Chapter 29

Business-to-business marketing communications

Organisations have many reasons to enter into exchange relationships with one another, rather than with consumers. This is referred to as the business-to-business sector and marketing communications needs to reflect the characteristics of the buyer behaviour inherent in these relationships. Effective communications are important in helping to build long-term relationships, closer levels of collaboration and cooperative behaviours, and help secure some advantage in the market system.

Aims and learning objectives

The aims of this chapter are to introduce and explore business-to-business marketing communications and to consider the factors that influence and shape relationships between organisations.

The learning objectives of this chapter are to:

1. establish the principle characteristics of the b2b sector;
2. understand the concepts of networks and interorganisational relationships;
3. explore the key dynamics of b2b and interorganisational communications;
4. consider ecommerce and its impact on communications;
5. explore the main characteristics and issues relating to the b2b communication mix;
6. examine issues related to strategic account management.

For an applied interpretation see Jeremy Miles' MiniCase entitled *Educating the educators about asbestos* at the end of this chapter.

Introduction

The characteristics of the business-to-business market are very different from those of the consumer market. The larger size of markets, the lower number of customers, the high average spend per customer, the wider geographic spread and the relatively complex nature of buyer behaviour are significant differences. Of all of these factors, it is the buyer behaviour element that is the primary distinguishing element, and the one that impacts most on marketing communications. It should not be surprising therefore that the marketing communications in these two major sectors are very different.

The commercial b2b sector is made up of four main subsectors, all of which share common buyer behaviour characteristics and communication needs, i.e. goods/services for:

- *Own consumption* – vending machines, office furniture, stationery.
- *Incorporation and assembly* – materials and supplies necessary for the production of your products and services. The identity of the materials can be lost within the larger product. These organisations are sometimes referred to as original equipment manufacturers.
- *Resale to another organisation* – acting as a member of a marketing channel, perhaps taking ownership and possession, adding value before passing the products on to another organisation that will add value to it in some way.
- *Retail* – the most common example, where goods and services are sold to end-user consumers.

In all of the situations, organisations are involved in the buying of products, and only in the last situation are consumers at all involved. Therefore, the nature and form of the cooperation and the interorganisational relationships that develop from the exchanges influence the nature of the marketing communication activities used. The degree of cooperation between organisations will vary and part of the role of marketing communications is to develop and support the relationships that exist between partner organisations.

> The degree of cooperation between organisations will vary and part of the role of marketing communications is to develop and support the relationships that exist between partner organisations.

In this sector, organisations buy products and services and they use processes and procedures that can involve a large number of people. Fuller details about these characteristics can be found in Chapter 6. What is central, however, is the decision-making unit and the complexities associated with the variety of people and processes involved in making organisational purchase decisions and the implications for suppliers in terms of the length of time, and nature of the communications mix and messages necessary to reduce the levels of risk inherent in these situations. Mitchell (1999) refers to Haakansson and Wootz (1979), who identified need, transaction and market uncertainties, and Valla (1982) who suggested that there are five categories of risk that must be addressed by buyers and suppliers. From these it is possible to identify seven types of risk that are relevant to organisational buyers. These are shown in Table 29.1.

Personal selling is very important in b2b markets, often because of the need to help build relationships with members of buying centres and the need to demonstrate and explain technicalities associated with the products and services being marketed. In support of the personal selling effort (and exhibitions), trade promotions, trade advertising, direct marketing and public relations all play important roles (see Exhibit 29.1 for an example of b2b advertising). Increasingly, the Internet provides not only new direct routes to customers and intermediaries but also a vibrant new communications medium.

> Personal selling is very important in b2b markets.

Table 29.1	Seven types of organisational decision-making risk

Risk type	Explanation
Technical risk	Will the parts, equipment or product/service perform as expected?
Financial risk	Does this represent value for money? Could we have bought cheaper?
Delivery risk	Will delivery be on time, complete and in good order? Will our production schedule be disrupted?
Service risk	Will the equipment be supported properly and within agreed time parameters?
Personal risk	Am I comfortable dealing with this organisation? Are my own social and ego needs threatened?
Relationship risk	To what extent is the long-term relationship with this organisation likely to be jeopardised by this decision?
Professional risk	How will this decision affect my professional standing in the eyes of others and how might my career and personal development be affected?

Networks and interorganisational relationships

The strategic value of marketing channels, partnerships and alliances and business networks has become increasingly more significant in recent years. As channel networks have developed so has their complexity, which impacts on the marketing communications strategies and tools used to help reach these customers, partners and fellow intermediaries. The expectations of buyers in these networks have risen in parallel with the significance attached to them by manufacturers. The power of multiple retailers, such as Curry's, Comet, Boots and Superdrug, is such that they are able to dictate terms (including the marketing communications) to many manufacturers of branded goods. For example, many consumer-related sales promotion events are prompted by retailers in response to claims for shelf space and in-store visibility.

The basic structure of any network consists of an organisation that is tied with a number of other functionally specialised organisations. The network uses collaborative exchanges to regularise and sustain cooperative activities. This is a general view and it is recognised that there is a variety of network forms. However, to repeat an important point, it is necessary to distinguish the type of networks to which an organisation belongs from traditional perspectives, if only because it is now generally accepted that all organisations are networks in their own right, and that there is a variety of internal and external networks to which all organisations belong.

Therefore, network organisations can be distinguished from traditional organisational forms because the exchanges are based on membership, which encourages mutually determined relational transactions. This long-term perspective reflects the density, closeness and shared values that such networks seek to perpetuate.

Many commentators have observed that organisations are forging relationships with other organisations, which are based around a network in order to achieve new, fresh advantages. These advantages may be driven by competitive goals, but the behaviour exhibited is increasingly cooperative. These networks vary in the strength of their ties (degrees of interconnectedness), but success can be seen to be a function of the partnerships that are developed in these networks. A key question has to be, what determines a successful partnership and how is success characterised and replicated? An underlying principle of relational exchanges is the pivotal role of trust and commitment (Morgan and Hunt, 1994) (see Figure 29.1).

> An underlying principle of relational exchanges is the pivotal role of trust and commitment.

It's a Chargecard.

Cut admin time and petty cash time and reduce the number of cheques issued.

It's an Information Card.

Track and control expenses with detailed monthly statements and management information.

It's a Travel Card.

Full travel booking service including free travel insurance when you use your card.

It's a Negotiation Card.

Allowing you to negotiate discounts on travel and entertainment.

It's a Security Card.

You decide each card's limit. You're also protected with free Cardholder Misuse Insurance too.

(Sorry, we forgot about the birthday card.)

COMPANY BARCLAYCARD

For further information on our Corporate Card call 0845 721 2111 and quote 1015 or visit our website.
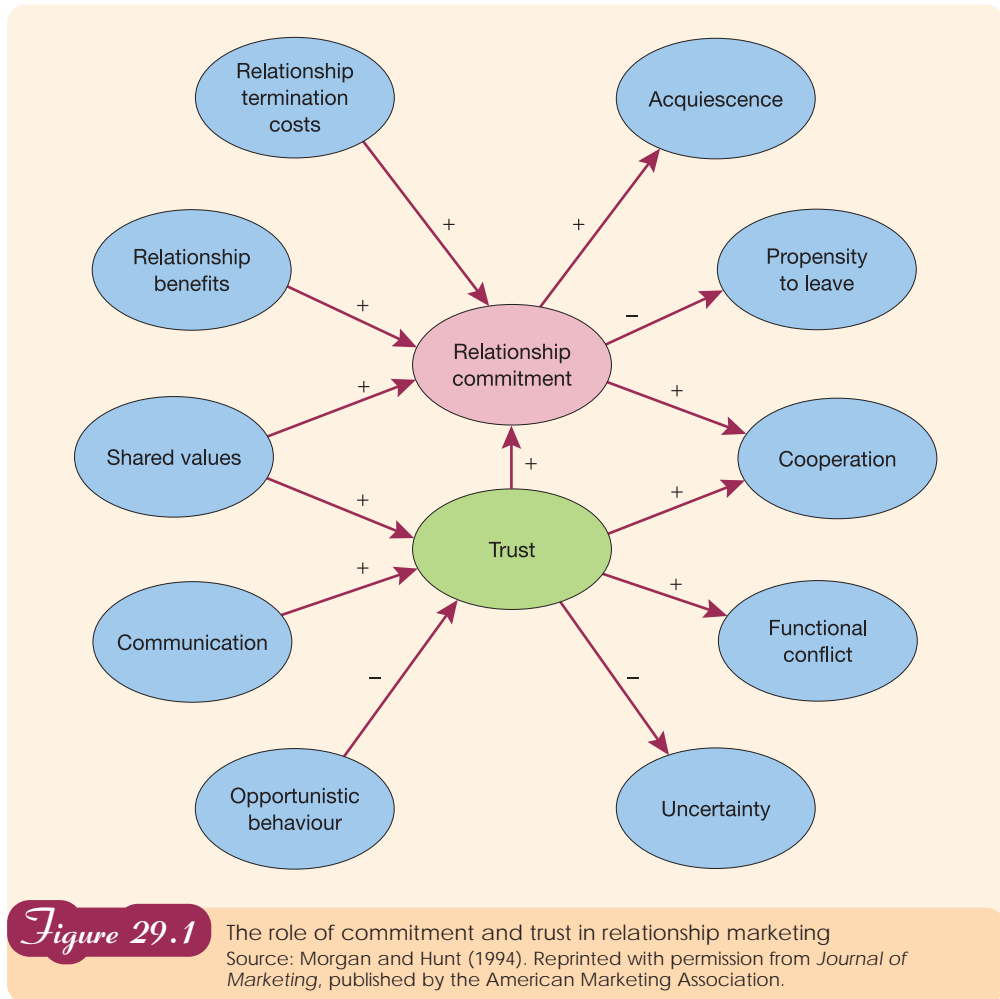Company Barclaycard P.O. Box 3000 Teesdale Business Park Stockton-on-Tees TS17 6YG
www.company.barclaycard.co.uk

Exhibit 29.1 Company Barclaycard (this advertisement is pre-April 2004)
An example of B2B advertising.
Advertisement reproduced with the kind permission of Barclaycard.

Figure 29.1 The role of commitment and trust in relationship marketing
Source: Morgan and Hunt (1994). Reprinted with permission from *Journal of Marketing*, published by the American Marketing Association.

