



The Institute for the Study of Business Markets is proud to present the results of its most recent “Business-to-Business Marketing Trends 2010” study.

We gratefully acknowledge the support of HSR Business to Business in enabling us to more broadly disseminate the results of the study, and bring this special download to you.

If you’re new to the practice of business-to-business marketing and would like to learn more about ISBM, please feel free to contact us directly at 814.863.2782.

Business-to-Business Marketing Trends and Best Practice

An Overview of the ISBM “B-to-B Marketing Trends 2010” Study

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Objectives and uses of this study are multi-fold:

As part of the research agenda of the Institute for the Study of Business Markets, the study is used to help set research direction, focus research investment, and help the B-to-B academic research community stay “tuned in” to those things business people care about most.

Many business-to-business firms – especially ISBM member firms – utilize the trends study in setting their professional development plans and personal development agendas.

Business-to-business marketers look to the trends study to stay focused on the ways they can best contribute to the success of their firms, in light of recent developments in markets, managerial focus, and the changing demands of our profession.

ISBM Mission

Since 1983...

An industry-supported center of excellence; headquarters at Penn State



Our Mission:

- Expand **research and teaching** in business-to-business marketing and sales into academia
- **Improve the practice** of business-to-business marketing and sales for member firms in industry



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3

As we go through the study, we'll begin with a brief overview of the Institute for the Study of Business Markets itself.

The Institute for the Study of Business Markets is headed into its 25th year and was founded to address the fact that – although a lot of research goes on in marketing – precious little is focused on business- to-business markets. Business to business is our total focus.

Our mission has two parts:

We have an academic-facing mission to foster and expand the creation of new knowledge in business-to-business markets, and how they can work better. We do this by reaching out to researchers around the world, and providing access to data, funding, and direction for their work.

A second part of our mission is business facing: to bring the results of our research agenda to our member firms in ways that improve the efficiency, effectiveness, and success of business marketing practice.

ISBM Value Model



Value:

- **New Knowledge / Insight**
- **Analytic Tools for B-to-B**
- **Courses / Professional Development**
- **Networking / Interchange**
- **Benchmarking**
- **More...**



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4

The ISBM creates value at the juncture of the academic research community focused on business marketing around the world, and the business practice of the ISBM Member firms who support our research agenda.

We work to bring new researchers into the field, and act as a catalyst for the generation of new knowledge and insight, new tools, and new educational resources for business-to-business marketers.

We also work to bring business-to-business marketers and researchers together in “communities of learning and practice.”

Often the community of marketers inside a business-to-business firm is nowhere near as large as the community of marketers in a consumer packaged-goods culture. The chance to share and learn from other perspectives, other experiences, and peer networks is very important to business-to-business marketers, and an active part of the ISBM agenda.

Based on an original request from Hewlett-Packard

**Key B-to-B marketing leaders
(Academic Researchers / Practitioners)**

- Critical Challenges and
- Key Capabilities
- B-to-B marketers must address, along with
Benchmark Examples
- Over the next two to three years...



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5

The genesis of the ISBM trends study harkens back to Connie Cavanaugh at Hewlett-Packard, who is working on strategic planning in the fourth quarter of the year.

She originally requested that ISBM provide a fast study on the “critical challenges and key capabilities” business marketers must address, along with some ideas of where she could look for benchmark practice and performance.

The study looks to provide insight over the next few years and is largely framed as a mix of anecdotal research, followed up by a more quantitative substantiating piece of research.

Trends Study Approach

E-mail / Web survey with follow-up round:

- Original study: 4Q97
- Reworked: 1999-2001
- Third Track: 2001-2003
- Fourth Track: 2003-2005
- Fifth Track: 2005-2007
- **Current (6th) Track: 2007-2010***

“Marketing Leaders”

- ISBM “Virtual Faculty”
- ISBM Members/Practitioners

* Expanded Process: Open-ended and Quantitative Phases



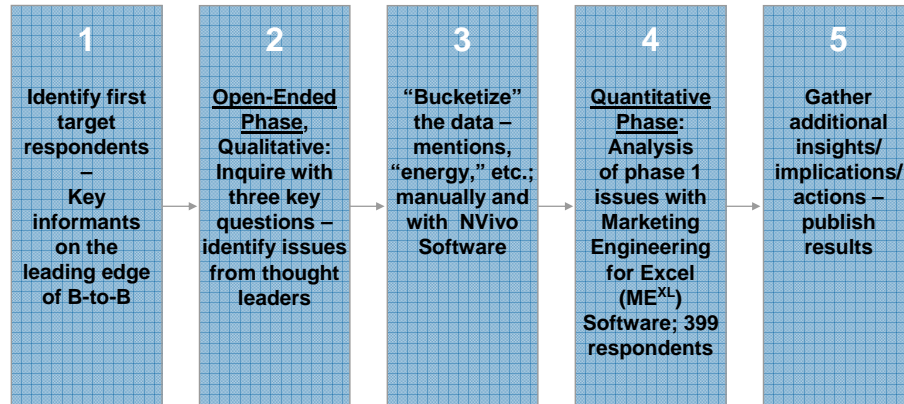
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6

The study was originally done in the fourth quarter of 1997 and essentially repeated as a purely anecdotal piece of research through the first five tracks of the study.

The all-new study for 2010 includes a first anecdotal round, plus a quantitative substantiating round with multiple quantitative respondents. The data for the study were taken in the fall of 2007, with the research analysis being completed and formulated in a final report in early 2008.

ISBM Trends 2010 Study – 2 Round Research Process



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7

The first-round anecdotal study is done with a carefully selected group of target respondents to help us frame “trial edition” trends.

The first respondents include the academic thought leaders and ISBM fellows whom we believe are shaping the nature of the research and new knowledge in the practice.

This group also includes a substantial group of ISBM practitioner/members who distinguish themselves as pushing the edge of the practice and representing the best thought leadership.

At the end of the open-ended phase of the study, we developed 22 “buckets” of responses from the anecdotal data, and then developed a quantitative questionnaire that crossed a broader sample drawn from academia, as well as our member firms. We gathered an additional 399 responses in our quantitative phase.

Both the anecdotal responses and insight from the quantitative phase have been assembled in this final report.

