

iMDE: international Market-Driven Engineering

Lecture 8

Marketing and Sales

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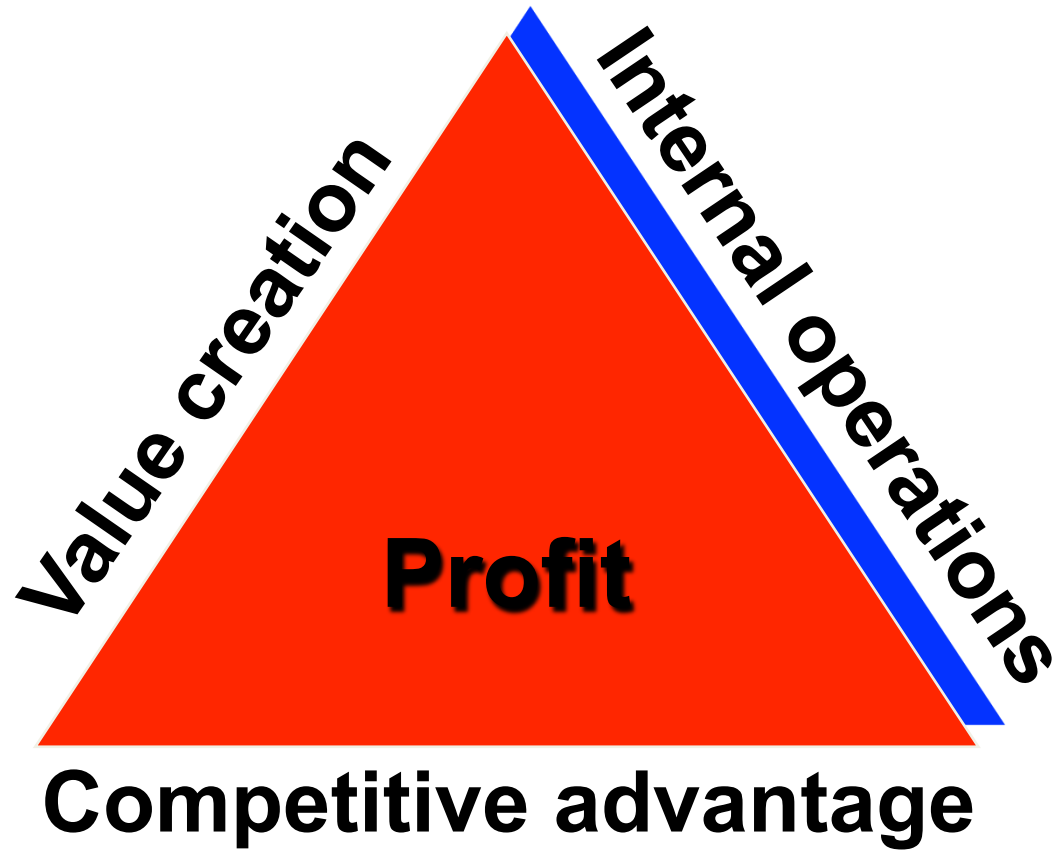


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The Profit Triangle



Agenda

- What is Marketing?
 - Industrial Marketing vs. Consumer Marketing
 - Sales
 - Culture
 - International marketing



Marketing Defined

- A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

OLD View
of Marketing:
*Making a Sale –
“Telling & Selling”*

NEW View
of Marketing:
Interactive

What Is Marketing?

Simple Definition:

BRIDGING GAPS
between
BUYER AND SELLER



Marketing as activities that bridge the 'gap'

Production ←————→ Consumption

Includes activities by the producer to satisfy the needs and wants of the customer, for example:

- Understanding needs and wants
- Creating products and services that satisfies needs and desires
- Communication and delivering
- Understanding effects/feedback on satisfaction etc.
- Understanding interdependence

Traditional types of marketing

- **Consumer marketing**
- **Industrial marketing (relationship marketing)**
- **Is there that much difference?**
- **For example**
 - Brands are of increasing importance to all companies
 - Relationships with customers are important to all companies
- **Differences in analytical scope**



How does this help you sell/market your product?