Commitment to a partnership, i.e. the relationship with other network members, is key because of the 'enduring desire to maintain a valued relationship' (Moorman *et al.*, 1992: 316). Of comparable importance is the degree to which partners are confident that each will act in the best interests of the relationship. *Trust*, therefore, is also regarded as a key aspect of collaborative exchanges and is a composite of the level of reliability and integrity that exists between partners.

According to Mohr and Spekman (1994), partnership success is based on three key parameters: the attributes the partnership exhibits; the communication behaviour; and the techniques used to resolve conflict (see Figure 29.2). Their view is that partnership success is dependent upon a wider array of factors than just commitment and trust. These are recognised as important, but, in addition, they posit communication- and conflict-related issues. It could be argued that Mohr and Spekman define commitment and trust in a relatively narrow way, such that the other factors need to be made explicit. What is important, however, is that these authors state unequivocally that communication problems are associated with a lack of partnership success and that communication might be interpreted as an overt manifestation of more subtle phenomena, such as trust and commitment.
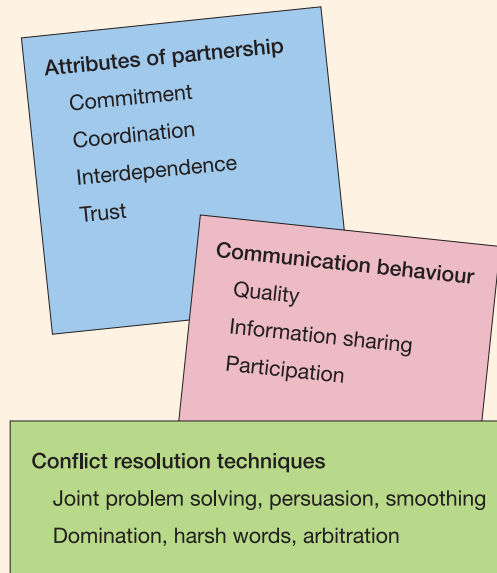
Figure 29.2 Characteristics of partnership success
Source: Mohr and Spekman (1994).

B2b communications

Effective communication is key to the satisfaction of buyer expectations and is the main link between an organisation and its environment. Indeed, the systems used to transfer information and meaning from people and machines, in both inter- and intraorganisational contexts, can advance or hinder the implementation of corporate and operational strategies. If the dynamics of an organisation are to be understood, for example, in order that effective and appropriate strategic change processes can be developed, then all its communication systems and networks need to be appreciated.

What are their communication requirements in the light of the objectives that have been set, and more importantly what are their communication expectations? Once these have been considered, it is possible to think about the communication strategies that may be best suited to achieving these goals and then determine the means by which strategies will be implemented.

ViewPoint 29.1   'Lloyds List' changes identity

Lloyds List is a daily newspaper that serves the maritime and transport market. It was first published in 1734 as a broadsheet newspaper and has become the leading paper of its kind. However, the paper was in danger of losing its place in the market because it was perceived as too traditional and not contemporary, especially as all of its competitors publish as a tabloid-sized paper.

Reader research showed that broadsheet-sized papers are perceived to be intellectual and 'high brow' so when the decision was made to switch to a Berliner format it was important to make the transition without alienating some of its current readers who might be regarded as 'old school traditionalists'.

Research also revealed that a move to a smaller format would be perceived as reducing the news content. Messages were developed informing business readers that there would be more pages and more news. It was also decided not to refer to the Berliner format but to a 'compact broadsheet'.

Direct mail was used prior to the relaunch and ads were placed in all the industry's leading titles informing and reassuring audiences of the impending change and the benefits it would bring.

The launch was timed to coincide with a major shipping show in Oslo with the sales team able to give out actual copies so customers could see, hold and feel the 'compact broadsheet'. Contact details for new users were collected and the telesales team offered them five free samples to get them to experience the paper.

During the six months since the relaunch, renewal rates are up 4 per cent, paid circulation figures went up over 8 per cent and advertising business increased 38 per cent.

Source: Anon. (2008).

Question

Using the DRIP format considered in Chapter 1, which elements could be considered to be working in this example?

Task

Find two other newspapers with a Berliner format and compare them to tabloid papers.

Gilliland and Johnston (1997) published a model of b2b marketing communication effects, which has been reproduced as Figure 29.3. In this model, the buy task involvement (BTI) represents the degree to which individual members of the DMU feel personal relevance (involvement) with each purchase decision. Gilliland and Johnston identify four main elements that can impact on an individual's level of personal involvement, as set out in Table 29.2.

The model then follows a similar path to the elaboration likelihood model, which is explained in a consumer market context in Chapter 8. Essentially, those involved with the purchase decision will process information via the central route, and will be more attentive to well-argued messages and look for rational, logical information in order to support their decision. Those less involved will use the peripheral route and not pay attention to the arguments or information provided. So for this group it will be the design and layout of the advertisement or the attractiveness of the expert sources used that will determine whether there is a change in attitude. Attitude change through the central route tends to be longer lasting than attitude change through peripheral cues.

The authors of this model also recognise that there are political dynamics associated with the roles each member of the DMU adopts. Indeed, there will be a degree of intergroup persuasion according to the degree of affiliation or identification with the products and brands being considered. The more positive the association and the higher the BTI, the more likely an individual will be to engage in behaviour that will seek more information and attempt to influence others.

The significance of this model is that it highlights the importance of emotion and feeling in b2b advertising messages. For a long time the focus of this work has been on producing information advertisements that present product-related information. This will be an effective appeal to those who have a higher BTI. However, there are many others involved with purchase decisions who have a low BTI, but who may have a significant input to the decision process. There are also implications for the media schedule, with more reason to use television and consumer print media in particular.
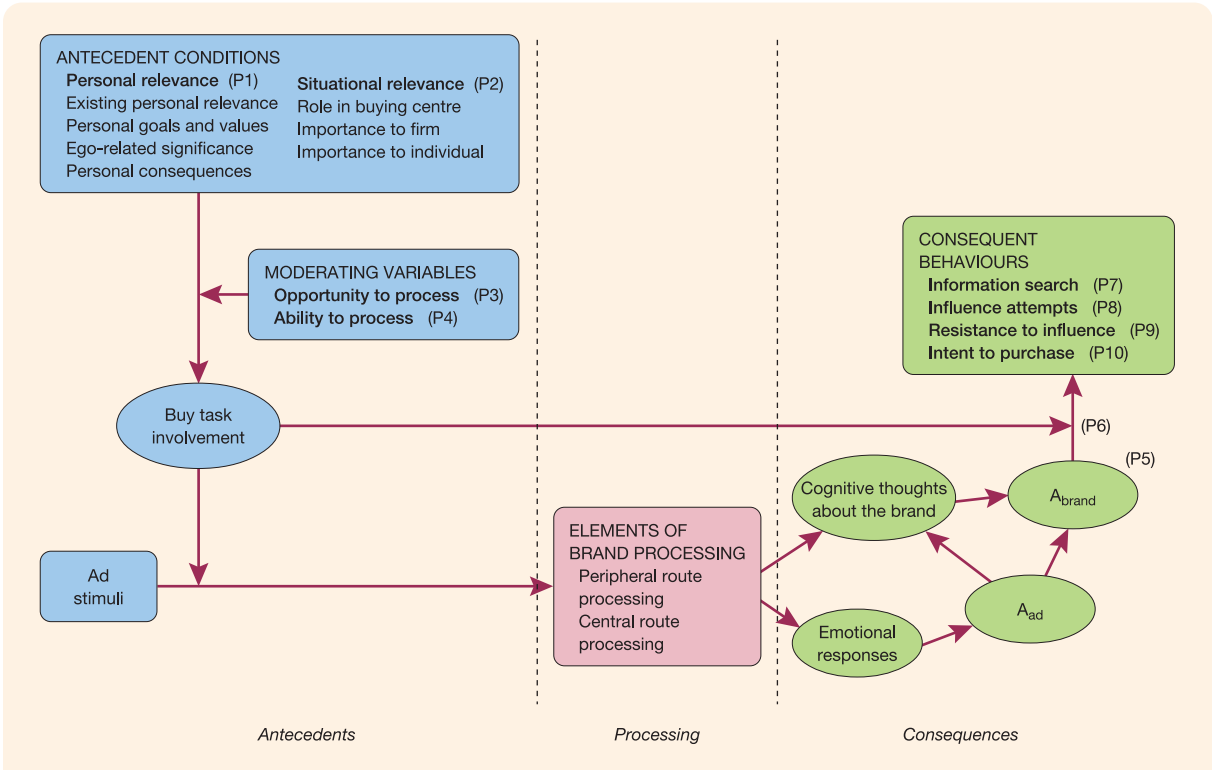
> For a long time the focus of this work has been on producing information advertisements that present product-related information.

Figure 29.3 Model of business-to-business marketing communications
Source: Gilliland and Johnston (1997). Used with kind permission.

Table 29.2 The antecedents associated with BTI

Relevance factor	Explanation
Personal	Refers to personal goals, any ego-related significance and the perceived personal consequences of the purchase decision. The higher the personal relevance, the higher the BTI.
Situational	Refers to the importance of the decision to the individual and to the firm. The higher the situational relevance, the higher the BTI.
Opportunity to process	Refers to the level of distractions and noise that might impede exposure or prevent comprehension of a marketing message. The higher the number of opportunities to process information, the higher the BTI.
Ability to process	Refers to the knowledge an individual has about the product under consideration as the more the individual knows, the greater their ability to process information about it. The greater the ability to process information, the higher the BTI.

Source: Adapted from Gilliland and Johnston (1997). Used with kind permission.

Interorganisational communication

The important role that communication plays in determining the effectiveness of any group or network of organisations is widely recognised (Grabner and Rosenberg, 1969; Stern and El-Ansary, 1992). According to Mohr and Nevin (1990), communication is 'the glue that holds together a marketing channel'. It is recognised that communication is important from a managerial perspective, because many of the causes of tension and conflict in interorganisational relationships stem from inadequate or poor communication. Communication within networks serves not only to provide persuasive information and foster participative decision-making, but also to provide for coordination, the exercise of power and the encouragement of loyalty and commitment, so as to reduce the likelihood of tension and conflict.

