

CHALMERS UNIVERSITY OF TECHNOLOGY



Business Marketing and Purchasing

TEK 261

Study period 2, 2021-2022

**In collaboration with Vaasa University, School of
Management, Vaasa, Finland.**

COURSE SYLLABUS

TEK 261**Business Marketing and Purchasing, 7.5 credits****Examiner and course responsible teacher**

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Course objectives

The main objective of the course is to provide students with knowledge and abilities regarding business processes between firms. These processes will be studied from the perspectives of both selling and buying firms. After the course students should be able to:

- Describe central features of business markets
- Assess the purchasing strategies and processes of buying firms
- Analyse different marketing situations and their characteristics
- Understand the role of business relationships and business networks
- Frame sustainability as part of the current business landscape
- Formulate and evaluate marketing strategies and marketing plans

Course content

Business processes between firms are studied in courses named business marketing, industrial marketing, business-to-business marketing (B2B). A basic point-of-departure in these courses is that the efforts of a selling firm are directed towards satisfying needs, or solving problems, for potential customers. In these attempts, a vast number of activities and functions included in the

general notion of “marketing” are conducted. These functions cover identification and analysis of customer needs, product development, marketing communication, organising of distribution and also activities brought to lifelong time after the formal business transaction, such as after-sales-services, warranties, and product responsibilities. The magnitude and variety of these activities and processes make marketing planning a central issue, involving various actions from the formulation of a business mission, over marketing strategy to the particular marketing tactics. The course aims to provide students with models and analytical tools that contribute to the efficiency and effectiveness of marketing operations.

Successfully applying these models and tools will require knowledge and abilities in two related areas. The first is the understanding of the potential customers in terms of their needs and problems, their use context as well as their buyer behaviour and purchasing strategies. Firms most often act both as sellers and buyers on business markets and their marketing and purchasing activities are thus highly interlinked. The second area concerns the interaction and the relationship between buyer and seller in the business processes. Relationships between customers and suppliers in business markets are often characterized by mutual adaptations in terms of product features, technical development, production systems, and distribution arrangements. These adaptations are means for improving the performance of the operations of the two firms. Business relationships and their development and features are, therefore, basic themes in the course. One significant aspect of a business relationship is that it must be analyzed in its business network context since both the buyer and the seller are involved in other relationships as well.

Teaching and learning forms: Lectures, group sessions and cases

The course schedule is divided into lectures and group sessions with teachers from Chalmers and guest speakers from industry. Lectures will be a combination of ‘teacher lecturing’ and discussions of the course literature. Therefore, it is expected that students have gone through and are familiar with the content of the part of the literature that is allocated to the various sessions.

The Marketing Project is a group assignment, and it focuses on central marketing aspects of a B2B-product. Each student group (of five students) will take the starting point in a real product. Based on the course literature and analysis, the group formulates recommendations for the marketing activities of the product. In this way, students are given the opportunity to get an in-depth understanding of essential functions in business marketing and purchasing. See separate instructions for the Marketing Project.

The Sustainability Project is another group assignment where the opportunity is given to focus on sustainability in the business landscape. Sustainability in relation to the supplier relationships and networks focusing on the food industry and the textile and clothing industry. The group assignment is designed in such a way that it is possible to have a broader sustainability focus in either of those industries or to go in-depth in one particular case in those industries. This group-based assignment is done in collaboration with Vaasa University, Finland. See separate instructions for the Sustainability Project.

In the course, we will discuss a case in class which will be based on a real case description handed out before the session and to be discussed in smaller groups. Participation in the case seminar session is part of the examination.

Examination

The examination involves the following parts:

- | | |
|--------------------------|----------------------------------|
| - Written examination | Maximum score: 50 points |
| - Group-based projects | |
| - Marketing Project | Maximum score: 10 points |
| - Sustainability Project | Maximum score: 10 points |
| - Case seminar | Pass/fail |
| | Maximum points: 70 points |

Grades: 40 %: 28+ = grade 3 60 %: 42+ = grade 4 80 %: 56+ = grade 5

Passing the course will require a minimum of 40% of the score in the written exam (20 points), the Marketing Project (4 points), Sustainability Project (4 points) and pass in the Case seminar.

Written digital exam: January 11 at 8.30-12.30. Will come back with details based on Chalmers pandemic guidelines.

Note that you need to sign up for the exam. The exam registration closes on December 14 at 12.00. You need to register to be able to take the exam. If you are not registered, you cannot take the exam. This is a Chalmers rule.

