Business Marketing and Purchasing

TEK 261

Study period 2, 2020-2021

PRELIMINARY COURSE SYLLABUS
TEK 261  
Business Marketing and Purchasing, 7.5 credits

Examiner and course responsible teacher
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Course objectives

The main objective of the course is to provide students with knowledge and abilities regarding business processes between firms. These processes will be studied from the perspectives of both selling and buying firms. After the course students should be able to:
- Describe central features of business markets  
- Assess the purchasing strategies and processes of buying firms  
- Analyse different marketing situations and their characteristics  
- Understand the role of business relationships and business networks  
- Frame sustainability as part of the current business landscape  
- Formulate and evaluate marketing strategies and marketing plans

Course content

Business processes between firms are studied in courses named business marketing, industrial marketing, business-to-business marketing (B2B). A basic point-of-departure in these courses is that the efforts of a selling firm are directed towards satisfying needs, or solving problems, for potential customers. In these attempts, a vast number of activities and functions included in the general notion of “marketing” are conducted. These functions cover identification and analysis of customer needs, product development, marketing communication, organising of distribution and also activities brought to lifelong time after the formal business transaction, such as after-sales-services, warranties, and product responsibilities. The magnitude and variety of these activities and processes make marketing planning a central issue, involving various actions from the formulation of a business mission, over marketing strategy to the particular marketing tactics.
The course aims to provide students with models and analytical tools that contribute to the efficiency and effectiveness of marketing operations.

Successfully applying these models and tools will require knowledge and abilities in two related areas. The first is the understanding of the potential customers in terms of their needs and problems, their use context as well as their buyer behaviour and purchasing strategies. Firms most often act both as sellers and buyers on business markets and their marketing and purchasing activities are thus highly interlinked. The second area concerns the interaction and the relationship between buyer and seller in the business processes. Relationships between customers and suppliers in business markets are often characterized by mutual adaptations in terms of product features, technical development, production systems, and distribution arrangements. These adaptations are means for improving the performance of the operations of the two firms. Business relationships and their development and features are, therefore, basic themes in the course. One significant aspect of a business relationship is that it must be analyzed in its business network context since both the buyer and the seller are involved in other relationships as well.

**Teaching and learning forms: Lectures, group sessions and seminars**

The course schedule is divided into lectures and group sessions with teachers from Chalmers and guest speakers from industry. Lectures will be a combination of ‘teacher lecturing’ and discussions of the course literature. Therefore, it is expected that students have gone through and are familiar with the content of the part of the literature that is allocated to the various sessions.

The Marketing Project is a group assignment, and it focuses on central marketing aspects of a B2B-product. Each student group (of five students) will take the starting point in a real product. Based on the course literature and analysis, the group formulates recommendations for the marketing activities of the product. In this way, students are given the opportunity to get an in-depth understanding of essential functions in business marketing and purchasing. See separate instructions for the Marketing Project.

The literature seminar is an opportunity to focus on recent topics of the business landscape: sustainability and digitalization. The literature seminar is part of the examination, and there is an individual assignment connected to the seminar. See separate instructions for the literature seminar.

In the course, we will discuss a case in class which will be based on a real case description handed out before the session and to be discussed in smaller groups. Participation in the case seminar session is part of the examination.
Examination

The examination involves the following parts:

- Written examination Maximum score: 50 points
- Marketing Project Maximum score: 15 points
- Literature seminar Maximum score: 5 points
- Case seminar Pass/fail Maximum points: 70 points

Grades: 40 %: 28+ = grade 3 60 %: 42+ = grade 4 80 %: 56+ = grade 5

Passing the course will require a minimum of 40% of the score in the written exam (20 points), the Marketing Project (6 points). Literature seminar hand-in (2 points) and pass in the Case seminar.

Written digital exam: January 12 at 8.30-12.30. Will come back with details (canvas/zoom).