The channel network consists of those organisations with whom others must cooperate directly to achieve their own objectives. By accepting that there is interdependence, usually dispersed unequally throughout the network, it is possible to identify organisations that have a stronger/weaker position within a network. Communication must travel not only between the different levels of dependence and role ('up and down' in a channel context) and so represent bidirectional flows, but also across similar levels of dependence and role, that is, horizontal flows – these may be from retailer to retailer or wholesaler to wholesaler.

ViewPoint 29.2   Grass-roots dealers

John Deere manufacture a range of quality lawn mowers and reach their customers through a well-established and valued dealer network. However, research showed that although the brand was strongly admired, only 40 per cent of consumers (those who wanted professionally specified equipment) ever thought of buying a John Deere machine. It was also found that women influenced 80 per cent of these types of purchases and that they were more likely to visit a mass retailer site than an out-of-town garden equipment dealer.

In order to reach the mass market, John Deere not only featured more women in their marketing communications, but they also entered into an agreement with Home Depot. Unlike the dealers who offered the full range, Home Depot just ran the entry level '100 range' of John Deere equipment. Each store was then paired with a local dealer who carries out the presales checks and all the servicing. The dealer was rewarded financially through each Home Depot sale.

It is also possible to buy John Deere equipment direct through the Internet. However, as a means of protecting the dealer network, and in order to provide important customer support and servicing, all machines purchased directly are delivered and supported by a local dealer. John Deere's marketing communications needs to work with the dealers, Home Depot, as well as with target market consumers.

Question

What do you consider would be the key goals for John Deere's marketing communications?

Task

Find a competitor to John Deere (or similar manufacturer in another country). What do you think are the key differences in their marketing communications?

There are some specialised messages that need to be distributed across a variety of networks, for example messages proclaiming technological advances, business acquisitions and contracts won. It is also apparent that communication flows do not change radically over the short term. On the contrary, they become established and regularised

> Communication flows do not change radically over the short term.

through use. This allows for the emergence of specialised communication networks (Chapter 2). Furthermore, it is common for networks to be composed of subnetworks, overlaying each other. The complexity of an organisation's networks is such that unravelling each one would be dysfunctional.

What is necessary is the establishment of those elements that contribute to the general communications in a b2b situation, and a marketing channel environment in particular. The development of a planned, channel-oriented communications strategy, a push strategy, should be based on identifiable elements that contribute to, and reinforce, the partnerships in the network. A number of these can be identified, namely a consideration of the movement of flows of information and, in particular, the timing and permanence of the flows (Stern and El-Ansary, 1992). It should also take into account the various facets of communication and the particular channel structures through which communications are intended to move (Mohr and Nevin, 1990). These will now be considered in turn.

Timing of the flows

Message flows can be either simultaneous or serial. Where *simultaneous* flows occur, messages are distributed to all members so that the information is received at approximately the same time. Business seminars and dealer meetings, together with direct mail promotional activities and the use of integrated IT systems between levels (overnight ordering procedures), are examples of this type of flow. *Serial* flows involve the transmission of messages so that they are received by a preselected number of network members who then transmit the message to others at lower levels within the network. Serial flows may lead to problems concerning the management of the network, such as those concerning stock levels and production.

> Message flows can be either simultaneous or serial.

Permanence of the flows

The degree of permanence that a message has is determined by the technology used in the communication process. Essentially, the more a message can be recalled without physical distortion of the content, the more permanent the flow. This would indicate that the use of machines to record the message content would have an advantage over person-to-person messages transmitted at a sales meeting. Permanence can be improved by recording the meeting with a tape recorder or by putting the conversation on paper and using handouts and sales literature.

> Essentially, the more a message can be recalled without physical distortion of the content, the more permanent the flow.
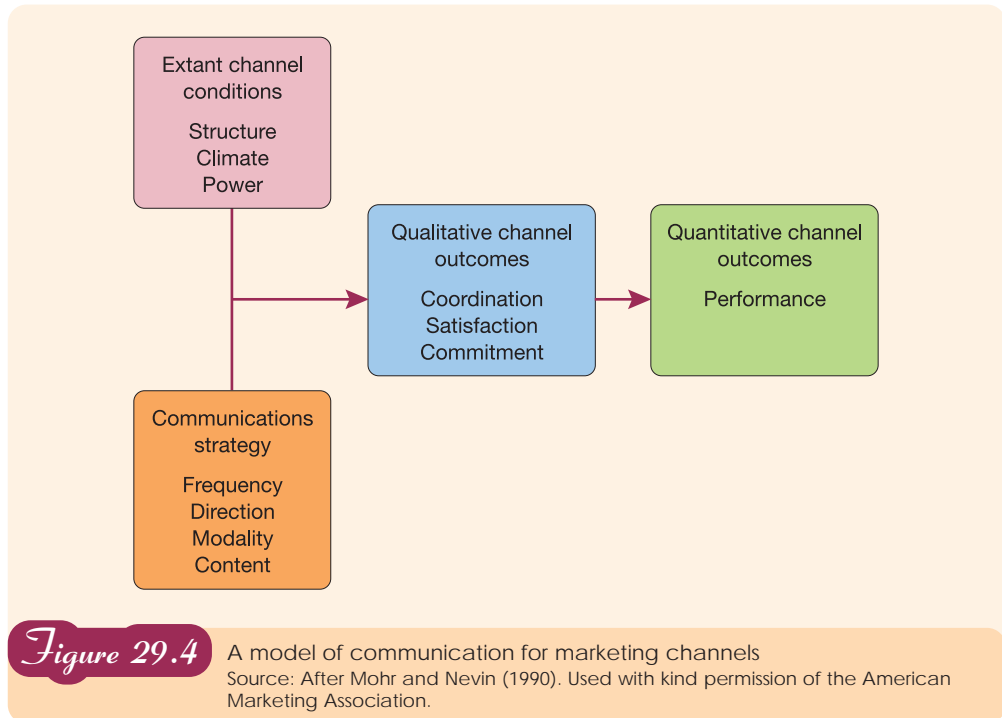
Mohr and Nevin (1990) suggest that the performance outcomes of a channel network are a result of the interaction of the communications strategy used within a network and the structure of the channel within which the communications flow. Figure 29.4 depicts the relationships between strategies and structure. Therefore, by examining the constituent elements and moulding the variables to meet the channel conditions, it may be possible to enhance the performance/success of the network.

Communication facets

Communication strategy results from a combination of four facets of communication: the frequency, direction, modality and content of communications.

Frequency

The amount of contact between members of the performance network needs to be assessed. Too much information (too frequent, aggregate volume or pure repetition) can overload members and have a dysfunctional effect. Too little information can undermine the opportunities for favourable performance outcomes by failing to provide necessary operational

Figure 29.4   A model of communication for marketing channels
Source: After Mohr and Nevin (1990). Used with kind permission of the American Marketing Association.

It is important to identify the current volume of information being provided

information, motivation and support. As a consequence, it is important to identify the current volume of information being provided and for management to make a judgement about the desired levels of communication.

Direction

This refers to the horizontal and vertical movement of communication within a network. Each network consists of members who are dependent on others, but the level of dependence will vary, hence, the dispersion of power is unequal.

Communications can be unidirectional in that they flow in one direction only. This may be from a source of power to subordinate members (for example, from a major food retailer such as Sainsbury's or Tesco to small food manufacturers). Communications can also be bidirectional, that is, to and from powerful organisations. The relative power positions of manufacturer/producer and reseller need to be established and understood prior to the creation of any communication plan.

Modality

Modality refers to the method used to transmit information. Mohr and Nevin agree that there is a wide variety of interpretations of the methods used to convey information. They use modality in the sense that communications can be either formal and regulated, such as meetings and written reports, or informal and spontaneous, such as corridor conversations and word-of-mouth communications, often carried out away from an organisation's formal structures and environment.

Content

Direct strategies are designed to change behaviour by specific request.

This refers to what is said. Frazier and Summers (1984) distinguish between direct and indirect influence strategies. Direct strategies are designed to change behaviour by specific request

(recommendations, promises and appeals to legal obligations). Indirect strategies attempt to change a receiver's beliefs and attitudes about the desirability of the intended behaviour. This may take the form of an information exchange, where the source uses discussions about general business issues to influence the attitudes of the receiver.

Channel structures

Communication facets can be seen in the light of three particular channel conditions: structure, climate and power.

Structure

Channel structure, according to Stern and El-Ansary (1988), can be distinguished by the nature of the exchange relationship. These are relational and market structure relationships. Relational exchanges have a long-term perspective and high interdependence and involve joint decision-making. By contrast, market exchanges are ad hoc and hence have a short-term orientation where interdependence is low (Chapter 1).

Climate

Anderson *et al.* (1987) used measures of trust and goal compatibility in defining organisational climate. This in turn can be interpreted as the degree of mutual supportiveness that exists between channel members.

Power

Dwyer and Walker (1981) showed that power conditions within a channel can be symmetrical (with power balanced between members) or asymmetrical (with a power imbalance). Table 29.3 shows the relationships between communication facets and channel conditions. This is the combination of elements identified above.
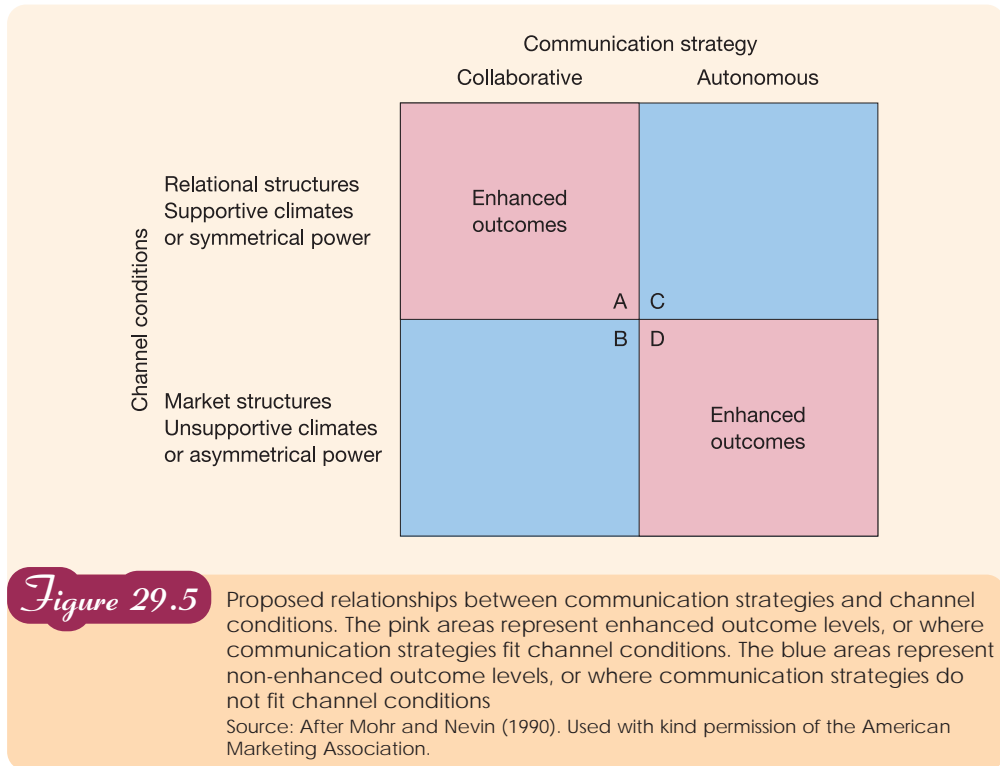
Two specific forms of communication strategy can be identified. The first is a combination referred to as a 'collaborative communication strategy' and includes higher-frequency, more bidirectional flows, informal modes and indirect content. This combination is likely to occur in channel conditions of relational structures, supportive climates or symmetrical power. The second combination is referred to as an 'autonomous communication strategy' and includes