- Some of your questions:
 - How to best assess the market potential for an entirely new product?
 - Do marketing strategies differ in China and Sweden?
 - Before and after commerce's breakthrough, what are the main differences/challenges within sales and marketing?
 - When estimating market size and potential sales volume, what are the most common mistakes and what is often overlooked, according to your experience?
 - Different ways to approach the customers with a new product in the market?

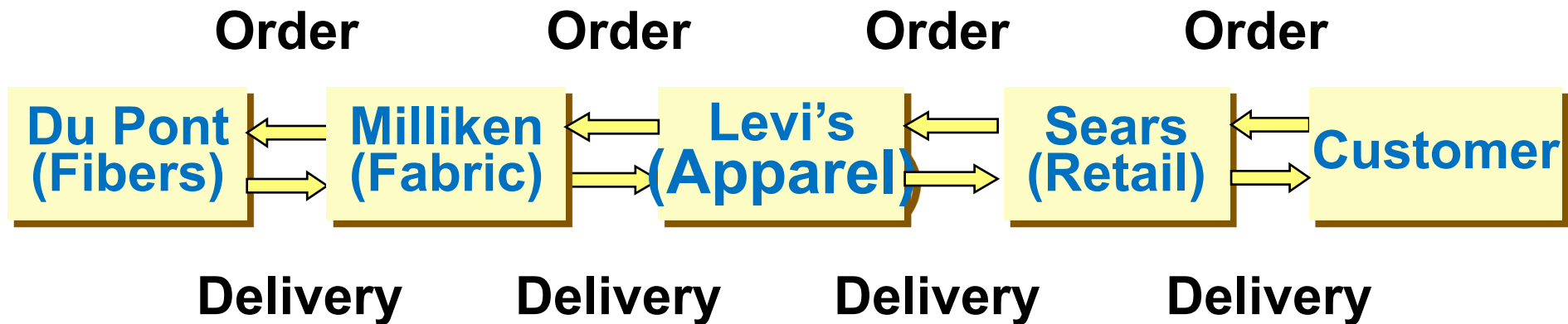


Industrial marketing

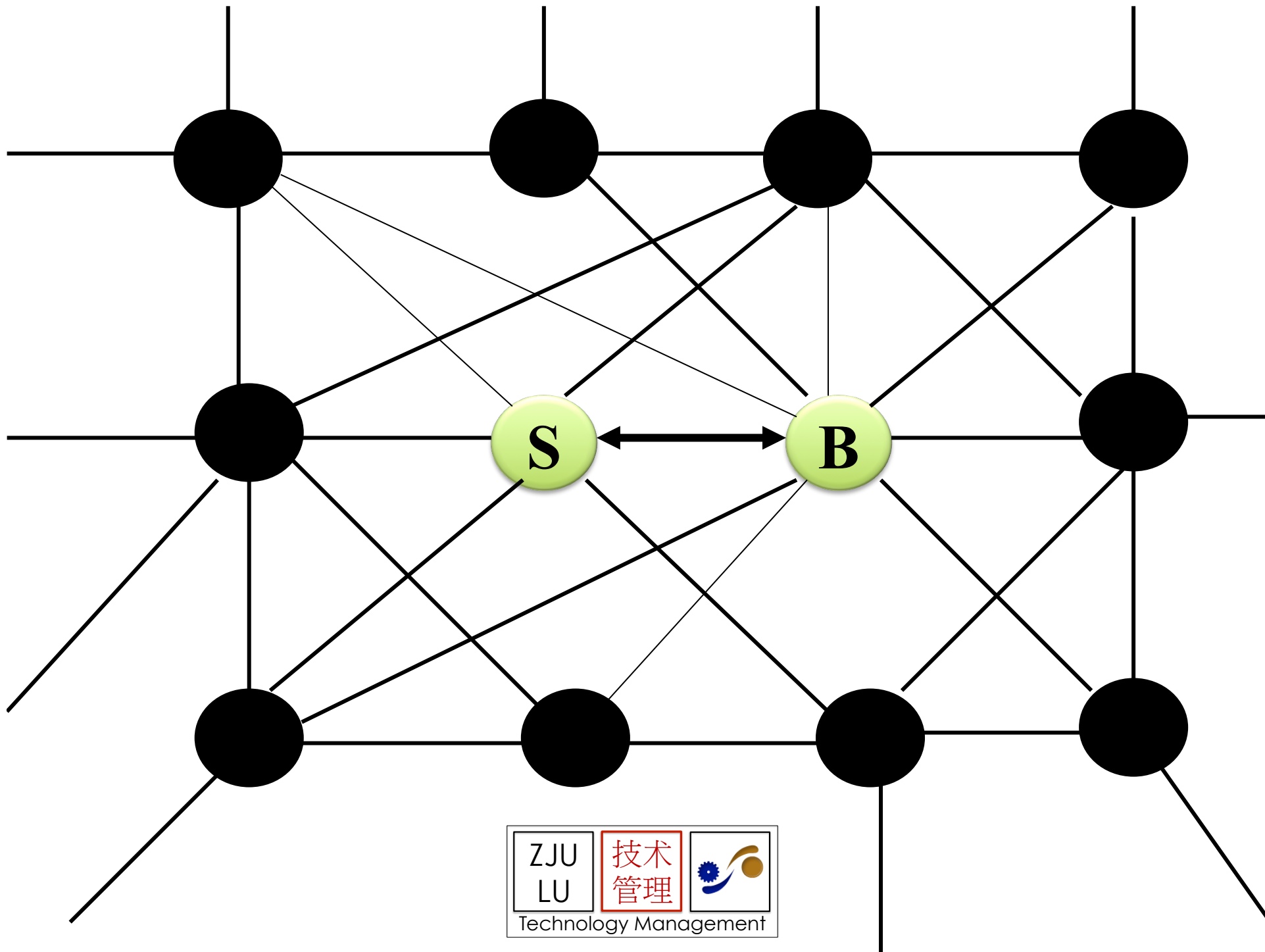
- No firm is an island. In order to create value a firm interacts and depends on others.
- Organizations, businesses, suppliers, customers (even end consumer, FB, WeChat etc).
- Businesses have deep relationships with few actors (20 – 80).
- The nature of relationships and how this affects business activities.



Levi Strauss' Value-Delivery Network



**Competition is between *networks*, not companies.
The winner is the company with the better network.**



Reciprocity and bounded rationality

- When firms interact over an extended period of time, relationships are interdependent and are created with:
 - Direct interaction parties
 - Actors that are connected indirectly
- Long-term interaction can lead to on the one hand efficiency and the other hand rigidity.
- Do firms manage the network or manage in the network?
- Industrial marketing is about nurturing/handling relationships, manage under uncertainty, and limited information about the environment.