Note that you need to sign up for the exam. The exam registration closes on December 17 at 12.00. You need to register to be able to take the exam. If you are not registered, you cannot take the exam. This is a Chalmers rule.
## Course schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Room*</th>
<th>Subject</th>
<th>Lect.</th>
<th>Lit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>W1</td>
<td>Mon 1102</td>
<td>13.15-14&lt;br&gt;14.15-16.00</td>
<td>Zoom</td>
<td>Introduction and course outline&lt;br&gt;Starting points in BMP</td>
<td>FL, VE FL</td>
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<tr>
<td></td>
<td>Thu 1105</td>
<td>9.00-11.45</td>
<td>Zoom</td>
<td>The marketing mix approach&lt;br&gt;(Product offering, Price, Promotion, Place)</td>
<td>FL, CM</td>
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<tr>
<td>W2</td>
<td>Mon 1109</td>
<td>13.15-15.00</td>
<td>Zoom</td>
<td>Workshop I: Marketing project intro</td>
<td>VE, FL</td>
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<tr>
<td></td>
<td>Thu 1112</td>
<td>10.00-10.45&lt;br&gt;11.00-11.45</td>
<td>Zoom</td>
<td>Marketing Strategy&lt;br&gt;TetraPak: R&amp;D and customer interaction</td>
<td>CM JF</td>
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<tr>
<td>W3</td>
<td>Mon 1116</td>
<td>13.15-14.00&lt;br&gt;14.15-16.00</td>
<td>Zoom</td>
<td>Digitalization and business development at Husqvarna&lt;br&gt;Interaction and network approach</td>
<td>JAS FL</td>
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<tr>
<td></td>
<td>Thu 1119</td>
<td>10.00-11.45</td>
<td>Zoom</td>
<td>Distribution and supply chain management</td>
<td>KH</td>
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<tr>
<td>W4</td>
<td>Mon 1123</td>
<td>13.15-14&lt;br&gt;14.15-15.00</td>
<td>Zoom</td>
<td>Technological development in networks&lt;br&gt;Segmentation and offerings</td>
<td>JLH, FL FL</td>
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<td></td>
<td>Thu 1126</td>
<td>10.00-11.45</td>
<td>Zoom</td>
<td>Buying behaviour and purchasing strategy</td>
<td>AA</td>
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<tr>
<td>W5</td>
<td>Mon 1130</td>
<td>13.15-14.00&lt;br&gt;14.15-15.00</td>
<td>Zoom</td>
<td>Literature seminar: Digitalization and Sustainability for B2B Marketing and Purchasing</td>
<td>CM</td>
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<td></td>
<td>Thu 1203</td>
<td>9.00-9.45&lt;br&gt;10.00-11.45</td>
<td>Zoom</td>
<td>Supplier relationships in networks&lt;br&gt;Trucks and purchasing of transport services</td>
<td>VE KHe</td>
</tr>
<tr>
<td></td>
<td>Fri 1204</td>
<td>Zoom</td>
<td>Marketing project supervision&lt;br&gt;Group schedules supervision with the supervisor.</td>
<td>VE/FL</td>
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<tr>
<td>W6</td>
<td>Mon 1207</td>
<td>13.15-14.00&lt;br&gt;14.15-16.00</td>
<td>Zoom</td>
<td>Seminar: Case discussion</td>
<td>VE/FL</td>
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<tr>
<td></td>
<td>Thu 1210</td>
<td>9.00-9.45</td>
<td>Zoom</td>
<td>Sustainability and business relationships</td>
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<td></td>
<td>Thu 1210</td>
<td>10.00-11.45</td>
<td>Zoom</td>
<td>Workshop II: Marketing project presentations</td>
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<td>W7</td>
<td>Mon 1214</td>
<td>13.15-15.00</td>
<td>Zoom</td>
<td>Customer relationships</td>
<td>FL</td>
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<td></td>
<td>Thu 1217</td>
<td>9.00-10.45</td>
<td>Zoom</td>
<td>Course summary</td>
<td>FL</td>
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* See Canvas for zoom links.
Teachers

FL  Frida Lind, Chalmers
VE  Victor Eriksson, Chalmers
CM  Carla Machado, Chalmers/JIBS
KH  Kajsa Hulthén, Chalmers
JLH  Jens Laage-Hellman, Chalmers (*prel*)
AP  Ala Pazirandeh Arvidsson, Chalmers
CV  Ceren Altunas Vural, Chalmers
JF  Julian Fox, Tetra Pak
JAS  Johan A Simonsson, Husqvarna
KHe  Klas Hedvall, Volvo ATR

Literature

The course literature consists of one textbook (named B), a number of articles (named A) and articles assigned to the literature seminar (named LSA).