Course schedule

	<i>Date</i>	<i>Time</i>	<i>Room*</i>	<i>Subject</i>	<i>Lect.</i>	<i>Lit.</i>
W1	Mon 1101	13.15 -14 14.15-16.00	Vasa 7	Introduction and course outline Starting points in BMP	FL, CF FL	B1, C1
	<i>Tue 1102</i>	9:15 – 11:45	<i>Zoom</i>	<i>Optional Lecture:</i> <i>Managing international business relationships and networks – The Wärtsilä and ABB way (organized from Vaasa University)</i>	<i>KE</i>	
	Thu 1104	9.00-9.45 10.00-10.45 11.00-11.45	Vasa B Zoom Zoom	Buying behavior and the marketing mix approach <i>Sustainability Project introduction</i> Sustainability and business relationships	FL CV	B2 (B10,B12, B7, B11)
W2	Mon 1108	13.15-15.00	ML13 ML14	<i>Marketing Project introduction</i>	CF, HL	
	Thu 1111	9.00-10.45 11.00-11.45	Vasa B Zoom	Interaction and network approach <i>Sustainability Project Q&A I</i>	FL FL/VE	B3, C2
W3	Mon 1115	13.15-14.00 14.15-16.00	Zoom Vasa 7	Digitalization and business development at Husqvarna Marketing strategy and marketing research	JAS FL	B4, B5
	<i>Tue 1116</i>	9:15 – 10:45 11:15- 12:45	<i>Zoom</i>	<i>Optional Lecture:</i> <i>Jakamo collaboration platform Business ecosystem digitalization (organized from Vaasa University)</i>	<i>TR</i> <i>JV</i>	
	Thu 1118	9.00 -9.45 10.00-11.45	Zoom Vasa B	<i>Sustainability Project Q&A II</i> Distribution and supply chain management	FL/VE KH	B11
	Fri 1119			<i>Marketing Project supervision</i> Group schedules supervision with the supervisor.	CF/HL	
W4	Mon 1122	13.15-15 15.15-16	Vasa 7	Segmentation, offerings and pricing Technological development in networks	FL JLH, FL	B6, B9, B12 A1, A2,
	Thu 1125	10.00-11.45	Vasa B	Trucks and purchasing of transport services	KHe	A3 (B2) (B3)
W5	Mon 1129	13.15-16.30	Vasa B Zoom	<i>Sustainability Project presentation</i>	VE FL AMH PS	
	Thu 1202	9.00-11.45	Vasa C	<i>Sustainability Project presentation</i>	VE FL	

W5			Zoom		AMH PS	
	Fri 1203			<i>Marketing Project supervision</i> Group schedules supervision with the supervisor.	CF/HL	
W6	Mon 1206	13.15-14.00 14.15-16.00	Vasa B Vasa B Vasa 7	<i>Seminar: Case discussion</i>	CF/HL	Separate hand-out.
	Thu 1209	10.00-11.45	Vasa 7	Business relationship communication	FL	B7, B8, B9
W7	Mon 1213	13.15-15.00	ML 11 ML15	<i>Marketing Project presentations</i>	CF/HL	
	Thu 1216	9.00-11.45	Vasa B	Course summary	FL	

*** See Canvas for zoom links.**

Teachers

Lecturers

FL Frida Lind, Chalmers
 CV Ceren Altunas Vural, Chalmers
 KH Kajsa Hulthén, Chalmers
 JLH Jens Laage-Hellman, Chalmers (prel)

Guest speakers from University of Vaasa / industry

KE Kenneth Engblom, ABB
 TR Timo Rossi CDO, Jakamo Corp.
 JV Jukka Vesalainen, Univ of Vaasa

Supervisors Marketing Project

CF Carla Ferreira, Chalmers
 HL Hannes Lindkvist, Chalmers

Industry guest speakers

JAS Johan A Simonsson, Husqvarna
 KHe Klas Hedvall, Chalmers Industri-Teknik (CIT)

Supervisors Sustainability Project

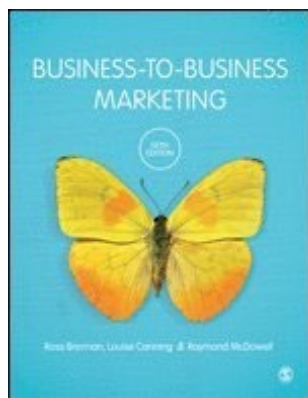
VE Victor Eriksson, NTNU
 AMH Anne-Maria Holma, Univ of Vaasa
 PL Paula Linna, University of Vaasa
 FL Frida Lind, Chalmers

Literature

The course literature consists of one textbook (named B), Chapters (named C, access from Canvas) a number of articles (named A).

- B Brennan, R., Canning, L. & McDowell, R. (2020) *Business-to-Business Marketing*, London: SAGE Publications, Fifth edition.

We will use a fairly new book on business marketing this year. The book is available both as an E-book and Hard copy. The book is for sale in most online bookstores, such as Adlibris, Amazon, Bokus, Chalmers Store, and E-books.com. Please use the 5th edition of the book. B1 stands for chapter 1 of the book, B2 refers to chapter 2, etc.



C Chapters (Access from Canvas: Files / Literature)

- C1 Two approaches to marketing (from old compendium)
- C2 Supplier relationships from Gadde, L-E. and Håkansson, H. (1993) *Professional Purchasing*, Routledge, London, pp. 63-76.