Table 29.3 The relationships between channel conditions and the facets of communication

Channel conditions	Communication facets			
	Frequency	Direction	Content	Modality
Structure				
Relational	Higher	More bidirectional	More indirect	More informal
Market	Lower	More unidirectional	More direct	More formal
Climate				
Supportive	Higher	More bidirectional	More indirect	More informal
Unsupportive	Lower	More unidirectional	More direct	More informal
Power				
Symmetrical	Higher	More bidirectional	More indirect	More informal
Asymmetrical	Lower	More unidirectional	More indirect	More informal

Source: Mohr and Nevin (1990). Used with kind permission of the American Marketing Association.

Figure 29.5 Proposed relationships between communication strategies and channel conditions. The pink areas represent enhanced outcome levels, or where communication strategies fit channel conditions. The blue areas represent non-enhanced outcome levels, or where communication strategies do not fit channel conditions
Source: After Mohr and Nevin (1990). Used with kind permission of the American Marketing Association.

lower-frequency, more unidirectional communication, formal modes and direct content. This combination is likely to occur in channel conditions of market structures, unsupportive climates and asymmetrical.

Communication strategy should, therefore, be built upon the characteristics of the situation facing each organisation in any particular network. Not all networks share the same conditions, nor do they all possess the same degree of closeness or relational expectations. By considering the nature of the channel conditions and then developing communication strategies that complement them, the performance of the focus organisation and other members can be considerably improved, and conflict and tension substantially reduced. Mohr and Nevin (1990) bring this together conceptually in Figure 29.5. Where channel conditions match communication strategy, the outcomes of the performance network will be enhanced. Likewise, when the communication strategy fails to match the appropriate channel conditions, the outcomes are unlikely to be enhanced.

> Communication strategy should be built upon the characteristics of the situation facing each organisation in any particular network.

Communication quality

Recently an interesting new perspective on marketing channel communications has emerged, namely issues concerning the quality of the communications and the success that might be attributed to the communication behaviours of the partners in any loose or tight networks.

Mohr and Sohi (1995) considered whether communication quality might be a function of the propensity to share information. The inclination among members to share information could be assumed to be positive in networks where members show high levels of trust and commitment. Frequency of communication flows, the level of bidirectional communications

in a network and the level of communication formality are assumed to be the main elements of the propensity to share information.

Another aspect considered by the researchers was the degree to which information might be withheld or distorted (deviance). Information deviance might be high when there is an absence of rules (norms) determining what information needs to be communicated. Informality may lead to vagueness or inattentiveness and higher levels of deviance.

> Information deviance might be high when there is an absence of rules.

The research sought to determine whether any (or all) of the three factors indicated that there was a linkage between the variables and the quality of information perceived by channel members. The results indicated that in the sample sector (computer dealers) the only significant variable was the frequency of information. The higher the frequency of communications received by channel members, the higher the perception of the quality of the communications. Issues concerning information overload and irritance are discounted.

Satisfaction levels appear to be correlated with higher levels of bidirectional communications. Thus, frequency impacts on perceived quality (and hence satisfaction) and the degree of bidirectional communications is significant in determining levels of satisfaction with the communications in a channel (network) environment.

The quality of communication messages can also be enhanced by communicating rich information through indirect channels. For example, although firms target communications at members of the decision-making unit, people in these units are themselves referring to a range of external sources for support and guidance. When organisations need to make significant decisions, they draw on a range of external opinions simply because the stakes are too high to get it wrong. Brown (2008: 33) reports that an ecosystem of influencers such as 'journalists and analysts . . . systems integrators, consultants, academics, authors, management gurus, purchasing cooperatives, regulators, government executives, resellers, standard setters, lobbyists, environmental activists and bloggers' emerge around each significant decision. Essentially this is about word-of-mouth and opinion formers (Chapter 2), but Brown refers to this as *influencer marketing*. Key to this process is understanding who are the key influencers, selecting influencers for particular projects and then designing and implementing communication strategies that help the influencer achieve their goals. The inference is that by assessing the market reach, the quality and frequency of impact, and how close an influencer is to a decision-maker, the impact of a potential influencer can be assessed.

e*Commerce*

Following on from the discussion about the propensity to share information is the rise of ecommerce and the opportunities to share information electronically. The development of extranets, in particular, enables organisations to share information for mutual benefit and to develop a form of competitive advantage through collaboration. Extranets allow organisations to work together in privacy and to deliver more efficient transactions. One of the difficulties experienced by extranet users is that all participants must use a common software system and those not hosting the system are invariably required to change the business operations behind their IT interface. New technology is changing that as ecollaboration was launched in 2000. This business model uses software that enables two different operating systems to talk to each other and to share information. All that is required is a portal through which all parties must pass.

A b2b communication strategy will often consist of a series of activities designed ultimately to influence the audience and persuade a percentage of it to take a particular action, very often to purchase the product/service itself. For example, a five-stage strategy to launch a new web site for the purchase of office services might be to:

- Build brand name awareness among the target audience. This would involve both offline and online communications. The goal would be to drive site traffic and to encourage site visitors.
- Drive site registration and generate reasons for visitors to return to the site.
- Convert registrations into purchasers and the use of online and offline sales promotions might be effective.
- Ensure that a certain percentage of purchasers are retained and are encouraged to return to the site. Not necessarily loyalty, but a retention facility based upon a points collection scheme could be useful.
- Build into the communication strategy a means of personalising communications such that each buyer would receive special offers and notices of products and services that reflect their purchase patterns to date.

To support this strategy, a creative proposition will need to be developed so that there is a central theme around which all communications are linked. This might be related to particular attributes such as product features, for example a colour, size or speed of service. The benefits of the attributes might also be used, for example no production downtime or improved staff efficiency might be valid claims. In contrast, an emotional feeling might be generated through the use of a tag line, gimmick, slogan, music or perhaps a mood. In other words, some form of branding needs to be used to differentiate the web site and create longer-lasting memories that can be easily recalled through the mention of the brand name or perhaps an attribute or central theme.

The b2b communication mix

As stated earlier, the use of the tools of the communication mix is very different from that in consumer markets. The prime tool is personal selling supported by both above- and below-the-line activities. The Internet and related digital technologies have played a very significant role in changing the way business is conducted and the speed at which transactions can be undertaken and costs reduced. The www is both a new distribution channel and communication medium. As a form of communication it is impersonal and more disposed to information search and retrieval than to information that is heavily branded and has emotional overtones. The nature of communications in b2b is that they are very personal, often require face-to-face interaction and the interactive nature lends itself to tailored messages and rapid feedback.

The rest of this chapter will be spent reviewing each of the tools and media of the mix and the role they play within a b2b context. For a fuller exposition of these tools, readers are advised to refer to Parts 4 and 5 of this text, commencing at Chapter 16.

Tools and b2b

As a general rule personal selling and direct marketing are the two most important tools in b2b marketing communications.

As a general rule personal selling and direct marketing are the two most important tools in b2b marketing communications. Advertising plays a relatively minor role, sales promotion is used but understated and public relations is being used more by organisations than in the past.

Advertising and b2b

Apart from increasing use of online advertising, the most important form is print advertising in trade journals and newspapers. Perhaps the most important role of advertising in this

context is to inform and remind, whereas differentiation and persuasion are delivered through other tools of the communication mix, namely sales promotion and personal selling.

Direct marketing and b2b

Telemarketing has played an important role in recent years as a support mechanism to the sales force. It is used to facilitate customer enquiries, to establish leads, make appointments, and in certain circumstances provide a direct sales channel. One of the more common uses is as a sales order-processing system to collect routine low-value orders. This frees up the sales force to concentrate on other more profitable activities.

Direct mail has been an important part of the communications mix in b2b markets for some time. It can be used to support personal selling by building awareness, enhancing image, establishing credibility and taking orders, as well as providing levels of customer management. The significance of this part of the communications is not in doubt, even though some of it is being surpassed by the use of the Internet and ecommerce practices.

Therefore, it would appear sensible to be able to measure direct mail activities and in the b2b sector this is usually accomplished through measurement of response rates. However, this is not entirely satisfactory (Vöegle, 1992), because there are a number of stages through which a receiver of direct mail moves. These are the opening, scanning, (re)reading and response behaviours. Vriens *et al.* (1998) suggest that there are three main parts to the process. The first is the opening behaviour that is influenced by the attractiveness of the envelope and situational factors. Reading behaviour is influenced by the opening behaviour, the reader's situational characteristics and the attractiveness of the mailing and its contents. The final behaviour concerns the response generated, which is affected by the attractiveness of the offer, by the reading behaviour that preceded the response and the characteristics of the individual reader and their situation.