Chlorine free paper

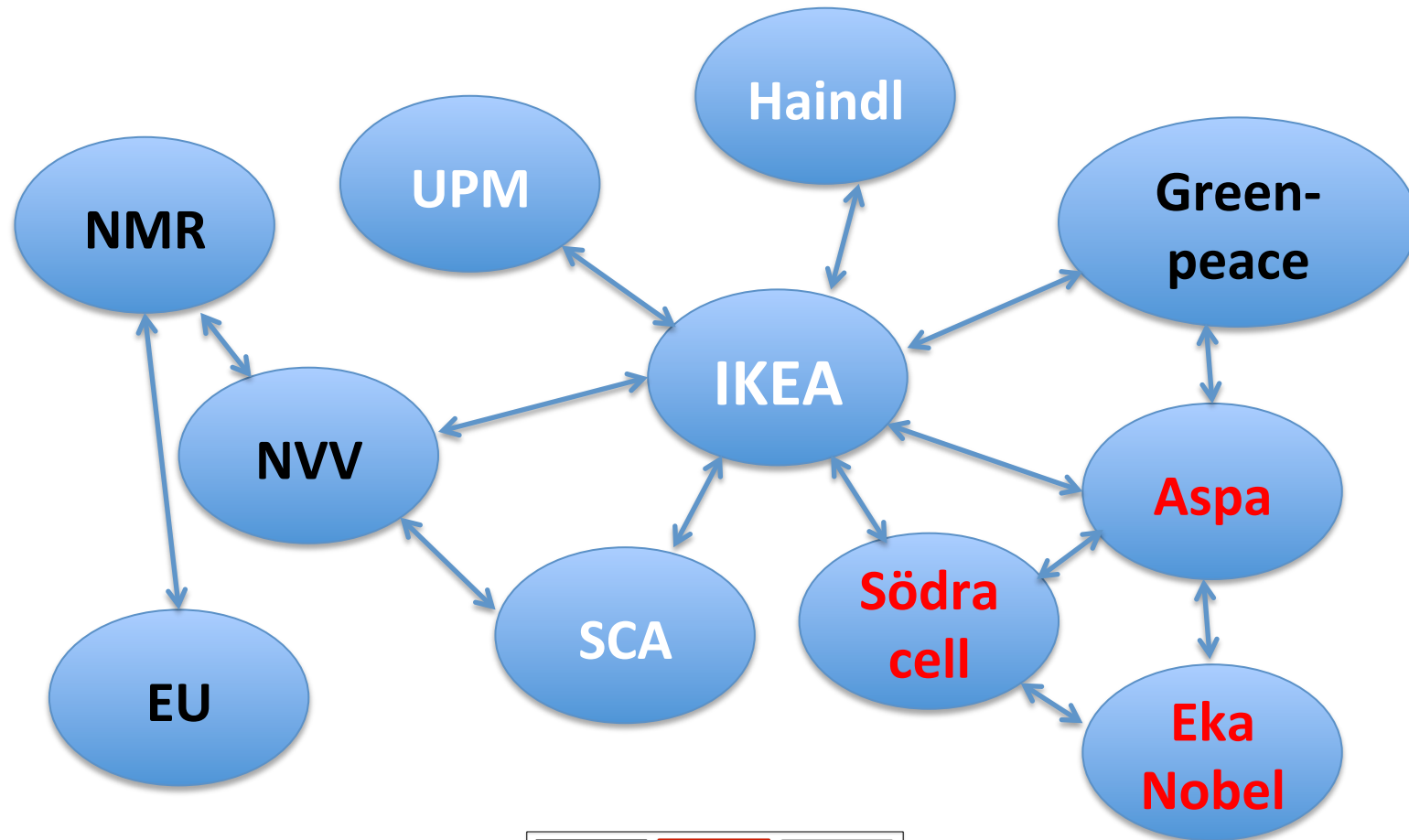
- In the early 1990s paper bleached with chlorine.
- Viewed as an major issue among authorities and NGOs.
- In the mid-1990s chlorine free paper had become the standard in the pulp and paper industry.
- How did that happen?



IKEA and chlorine free paper

- IKEA a large customer of paper (200 million catalogues/year)
- IKEA in its capacity as a major customer contributed to the development of chlorine free paper.
- IKEA engaged existing suppliers, new innovative firms, and interacted with authorities and NGOs.
- Chlorine free paper the result of interaction between various actors.

Introduction of chlorine free paper (case)



Underlying assumptions

- Interaction not limited to time and space.
- Delimitations of networks necessary for analytical reasons, but networks are infinite.
- Management of networks not possible.
- Interdependence, a cause of underlying behaviour.
- Co-existence of rigidity and efficiency, competition and collaboration in established relationships.
- Change sometimes easier outside of established relationships.



