

CHALMERS UNIVERSITY OF TECHNOLOGY



Business Marketing and Purchasing

TEK 261

Study period 2, 2019-2020

COURSE SYLLABUS

TEK 261

Business Marketing and Purchasing, 7.5 credits

Course responsible teacher

Frida Lind (Examiner)

Phone: 031-772 1113

E-mail: frida.lind@chalmers.se

Division of Supply and Operations Management,

Department of Technology Management and Economics

Chalmers Vasa, House 3, third floor, south

Course secretary

Victor Eriksson

Phone: 031-772 8115

E-mail: victor.eriksson@chalmers.se

Division of Supply and Operations Management,

Department of Technology Management and Economics

Chalmers Vasa, House 3, third floor, south

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
- Analyze different marketing situations and their particular 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 huge 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 life long 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 aim of the course is to provide students with models and analytical tools that contribute to efficiency and effectiveness of marketing operations.

Applying these models and tools successfully 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 seminars

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 literature seminar is an opportunity to focus on recent topics of the business landscape: sustainability and digitalization. The literature seminar is part of the examination and there is an individual assignment in relation to the seminar. See separate instructions for the literature seminar.

In the course, we will discuss a case in class. This 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 |
| - Marketing Project | Maximum score: 15 points |
| - Literature seminar | Maximum score: 5 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 (6 points). Literature seminar hand-in (2 points) and pass in the Case seminar.

Written digital exam: January 14 at 8.30-12.30 at Chalmers Johanneberg Campus.

Note that you need to sign up for the exam. The exam registration closes December 19. 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 1104	13.15 -14 14.15-16.00	Vasa 6	Introduction and course outline Starting points in BMP	FL/CM/VE FL	B1, C1, B4
	Thu 1107	9.00-11.45	Vasa C	Marketing strategy	CM	B2, B4, C2
W2	Mon 1111	13.15-16.00	Vasa 6	The marketing mix approach: Managing offerings, Distribution, Price and Marketing communication.	FL & CM	B2 Also: B4, B5, B8, C7
	Thu 1114	10.00-11.45	SB-L515 SB-L516	<i>Workshop I: Marketing project upstart</i>	VE/CM/FL	C5
	Fri 1115	15.15-17	Vasa 3			
W3	Mon 1118	13.15-14.00 14.15-16.00	Vasa 6	TetraPak: R&D and customer interaction The interaction and network approach	JF FL	C3, C4
	Thu 1121	10.00-11.45	Vasa C	Distribution and supply chain management	KH	B7, B9
W4	Mon 1125	13.15-15.00	Vasa 6	Technological development in networks <i>Preliminary industry guest lecturer</i>	JLH, FL	A1, A2, B6
	Thu 1128	10.00-11.45	EB	Buying behavior and purchasing strategy	AP	B3
				<i>Marketing project supervision</i> Group schedules supervision with supervisor.	VE/CM/FL	
W5	Mon 1202	13.15-14.00 14.15-16	Vasa 6	Supplier relationships in networks Trucks and purchasing of transport services	VE KHe	C6 , A3 Also C3, C4
	Thu 1205	8.00-9.45 10.00-11.45	Vasa 4, Vasa 5	<i>Literature seminar: Digitalization and Sustainability for B2B Marketing and Purchasing</i>	CM/AP	LSA1-5
				<i>Marketing project supervision</i> Group schedules supervision with supervisor.	VE/CM/FL	
W6	Mon 1209	13.15-14.00 14.15-16.00	Vasa C Vasa3, Vasa 4, Vasa 5	<i>Seminar: Case discussion</i>	VE/CM/FL	Separate hand-out.
	Thu 1212	9.00-9.45	Vasa 6	Sustainability and business relationships	CV	See LSA 1-5.
	Thu 1212	10.00-11.45	Vasa 3, Vasa 4 Vasa 5	<i>Workshop II: Marketing project presentations</i>	VE/CM/FL	
W7	Mon 1216	13.15-15.00	Vasa 6	Customer relationships	CM	B10
	Thu 1219	9.00-10.45	EB	Course summary	FL	

Teachers

FL	Frida Lind, Chalmers	VE	Victor Eriksson, Chalmers
CM	Carla Machado, Chalmers	CV	Ceren Altunas Vurgal, Chalmers
KH	Kajsa Hulthén, Chalmers	JF	Julian Fox, TetraPak
JLH	Jens Laage-Hellman, Chalmers	KHe	Klas Hedvall, Volvo ATR
AP	Ala Pazirandeh, Chalmers		

Literature

B Anderson, J.C., Narus, J. A. and Narayandas, D. (2009) *Business Market Management Understanding, Creating and Delivering Value*, Pearson Education Prentice Hall: Upper Saddle River New Jersey, Third edition.