Wulf *et al.* (2000) used this framework to find ways in which response rates to direct mail could be increased. They found that the attractiveness of the envelope did impact on opening behaviour but so did the envelope size, material, colour and even type of postage. Surprisingly, the volume of direct mail each manager received had no impact on opening behaviour. With

ViewPoint 29.3   Viral gas

In an attempt to encourage businesses to switch electricity supplies, British Gas Business launched a humorous viral email campaign. According to British Gas Business, the clip aims to drive awareness of an incentive offer throughout the business community. It claims businesses are given the guarantee that any written quote for electricity supply will be either matched or bettered and they will receive free electricity for one month on switching.

The video clip shows a middle-aged, male business executive responding to a dismal weather forecast by rearranging all the lamps on his office desk. He then strips off, tilts back his chair and wallows in the increasing heat. The viral finishes with the line: 'The cheapest electricity online.'

The company tracked the video campaign via web analytics, measuring number of views and response rates. The results were not available at the time of writing.

Source: Anon. (2006).

Question

Is viral marketing a viable approach for businesses?

Task

Search the web for two other examples of businesses using viral marketing. Were they successful?

regard to reading behaviour, it was the attitudes of the reader that were found to be significant, not the situational factors. Finally, response behaviour appeared to be determined more by the reading behaviours of the individual rather than any other factor.

Sales promotions and b2b

The use of sales- or rather trade-based promotions very often goes unnoticed by consumers.

> Manufacturers will use competitions and sweepstakes to incentivise the sales forces.

However, trade promotions and interorganisational incentives are common and generally effective. Manufacturers will use competitions and sweepstakes to incentivise the sales forces of its distributors, to motivate technical and customer support staff in retail organisations and as an inducement to encourage other businesses to place orders and business with them.

ViewPoint 29.4   Decorating the trade

In an effort to consolidate its position as market leader and to increase sales, Dulux used a trade-based promotion. Targeting decorators who choose paints on behalf of their largely domestic customers, rather than contractors who work on commercial accounts where the brand choice of paint is decided by the customer, a cash prize fund of £2 million was a significantly attractive promotion. The sales promotion instrument or mechanic was a scratchcard that was distributed through 1,200 trade outlets across the United Kingdom. Rather than use premium giveaways or price cuts, the scratchcard was placed inside cans of white paint so that the benefit went to the buyer (the decorator) rather than the counter staff who tend to feed their largest, by volume, customers.

Source: Adapted from Mistry (2004) and Dulux-provided materials.

Question

How else could Dulux use sales promotions to good effect in the trade?

Task

Make a list of the benefits of using sales promotions with trade customers? Are they the same as those benefits experienced by consumers?

Price-based promotions and delayed discounts are used to encourage organisations to place business. Another popular approach is to discount technical support and bundle up a range of support facilities. Whatever the package, the purpose remains the same, to add value in order to advance (or gain) a purchase commitment.

Public relations and b2b

The effectiveness of public relations in a b2b context should not be underestimated. The range of public relations tools and techniques enables credibility to be developed in an environment where advertising is relatively ineffective, personal selling critical to the development of relationships and sales promotion limited to short-term sales shifts. Direct marketing and particularly interactively based communications are increasingly important in this sector, but public relations provides credibility and richness to an organisation's communications.

Personal selling and b2b

Personal selling is the most important tool of the marketing communications mix in b2b markets. Readers are referred to the substantial space that has been allocated to this topic in Chapter 28. In addition, exhibitions are a major part of the communication mix used in b2b

work and this was examined in Chapter 28. However, one area that has developed in recent years, owing to the use of direct marketing and interactive technology, is the management of those customers who are of strategic importance to an organisation. This is explored in the sections that follow.

ViewPoint 29.5   B2b integrated channels

There is substantial evidence that b2b marketers are experimenting with more channels and are moving beyond a simple mix of advertising, direct mail and telesales. The use of an integrated marketing communications approach in b2b marketing has been growing in recent years, mainly due to the development of online marketing, which has made multichannel strategies more cost-effective.

Computer Associates (CA), providers of Internet security software, often have to wait up to three years for customers to make purchase decisions. Their communications are not helped by the complexity of their product messages. In an integrated multichannel campaign designed to keep CA's customers and their preferred channels at the centre of their activities, CA aimed to ensure that CA's messages remained consistent across the different channels.

Prospects were sent a direct mail pack, informing them of, and inviting them to attend, a seminar. Having then been signed up, they were sent an email in which was embedded a link to a microsite. Visitors to the web site could tailor their particular details via the microsite, after which they were sent email updates alerting them to updates and targeted product news. The microsite also held further information about the seminar, together with an invitation to dinner with some of the speakers.

Source: Benjamin (2007).

Question

To what extent do you think the role of direct mail in b2b communications is likely to diminish as environmentally sensitive communications policies become expected?

Task

Using the tools and media of marketing communications as your framework, list all the ways in which organisations can communicate with one another.

Media and b2b

On the basis that advertising plays a minor role within the B2B marketing communications mix, the use of media is restricted. The use of broadcast media in this context is limited as is outdoor work. However, two media are important, print and digital, especially the Internet.

Print and b2b

Print media are important for recruitment advertising, and for many larger organisations print is used to communicate corporate values and to enhance their reputation.

The use of catalogues in the b2b market is well established and even the rise of the Internet has not provided a huge distraction for organisational buyers. Catalogues provide a reference source for an organisation's range of products. One of their functions is that they provide fast access to a company's range of products, especially in comparison to a web site. Euroffice.co.uk are a online catalogue but now use a printed version in order to drive customers online and also provide an opportunity to introduce themselves to an organisation. The flick-to-click behaviour observed in consumer markets is not yet established in the b2b market but this may evolve (Murphy, 2007).

> The use of catalogues in the b2b market is well established.

ViewPoint 29.6   Soliciting a mwah, mwah darling

In order to find a way into the media and entertainment market, commercial law firm Lewis Silkin had to find a way of differentiating themselves. They realised that they might be perceived as old-fashioned and an inappropriate business partner.

The result was a campaign that suggested empathy with the industry's culture yet maintained sufficient integrity. The core message was 'I love ME'. This was a tongue-in-cheek reference to media types who believe 'it's all about me' (aka the television hit programme, *Absolutely Fabulous*). This phrase was printed on tee shirts and badges and tested to sense if the right tone had been achieved. The campaign was launched at Britain's largest international music industry exhibition, 'London Calling'.

In addition, Lewis Silkin sponsored the 'Future of Music Business' event at the exhibition. The purpose was to demonstrate the company's credentials and knowledge of the industry. Banner advertising featuring the 'I love ME' slogan was placed on the 'London Calling' web site as a means of inviting clients to the show and their stand. Branded pill boxes were distributed to particular prospects. These were intended to allude to the media industry's party atmosphere and the need to have something for the morning after the night before. Branded memory sticks featuring information about Lewis Silkin and their new business sector were distributed to potential clients at the exhibition. This served to provide a reminder of their contact with Lewis Silkin and act as a prompt to consider Lewis Silkin, at a later date, away from the communication noise associated with these events.

Although the campaign consumed 50 per cent of the marketing budget in one fell swoop, the return was impressive. Thirty-three new clients were signed up with a substantial number of further prospects in the pipeline.

Source: Papas (2008). This case study first appeared in *The Marketer*, the magazine of The Chartered Institute of Marketing.

Question

To what extent do you believe firms should poke fun at an industry or its values?

Task

How would you extend the idea of 'I love ME' into the next phase of the Lewis Silkin campaign?

Exhibit 29.2   Branded materials used by Lewis Silkin
Photography: Redactive Media Group.

Digital and b2b

The development of digital media has helped transform b2b marketing communications. In particular, the Internet provides both a distribution channel and communication medium between organisations, as well as drastically improving productivity. eCommerce saves transaction time, lowers costs and can shorten the period between order and delivery. Digitally based communications can improve the accuracy of the information provided, thereby giving a good measure of the effectiveness of marketing communication activities. All of this can improve the quality of b2b relationships, but it can also serve to heighten expectations concerning service delivery and further innovation.

Just as sales literature and demonstration packs take time to prepare, even longer to change/update and are quite expensive with a great deal of wastage, brochureware on a web site is fast, easily accessible and adaptable. The collection of names and addresses, responses to email questions and the provision of rich data for the sales force are also more quickly and more accurately completed. If developed further, transactional web sites enable routine orders to be processed quickly and at a lower cost. As noted elsewhere, this can free up the sales force to visit established customers more often, open more new accounts and be more attentive to strategically important accounts.

There are some legal and information security issues that need to be addressed in order to reduce any risk to business partners. This is part of the development and maintenance of profitable relationships, and marketing communications has an important role to play in the development of these relationships by reducing perceived risk and uncertainty. Marketing communications also needs to provide clarity and fast, pertinent and timely information in order that decisions can be made. Through marketing communications (and operational efficiencies and political contingencies) the development of loyalty between organisations might be observed. By targeting information and customising messages for the right people within a partner organisation, via an extranet for example, the development of loyalty through trust and commitment might be possible.

A range of digital media are now used to enhance b2b relationships. In addition to the Internet, web site and email activities, organisations are using corporate blogging, video conferencing, mobile and CRM. Regularised, balanced communication, which is embed-

> A range of digital media are now used to enhance b2b relationships.

ded within the operational interactions between organisations, is much more likely to lead to higher levels of customer (intermediary) satisfaction than when it is absent. The need to reduce the frequency and intensity of conflict that is inevitable in interorganisational relationships is paramount. The propensity to share information and to provide higher rather than lower volumes of information is perceived as an indicator of high quality (and therefore satisfying) communication. The Internet is an ideal resource for enabling these events to happen and in doing so bind partner organisations closer.

Strategic account management

One of the major issues concerning the development and maintenance of interorganisational relationships is the method by which very important and/or valuable customers are managed. In many ways these methods are an extension of personal selling (Chapter 22) but as they are business-to-business matters, these issues are discussed in this chapter. Two main forms are considered here, key account management and the emerging global account management disciplines. These are considered in turn.

Key account management

The increasing complexity of both markets and products, combined with the trends towards purchasing centralisation and industrial concentration, mean that a small number of significant

accounts have become essential for the survival of many organisations. The growth in the significance of key account management (KAM) is expected to continue and one of the results will be the change in expectations of buyers and sellers, in particular the demand for higher levels of expertise, integration and professionalism of sales forces.

It has long been recognised that particular customer accounts represent an important, often large, proportion of turnover. Such accounts have been referred to variously as national accounts, house accounts, major accounts and key accounts. Millman and Wilson (1995) argue that the first three are sales-oriented, tend to the short term and are often only driven by sales management needs. However, Ojasalo (2001) sees little difference in the terminology KAM, national account marketing (NAM) and strategic account management (SAM).

