
- 6** What are the five major differences between b2b and consumer marketing?
- 7** Describe the sampling challenges that the b2b marketing researcher faces.
- 8** What does 'access' mean in the context of b2b marketing research?
- 9** Evaluate the reasons why gaining access to key respondents may be so difficult. Why may gaining access grow more difficult over time?
- 10** What is meant by 'interviewer credibility'? What may interviewers do to be seen as more credible in the eyes of target respondents?
- 11** Describe the potential respondent errors that may occur in b2b marketing research. What may be done to reduce these potential errors?
- 12** What is competitor intelligence? How does this definition differ from notions of 'conventional marketing research'?
- 13** What sampling frame challenges exist in international b2b marketing research?
- 14** To what extent do you think that competitor analysts have values to offer to potential respondents in any interviews they conduct?
- 15** Describe the means by which the Web may improve the process of conducting b2b marketing research.

Notes

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