ISBM Trends 2010 Study: Combined 2 Round Process Results

1. Develop approaches and methods to better understand what **CUSTOMERS REALLY NEED**, beyond what they can say or articulate. Opportunities to **CREATE REAL VALUE...**
2. Lead the charge for sensing, finding, clarifying and assessing new opportunities for **ORGANIC GROWTH...**
3. Build better **UNDERSTANDING AND TOOLS FOR THE COMPUTATION OF VALUE** – pricing strategies to harvest value; value generation / creation through the value chain...
4. Construct better B-to-B marketing **METRICS**: measurement and accountability – proving ROI...



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8

In going through this report, we outline the seven trends identified first, and then go into some detail on each one.

An important note is the level of energy around the first trend. It was clear from the very outset that the opportunity for marketers to innovate in bringing their firm's new tools and techniques for the discernment of customer needs – and the opportunities to create real new value – was number one among the trends.

Although clearly trend number 2 – marketers leading the charge for finding new opportunities for organic growth – ties strongly to trend number one, it was distinctly a separate trend and was focused more on the processes involved in building growth initiatives than the discernment of new opportunities.

ISBM Trends 2010 Study: Combined 2 Round Process Results

5. Competing and growing **GLOBALLY**: better navigation of global markets, competition and issues, especially **CHINA**...
6. Developing products, services and business models that counter commoditization; **IMPROVING AND SPEEDING NEW OFFERING PROCESSES AND HIT RATE**...
7. **SELLING THE C-SUITE**: developing the case for the value and impact of marketing that is understood and embraced by top management...



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9

Interestingly, there certainly were some lessons to be learned in what did not show up among the top trends.

For example, the researchers were surprised that elements of the practice such as:

Better use of analytics and analytic tools and business marketing

Better understanding and deployment of the tools of “e-marketing” and the new media (blogs, wikis, second life, widgets, etc.)

Better understanding approaches to marketing organization and human resource deployment

... did not show up among the top seven trends and, in fact, fell quite low on the list...

1. Develop approaches and methods to better understand what **CUSTOMERS REALLY NEED**, beyond what they can say or articulate. Opportunities to **CREATE REAL VALUE**.

Once again, the interesting facet for the researchers on trend number one was the level of energy and texture around the responses.

It was clear that this was the number one thing on the mind of many of the respondents – both academic researchers and practicing professionals.



... and, in fact, that many of the anecdotal responses reflected that there was a long way to go in getting firms to be a lot more “need connected” as they develop their new offerings and navigate markets.

This cartoon is taken from – and used with permission of – Ted Goff, a genius at casting business situations into amusing and revealing cartoons. Please recognize that this is a copyrighted piece of work.

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1. Thoughts / Comments – Customer Needs

“...becoming especially astute at intimately understanding customers and the environment in which they are involved: their needs, concerns, desires, attitudes, behavior, etc.”

“...Ultimately, being able to tease out rare and valuable insights that lead to true competitive advantage.”

“...ability to truly make the connection between customer needs and the core competency of the enterprise.”

“...This goes beyond traditional market research and requires inherent product and process understanding.”



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12

This sort of anecdotal research and data analysis leads to a mountain of anecdotal data.

Seminal quotes – revealing the mind of the audience – are selected for presentation throughout the study.

1. Thoughts / Comments – Customer Needs

“...continuous development of skills that will enhance our ability to *uncover latent customer needs* and develop compelling value propositions.”

“Better customer understanding: possibly *blending ethnographic and quantitative* perspectives.”

“Understanding customers as *rational, emotional, and organizational entities*. Understanding non-economic customer value (relationship value).”

“We have to find ways to *tap into the core emotions* of customers and to satisfy some element of those in unique ways.”



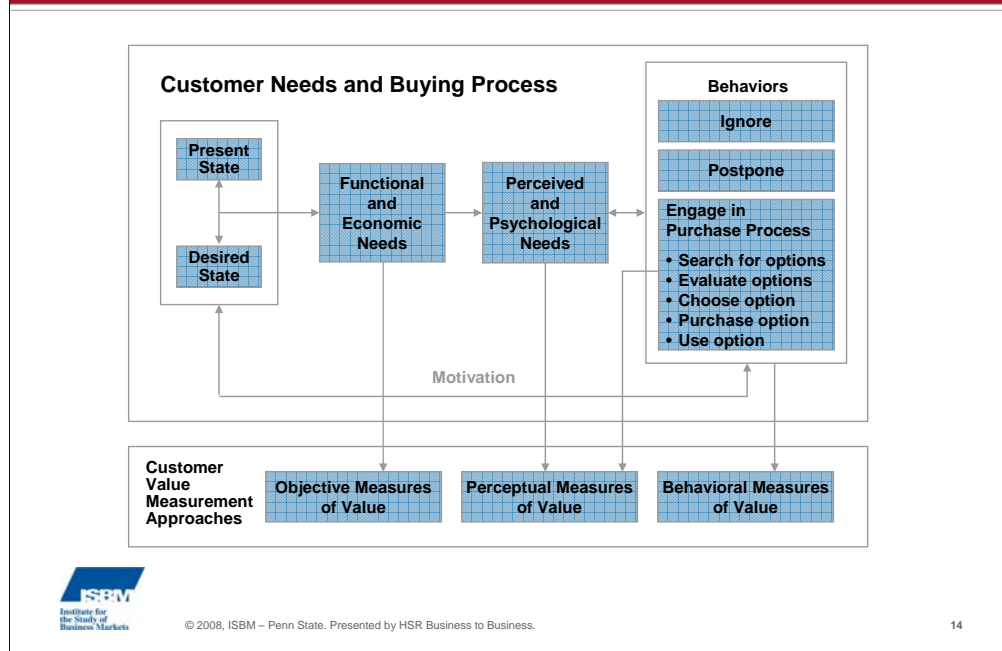
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13

A recurring theme in this data is getting to the “emotional/right brain” side of the customer-need profile in business to business.

...getting beyond those things in your offering which can be described through specifications and tangible benefits, to the more intangible things. Better understanding the emotional side of the buying process inside customer firms. The fears, doubts, worries that often underlie the B-to-B buying process, but often are not well understood or addressed.