MP Hayes M, Jenster, P, Aaby N-E. (1996). *Business marketing - a global perspective* Erwin, McGraw-Hill, pp. 60-64

A Articles, Electronic access from Chalmers Library:

- A1 Håkansson, H. (1990) Technological collaboration in industrial networks. *European Management Journal*, 8(3): 371-379.
- A2 Laage-Hellman, J., Perna, A. and Lind, F. (2014) Customer Involvement in Product Development: An Industrial Network Perspective, *Journal of Business-to-Business Marketing*, 21(4): 257-276.
- A3 Hedvall, K., Jagstedt, S. & Dubois, A. (2019) Solutions in business networks: Implications of an interorganizational perspective, *Journal of Business Research*, 104: 411-421.

Reading instructions

Theme 1: Setting the scene of the course (week 1-2)

The first two study weeks, the course content and the area of business marketing and purchasing are introduced. The theoretical approaches are presented, and several of the important concepts are outlined - we set the scene of the course.

We discuss two typical cases of buyer-supplier situations. In the first situation, the customer and supplier know each other's businesses well, and they have done business for several years and have typically adapted both products and processes to each other. This situation concerns maintaining and developing business relationships, and each customer needs to be treated uniquely. In the other situation, the products and offerings of different suppliers are viewed as equal. In this situation, the selling company typically has limited knowledge about individual customers' operations and the marketing program is directed to a mass market rather than specific customers, and for the buying company, the price is an important decision factor. The first situation above is fruitfully analysed based on a perspective that will be referred to as 'the interaction and network approach'. The second situation above can be analysed based on 'the marketing mix approach'. Reading: B1.

This theme deals with understanding the buying behaviour of customers (literature B2). The lecture covers purchasing decisions, central purchasing orientations, and the purchasing process. Understanding companies as buyers is important in order to design relevant marketing programs. The market program includes not only the physical product and services but also how it is to be sold, distributed and marketed and priced. We lecture around the four "Ps" (please note that the assigned chapters will also be dealt with later on during the course. In this week, the topics are introduced):

Product – in broader terms is referred to as "Product Offerings" (reading B10).

Place – refers to how to make the product offerings available through distribution systems. (Specific lecture on this in study week 3, see B11 Routes to the market).

Promotion – market communication with customers and other actors. We focus on different ways of communicating with the market, including, e.g., branding, and trade fairs (literature B7)

Price – the pricing models needed to sell products in B2B markets (literature B12).

We connect to sustainability and business relationships and listen to an invited lecturer on this topic. This is forming the base for the Sustainability project assignment. The interaction approach and the closely related network approach are also introduced in the end of the second week (literature B3 and C2). We discuss the content and applicability of the marketing mix approach and interaction and network approach. We discuss business relationships as a central feature of business markets and in relation to a contract and raise the question of whether a business relationship is an implied contract.

Theme 2: Focus on digitalization, distribution and transport networks (week 3, week 4)

This week we listen to a guest lecturer from Husqvarna talking about digitalization and impact on product offering and business relationships. Marketing strategy is introduced and the rational planning approach, resource based view and relationship and network approach. Sound ethical

principles are crucial to marketing strategy. Also, how to collect information about the markets and customers are discussed.

Reading: B4 and B5.

The interaction and network approach has been of high value to analyse both distribution and technological development in industrial networks. Consequently, distribution is in focus, and we cover a central part of the marketing program: the routes to the customers, i.e. how products should reach their end customers. This includes issues about how products/services are to be distributed to customers and channel management (literature B11). Distribution and working with distribution networks are closely linked to business relationships and networks.

This theme continues with vital parts of the marketing program: segmentation, the offering, pricing and technological development of new offerings. We talk about the involvement of customers in product development which also is the topic for one of the readings for this week (literature A2). We also take a broader view and discuss technological development in a network perspective; for example, how to work with customers, suppliers and/or competitors could be development partners (literature A1). As mentioned, we discuss the critical issue of market segmentation, dividing the market into appropriate groups displaying similar needs, i.e. segments, and come back to the market offering and how it can be designed and developed (literature B6, B10, B12).

The theme ends with a guest speaker from industry on how companies work in relation to its context, and examples from both transport services using a network perspective and aspects of solutions are provided (literature A3).

Theme 3: Business relationships and current topics (week 5, week 6)

In this period of the course, there will be presentation and peer reviews of the Sustainability Project. In addition, there are activities in which you are to apply the concepts of business marketing and purchasing that we have discussed in the course and discuss current topics. Those activities mainly include the case discussion seminar and potentially also the marketing projects. There is a lecture around business relationship communication and relationship portfolios (literature B8, B9).

Theme 4: Marketing Project presentation and Course summary (week 7)

The Marketing Project is presented and in the very final session of the course, the course will be summarised.