

Commentary on:
“Business Marketing Education:
A Distinctive Role
in the Undergraduate Curriculum,”
by Michael D. Hutt and Thomas W. Speh

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New marketing philosophies and core technologies have emerged. Relational marketing orientation, increasing global opportunities and competition, forging closer working relationships with value chain partners, increasing use of information technologies in the marketing processes, and organizing for creating time-based competitive values, all have revolutionized the way marketers create and nurture exchange relationships and transact business in the market place. These trends have important ramifications for what and how we teach the business-to-business marketing course (BMC). Students need to be prepared to operate in the complex and dynamic world of the future.

Seen from this perspective, Hutt and Speh’s (1998) article *Business Marketing Education: A Distinctive Role in the Undergraduate Curriculum*, makes an important and timely contribution in the field of business marketing education. Because a large portion of business school graduates enter firms that have direct involvement in the business market, the business marketing course fills an important gap in the curriculum. Their (1998) article suggests how current *specific topical directions* in the business marketing field affect the Business Marketing Course (BMC). In this article, however, this issue is looked at through a broader perspective on these directions. Specifically,

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strategic trends in purchasing and supplier relations management, relationship marketing, high-technology product marketing, faster, better and friendlier product development, and cross-functional integration are reviewed. Specific aspects of these practices that need to be covered in the BMC are identified with suggestions on pedagogical tools where necessary. The goal of this commentary is to enhance Hutt and Speh's contribution in providing stronger supporting material for the instructors teaching BMC.

STRATEGIC TRENDS IN PURCHASING AND SUPPLIER RELATIONS MANAGEMENT

As prospective business (industrial) marketers, students need to understand the strategic trends shaping the purchasing and supply management functions. An understanding of the organizational buying process and strategies is fundamental to the development of sound marketing strategies for targeting as well as managing working relationships with, business customers. Some students are likely to end up on the purchasing and supply management side of the business organization. As prospective managers, the students need to understand the impact of purchasing and supply chain management practices on the competitive success and profitability of the modern organization. The students also must understand the nature of interactions and issues between purchasing and other major intra-organizational functional activities such as product design, manufacturing planning and control, quality management, information system design, customer service standards and requirements of the company's customers. This understanding plays a key role in their responsibilities as the supplier relations managers. Hutt and Speh (1998) emphasize that the business marketing course should provide increased coverage of supply chain management issues and strategic priorities that now occupy purchasing managers. The coverage should be sufficiently expanded as noted below.

Supply Chain Management. A basic motivation of buyers for cultivating closer working relationships with suppliers is to improve the buying organization's performance on total quality, cost, delivery, and responsiveness to its external customers. Strategic supply management involves developing the strategies, approaches and methods for realizing a competitive advantage and improvement and sourcing process, through direct involvement and interactions with suppliers. Se-

lecting the right suppliers is important to satisfy the quality, cost, delivery, and technology requirements of the purchaser. It also creates the foundation for working closely with suppliers for continuing performance improvement arrangements. Global sourcing, which is becoming an important part of strategic supply management as firms search world-wide for the best source of supply, increases the level of challenge and complexity for the purchasing and supply management requirements, and conducting business between two firms. A Business Marketing Course (BMC), therefore, would clearly benefit from full-fledged discussion of the reasons, motivations and specific values that customer organizations seek in entering closer working relationships with their vendors.

The topics of vendor selection and value analysis for selecting suppliers for closer relationships should play a major role. How should the traditional vendor selection criteria be modified, the focus of value chain analysis, if at all, be expanded to include the relationship dimensions to the traditional product cost, quality and performance factors? The value-in-use analysis should also take into account the cost of acquiring and maintaining the long-term relationship.

The role of information technology in achieving superior values in the supply chain relationships needs to expand substantially. The collection, creation, management and communication of information are critical to the efficiency and effectiveness of operations and relationships in closer buyer-seller relationships. The BMC, therefore, should examine how information technology is used and how specific benefits are realized. For example, in-class demonstration of EDI use in facilitating purchasing activities, order processing, automatic replenishment of inventory on a timely basis, in addition to providing structure for creating intranet and extranet as communication channels, would go a long way to illustrate how and why purchasing functions have been involved into forming closer working buyer-seller working relationships. This will allow the student to understand some of the aspects of the total cost analysis of ownership of a supplier's product: acquisition, possession, and usage costs, much more clearly. Once the purchasers focus on the values rather than the cost, he or she must evaluate values within the buyer-seller relationship.