1. Customer Needs and Customer Value Measurement

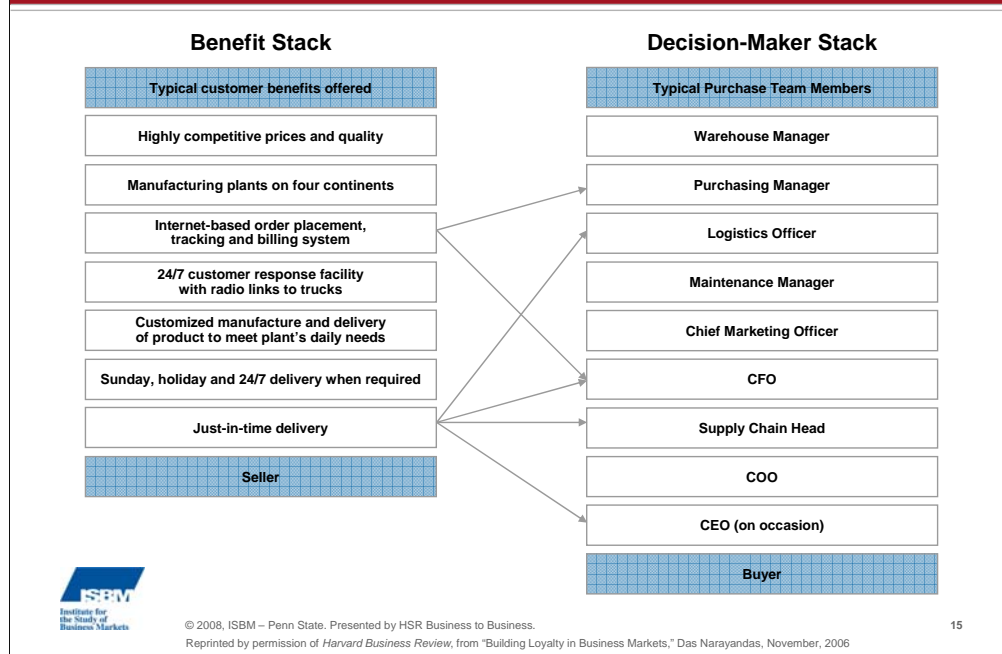


A framework for thinking through customer needs and the buying process in business markets is shown here, taken from the research work of Dr. Gary Lillien, Research Director of the Institute for the Study of Business Markets.

The trend study points to the need for marketers to develop more systemic, rigorous, and innovative approaches to understanding all elements of customer need as they play in the buying process... functional, perceived/psychological, and behavioral.

Marketers are called to bring firms new methods to achieving objective measures of value, better understanding perceptual measures of value, better teasing out behavioral measures of value as we develop new offerings and manage customer experiences.

B-to-B: Value across the Buying Center



In business-to-business markets, the task of understanding and managing the process for discerning customer needs can be more difficult.

As shown in this chart, taken from the work of ISBM fellow Das Narayandas of Harvard, in a typical business-to-business situation, a selling firm is often lining up the “benefit stack” represented by their total offering, against the “decision-maker stack” inside the customer firm – as represented here on the right-hand side.

Understanding total customer need takes on a different texture – as the needs of the various elements of applying center and purchasing team members may vary across the board, and with time.

Business-to-business marketers are called to bring innovation to their firms in understanding the complexity of navigating the spectrum of customer center in business-to-business markets, and in building new tools techniques and approaches to address the challenges involved.

Needs Discernment — Analytic Tools

Conjoint Analysis

- Test combinations of attributes to analyze how respondents make choices to determine the value of individual elements making up the offering (utilities or part-worths).

Trade-off Analysis

- Testing solutions to see if they are as good as they can be: “What do I need to give up to get more of what I want?”

Revealed Choice / Choice Models

- Gathering data on past purchase / buying behavior and using statistical techniques to predict future behavior.



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16

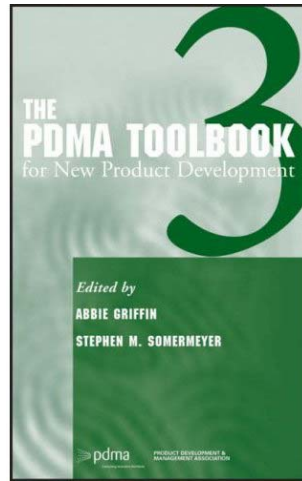
In bringing tools to their firms for assessing customer needs – and what value means to customers – marketers should not forget some of the classic analytic tools such as:

Conjoint analysis, which enables the determination of the value of different parts of an offering, through a series of systemic questions and well-constructed surveys with customers

Trade-off analysis, which systemically tests what customers might give up, versus what they might add, to get closer to the “perfect solution”

And revealed choice models, which studies customers’ past behavior to predict their future behavior

Tools for Bringing Better Customer and Market Insight into the New Offering Process



ISBM Fellow
Dr. Abbie Griffin, University of Utah –
Originator: “Voice of the Customer”



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17

Marketers looking for additional information and resources on how to get a better handle on customer needs should consider acquiring a set of the “PDMA Toolbooks.”

These powerful tools, assembled by the Product Development Management Association, are packed with tools, techniques, and approaches for better understanding customer needs – and opportunities to create real new customer value – as part of the new offering realization process.

Another important resource can be found in the research and writings of Dr. Abbie Griffin, of the University of Utah. Abbie Griffin is an ISBM fellow, who coined the term “Voice of the Customer” and whose research continues advancing the state of the art in discernment of customer needs – and opportunities to add new value.

Another Source of Insight



An ISBM "Must-Read":

- **Rationale**
 - Why Visits, Role in Market Research Mix, Limits
- **Procedures**
 - Planning
 - Budgets / Timelines
 - Selection
 - Discussion Guide
 - Good Questions
 - Conducting / Completing Visits
- **Analysis: Putting the insight to work**

Third Edition Available March/April, 2008



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18

Another absolute jewel of a resource is the book “Customer Visits” by Dr. Edward McQuarrie.

Across ISBM member firms, even those quite experienced in going on customer visits have found new insights on how to make those visits more productive by reading this book.