Main differences

Variables	Consumer marketing	Industrial marketing
Number of buyers	Many	Few
Analytical focus	B2C, Transactions	B2B, Relational, Interactive
Implications	Normative	Descriptive
Analytical level	4P, Swot, 5 forces, Branding of product	Relationships, nets, networks
Logic driving behaviour	Rational decisionmaking (segmentation, positioning)	Interdependence , heterogeneity

Customer Development



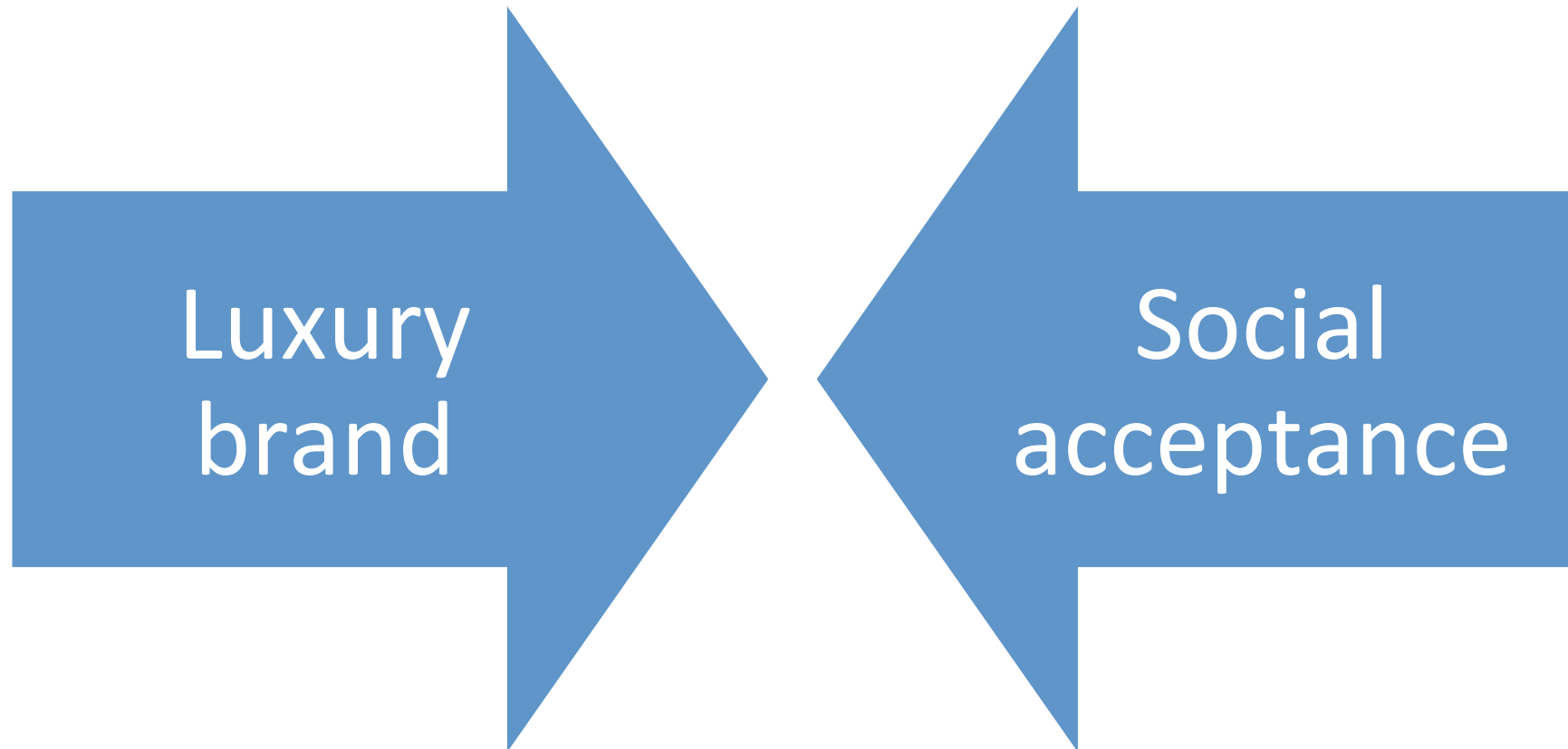
Discussion

- What are the major characteristics of consumption of your people?
- People buy something that they can afford?

Pursuing Luxury Products



Counterfeit brands





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Summary

- What is Marketing?
 - Marketing is about bridging gaps
- Industrial Marketing vs. Consumer Marketing
 - Sales
 - Culture
 - International marketing