Key accounts may be of different sizes in comparison to the focus organisation, but what delineates them from other types of 'account' is that they are strategically important. Key accounts are customers who, in a business-to-business market, are willing to enter into collaborative exchanges and who are strategically important to the focus organisation.

There are two primary aspects of this definition. The first is that both parties perceive relational exchanges as a necessary component and that the relationship is long term. The second aspect refers to the strategic issue. The key account is strategically important because it might offer opportunities for entry to new markets, represent access to other key organisations or resources, or provide symbolic value in terms of influence, power and stature.

> The key account is strategically important because it might offer opportunities for entry to new markets.

The importance of the long-term relationship as a prime element of key account identification raises questions about how they are developed, what resources are required to manage and sustain them, and what long-term success and effectiveness results from identifying them. Essentially, this comes down to who in the organisation should be responsible for these key accounts. Generally speaking, there are three main responses: to assign sales executives, to create a key account division or to create a key account sales force (see Table 29.4).

Table 29.4   Three ways of managing key accounts

Category	Explanation
Assigning sales executives	Common in smaller organisations that do not have large resources. Normally undertaken by senior executives who have the flexibility and can provide the responsive service often required. They can make decisions about stock, price, distribution and levels of customisation. There is a tendency for key accounts to receive a disproportionate level of attention, as the executives responsible for these major customers lose sight of their own organisation's marketing strategy.
Creating a key account division	The main advantage of this approach is that it offers close integration of production, finance, marketing and sales. The main disadvantage is that resources are duplicated and the organisation can become very inefficient. It is also a high-risk strategy, as the entire division is dependent upon a few customers.
Creating a key account sales force	This is adopted by organisations that want to differentiate through service and they use their most experienced and able salespersons and provide them with a career channel. Administratively, this structure is inefficient, as there is a level of duplication similar to that found in the customer-type structure discussed earlier. Furthermore, commission payable on these accounts is often a source of discontent, both for those within the key account sales force and those aspiring to join the select group.

The assignment of sales executives to these important accounts is common in smaller organisations. Those organisations that have the resources are able to incorporate the services of senior executives, who assume this role and bring to it the flexibility and responsive service that are required as the account grows in stature. They can make decisions about stock, price, distribution and levels of customisation.

These accounts may be major or national accounts, as very often their strategic significance is not recognised. There is a tendency for these accounts to receive a disproportionate level of attention, as the executives responsible for these major customers lose sight of their own organisation's marketing strategy.

A further way of managing these accounts is to create a key account division. The main advantage of this approach is that it offers close integration of production, finance, marketing and sales. The main disadvantage is that resources are duplicated and the organisation can become very inefficient. It is also a high-risk strategy as the entire division is dependent upon a few customers.

Should a key account sales force be preferred then issues concerning the management of this resource arise. Key account managers require particular skills, as, indeed, do the executives themselves.

Key account managers

Abratt and Kelly (2002) report Napolitano's (1997) work that found that, to be successful, a KAM programme requires the selection of the right key account manager. This person should possess particularly strong interpersonal and relationship skills and be capable of managing larger, significant and often complex customers. Key account managers act as a conduit between organisations, through which high-value information flows in both directions. They must be prepared and able to deal with organisations where buying decisions can be protracted and delayed (Sharma, 1997).

Benedapudi and Leone (2002) agree that the key account manager is vitally important to the success of a KAM relationship, but they also view the relationship differences between the organisations as distinct from the interpersonal relationships between the customer firm's contact person and the supply-side firm's key account manager, or contact employee as they refer to them. These relationships will vary in strength and there are differing consequences for the KAM relationship should the contact person leave the supply side organisation.

Among the key success factors, Abratt and Kelly report that, in addition to selecting the right key account manager, the selection of the right key account customers is also important for establishing KAM programmes. Not all large and high-volume customers are suitable for KAM programmes. Segmentation and customer prioritisation according to needs and an organisation's ability to provide consistent value should be used to highlight those for whom KAM would not be helpful.

In addition, particular sales behaviours are required at this level of operation. As the majority of key account managers are drawn internally from the sales force (Hannah, 1998, cited by Abratt and Kelly, 2002) it is necessary to ensure that they have the correct skills mix. It is also important to take a customer's perspective on what makes a successful KAM programme. Pardo (1997) is cited as claiming that the degree of impact a product has on the customer's business activity will determine the level of attention offered to the supplier's programme. Also, the level of buying decision centralisation will impact on the effectiveness of the KAM programme.

> The level of buying decision centralisation will impact on the effectiveness of the KAM programme.

Abratt and Kelly found six factors were of particular importance when establishing a KAM programme: the 'suitability of the key account manager, knowledge and understanding of the key account customer's business, commitment to the KAM partnership, delivering value, the importance of trust and the proper implementation and understanding of the KAM concept' (p. 474).

One final point can be made concerning key account managers. The inference is that one, multitalented individual is the sole point of contact between the supplier and customer. This is not the case as there are usually a number of levels of interaction between the two organisations. Indeed, there could be 'an entire team dedicated to providing services and support to the key account' (Ojasalo, 2001: 210). Therefore, it is more appropriate to suggest that the key account manager should assume responsibility for all points of contact within the customer organisation.

Having established a KAM programme, one of the tasks that key account managers need to implement is to ensure the relationship benefits from a planned approach. The need for planning within key account relationships is argued by Ryals and Rogers (2007). They find that key account planning is not widely used and certainly fails to have a strategic focus. As if to try and remedy this situation, they also demonstrate the impact that key account planning can have on managers and their subsequent performance.

Key account relationship cycles

A number of researchers have attempted to gain a greater understanding of KAM by considering the development cycles through which relationships move. Millman and Wilson offer the work of Ford (1980), Dwyer *et al.* (1987) and Wotruba (1991) as examples of such development cycles (see Table 29.5).

Millman and Wilson have attempted to build on the work of the others (included in Table 29.5) and have formulated a model that incorporates their own research as well as that established in the literature. McDonald (2000) has since elaborated on their framework, providing further insight and explanation.

The cycle develops with the *exploratory KAM* level, where the main task is to identify those accounts that have key account potential, and those that do not, in order that resources can be allocated efficiently. Both organisations are considering each other: the buyer in terms of the supplier's offer in terms of its ability to match their own requirements; and the seller in terms of the buyer providing sufficient volumes, value and financial suitability.

Basic KAMTS is where both organisations enter into a transactional period, essentially testing each other as potential long-term partners.

The next level is *basic KAM*, where both organisations enter into a transactional period, essentially testing each other as potential long-term partners. Some relationships may stabilise at this level while others may develop as a result of the seller seeking and gaining tentative agreement with prospective accounts about whether they would become 'preferred accounts'.

At the *cooperative KAM* level, more people from both organisations are involved in communications. At the basic KAM level, both parties understand each other and, through experience, the selling company has established its credentials with the buying organisation. At this next level, opportunities to add value to the relationship are considered. This could be

Table 29.5 Comparison of relational models

Ford (1980), Dwyer *et al.* (1987)	Wotruba (1991)	Millman and Wilson (1995)	McDonald (2000)
Pre-relationship awareness	Provider	Pre-KAM	Exploratory
Early stage exploration	Persuader	Early KAM	Basic
Development stage expansion	Prospector	Mid-KAM	Cooperative
Long-term stage commitment	Problem solver	Partnership KAM	Interdependent
Final stage institutionalisation	Procreator	Synergistic KAM Uncoupling KAM	Integrated Disintegrated

Source: Updated from Millman and Wilson (1995). Used with kind permission of Emerald Group Publishing Limited.

encouraged by increasing the range of products and services transacted, thereby involving more people in the relationship.

At the *interdependent KAM* level of a relationship both organisations recognise the importance of the other to their operations, with the supplier either first choice, or only, supplier. Retraction from the relationship is now problematic as 'inertia and strategic suitability', as McDonald phrases it, holds the partners together.

Integrated KAM is achieved when the two organisations view the relationship as consisting of one entity where they create synergistic value in the marketplace. Joint problem solving and the sharing of sensitive information are strong characteristics of the relationship and withdrawal by either party can be traumatic at a personal level for the participants involved, let alone at the organisational level.

The final level is *disintegrating KAM*. This can occur at any time for a variety of reasons, ranging from company takeover to the introduction of new technology. The relationship may return to another, lower level and new terms of business are established. The termination, or readjustment, of the relationship need not be seen as a negative factor as both parties may decide that the relationship holds no further value.

McDonald develops Millman and Wilson's model by moving away from a purely sequential framework. He suggests that organisations may stabilise or enter the model at any level, indeed, he states that organisations might readjust to a lower level. The time between phases will vary according to the nature and circumstances of the parties involved. The labels provided by McDonald reflect the relationship status of both parties rather than of the selling company (e.g. prospective) or buying company (e.g. preferred supplier). While the Millman and Wilson and McDonald interpretations of the KAM relationship cycle provide insight they are both primarily dyadic perspectives. They neglect to consider the influence of significant others, in particular those other network member organisations that provide context and interaction in particular networks and that do influence the actions of organisations and those key individuals who are strategic decision-makers.

Some final aspects of KAM

In mature and competitive markets, where there is little differentiation between the products, service may be the only source of sustainable competitive advantage. Key account management allows senior sales executives to build a strong relationship with each of their customers, thereby providing a very high level of service and strong point of differentiation.

This approach enables an organisation to select its most experienced and able salespersons and, in doing so, provide a career channel for those executives who prefer to stay in sales rather than move into management. Administratively, this structure is inefficient as there is a level of duplication similar to that found in the customer-type structure discussed earlier. Furthermore, commission payable on these accounts is often a source of discontent, both for those within the key account sales force and those aspiring to join the select group.

The development and management of key accounts is complex and evolving. Key account relationships are rarely static and should be rooted within corporate strategy, if only because of the implications for resources, which customers seek as a result of partnering in this way (Spencer, 1999). Key account

> The development and management of key accounts is complex and evolving.

relationships can generate positive financial value but not without considerable management effort (Kalwani and Narayanas, 1995; Ryals and Holt, 2007). Consideration of customer profitability appears to be the foundation for successful key account relationships.