Concrete tips, tricks of the trade, what to do, what not to do, and great questions to ask – and not ask – are all found in this practical field manual.

Be on the lookout for a new edition of this wonderful book in the first half of 2008.

Moving to B-to-B: The ZMET Research Process



- Participants are recruited and asked to **think** about topic



- Participants asked to **collect pictures** [metaphors] that express their thoughts and feelings



- Participants **tell stories** about their pictures (which elicits more metaphors about the topic)



- OZA **identifies** participants' deep orientations, archetypes, deep metaphors and themes, and emotions about the topic [the commonalities]



- OZA makes **strategic recommendations** and works with client to develop **implications**



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19

In bringing real innovation in discernment of customer needs to their firms, B-to-B marketers may look to tools and techniques normally focused on consumer markets.

Following a deep theme of the research – of special importance are tools that can get to the “right brain” side of the equation: the emotions, feelings, and subjective judgments that are present – often much more than we realize – in B-to-B buying situations.

One such tool is the Zaltman Metaphor Elicitation Technique, developed by Dr. Jeremy Zaltman at Harvard and Dr. Jerry Olson at Penn State.

In this technique, respondents are asked to actually select and cut out pictures that describe their relationship to a problem, and offering a brand or some other element of a market situation. They are then taken to a systemic interview process to get at the basic underlying metaphors by which they describe and deal with the situation. It has been found – even in business market situations, that this technique can be especially revealing and important for marketers looking to create compelling points of differentiation for their offerings.

Companies Cited as Leading the Way: Customer Insight



A leading researcher:

**“No firm I know gets above a ‘B,’
at least in the B-to-B space.”**



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20

Although Google and Boeing were highlighted as firms leading the way in this space, several respondents – including several leading researchers – commented that there is a genuine opportunity for innovation in this area.

As noted, one leading researcher said:

No firm I know gets above a “B grade” in this space.

2. Lead the charge for sensing, finding, clarifying and assessing new opportunities for **ORGANIC GROWTH**.

A second key trend identified – which ties tightly to the first – but shows up as quite distinct – is that business-to-business marketers need to be seen as those leading the charge for organic growth inside their firms.

There was a lot of energy behind this trend as well.

Some respondents said that if business marketers couldn't find a direct "line of sight" between their activity and growth initiatives of their firms, they were in danger of becoming obsolete – or seen simply as overhead expense inside their firms.



All of this conversation about growth was very strong. It was clear that many firms were grappling with how to best do this – and that current efforts at driving organic growth were not seen as being particularly effective.

2. Driving Organic Growth

“Capability to generate real market insight about potential opportunities for value creation in their current addressable market, as well as insight about how to redefine the enterprise’s overall addressable market. The capability to convert insights into integrated and actionable go-to-market choices.”

“Critical challenge – *lack of time, resources and skills* to properly understand markets, trends and, most importantly, needs.”

“...driving profitable organic growth in ‘new’ global markets and ‘mature’ local markets (Brave New World after Lean / Six Sigma).”



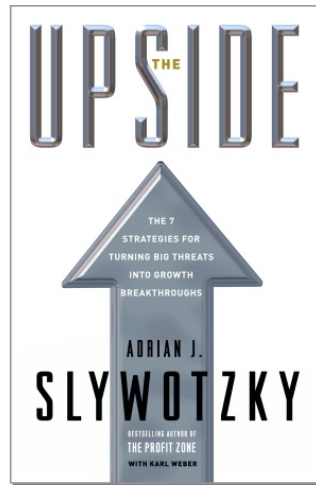
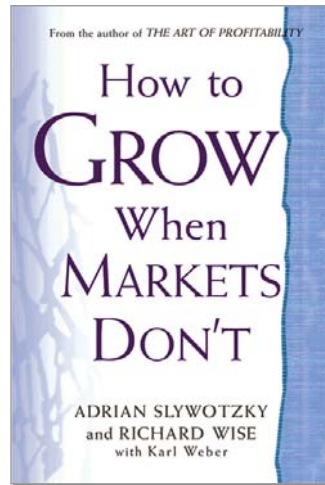
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23

Another area where the anecdotal data was particularly telling was a series of comments on how busy everyone inside their firm was. No one had real “slack” time to be thinking about new and fundamentally different offerings, market areas, innovations.

The whole Six Sigma process was identified several times as being contributory toward stifling fundamentally different approaches to driving growth.

2. Insights on Driving Growth



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24

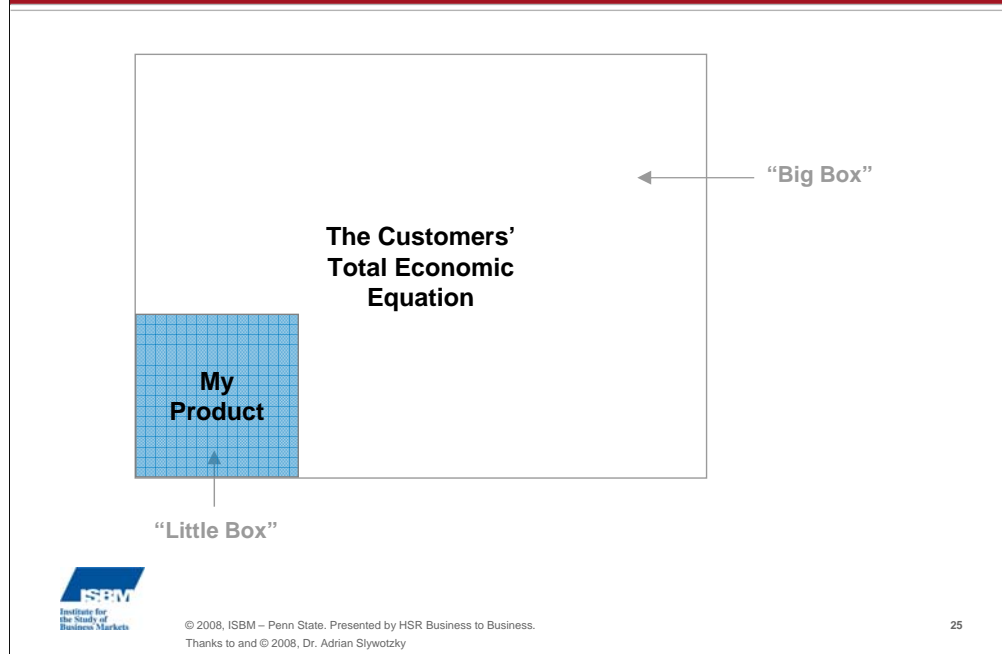
As a source of new ideas, frameworks for thinking, and concrete cases on how to drive growth, marketers might look to the collected writings of Dr. Adrian Slywotzky.