Pedagogically, how should the domain of issues related to the strategic trends in purchasing be tapped in the BMC course? Guest speakers from different buying and selling organizations illustrating their

experiences, observations on operational aspects of the buying-selling relationships would provide first hand information as well as an opportunity for students to ask for specific information and interaction with the guest speaker. A case study describing a “before-after” type scenario of how buying-selling operations were done before and after the formation of the closer relationship with vendor (or customer) would be an effective vehicle to evaluate favorable impact of the relationship on inventory management costs, production costs, speed of communication, and other efficiencies and effectiveness achieved in organizational performance. In-class demonstration of EDI and Efficient Customer Response (ECR) technologies also is seen as a value-adding pedagogical tool.

RELATIONSHIP MARKETING

Relationship Marketing generally involves creating unique values and business arrangements for the customer for forging long-lasting business relationships. Developing and timely-updating the customer-related unique offerings of product, services and other undertakings by the supplier, builds up the customer switching costs. If the customer is satisfied with the unique values and customized arrangements received from the supplier, the customer is less motivated to switch or develop other supply sources because of the cost and effort involved in educating the vendor of the customer operations, requirements and processes as well as the customer’s own learning of the supplier’s processes, offerings and other transaction costs. Sheth and Sharma (1997) feel that with increasing turbulence in the marketplace, it is clear that firms would have to move away from transaction oriented marketing strategies and move toward relationship oriented strategies for enhancing marketing performance. Several marketing, economic, competitive and organizational performance related factors would support this viewpoint.

The increasing importance and practice of relational marketing strategies and tactics are likely to affect several areas of business marketing decisions. First of all, identification and development of superior competitive values unique to each major customer account or group of business customers/organizations will be necessary for targeting the customer uniquely, to build lasting relationships. Because these efforts will involve strategic resources, new marketing strategies

and changes in marketing processes, the coverage of business marketing strategy formulation (target market selection, strategic planning, and marketing strategy development) needs to be expanded in the BMC. Effective implementation of the relational marketing philosophy orientation, establishing closer-working relationships and what it would mean for the customer and the supplier in terms of their organizational structures and processes, should be discussed. How relational philosophy affects design of product, customer services offerings and account management strategies should be included. After marketing (Vavra 1992) programs and tactics to maintain and enhance customer patronage should be emphasized. This will affect the industrial marketing promotion topic.

Baxter International Inc., the world's largest manufacturer and distributor of hospital and institutional medical supplies and specialty products, best illustrates the nature of relationship philosophy, strategies and some of the areas of its impact. The company manufactures and/or distributes more than 200,000 products to hospitals, clinics, and medical research laboratories, worldwide. Its relationship marketing strategy focuses on such decision areas as customer service, inventory management, marketing research and information systems, and product pricing and promotion strategies. For example, Baxter uses just-in-time inventory management with its key customers through its value link program and uses four other unique inventory programs for different customer groups. The company has invested resources in technology investment and established common data communication standards (e.g., through EDI) for both its suppliers and customers, resulting in lower transaction costs, faster transmission of data and communication, and better product and order status information. In Baxter's value link inventory management program, Baxter does not limit itself to delivering materials to a hospital loading dock, but distributes products to point of use (such as a nursing station in a specific floor of a hospital) and delivers products in exact quantity as needed on a daily basis (Berman 1996).

The goal of relationship marketing is customer retention. Relationships are built on familiarity and knowledge of customers, their experiences with the products, information on their business problems, preferences and importance of various benefits and incentives that the vendor might offer. The relationship marketing, therefore, necessitates two things. First, the marketer needs to develop a relationship market-

ing strategy with a well-designed customer information file (CIF) and system where the customer-related information is accessible to all relevant parties for timely decisions and activities. Secondly, a customer satisfaction and feedback measurement structure should be in place. Therefore, a separate session is warranted for designing and developing effective customer services strategies as well as customer satisfaction measurement systems, the essential requirements for cultivating long-lasting relationships.