C Compendium: Business Marketing and Purchasing.

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 Dubois, A., & Pedersen, A. C. (2002) Why relationships do not fit into purchasing portfolio models—a comparison between the portfolio and industrial network approaches. *European Journal of Purchasing & Supply Management*, 8(1), 35-42.

Literature Seminar Articles (LSA1-LSA5)

1. Schaltegger, S. et al. (2012) Business cases for sustainability: the role of business model innovation for corporate sustainability. *International Journal Innovation and Sustainable Development*, 6 (2): 95-119
2. Whelan, T., Fink, C. (2016). The comprehensive Business Case for Sustainability. Available at: <https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability>
3. Walker, H., & Phillips, W. (2008). Sustainable procurement: emerging issues. *International Journal of Procurement Management*, 2(1), 41-62.
<https://doi.org/10.1504/IJPM.2009.021729>
4. Almquist, E. (2018). How Digital Natives are changing B2B. Available at: <https://hbr.org/2018/03/how-digital-natives-are-changing-b2b-purchasing>
5. Sherer, L., & Cleghorn, J. How advanced analytics is changing B2B selling. Available at: <https://hbr.org/2018/05/how-advanced-analytics-is-changing-b2b-selling>

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 others' 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 point. 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'.

Marketing strategy is introduced in the first week with four central concepts for market strategic issues: segmentation, targeting, differentiation and positioning.

Reading: B1, C1 value propositions in B4 (pp. 159-164). Also understanding the customer and getting to know the market, referred to as market sensing (B2) and market analysis (literature C2) and the market strategic issues in B2 and B4.

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":

Product – in broader terms is referred to "Offerings" (reading B5).

Place – refers to how to make the product offerings available through distribution systems. (Specific lecture on this in study week 3, see B7).

Promotion – marketing communication with the customers and other actors. We focus on different ways of communicating with the market, including branding, personal selling and trade fairs (literature B8 and C7)

Price – the pricing models needed to sell products. Pricing models, for example, target pricing, target costing and value-based pricing (literature B3 + B5, pp. 209-216).

Theme 2: Interaction and network approach and focus on distribution and technological development (week 3)

The interaction approach, and the closely related network approach (literature C3 and C4) are in focus. 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 whether a business relationship is an implied contract. This week we also listen to a guest lecturer from Tetra Pak, discussing R&D organizing and the importance of customer interaction.

The interaction and network approach have 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: how products should reach their end customers, that is distribution and channel management. This includes issues how products/services are to be distributed to customers and how to sustain reseller partnerships (literature B7, B9). Distribution and working with distribution networks are closely linked to business relationships and networks.

This theme continues with a vital part of the marketing program: the offering and technological development of new offerings. We talk about involvement of customers in product development. This is also 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). There is also preliminary a guest lecturer from industry, this week. We also come back to the market offering and how it can be designed and developed. (literature B5, B6).

Theme 3: Purchasing, buying behaviour and supplier relationships

This theme deals with purchasing and understanding the buying behaviour of customers (literature B3). The first lecture covers purchasing decisions, central purchasing orientations and the purchasing process. Understanding companies as buyers is important also in order to design relevant marketing offerings.

Related, the theme continues with how to work with suppliers and supplier relationships and related theoretical concepts are provided to understand the content and complexity of supplier relationships (literature C6 and article A3). Examples of how suppliers are involved in product development are given. The purchasing theme includes an illustration of how companies work in relation to its context coming into both purchasing of transport services using a network perspective and aspects of marketing communication. This is done based on a guest lecture from Volvo.

Theme 4: Business relationships and current topics: sustainability and digitalization

In this period of the course, there are several other 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 especially include the literature seminar focusing on sustainability and digitalization in relation to business, the case discussion and potentially also the marketing projects. As one of the final steps, we are to listen to a lecture on sustainability in business relationships, which also related to the literature seminar. We also discuss managing different types of customers and customer relationships, for example in terms of a working relationship continuum (literature B10).

Final session: Course summary

In the final session of the course, the course will be summarized.