A frequent speaker at ISBM members meetings and revered by many ISBM practitioners, Dr. Slywotzky offers powerful insight in his writings on how to drive growth.

“How to Grow When Markets Don’t” is an excellent book with detailed case histories on how marketers changed the rules of the game to ferret out powerful new growth opportunities in the space between them and their customers. A “playbook” after each case, illustrates how the tools and techniques might be imported inside your firm.

A newer book, “The Upside,” focuses marketers’ thoughts on areas of great risk and potential peril faced by themselves and their customers. As Dr. Slywotzky points out, we often stay focused on the downside in those situations, and he explains how to avoid them. He goes on to illustrate that there often is a very powerful potential upside in situations involving great risk, and he points to practical ways to capitalize on those upsides.

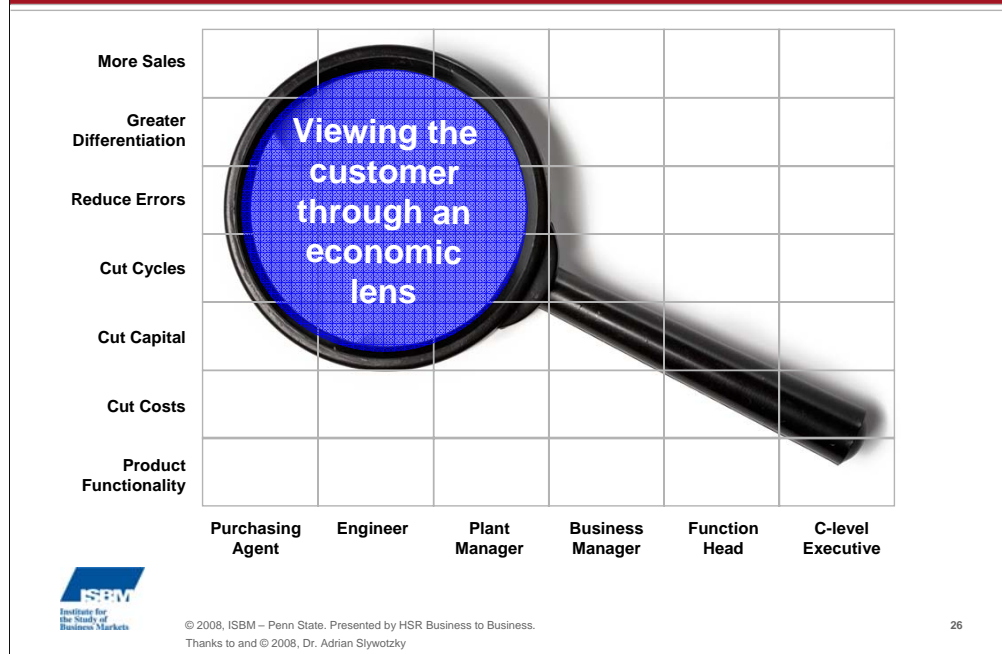
Perspective on the Market: Finding New Growth



In “How to Grow When Markets Don’t,” Dr. Slywotzky enjoins readers to be thinking beyond the “little box” of our product, fitting into a specific element of a customer’s process. Beyond what you’re offering will do when purchased and delivered.

He suggests – and provides tools and approaches for – “big box” thinking. Can you view your customers’ total economic equation, and how the total assets of your firm might be mobilized as “offerings” to enable your customers to be more successful economically – not just use your product more successfully.

Demand Matrix – Benefits and Buyers



This approach involves marketers taking a much different view of their customers.

Thinking about current offerings and current markets leads to “little box” thinking. Thinking about how a firm’s “hidden assets” can be moved from the back room into the offering space to have a great impact on the overall success of your customer is key.

The powerful cases in “How to Grow When Markets Don’t” give concrete illustrations of how firms have successfully done this – with powerful returns.

New Insights from “The Upside”: The Seven Strategies for Turning Big Threats into Growth Breakthroughs

1. **Raise the Odds:** learn to “compete in advance”
2. **Know; Don’t Guess:** gather continuous and proprietary customer information
3. **Double Bet:** mobilize “Synthetic History”
4. **Beat the Unbeatable:** play a different game
5. **Beyond Brands:** innovate business design
6. **Avoid “Competing Yourself to Death”:** partner with rivals – escape a “no-profit zone”
7. **Expand the Pie:** invent new demand



Adrian Slywotzky,
Director,
Oliver Wyman



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Thanks to and © 2008, Dr. Adrian Slywotzky

27

In his latest book “The Upside,” Dr. Slywotzky outlines seven strategies that can work to turn big threats into growth breakthroughs.

He pushes us to think beyond the downside of threats to our market, our business, and our customers, into ferreting out the real upside potential that may be hiding in every one of these situations.

Companies Cited as Leading the Way: Growth



GE imagination at work



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28

Firms cited in leading the way in driving growth are shown here.

Note that Google shows up repeatedly as a firm leading the way of many of the key trends.

GE's "imagination" breakthrough program was certainly cited as a model.

Growth Framework at General Electric

- **Makes innovation a process**
- **Drives strategic marketing**
- **Creates common language and consistency**



GE imagination at work



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29

As presented by Beth Comstock, who at the time was the chief marketing officer at General Electric, the “imagination” breakthrough program at GE was implemented by Jeff Immelt to rejuvenate the whole process of innovation at General Electric.

This program, launched several years ago, follows a uniform framework implemented throughout GE to drive fundamental, new innovations and value creation.

3. Build better **UNDERSTANDING AND TOOLS FOR THE COMPUTATION OF VALUE** – pricing strategies to harvest value; value generation / creation through the value chain.

A trend of perennial interest, which moved higher on the list this year, has to do with the overall management of value in business markets.

