Industrial marketing

RICHARD M. HILL

Professor of Business Administration College of Commerce and Business Administration University of Illinois

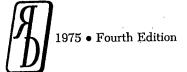
RALPH S. ALEXANDER

Philip Young Professor of Marketing (Emeritus)
Graduate School of Business
Columbia University

JAMES S. CROSS

Vice President <u>Americ</u>an Petroleum Institute

HOCHSCHULE DARMSTADT
Fachbereich 1
samtbibliothek
bswirtschottslehr e
16.356 A18/626
5.3
00244107



RICHARD D. IRWIN, INC. Homewood, Illinois 60430 Irwin-Dorsey International London, England WC2H 9NJ Irwin-Dorsey Limited Georgetown, Ontario L7G 4B3

CONTENTS

1

14

35

37

54

by public institutions. Buyer characteristics: Customer types. Buyer population. Size distribution. Geographical concentration. Types of purchasing organization: Business and institutional buyers. Governmental buyers.
Purchasing systems 78 Recognition of need: Documentation. Supporting investigation. Sorting and appraising alternatives: Competitive bids. Negotiation. Make or buy. Selecting the alternatives. Order placement. Follow-up and expediting. Invoice handling. Receipt and inspection.

Participants. Channels. The relationships: Contracts of sale. Franchise

Marketing as a business philosophy. The functional dimension: Mission definition. Market definition. The organizational dimension: Structural integration. Top management status. Customer-based organization struc-

Market levels and product types: Major equipment. Minor or accessory equipment. Fabricating or component parts. Process materials. Operating supplies. Raw materials. Derived demand: Influence of the ultimate buyer. Influence of business conditions. Influence of financial con-

Buyer motives: The core variables: Quality, service, price. Savings. Assurance of supply. Buyer temperament. The special case of purchasing

PART I

Basic considerations

ture.

PART II

The industrial marketing system

The industrial marketing concept

Demand and product characteristics

The demand for industrial goods

ditions. Influence of price.

The industrial customer

agreements. Loyalty. Confidence. Reciprocity.

6.	Value and vendor analysis 96
	Value analysis: Nature of the system. Operation of the system. Vendor analysis: Evaluating vendor capacity. Rating vendor performance. Vendor analysis and marketing.
PAF	ат ш
Mar	keting intelligence 111
7.	The marketing intelligence system 113
	Defining informational needs: Frequency of use. Urgency of response. Timeliness. Degree of detail. Accuracy. Life span. Form. Elements of the system: Hardware. Software. Programs. Personnel. System design: External information. Internal information. Developing the design. Costbenefit tradeoff.
8.	Market identification: The search process 131
	The Standard Industrial Classification System: Interpreting industry classifications. Identifying market opportunities: Finding new buyers in existing markets. Identifying untapped markets. Comment on the 1972 S.I.C. revisions.
9.	Market identification: The evaluation process 147
v	The market profile. Trend outline. Demand potential: Cumulative methods. Aggregate methods. Problem profile.
10.	Measuring marketing performance 167
	Planning the marketing study: Problem definition. Data collection and analysis. Recommendation. Four basic measures of performance: Sales analysis. Customer buying attitudes and practices. Cost analysis. Analysis of competition.
	· · · · · · · · · · · · · · · · · · ·
	RT IV eketing strategy: Product and service components 183
11.	The concept of strategy 185
	The structure of plans: Mission and strategy. Operating plans. Logistical plans. Organizational plans. Formulating strategy: Preliminary analysis Choice of strategy components.
12.	Product definition 198
	Product development: Generating new-product ideas. Preliminary appraisal. Product and market research. Process research. Prototype testing Commercialization. Determinants of the product mix: Technology. Competition. Operating capacity. Market factors. Company attributes.
13.	Service definition 216
	The provision of parts: Standardized parts. Unstandardized parts. The

Organization for technical assistance. Difficulties of rendering technical assistance. Financial aid: Terms of sale. Financing with warehouse receipts. Field warehousing. The use of factors. Commercial finance houses. Installment sales. Financial service policy.

PART V

Marketing strategy: The channel component

235

14. Channel strategy: The structural elements

237

Industrial distributors: Definition. Geographical distribution. Size characteristics. Operating characteristics. Why customers buy from distributors. Summary. Manufacturer's and sales agents: Definition and description. When manufacturer's or sales agents are useful. Agents have drawbacks. Summary. Brokers. Manufacturer's branch houses: Types of branch houses. Operating characteristics. Size of branches. What trades use branches? Objectives of branch distribution. Branch distribution can be costly.

