K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar, Mumbai- 400077
Program: PGDM – Retail Management *(Batch 2016-18), Tri-V*
Subject: B2B Marketing & Sales Management
(End Term Examination)

Maximum Marks: 50
Duration: 3 Hours

Date: 3rd January 2018

Instructions
1. **Q 1 is compulsory. Attempt any 3 questions from rest**
2. *Use of Personal Course pack given by Faculty is ALLOWED as reference material. No other material of loose papers / books etc. is allowed in examination room.*
3. **Sharing of any reference material with fellow students NOT ALLOWED**
4. **Start every Question from Fresh Page**
5. **Use of examples, flow charts, tables etc. is recommended wherever applicable.**
6. **Content and Presentation of content, both are important criteria for assessment.**

QUESTION 1   (20 marks)

By 2000, the US-based Standard Industrial Lubrication Company (hereafter SIL') had become one of the largest suppliers of industrial fluids in the world, servicing thousands of companies in sector ranging from pharmaceutical manufacturing to mining. But for a number of reasons, SIL was contemplating its continued participation in the industrial lubricants market: As technologies and manufacturing processes improved, many of its customers began reducing the number of their production facilities. Moreover, performance requirements for lubricants had increased dramatically. At the same time, according to SIL's sales force, most corporate customers expected better deals each year and often threatened to switch suppliers in search of better prices. To meet the demand for low prices, SIL had focused heavily on stripping costs out of the business. However even after some deep cuts, SIL's lubricants division was not meeting its financial objectives, and was in danger of being viewed as a commodity business by the firm's senior management – but was this an appropriate assessment?

To establish some of the value perceptions held in the marketplace, Copernicus worked with the company to launch an in-depth investigation of industrial lubricant customers. They interviewed

more than 500 decision makers responsible for purchasing lubricants from SIL and its competitors to assess customers' needs and motivations. They found that many buyers indicated that they had a good relationship with their suppliers and were not simply switching in search of a better deal. In fact, price was not as important as previously thought, with a significant proportion of customers wanting services and guarantees from suppliers that went beyond cost. This was not to say that price was unimportant, but it was merely one purchase criterion.

To make use of these findings, SIL clearly needed to be able to distinguish the less price-sensitive buyers. Copernicus, rather than take the conventional approach to segmentation (i.e. looking at SIC codes or buyer behaviour), segmented SIL's market in terms of potential profitability. This was achieved by answering the question: 'What types of companies and which key decision-makers are willing to pay more (rather than less) for products and services that solve their problems?' This approach suggested three segments that comprised more than 75% of the profit potential for the firm.

The next step was to determine how to target buyers. The two companies decided on a new value proposition for the business: 'SIL is the superior provider of industrial lubricant solutions with the smartest, most dedicated people committed to one thing: Making our customers' business run faster, smoother, and more efficiently.' A set of B2B marketing programmes was then necessary to implement this value-based positioning. The consultancy tested many different offers with varying prices, terms, levels of customer care, and technical assistance.

This resulted in a selection of product and service packages that offered varying levels of support. Moreover, the price of each solutions package was not fixed, allowing the sales force some flexibility to negotiate with individual customers.

To test the new offerings, Copernicus accompanied SIL's sales managers as they visited customers. One buyer told them, "If you miss one delivery and this plant goes down because a machine burns out, it costs us millions in repair.... So really price is not foremost in my mind. SIL delivers the stuff that I order, but.... I really want to know how we could make more money here.' After the SIL sales rep had told him about the company's new solutions packages that could help this customer reduce his costs, the buyer gratefully shook the sales rep's hand, saying, 'This is exactly what I've been looking for from a supplier for years.'

Clancy and Kieff (2004) concluded that taking the time to research customers' perceptions of value helped SIL avoid a potentially costly mistake. While it would probably have lost money on the sale of the industrial lubricants division, the new strategy that emerged from Copernicus work led to a dramatic turnaround in the lubricants business. Within two years the division became SIL's most profitable area, consistently contributing to the growth of the company.

Based on the data provided in the case, answer the below questions

1. How did SIL's sales reps' claims of customers' price-related behaviours compare to what customers told the consultancy during its market research? Why do think these differences occurred?

2. What strategies did Copernicus put into place to help SIL reposition its industrial lubricants business? Why did the resulting offerings appeal to customers? (i. e. why were they seen as adding value?)

QUESTION 2 **(10 marks)**

a) Define Segmentation and explain how Segmentation differs in Business to Consumer (B2C) vs. Business to Business (B2B) markets?

b) Draw the diagram and explain the different segments in Business to Business (B2B) marketing?

c) What could be the target segments for water purifiers? How can they be different from each other?

QUESTION 3 **(10 marks)**

Explain the significance of Business to Business (B2B) markets in detail? Give a product, service or solution selling example supporting the significance of B2B markets.

QUESTION 4 **10 marks)**

a) Explain with diagram for a Laptop (for normal office, home or student use) what is Market Potential and Sales Potential. What is the role of Sales Forecast?

b) How do we apply market potential and sales forecast?

QUESTION 5   **(10 marks)**

Define with an Example an Industrial Business to Business (B2B) product in the category of New Task Buying? Explain with a product example your (sales personnel's) approach towards the Decision Making Unit (DMU) and logical flow of steps in selling this Industrial Business to Business (B2B) product?

Note – You may draw a flow chart or write steps for easy understanding.

QUESTION 6   **(10 marks)**

Explain with diagram the Sales Process and Successful Prospecting in Sales?

QUESTION 7   **(10 marks)**

What Are the challenges faced by companies in selling their products and services. Explain the emerging trends in Sales Management with a diagram?

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