As firms continue to seriously “mix” service offerings, know-how offerings, and terms and conditions offerings with hard product offerings, the issue of computing the value, demonstrating value, and documenting value is becoming ever more important.

From both the academic and practitioner perspective, it’s clear that business marketers will need to continue to bring their firms the very latest thinking on value management.

3. Understanding and Managing Value

“The effective *quantification and communication of the value our offerings* are able to provide to our customers is the single most critical capability for our commercial team. We are looking at the tools and discipline associated with Six Sigma to help achieve this goal.”



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31

A very important part of the ISBM research agenda is bringing ISBM member firms new tools for customer value management.

3. Understanding and Managing Value

“Differentiating offers *in line with customer strategic initiatives*. Value pricing strategy and implementation across multiple regions and cultures.”

“Understanding customers’ perception of value, how to extract and how to *effectively communicate value* to customers.”

“How to develop pricing strategies, given the *increasing transparency* of competitive prices in certain markets, and the ability of markets to see price changes almost instantaneously.”

“Maintaining, developing and communicating superior value propositions in light of *fierce global competition*. The playing field has gotten larger, and the players are playing rougher.”



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32

As these anecdotal comments show, there is a lot of energy and texture to the comments concerning the management of value in today’s turbulent, competitive markets.

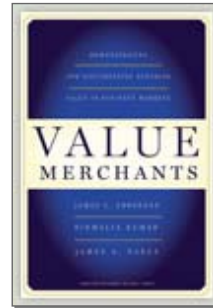
New Tools from the Latest Field Research on Customer Value Management...

Value Merchants: Demonstrating and Documenting Value in Business Markets

New, research-based field manual

James Anderson, Kellogg; N. Kumar, LBS;
James Narus, Wake Forest

- Newest techniques for assessing customer value
- Creating “Resonating Focus” value propositions
- Keys/Tips/Tricks for “Spirited Implementation”



Dr. James
Anderson, Kellogg



Dr. Nirmalya Kumar,
LBS



Dr. James Narus,
Wake Forest



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33

A recent outcome of ISBM-supported research is the new field manual “Value Merchants: Demonstrating and Documenting Superior Value in Business Markets.”

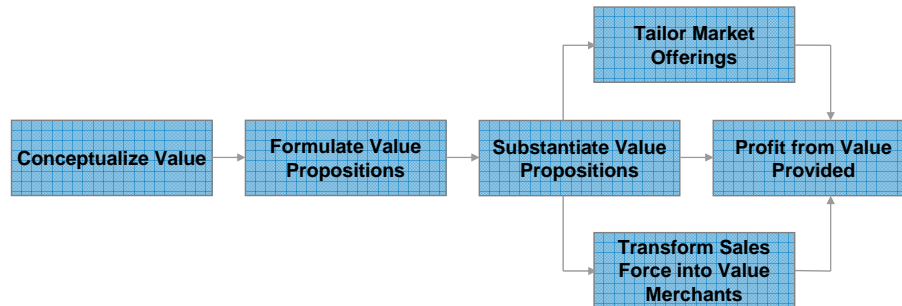
(Harvard Business School Press, 2007. ISBN – 13: 978-1-4221-0335-7)

This is not a textbook on the subject. It’s a field manual for better understanding and implementing a value-based approach to business-to-business marketing. Chapters include:

1. Value Merchants – An Overview
2. Conceptualize Value
3. Formulate Value Propositions
4. Substantiate Value Propositions
5. Tailor Market Offerings
6. Transform the Sales Force into Value Merchants
7. Profit from Value Provided
8. Prosper in Business Markets
9. Relating Customer Value and Price

A Framework for Customer Value Management

- Proven Approaches
- B-to-B Field Cases
- Keys to Implementation
- ... and Much More



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34

An overall framework for customer value management is shown here.

Conceptualizing value begins with a common language and taxonomy for the discussion and computation of value.

Formulating value propositions involves knowing how to create the proper “word equations” and focusing on compelling points of difference – and perhaps selected points of parity - that customers care about – in the development of value propositions with “resonating focus.”

Substantiating value propositions involves quantifying value before the sale, together with your customers, in terms they recognize and find valuable.

Profit from value provided

Tailoring market offerings involves mixing the right “naked offerings” and “options” in ways that are custom to the specific needs of each customer, and what they value.

Transforming the sales force into value merchants involves equipping them to convincingly demonstrate value before the sale, communicate value during the sale, and document that value was delivered after the offering is installed. All in terms of hard “currency.”

Companies Cited: Understanding and Managing Value

**“High-level marketing excellence,
fast implementation”**



**“Differentiation through innovation
and strong brand position”**



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35

Companies cited for understanding and managing value well are shown here.

Some of the original work in developing a taxonomy, crisp definitions, and methodologies for managing value – and value-based pricing – were initiated by DuPont.

More recently, a complete rework and reengineering of pricing approach and process was accomplished at Parker Hannifin.

4. Construct better B-to-B marketing **METRICS**:
measurement and accountability – proving ROI.

Another perennial favorite has to do with measuring the outcomes of marketing efforts in tangible ways – proving the return on investment for marketing activities.

And more and more in today's markets, it is critical to measure that return in terms of impact on driving profitable organic growth.

4. B-to-B Marketing Metrics/ROI

“Financial *justification of the impact of marketing on sales / growth of the business* – ‘what has marketing done for us lately?’”

“...applying *metrics to the outcomes associated with marketing* to justify those programs on a quantitative basis.”

“Marketing *accountability: demonstrating the profit impact of strategy decisions.*”

“Gain *buy-in of other senior leaders (finance, operations, sales) on mutually agreeable marketing performance measurement system (strategic and tactical).*”



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37

Of particular importance is ensuring that senior leaders in a firm recognize the strategic impact marketing can have on the top line.

Tracing the impact of marketing activities to top-line growth in business markets can be difficult because of the traditional barriers: Long product life cycles, complex buying processes, variability in texture from customer to customer.