15. Formulating channel strategy

256

Conditions influencing channel structure. Relationships in the indirect channel: Intensive versus selective strategy. Policy questions.

16. Channel logistics

274

The logistical plan: The need for efficiency. The logistical system. System operations: Communication. Scheduling. Inventory control. Materials handling. Traffic management.

PART VI

Marketing strategy: The price component

295

17. Conditions affecting price

297

Competition: Firm size. Product type. Product life cycle. Price leader-ship. The cost factor: Direct and indirect (overhead) costs. Controllable and noncontrollable costs. Incremental and sunk costs. Opportunity cost. Joint and separable costs. The nature of demand: The behavior of derived demand.

18. Pricing decisions

312

New-product introduction: The high-price strategy. The low-price strategy. Break-even analysis. Competitive action: New markets. Established markets. The choice of roles. The use of analogy and hunch. Initiating a price change.

19. Pricing policies

330

Net pricing. Discount pricing: Trade discounts. Quantity discounts. Cash discounts. Legal considerations. Geographic pricing: Factory pricing. Freight allowance pricing.

Marketing strategy: The promotional component

341

PART VII

	Advertising 346
	Advertising functions: Disseminating information. Identifying new customers. Establishing recognition. Supporting salesmen. Motivating distributors. Stimulating primary demand. Sales appeals. Message Formulation. Policy. Media. Budgetary support. Measuring advertising effectiveness. Publicity: Securing publicity. Measuring the effectiveness of publicity. The use of advertising agencies.
21.	Personal selling 365
	Selecting salesmen: Personnel profile. Sources of candidates. Selection aids. Training: Inexperienced trainees. Experienced salesmen. Super vision: Task assignment. Selling support. Day-to-day guidance. Compensation: Commissions. Bonuses. Expense control: Automatic allowance. Per diem allowance. Reimbursement.
22.	Sales promotion and public relations 38
	Trade shows and exhibits: Exhibitors' objectives. Exhibition scheduling and planning. Catalogs: Reasons for using catalogs. Catalog preparation Catalog distribution. Samples. Promotional letters. Promotional novelties Entertainment. Public relations: Planning the public relations program Implementing the program. Tools and media.
	RT VIII Pketing control 40
	keting control 40
Mai	keting control 40
Mai	Strategic goals Identifying market opportunity. Goals based on market share: Projecting industry sales. Adjusting projections. Market share. Goals based on sale forecasts: Higher-degree polynomials. Asymptotic curves. Weighted move
Mar 23.	Strategic goals Identifying market opportunity. Goals based on market share: Projecting industry sales. Adjusting projections. Market share. Goals based on sale forecasts: Higher-degree polynomials. Asymptotic curves. Weighted moving average. Adjusting projections. Goal definition.
Mar 23.	Strategic goals Identifying market opportunity. Goals based on market share: Projecting industry sales. Adjusting projections. Market share. Goals based on sale forecasts: Higher-degree polynomials. Asymptotic curves. Weighted moving average. Adjusting projections. Goal definition. Performance standards and instruments of control Short-term goals: Expense-based goals. Estimate of future expenses. Correlation-determined goals. The marketing budget: The sales budget. The expense budget. Practicing budgetary control. The process of control The reporting system. Comparing standards and performance. Correctivaction.
23.	Strategic goals Identifying market opportunity. Goals based on market share: Projecting industry sales. Adjusting projections. Market share. Goals based on sale forecasts: Higher-degree polynomials. Asymptotic curves. Weighted moving average. Adjusting projections. Goal definition. Performance standards and instruments of control Short-term goals: Expense-based goals. Estimate of future expenses. Conrelation-determined goals. The marketing budget: The sales budget. The expense budget. Practicing budgetary control. The process of control The reporting system. Comparing standards and performance. Correctivaction.
23.	Strategic goals Identifying market opportunity. Goals based on market share: Projecting industry sales. Adjusting projections. Market share. Goals based on sale forecasts: Higher-degree polynomials. Asymptotic curves. Weighted moving average. Adjusting projections. Goal definition. Performance standards and instruments of control Short-term goals: Expense-based goals. Estimate of future expenses. Conrelation-determined goals. The marketing budget: The sales budget. The expense budget. Practicing budgetary control. The process of control The reporting system. Comparing standards and performance. Correctivaction.