Strategic alliances between organizations are also becoming an increasingly important marketing strategy choice in business marketing. The alliances are strategic in nature, allowing organizations to enter into favorable arrangements, gather marketing resources, strategic sourcing, technology, strength, and gain power and control that otherwise would be difficult to achieve by an individual firm without partnering with other organizations. More than 20,000 new alliances were formed between 1987 and 1992, compared with 5,100 between 1980 and 1987, and only 750 during the 1970s (Harbinson and Pekar 1993). The scope of BMC should, therefore, be expanded to reflect the incidence and impact of strategic alliances, specifically, in the areas of business strategy development, issues related to terms and conditions of business contracts, selection of appropriate partners, management and evaluating performance of partner relationship, adaptation of inter-organizational culture and conflict management techniques (Barnes and Stafford 1993). Training of boundary spanning personnel (e.g., middle managers and sales reps) becomes important as Hutt and Speh (1998) suggest that alliances are broadly negotiated by senior executives who turn over the details of day-to-day management of the alliance itself to middle-managers, and sales reps. Their attitudes, orientations and account management skills are crucial for furthering the performance of the alliance.

HIGH-TECHNOLOGY PRODUCT MARKETING

Technology is advancing at a tremendous pace. New developments in artificial intelligence and information technology are reported almost everyday (Bearden et al. 1998). The emergence of electronic data interchange (EDI) systems, video-conferencing technology, computer-to-computer linkages between organizations, transmission and receipt of data on real time bases, software technology facilitating marketing

operations and decision making, and more recently, the World Wide Web, all these technological breakthroughs challenge marketers to embrace technology perspective. There are opportunities for translating emerging technologies into successful new products and services, and using technology to improve marketing operations and practices.

In today's fast-paced business climate and rapid diffusion of emerging information technologies, it is especially important for students of business marketing, the technology practitioners and leaders of the future, to understand the issues and uses of marketing technologies. High-ticket and complex product technologies such as CASE tools, video conferencing, and voice recognition are likely to have longer acceptance and diffusion period (Butaney, Chand and Chand 1994). Hutt and Speh's (1998) article promotes the understanding of technology adoption life cycle very well. This knowledge is essential for designing effective strategies and tactics to penetrate into the organizational buying process for technology purchases as well as managing the unique pricing, promotion, and services issues that the technology marketing strategist must consider. Management of marketing opportunities for developing new technological products should play an important role in the session on new industrial product development and marketing strategies.

The students, however, need to be exposed to one other aspect of high-tech marketing, that of Internet-based marketing and opportunities.

Electronic Commerce (EC) eliminates a number of national and global market entry barriers, such as distribution and marketing costs. Thomas Register, who provides manufacturers' directories for purchasing agents, now offers this service on-line also. Their revenues in 1996 from the Website alone were \$16 million (Bearden et al. 1998). A recent study by Honeycutt, Flaherty and Benassi (1998) suggests that Web technology improved public relations and communication among suppliers, customers and employees in three specific business marketing firms marketing welding, flooring, and metal products. The Website also attracted new customer segments, feedback from customers on companies' products and customer services as well as information on factors influencing their buying over the internet. The authors also offer several guidelines to industrial marketers wishing to venture into cyberspace. Specific company examples should be brought in to expand the discussion of practices and issues of marketing business products and services on-line.

FASTER, BETTER AND FRIENDLIER PRODUCT DEVELOPMENT

Flexibility, integration and velocity are the three words which, according to Weimer et al. (1992) sum up current business philosophy when it comes to manufacturing success, and outmaneuver their competitors while reaping a profit harvest as well. Nayak (1992) from Arthur D. Little also suggests that unless U.S. companies can accelerate their cycle of new-product design development, Japanese and European companies will continue to come out with new technologies and improved products. The biggest obstacle to product introduction, according to Nayak (1992), is usually poor management, including bureaucratic cycles, pursuing sequential development process, and trying to hit home runs with bigger and costlier innovations. For faster product development, Nayak suggests companies (1) aggressively pursue opportunities or incremental innovation, (2) support continuous improvement strategy structure, (3) plan thoroughly and keep the planning team lean, (4) pursue simultaneous engineering, and (5) make it a team effort reporting to a single senior executive.