The Long and Short of ROI in Business Marketing



Mohan Sawhney
McCormick Tribune Professor of Technology
Kellogg School of Management

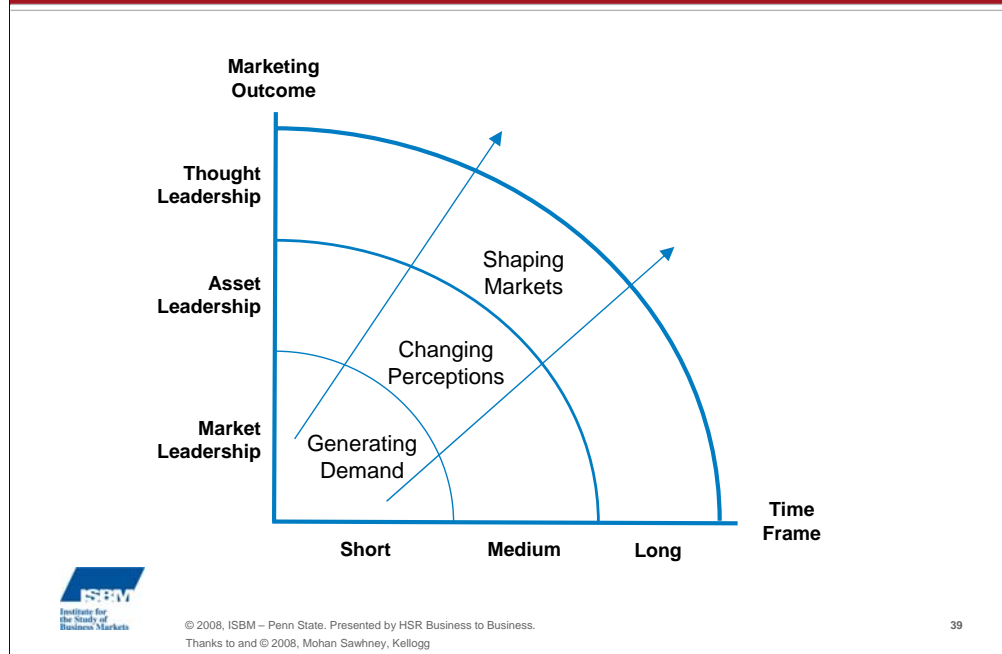


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38

Of particular insight into helping think through and better understand the return on investment for marketing, is the work of Dr. Mohan Sawhney at Kellogg School of Management at Northwestern University.

The Long and Short of ROI in Business Marketing



Dr. Sawhney visualizes the return on marketing investment over three “horizons.”

In the short term, marketing activity should generate current demand and bring in today’s sales, margins, and market share.

In the more intermediate term, marketing activity should change perceptions and help improve sales force productivity, making every single sales engagement more efficient, effective, and productive.

In the longer term, marketing activity should be building future customer franchise value and shaping markets – creating the expectation that your firm – and your brand – will be the ones to grow a new market, move into a new area, and set the stage for future success.

Benchmark Firms Cited: Marketing ROI Measurement

“... Phil Clement has brought a sophisticated philosophy of marketing into Aon, and has measured and demonstrated significant marketing ROI while outsmarting and vastly underspending its primary competitor.”



“Cisco Systems applies a refined set of performance metrics to all facets of its channel management and relationship management processes and outcomes.”



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40

Two firms clearly outshine the others as having made real progress in marketing ROI measurement metrics:

Aon and Cisco Systems

5. Competing and growing **GLOBALLY**: better navigation of global markets, competition and issues, especially **CHINA**.

It was interesting to the researchers that this clearly did show up as a trend – but not among the very top trends cited.

“Better competing in growing globally” was very textured. Lots of different issues were cited as we navigate this space:

- Product quality: real and perceived
- Intellectual property concerns
- Outsourcing
- Developing a distribution channel
- “the China Price”
- Partnerships
- More....

5. Competing Globally - China

“Fight irrational ‘fair value’ claims by purchasing managers shopping in Third World countries and asking for the same prices, but for augmented and innovative product from Western suppliers.”

“Companies will be *challenged selling into China* – to create a channel to the customer where a channel does not exist as we know it in developed markets. As the China industrial base matures, how does this play in one’s marketing strategy?”



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42

China as a market change agent came through more than any other single thread in our anecdotal responses.

Although it wasn't clear in the anecdotal data which specific facets of this space respondents were focusing on most, one thing was clear: the ongoing and rapidly increasing pace of change, being brought on by the emergence of China and India as outsource locations, players in the market, buyers of brands, and markets in and of themselves.

China / India: Issues

- Selling into these expanding markets
- Sourcing from low-cost sources of labor
- Protecting intellectual property assets
- Perceptions and realities of “quality”
- Understanding what they will do with their capital
- Appetite for raw materials / energy
- Environmental impact – energy, CO₂, water
- Human capital: hiring to serve, manufacture, understand, communicate, manage
- “Interesting” times...



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43

A list of key issues, which came out of the anecdotal data, and further discussions with ISBM fellows is shown here.

5. Competing Globally – Well: Not Many Firms Cited

Most common: “I can’t think of any one firm with real answers in this area.”

Based on their global infrastructure and renewed emphasis on business-to-business marketing capability



Honeywell



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44

Respondents largely “hedged their bets” when responding about who was doing the business of navigating global markets well.

Companies with a large and strong global infrastructure – such as GE and Honeywell – were mentioned, but most respondents acknowledge that the pace of change was so rapid, coming up with answers on how to best navigate global markets today was a matter of experimentation, sensing, and rapid response.

6. Developing products, services and business models that counter commoditization; **IMPROVING AND SPEEDING NEW OFFERING PROCESSES AND HIT RATE.**

The ongoing quest for better and stronger processes for de-commoditization, and new offering development surfaced as the sixth trend in our study.

A key focus in the anecdotal data was speed.

Many processes for new offering realization inside firms had taken on a life of their own, and were slowing up getting new offerings to market, and time to “cash.”

New and more streamlined processes for bringing new offerings to market were called for, as well as strengthening the front end of the process – getting better new ideas from the very get-go.

6. Better New Offering Process/Hit Rate

“Getting new *products to market faster.*”

“Having a disciplined *process to test new product and offering ideas*, so that the highest-probability ideas consume valuable resources in the final design and launch phases.”

“Marketers must become ‘*Networked champions of innovation.*’”



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46

Also surfacing in the data was the understanding that innovation didn't need to happen entirely inside the firm and that “not invented here” was becoming a very expensive facet of a firm's culture.

