Key Terms

Acquisition Costs: The incremental costs involved in obtaining a new customer.
Agent: A business entity that negotiates, purchases, and/or sells, but does not take title to the goods.
Benchmark: A benchmark is a standard or guideline used to compare some aspect of a business to some objective or external standard measure. For example, when a banker compares a business' profitability to standard financial ratios for that type of business, the process is sometimes referred to as "benchmarking." Liveplan creates a chart that it calls "Business Benchmarks," which it uses to compare five standard business measures (sales, gross margin, net profits, collection days, and inventory turnover) as they change over time. In this case the benchmark is the business itself, so it compares past results to planned future results.
Brand - A promise of future value: "what would I expect of them in future?". Classically described by Kotler as a name, term, sign or symbol used for identification and recognition purposes of products or services.
Brand Attributes: Functional or emotional associations that are assigned to a brand by its customers and prospects. Brand attributes can be either negative or positive and can have varying degrees of relevance and importance to different customer segments.
Brand Equity: The value - both tangible and intangible that a brand adds to a product/service.
Brand Loyalty: The strength of preference for a brand compared to other similar available options. Often measured in terms of purchase behavior or price sensitivity.
Brand Positioning: The space a brand is perceived to occupy; the part of the brand identity that is to be actively communicated in a way that meaningfully sets it apart from the competition.
Business mission: A brief description of an organization's purpose with reference to its customers, products or services, markets, philosophy, and technology.
Business plan: The written document that details a proposed or existing venture. It seeks to capture the vision, current status, expected needs, defined markets, and projected results of the business. A business plan "tells the entrepreneur's story" by describing the purpose, basis, reason and future of the venture.
Buying Committee: Refers to all individuals involved in the B2B buying decision at an organization
Channel conflicts: A situation where one or more channel members believe another channel member is engaged in behavior that is preventing it from achieving its goals. Channel conflict most often relates to pricing issues.
Channels of distribution: The system where customers are provided access to an organization's products or services.
Competitive advantage: The strategic development where customers will choose a firm's product or service over its competitors based on significantly more favorable perceptions or offerings.
Competitive analysis: Assessing and analyzing the comparative strengths and weaknesses of competitors; may include their current and potential product and service development and marketing strategies.
Demand Generation: The act of using marketing to create interest or demand in a company's products or services
Distinctive competency: An organization's strengths or qualities including skills, technologies, or resources that distinguish it from competitors to provide superior and unique customer value and, hopefully, is difficult to imitate.
Diversification: A product-market strategy that involves the development or acquisition of offerings new to the organization and/or the introduction of those offerings to the target markets not previously served by the organization.
Experience curve: A visual representation, often based on a function of time, from exposure to a process that offers greater information and results in enhanced efficiency and operations advantage.