Global account management

The development of key account management approaches highlighted the strategic importance that some customers represent to organisations. KAM represents an attempt to meet the needs of these customers in a customised and personal way. However, there are many

organisations whose customers are located in many different countries, regions and even on different continents, and the management of their needs demands different skills and resources from those adopted for KAM. The management of these customers is referred to as global account management (GAM) and in many ways is evidence of a new strategic approach to business development and marketing management in b2b organisations.

Understanding the nature of GAM is helped by Hennessey and Jeannet, who provide a useful definition:

Global accounts are large companies that operate in multiple countries, often on two or more continents, are strategically important to the supplier and have some form of coordinated purchasing across different countries.
(2003: 1)

As if to reinforce the nature of GAM, Birkinshaw (2003) refers to Hewlett-Packard, which regards Boeing as a national (key) and not a global account as its decision-making is all US-centred. One of the characteristics of global accounts is that their decision-making units are influenced through inputs from various geographical locations. Wilson *et al.* (2000) highlight the important characteristic associated with the strategic coordination associated with GAM. To them, a strategic global account is characterised as representing a major part of a supplier's corporate objectives and where the account expects the supplier to offer an integrated global product service offering.

It would therefore be a mistake to think that KAM and GAM are the same. Indeed, Birkinshaw (2003) makes the point that global and key accounts are not identical. He argues that the roots of global account management are to be found in supply chain management,

> The roots of global account management are to be found in supply chain management.

unlike KAM, which has been influenced by the sales management perspective. Hennessey and Jeannet (2003) believe that national account managers are relationship managers, whereas global account managers have a greater focus on strategic issues and coordination of personnel in different countries. Millman and Wilson (1998) refer to the importance and significance of cultural diversity and organisational issues when adopting a global account management programme.

Wilson *et al.* (2000) consider how global account programmes can be delivered. They identified the need for three main global competences:

- a coordinated, globally competent supply chain;
- management of the interaction process *within* the supplying company, particularly the information and communication flows;
- the establishment of a forum, with the customer, of a collaborative design process.

This suggests that relationship management skills, in particular the use of interaction and collaboration to develop dialogue, are critical factors associated with GAM. Wilson *et al.* (2000) identify many competences that are necessary for GAM to be successful, ranging from strong communications and relationship management skills through cultural empathy and business and financial acumen. However, they make the point that global account managers need strong political skills, especially in view of the fact that they often operate without direct authority, particularly with regard to resources and processes. They refer to this role as 'political entrepreneur'.

Understanding the nature of GAM, its management and indeed associated research are at an early stage as the discipline is very young. Early work in the area suggests that there is no fixed strategic model that represents GAM, if only because GAM needs to be flexible and dynamic as engagement with key global customers evolves.

Summary

In order to help consolidate your understanding of business-to-business marketing communications, here are the key points summarised against each of the learning objectives:

1. Establish the principle characteristics of the b2b sector.

The b2b market is characterised by the decision-making processes that organisational buyers use. As these can be very different from those used by consumers, it is not surprising that the marketing communications will also vary in many ways. The b2b market consists of four main types of interorganisational relationships, reflecting the role the product/service plays in the business activity of the organisation (e.g. for resale, as OEM (original equipment manufacturer)).

Seven different types of risk were identified with organisational decision-making. Consequently, the marketing communications used to reach different organisations, predominantly personal selling, need to be adaptive to reduce different types of risk.

2. Understand the concepts of networks and interorganisational relationships.

The basic structure of any network consists of an organisation that is tied with a number of other functionally specialised organisations. The channel network consists of those organisations with which others must cooperate directly to achieve their own objectives. The network uses collaborative exchanges to regularise and sustain cooperative activities. This is a general view, and it is recognised that there is a variety of network forms.

As channel networks have developed so has their complexity, which impacts upon the marketing communications strategies and tools used to help reach these customers, partners and fellow intermediaries. The expectations of buyers in these networks have risen in parallel with the significance attached to them by manufacturers.

Commitment to a partnership, i.e. the relationship with other network members, is key because of the 'enduring desire to maintain a valued relationship'. Of comparable importance is the degree to which partners are confident that each will act in the best interests of the relationship. *Trust*, therefore, is also regarded as a key aspect of collaborative exchanges and is a composite of the level of reliability and integrity that exists between partners.

3. Explore the key dynamics of b2b and interorganisational communications.

Effective communication is key to the satisfaction of buyer expectations and is the main link between an organisation and its environment. A model of b2b marketing communications suggests that the level of involvement experienced by the main participants in the buying process will affect the level and type of communications used. However, while the simplicity and logical reasoning associated with the model are intuitively appealing, the authors of the model accept that the political ambience in which these decisions are made does in fact 'muddy' the view and reflect the complexity of network relationships.

Communication is 'the glue that holds together a marketing channel' and it is recognised that, from a managerial perspective, communication is important, because many of the causes of tension and conflict in interorganisational relationships stem from inadequate or poor communication. Communication within networks serves not only to provide persuasive information and foster participative decision-making, but also to provide for coordination, the exercise of power and the encouragement of loyalty and commitment, so as to reduce the likelihood of tension and conflict.

4. Consider ecommerce and its impact on communications.

Following on from the discussion about the propensity to share information is the rise of ecommerce and the opportunities to share information electronically. The development of extranets, in particular, enables organisations to share information for mutual benefit and to develop a form of competitive advantage through collaboration. Extranets allow organisations to work together in privacy and to deliver more efficient transactions.

5. Explore the main characteristics and issues relating to the b2b communication mix.

The tools of the communication mix are used very differently from those used in consumer markets. The prime tool is personal selling supported by both above- and below-the-line activities. Two media are important – print and digital. The Internet and related digital technologies have played a very significant role in changing the way business is conducted and the speed at which transactions can be undertaken and costs reduced. The www is both a new distribution channel and communication medium. As a form of communication it is impersonal and more disposed to information search and retrieval than to information that is heavily branded and has emotional overtones.

B2b communications are very personal, often require face-to-face interaction and the interactive nature lends itself to tailored messages and rapid feedback.

6. Examine issues related to strategic account management.

The strategic importance of key accounts and global accounts has gained increased attention in recent years. One of the prime dimensions of key accounts is the long-term relationship that can develop. McDonald (2000) has developed Millman and Wilson's (1995) interpretation of the different phases that can be associated with key account relationships. In addition, global account management has recently emerged as a new strategic approach to managing customers that are represented at various locations around the world. In both these cases, relationship marketing principles are important and marketing communications, principally through personal selling, is an important tool in fostering, nurturing and sustaining these strategically important accounts.

Review questions

1. Who are the principal target audiences for push-oriented communications and how do these communications differ from pull-based communication strategies?
2. Discuss the role that trust and commitment might play in marketing communications with intermediaries.
3. What are the three parameters upon which partnership success is built?
4. Prepare notes for a short article to be included in a marketing magazine about the importance of communications within marketing channels.
5. Describe the main elements of communication informational flows in performance networks.
6. How can communication facets and channel structures be effectively combined?
7. What are the differences between collaborative and autonomous communication strategies?
8. Outline the concept of communication quality and identify the main dimension upon which quality is perceived to be based.
9. Identify the main difference between house or major accounts, key accounts and global account management.
10. Explain the concept of key account relationship cycles using the McDonald (2000) framework.

MiniCase   Educating the educators about asbestos

Jeremy Miles: Silverdell

Asbestos is a naturally occurring fibrous mineral and has been used commercially for about 150 years as a building material. It is versatile, plentiful and was ideal as a fireproofing and insulation material. Serious, often fatal diseases can be caused when asbestos fibres are released from materials, become airborne, and are inhaled.

The most likely way that asbestos in schools and colleges may become damaged is through the maintenance and repair of construction activities. This could occur when installing new computer cables, putting up shelving or installing new security systems. On a day-to-day basis, asbestos is a safe building material providing it is in good condition and not damaged.

School caretakers have been identified as a particularly important group. This is due to the nature of the risk, they are employed directly by the school and they have a duty of care for their employees and responsibility for the maintenance of the school. In addition, contractors who work in schools or colleges who may be IT technicians, electricians and other tradesmen are also considered at risk from asbestos.

Silverdell Plc are a group of companies that specialise in the management of asbestos. Three organisations make up the group. Redhill Analysts are asbestos consultants who identify where asbestos is located in buildings and advise on how the asbestos should be best managed. There are two asbestos removal contractors – Silverdell and Kitsons – who undertake the removal of asbestos throughout the United Kingdom, under license. The profile of asbestos in education has increased dramatically. As a response to this market opportunity, a specific campaign to target schools and their respective contractors employed in the upkeep of school and college buildings was developed.

The following sets out the details concerning the campaign that was implemented.

Managing the education sector campaign for the Silverdell group

Aims

- To increase turnover and market share in the public and private sector schools market.

- Increase the penetration of private and independent schools who use the Silverdell group for integrated asbestos solutions – asbestos surveying and removal.

Campaign objectives

Raise prompted awareness among headteachers, school business managers, bursars and local education authorities that the group provides innovative and cost-effective solutions for the schools market.

Promote services/solutions offered by Redhills in respect of consultancy and project management solutions.

Promote asbestos removal solutions by Silverdell and Kitsons as leading removal contractors in the education field.

Support the NUT (National Union of Teachers) as stakeholders and opinion formers within in advice given to head teachers.

Raise awareness of: communication need within each school, it's workforce and tradesmen appointed/monitoring; and safe systems of work.

What we know about them that helps us

- Asbestos is a high-profile subject, which is currently contentious among managers, teachers and the trade unions.
- Local practical knowledge of schools is a specialist area where staff need vetting before working in an environment with children.
- Head teachers are increasingly responsible for repairs and maintenance within the school. The implication is that they manage the budgets.

Key messages

Having identified several stakeholders, it is important to target key messages.

To the head teacher

1. Re-inspections are a critical part of asbestos management compliance.
2. A pro-active approach is significantly cheaper than the consequences of mistakes by tradesmen.
3. Integrated asbestos management and removal solutions are user-friendly, accountable and cost-effective.

▶

Adopting a related creative principle of Redhill Analysts integrated approach designed to stimulate thought should include:

To the trade

1. A breath of fresh air – protect yourself and the children in your school.
2. Are you sure there is no asbestos where you are working?
3. Think before you do.