Marketers were being called to be “the networked champions of innovation.”

Some Ideas from an ISBM Senior Fellow:
Dr. Robert Cooper, Product Development Institute

**Getting the Results
You Want
from Your
Product Innovation Effort**



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47

Where to look for new, stronger ideas and process?

ISBM senior fellow Dr. Robert Cooper, of the Product Development Institute, has been involved in the design, implementation, and streamlining of processes for new offering realization for quite a while.

ISBM Senior Fellow: Dr. Robert Cooper,
Product Development Institute, On the Quest for Speed

Too often methods used to reduce cycle time result in recycling back, higher costs, product liability and warranty problems, and even product failure.

Sensible Ways to Reduce Cycle Time:

- Quality of execution at every stage
- Up-front homework – sharp, early product definition
- True cross-functional team
- Parallel processing – a rugby approach
- Prioritize and focus
- Strong market orientation / VOC Throughout the Project
- Utilize a solid idea-to-launch framework
- Operate from a sound Development Plan
- Use flow-charting – eliminate time wasters
- Keep it simple ...unbundle complex projects



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48

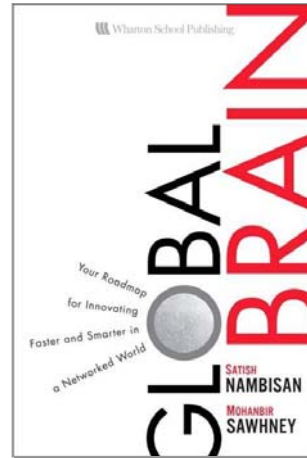
Dr. Cooper cautions against many methods traditionally used to reduce new product cycle time – many of these backfire.

Taken from an ISBM seminar on new offering realization – and how to speed products to market – Dr. Cooper offers these guidelines.

For more information, connect with Dr. Cooper of the Product Development Institute.

New Insight (Nambisan and Sawhney): Network-Centric Innovation

- **From firm-centric to network-centric innovation**
- **The landscape of network-centric innovation**
- **Four models of network-centric innovation**
 - The Orchestra Model
 - The Creative Bazaar model
 - The Jam Central model
 - The MOD Station model
- **Executing network-centric innovation**
- **Globalization and network-centric innovation**



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49

Another source of insight is this recent research based book from Dr. Mohan Sawhney at Kellogg and Dr. Satish Nambisan at Rensselaer Polytechnic Institute.

Firms can look outside their boundaries to what he calls a bazaar of offerings: from ideas in early formation, to innovations in development, to fully fleshed-out products – ready to take to manufacturing and market.

In their new book “The Global Brain,” the senior researchers outline a series of strategies for being a better buyer at the innovation marketplace.

An ISBM “recommended reading.”

6. Companies Cited: Speed to Market

“... Air Products has kept up with the technology and used it to its advantage.”



“Boeing seems to have hit a home run with the 787.”



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50

7. **SELLING THE C-SUITE:** developing the case for the value and impact of marketing that is understood and embraced by top management.

Finally, the seventh trend in our series had to do with raising better understanding of the importance and potential impact of marketing for a firm – especially with senior management.

Connecting with the “C-Suite” in terms they care about – growth, profit, and return on investment, all cited as very critical – and exceptionally difficult in business-to-business markets.

7. Selling the C-Suite

“We don’t speak the same language as senior management, so there is little trust and even less belief in our capabilities. If we don’t find a better way to communicate the value of marketing and communication, none of the other factors will matter.”



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52

This trend – or something like it – has also been a perennial mention – usually down in the pack – across the years we’ve done the ISBM trends study.

Progress is being made, and there were a few “leading lights” where the role and impact of marketing – at its most strategic – has been recognized as having a major impact on the firm and its success.

Respondents warned that marketers need to change their language, to better connect with the C-Suite, rather than expecting to C-Suite to learn the language and jargon of marketing.

We as marketers need to draw better lines between the important things we do – especially value management, segmentation, targeting, and positioning, to impact on the top line and bottom line of the firm.

ISBM Trends 2010 Study: Combined 2 Round Process Results

1. Discerning what **CUSTOMERS REALLY NEED / VALUE**
2. Leading the charge / process for **ORGANIC GROWTH**
3. Better **UNDERSTANDING / TOOLS FOR MANAGING VALUE**
4. Deploying better B-to-B marketing **METRICS – ROI**
5. Competing **GLOBALLY**; navigation of markets – **CHINA**
6. **SPEEDING NEW OFFERINGS / HIT RATE** – De-commoditization
7. Bringing the full strategic impact of marketing to **THE C-SUITE**



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54

The seven key trends are summarized once again in short form here.

Some Important Implications

- Bring your firm the newest and latest tools for discerning customer latent need. Work to build a unique difference versus competition.

And this will enable you to:

- Be a **key driver for organic growth** – gather, create and deploy new tools for identifying opportunity and building the top line.
- Continue to learn about demonstrating and documenting value.
- **Connect with the CFO**. Consider a “finance rotation” for marketers (vice versa?). Get help on metrics – across “three horizons.”
- Strive to be a “**sensing unit**” for your firm: China / India.
- Become “a networked **champion of innovation**.”
- **Balance “head, hands, heart”**: bring analytics, marketing intuition and your own unique talent to your firm and your practice.



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55

Implications for us as business-to-business marketers:

Clearly we need to step up to the things that our firms so desperately need from us – with a focus on bringing our firms new opportunities to understand, discover, create, deliver, manage and harvest value.

We need to be recognized as “networked champions of growth.”

We need to “translate” the language and tools of marketing, and couple them strongly with the language and tools of the C-Suite.

And... for many of us in business-to-business marketing, we need to be professionals who bring both right-brain and left-brain skills in balance to our firm — in support of driving growth, profits, and business success.

The image features a central white rectangular area with a thin black border. This area is set against a background of a dark red color with a complex, abstract geometric pattern of overlapping lines and shapes, creating a sense of depth and movement. The pattern consists of various shades of red and dark red, with lines intersecting at different angles to form a grid-like structure that is slightly offset and layered.

Thank You for Your Interest!