Fatal 2% rule: The concept that if a venture can just get "2%" of total market share it will be successful. This percentage can be unattainable based on the approach, limited resources, and/or structure of the industry.
Fighting brand strategy: Adding a new brand to confront competitive brands in an established product category.
First mover: A company that attempts to gain an unchallengeable, privileged market position by being the first to establish itself in a given market.
First mover advantage: Key first mover advantages include: 1) Reputation effect 2) Experience curve 3) Customer commitment and loyalty.
First mover disadvantage: These factors can turn first-mover advantages into weaknesses. They include: 1) Resolution of technological uncertainty 2) Resolution of strategic uncertainty 3) Free-rider effect – others duplicate based on the leader's success 4) Complementary assets to exploit core technological expertise.
Five forces model: Porter's model that considers these forces as they impact and industry and the overall competitive climate: 1) Risk of entry by potential competitors 2) Bargaining power of suppliers 3) Bargaining power of buyers 4) Threat of substitute products 5) Rivalry among established firms.
Inbound Marketing: A type of marketing characterized by prospects and customers seeking out and finding companies rather than vice versa
Market development strategy: A product-market strategy whereby an organization introduces its offerings to markets other than those it is currently serving. In global marketing, this strategy can be implemented through exportation licensing, join ventures or direct investment.
Marketing plan: A written document containing description and guidelines for an organization's or a product's marketing strategies, tactics and programs for offering their products and services over the defined planning period, often one year.
New-brand strategy: The development of a new brand and often a new offering for a product class that has not been previously served by the organizations.
Opportunity analysis: The process of identifying and exploring revenue enhancement or expense reduction situations to better position the organization to realize increased profitability, efficiencies, market potential or other desirable objectives.
Opportunity cost: Resource use options that are given up as a consequence of pursuing one activity among several possibilities. Potential benefits foregone as a result of choosing an alternative course of action.
Perceived risk: The extent to which a customer or client is uncertain about the consequences of an action, often relating to purchase decisions.
Personal selling: The use of face-to-face communication between the seller and buyer.
Portfolio: The complete array of an organization's offerings including all products and services. Also called an offering mix.
Positioning: Orchestrating an organization's offering and image to occupy a unique and valued place in the customer's mind relative to competitive offerings. A product or service can be positioned on the basis of an attribute or benefit, use or application, user, class, price, or quality.
Repositioning: The process of strategically changing the perceptions surrounding a product or service.
Revenue Cycle: A new way of looking at the traditional sales cycle. The revenue cycle starts from the day the organization first meets a prospect and continues through the sale and beyond to the customer relationship
Situation analysis: The assessment of operations to determine the reasons for the gap between what was or is expected, and what has happened or will happen.

Social Selling: Also referred to as Sales 2.0, the merging of Web 2.0 technologies with traditional sales strategies, enabling salespeople to better prioritize their time and serve as experts—not just negotiators— in the product selection process
Strategic marketing management: The planned process of defining the organization's business, mission, and goals; identifying and framing organizational opportunities; formulating product-market strategies, budgeting marketing, financial, and production resources; developing reformulation.
Sunk cost: Past expenditures for a given activity that are typically irrelevant in whole or in part to future decisions. The "sunk cost fallacy" is an attempt to recoup spent dollars by spending still more dollars in the future.
Target market: The target market is a defined segment of the market that is the strategic focus of a business or a marketing plan. Normally the members of this segment possess common characteristics and a relative high propensity to purchase a particular product or service. Because of this, the member of this segment represents the greatest potential for sales volume and frequency. The target market is often defined in terms of geographic, demographic, and psychographic characteristics.
Target marketing: The process of marketing to a specific market segment or multiple segments. Differentiated target marketing occurs when an organization simultaneously pursues several different market segments, usually with a different strategy for each. Concentrated target marketing occurs when a single market segment is pursued.

Best Practices

Optimize return on sales investments

Cutting sales costs without losing revenue is both art and science. A collaborative approach helps companies gain transparency on the performance of their route-to-market mix while identifying potential improvement areas and concrete ways to achieve them, such as creating lean back-office sales operations.

Align sales channels in a multichannel world

Customers are increasingly moving across all channels to get what they want. Some of them demand increased services for certain transactions while others prefer low-touch, 24/7 interactions. Companies form effective selling strategies in all channels from key-account management to digital sales to indirect channel partners.

Building the high-performing sales force

Today's big company sales organizations often consist of thousands of people spread across vast geographies. To boost the effectiveness of these far-flung organizations, companies must build necessary skills in the organization by providing innovative, hands-on programs that include performance dialogues, train-the-trainer capability building, and a "field and forum" approach for sales managers that combines classroom and on-the-job learning. This component is critical in achieving sustained improvement.

Channel Management in B2B

Channel management, as a process by which a company creates formalized programs for selling and servicing customers within a specific channel.