Why do we believe we are saying the right thing in the right way

- Evidence sourced from specialist researchers.
- Notes from the HSE sourced specifically about schools.
- The NUT has an agenda to raise profile – intelligence suggests a competitor to Redhill has agreed to support the NUT in producing 100 draft surveys to be published at the NUT conference in the summer.

Format

Design and print of e-flyer/adverts.
Print and design of quality 32-page advisory guide for head teachers.
Print and design of contractor cards.
Advertisements – educational press only.
Seminar costs – potential three seminars using the NUT/LEA (Local Education Authority) route to market.
Profile: PR support and article and *News at 10* should it be shown.
Additional web site pages as advisory support – www.asbestosinschools.co.uk.
Telephone calls to LEA's/local authorities in area responsible for education establishments.
Advisory helpline.

Tone of message and approach

Supportive and advisory.
Managed/integrated solutions.
 Non-confrontational, sensitive to the fact that the HSE may have other agendas.
 Point of differentiation – Ability to offer an integrated package nationally.
  Ability to offer internal compliance training.
 Remind – Reminding will be a key part of the campaign to target audiences a minimum of three times.
 Inform – Offer advisory support to enable compliance to be achieved locally.
 Persuade – Integrated solutions are easier to manage, and more cost effective.

Pilot

Regional campaign in the Midlands area by designated postcode: wider national campaign will follow based on pilot success to 7,000 decision-makers.

Routes to market

Direct: Direct mail and email to head teachers – they are ultimately responsible for financial activities in public-funded schools, and are the catalysts for distribution to their heads of department and to governors.

Trade Unions/LEA/local government: Use the NUT's profile within the sector to gain access and credibility of our service offerings through a series of awareness seminars for heads, LEA's and L/A's (Local Authorities).

Contractors: Information to contractors working in schools to be aware of asbestos.

Essential practical solutions

We should not compromise our trading position against any other opinion leaders.
Number of advisory sessions needs to be closely monitored – re cost implications.
Direct marketing campaign – limited regionally. (Opt-in required.) E-based campaign to reduce costs of postage, etc.
Logo – group.
Availability of email addresses (opt-in).
Support – education help-line – Redhill.

Timings/flighting

February/March:
Liaise with NUT/Trade Unions and Local Education Authorities re compliance training.
Run pilot.

March/April: Run primary campaign designed to fit with new fiscal year in schools and in time when preparations are being made for refurbishments during summer period.

Proposed flighting timescales:
Email 1, direct mail – hard copy to include contractor inserts.
Email 2 as a reinforcement.

Total budgets and costs – schools email campaign

Schools and colleges (private and public)
Schools and colleges – Art & Design
Schools and colleges – Commercial
Schools and colleges – Further Education
Schools and colleges – Foundation
Schools and colleges – Independent and Preparatory
Schools and colleges – Local Authority
Schools and colleges – Special
Head teacher or Bursar contact (default do decision-maker)
Cannot be split via private/state
UK-wide
Names, address and email contacts in total 7,130

Totals

Direct marketing – flyer and contractor information	£2,500
Design and print	£6,000
Fulfilment and postages	£7,500 E
12-month licence (database)	£2,000
Web site	**£1,500**
Compliance road show (at cost)	£500
Total – Full campaign	**£20,000**

Managing quality and quantity of responses

Number of responses after three reminders
Number of seminars provided
Attendances at seminars
Volume of works commissioned

References

Abratt, R. and Kelly, P.M. (2002) Perceptions of a successful key account management program. *Industrial Marketing Management*, **31**(5) (August), 467–76.

Anderson, E., Lodish, L. and Weitz, B. (1987) Resource allocation behaviour in conventional channels. *Journal of Marketing Research* (February), 85–97.

Anon. (2006) British Gas Business switches on to viral campaign. Retrieved 4 April 2006 from http://www.b2bm.biz/.

Anon. (2008) Casting off the past. *The Marketer*, December/January, 21–2.

Benedapudi, N. and Leone, R.P. (2002) Managing business-to-business customer relationships following key contact employee turnover in a vendor firm. *Journal of Marketing*, **66** (April), 83–101.

Benjamin, K. (2007) Special report: The importance of being integrated. *Marketing Direct*, 6 February 2007. Retrieved 4 April 2007 from www.brandrepublic.com/InDepth/Features/631450/Special-report-importance-integrated/.

Birkinshaw, J.M. (2003) *The Blackwell Handbook of Global Management*. Boston, MA: Blackwell.

Brown, D. (2008) Under the influence. *Marketing,* 23 April, 33–4.

Dwyer, R. and Walker, O.C. (1981) Bargaining in an asymmetrical power structure. *Journal of Marketing*, **45** (Winter), 104–15.

Dwyer, F.R., Shurr, P.H. and Oh, S. (1987) Developing buyer–seller relationships. *Journal of Marketing*, **51**(2), 11–28.

Ford, I.D. (1980) The development of buyer–seller relationships in industrial markets. *European Journal of Marketing*, **14**(5/6), 339–53.

Frazier, G.L. and Summers, J.O. (1984) Interfirm influence strategies and their application within distribution channels. *Journal of Marketing*, **48** (Summer), 43–55.

Gilliland, D.I. and Johnston, W.J. (1997) Towards a model of marketing communications effects. *Industrial Marketing Management*, **26**, 15–29.

Grabner, J.R. and Rosenberg, L.J. (1969) Communication in distribution channel systems. In *Behavioral Dimensions in Distribution Channels: A Systems Approach* (ed. L. Stern). Boston, MA: Houghton Mifflin.

Haakansson, H. and Wootz, B. (1979) A framework of industrial buying and selling. *Industrial Marketing Management*, **8**, 28–39.

Hannah, G. (1998) From transactions to relationships: challenges for the national account manager. *Journal of Marketing and Sales* (SA), **4**(1), 30–3.

Hennessey, D.H. and Jeannet, J.-P. (2003) *Global Account Management: Creating Value*. Chichester: Wiley.

Kalwani, M.U. and Narayanas, N. (1995) Long-term manufacturer-supplier relationships: do they pay off supplier firms? *Journal of Marketing*, **59**(1), 1–16.

McDonald, M. (2000) Key account management: a domain review. *Marketing Review*, **1**, 15–34.

Millman, T. and Wilson, K. (1995) From key account selling to key account management. *Journal of Marketing Practice: Applied Marketing Science*, **1**(1), 9–21.

Millman, T. and Wilson, K. (1998) Global account management: reconciling organisational complexity and cultural diversity. *The 14th Annual Industrial Marketing and Purchasing (IMP) Group Conference*, Turku School of Economics and Business Administration.

Mistry, B. (2004) Dulux sets out to steal share. *Promotions and Incentives*, March, 32–3.

Mitchell, V.-M. (1999) Consumer perceived risk: conceptualisations and models. *European Journal of Marketing,* **33**(1–2), 163–95.

Mohr, J. and Nevin, J.R. (1990) Communication strategies in marketing channels. *Journal of Marketing* (October), 36–51.

Mohr, J. and Sohi, R.S. (1995) Communication flows in distribution channels: impact on assessments of communication quality and satisfaction. *Journal of Retailing*, **71**(4), 393–416.

Mohr, J. and Spekman, R. (1994) Characteristics of partnership success: partnership attributes, communication behaviour and conflict resolution techniques. *Strategic Management Journal*, **15**, 135–52.

Moorman, C., Zaltman, G. and Despande, R. (1992) Relationships between providers and users of marketing research: the dynamics of trust within and between organisations. *Journal of Marketing Research*, **29** (August), 314–29.

Morgan, R.M. and Hunt, S.D. (1994) The commitment–trust theory of relationship marketing. *Journal of Marketing*, **58** (July), 20–38.

Murphy, D. (2007) Off the page, on to the web. *The Marketer*, (October), 31–3.

Napolitano, L. (1997) Customer–supplier partnering: a strategy whose time has come. *Journal of Selling and Sales Management*, **17**(4), 1–8.

Ojasalo, J. (2001) Key account management at company and individual levels in business-to-business relationships. *Journal of Business and Industrial Marketing*, **16**(3), 199–220.

Papas, C. (2008) Lawyers for luvvies. *The Marketer*, (March), 20–2.

Pardo, C. (1997) Key account management in the business-to-business field: the key accounts point-of-view. *Journal of Selling and Sales Management*, **17**(4), 17–26.

Ryals, L.J. and Holt, S. (2007) Creating and capturing value in KAM relationships. *Journal of Strategic Marketing*, **15** (December), 403–20.

Ryals, L.J. and Rogers, B. (2007) Key account planning: benefits, barriers and best practice. *Journal of Strategic Marketing*, **15** (May–July), 209–22.

Sharma, A. (1997) Who prefers key account management program? An investigation of business buying behaviour and buying firm characteristics. *Journal of Personal Selling and Sales Management*, **17**(4), 27–39.

Spencer, R. (1999) Key accounts: effectively managing strategic complexity. *Journal of Business and Industrial Marketing*, **14**(4), 291–310.

Stern, L. and El-Ansary, A.I. (1988) *Marketing Channels*, Englewood Cliffs, NJ: Prentice-Hall.

Stern, L. and El-Ansary, A.I. (1992) *Marketing Channels*, 4th edn. Englewood Cliffs, NJ: Prentice-Hall.

Valla, J.-P. (1982) The concept of risk in industrial buying behaviour. Workshop on Organisational Buying Behaviour, European Institute for Advanced Studies in Management, Brussels, December, 9–10.

Vöegle, S. (1992) *Handbook of Direct Mail. The Dialogue Method of Direct Written Sales Communication.* Englewood Cliffs, NJ: Prentice-Hall.

Vriens, M., van der Scheer, H.R., Hoekstra, J.C. and Bult, J. (1998) Conjoint experiments for direct mail response optimisations. *European Journal of Marketing*, **32**(3/4), 323–40.

Wilson, K., Croom, S., Millman, T. and Weilbaker, D.C. (2000) *Global Account Management Study Report.* Southampton: The Sales Research Trust.

Wotruba, T.R. (1991) The evolution of personal selling. *Journal of Personal Selling and Sales Management*, **11**(3), 1–12.

Wulf, K.D., Hoekstra, J.C. and Commandeur, H.R. (2000) The opening and reading behaviour of business-to-business direct mail. *Industrial Marketing Management*, **29**(2) (March), 133–45.