Hutt and Speth's (1998) article appropriately emphasizes the importance of fast-paced product development in business marketing, and the compression and experiential strategies for accelerating product development. The product development philosophy, however, needs to be broadened to include faster, better, and friendly products. The instructor needs to discuss disadvantages of compressing developmental cycle time (e.g., cost overruns, product deficiencies, poor market information or testing, people stress), and how they can be avoided to bring out faster and better products; how to eliminate bottlenecks and streamline processes for designing, developing, manufacturing and marketing. Finally, firms need to implement ecological orientation in designing products, including the product packaging decisions. In the U.S., there have been several enactments controlling the environmental safety standards as well as marketing practices (e.g., product design, packaging, disposal of chemicals, product labeling) that have harmful effects on the environment (Ottaman 1992). Marketers have been criticized for their products' effects on the environment. The design of some products, like automobiles and trucks, clearly contributes to air pollution. Manufacturers of plastics and certain packaging

materials that have an adverse effect on the environment have also been targeted by environmental groups.

Basically, those in the business-to-business sector are under pressure from their own customers and from pending legislation. They are overhauling their operations and asking for support to satisfy end users (Ottaman 1992). IBM corporation, for example, is now demanding alternatives to CFC-based cleaning agents. Sears, Roebuck & Co. asked its 2,300 suppliers to cut packaging use by 25% through such tactics as lightweighting and recycled content. Home Depot hired the Scientific Certification System testing organization to review all manufacturers' environmental claims. The Business Marketing course, therefore, needs to incorporate the ecological orientation as several marketing decision areas are impacted. Product and packaging decisions seem affected the most, followed by physical distribution and industrial marketing promotion tools and strategies.

CROSS-FUNCTIONAL INTEGRATION

Webster (1984) stated that marketing in industrial (business) organizations is a responsibility of general management. By the very nature of the industrial customer's product and service requirements, all business functional areas must be involved in implementing the marketing concept philosophy. Building cross-functional relationships and marketing personnel partnering with other functional areas in the organization, therefore, continues to be a key in integrating structural arrangement (Bondra and Davis 1996) to produce superior values. A separate session might be devoted to this subject matter in the BMC, including the mechanisms that are available to establish cross functional connections (e.g., multifunctional teams), issues of composition, performance measurement, motivation of team members, and how to integrate the multifunctional teams in the marketing process as well as how to resolve interdepartmental and within-team marketing conflicts. A practitioner's point of view should be brought in on these issues. Because of the increasing incidence and involvement of multi-function teams in selecting vendors (or customers) and maintaining closer working relationships, implementing a company's strategic alliance and/or outsourcing strategy with external business partners, and managing customer services strategy locally, nationally, globally and on the Internet, the team needs training in two areas. First, since

within-organization and inter-organizational conflicts among team members are inevitable, expertise in selecting or avoiding specific methods and mechanisms of conflict management is essential. Thomas's (1976) conflict management orientations—avoidance, competitive, domination, accommodative and collaborative—would provide useful insights for team members. Secondly, the team members need to be empowered to make timely decisions as and when deemed necessary, to maintain efficiency and effectiveness in the working relationships with customers, vendors and strategic alliance partners. Real life examples of conflicts and empowerment scenarios depicting a variety of marketing disagreements can be brought in, either through case method or by inviting guest speakers in the class.

CONCLUDING SUMMARY

The past several years have witnessed several strategic trends and philosophies which have redefined business-to-business marketing strategies. Many of the business marketers have yet to realign their thinking to address opportunities and threats in the changing marketing environments. Complementing Hutt and Speh's (1998) contributions on the trends in business marketing practice, and their impact on Business Marketing Education, this article further examined these trends and slightly broadened the labels as Strategic Trends in Purchasing and Supply Management, Relationship Marketing, Strategic Alliances and Partnerships, High-Technology Product Marketing, Cross-Functional Integration, and Faster, Better and Friendlier Product Development. These business trends are reviewed to convey the dynamic nature of changing values in the business-to-business marketing field. Their relevance is linked to business marketing decisions as well as education including recommendations of what and how these trends might be covered in the business marketing course, when appropriate.

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