Best Practises in Channel Management:

Segment your channels by like characteristics (their needs, buying patterns, success factors, etc.) and then customize a channel management program that includes:

1. **Goals.** Define the specific goals you have for each channel segment. Consider goals for the channel as a whole as well as individual account.
2. **Policies.** Construct well-defined polices for administering the accounts within this channel. Be sure to keep the unique characteristics of each segment in mind when defining policies for account set up, order management, product fulfillment, etc.
3. **Products.** Identify which products in your offering are most suited for each segment and create appropriate messaging.
4. **Sales/Marketing Programs.** Design support programs for your channel that meet the customer's needs, not what your idea of their needs are

Trends in B2B

Customers want it all

First, customers have become more demanding, insisting on both off-the-shelf products and more complex, customized solutions—with different levels of sales support

Businesses must develop flexible multichannel models that can seamlessly handle each type of transaction cost effectively

Salespeople are being required to sell more and more products and solutions as a result of industry consolidation, proliferating products, and more sophisticated buyers. Customers are pressuring their suppliers to bring the full depth of expertise to every sale.

Making the most of data

B2B sales teams report that the rapid adoption of these techniques has increased the volume and quality of sales leads and improved conversion rates.

Predictive analytics are becoming widespread both in markets serving smaller customers and in those with large customer bases.

They are also forcing frontline sellers and their managers to become sophisticated data users, reducing the influence of old-fashioned gut instinct in driving the decisions of sales teams.

Customers Want a knowledgeable sales Force

Savvy customers don't value old-school, pressure-based, manipulative sales methods. In fact, many executives say they'll decide to not select a vendor because of a negative sales experience.

As customers increasingly value subject-matter experts, salespeople need refined consultative skills. Companies must discover how customers make buying decisions and what you can do to add the most value for your customers..

Increases in Weekly Business Role Play

In 2015, the top performing companies know that weekly practice reinforces concepts and allows your team to execute under pressure, in the moment. In 2015, look for tools to facilitate reinforcement economically while monitoring results for management.

Simplicity and Portability Will Drive CRM

Customers expect each person in your organization to know their business. Sales and marketing organizations historically added so much to CRM systems that reps spent more time entering data than using it. Top performing companies will strive for a balance between data collection and ease of use. When it comes to CRM, you are better having a simple and easy platform that masterfully supports mobile devices than to have a complex system that nobody uses.

Content Marketing

The majority of B2B firms plan to increase both their content marketing budgets and content volume in 2015. This means that you not only need to create content, but your content has to deliver greater value than others in your space. You need to be comfortable giving away your best stuff. Top performing companies will include links to content in virtually every sales interaction. This only works if you have valuable content in the eyes of your customer.

Interdisciplinary Workshops

The role of salespeople will evolve. The best companies will recognize that the entire organization can contribute to valuable content, and each team member plays a role in selling.

STP Process in Marketing

Market Segmentation

-Identify bases for segmentation

-determine importatn characteristics of each segment

Market Targeting

-evalutale potential and commercial attractiveness of each segment

-select one or more segments

Product Positioning

-Develop detailed product positioning for each selected segments

-develeop a marketing mix for each selected segment

Ways to Segment A Market

Demographics: Breakdown by any combination: age, gender, income, education
Psychographics: The emotions based on behaviour, linked to purchase choices
Lifestyle: This refers to Hobbies and other non-work time pursuits.
Belief and Values: Refers to Religious, political, and cultural beliefs and values

Determining Segment Attractiveness

Criteria Size: The market must be large enough to justify segmenting.
Difference: Measurable differences must exist between segments.
Money: Anticipated profits must exceed the costs of additional marketing plans.
Accessible: Each segment must be accessible to your team and the segment must be able to receive your marketing messages
Focus on different benefits: Different segments

Questions to Evaluate Brand Position

- ✓ Does it differentiate your brand?
- ✓ Does it match customer perceptions of your brand?
- ✓ Does it identify your brand's unique value to your customers?
- ✓ Does it produce a clear picture in your mind that's different from your competitors?
- ✓ Is it easy to understand?
- ✓ Is it positioned for long-term success?
- ✓ Will it withstand counterattacks from your competitors?