We will use a new book on business marketing this year. The book is available both as an E-book and Hard copy. The book is for sale in most online bookstores, such as Adlibris, Amazon, Bokus, Chalmers Store, and E-books.com. Please use the 5th edition of the book.
C Chapters (Access from Canvas)

C1 Two approaches to marketing (from old compendium)


A Articles, Electronic access from Chalmers Library:


Literature Seminar Articles (LSA1-LSA3), Electronic access from Chalmers Library


**Reading instructions**

*Theme 1: Setting the scene of the course (week 1-2)*
The first two study weeks, the course content and the area of business marketing and purchasing are introduced. The theoretical approaches are presented, and several of the important concepts are outlined - we set the scene of the course.

We discuss two typical cases of buyer-supplier situations. In the first situation, the customer and supplier know each others’ businesses well, and they have done business for several years and have typically adapted both products and processes to each other. This situation concerns maintaining and developing business relationships, and each customer needs to be treated uniquely. In the other situation, the products and offerings of different suppliers are viewed as equal. In this situation, the selling company typically has limited knowledge about individual customers’ operations and the marketing program is directed to a mass market rather than specific customers, and for the buying company, the price is an important decision factor. The first situation above is fruitfully analysed based on a perspective that will be referred to as ‘the interaction and network approach’. The second situation above can be analysed based on ‘the marketing mix approach’. Reading: B1.

The market program includes not only the physical product and services but also how it is to be sold, distributed and marketed and priced. We lecture around the four “Ps” (please note that the assigned chapters will also be dealt with later on during the course. In this week, the topics are introduced):

- **Product** – in broader terms is referred to as “Product Offerings” (reading B10).
- **Place** – refers to how to make the product offerings available through distribution systems. (Specific lecture on this in study week 3, see B11 Routes to the market).
- **Promotion** – market communication with customers and other actors. We focus on different ways of communicating with the market, including, e.g., branding, and trade fairs (literature B7)
- **Price** – the pricing models needed to sell products in B2B markets (literature B12).

Marketing strategy is introduced in the second week and the rational planning approach, resource based view and relationship and network approach. Sound ethical principles are crucial to marketing strategy. Also, how to collect information about the markets and customers are discussed. This week we also listen to a guest lecturer from Tetra Pak, discussing R&D organizing and the importance of customer interaction.
Reading: B4 and B5.

*Theme 2: Interaction and network approach and focus on distribution and technological development (week 3, week 4)*
The interaction approach and the closely related network approach are in focus (literature B3). We discuss the content and applicability of the marketing mix approach and interaction and network approach. We discuss business relationships as a central feature of business markets and in relation to a contract and raise the question of whether a business relationship is an implied contract. This week we also listen to a guest lecturer from Husqvarna talking about digitalization and impact on product offering and business relationships.
The interaction and network approach has been of high value to analyse both distribution and technological development in industrial networks. Consequently, distribution is in focus, and we cover a central part of the marketing program: the routes to the customers, i.e. how products should reach their end customers. This includes issues about how products/services are to be distributed to customers and channel management (literature B11). Distribution and working with distribution networks are closely linked to business relationships and networks.

This theme continues with a vital part of the marketing program: the offering and technological development of new offerings. We talk about the involvement of customers in product development which also is the topic for one of the readings for this week (literature A2). We also take a broader view and discuss technological development in a network perspective; for example, how to work with customers, suppliers and/or competitors could be development partners (literature A1). There is preliminary a guest lecturer from the industry this week. We also discuss the critical issue of market segmentation, dividing the market into appropriate groups displaying similar needs, i.e. segments, and come back to the market offering and how it can be designed and developed (literature B6, B10).

**Theme 3: Purchasing, buying behaviour and supplier relationships (week 4, week 5)**

This theme deals with purchasing and understanding the buying behaviour of customers (literature B2). The first lecture covers purchasing decisions, central purchasing orientations, and the purchasing process. Understanding companies as buyers is important in order to design relevant marketing offerings.

Related to the above, the theme continues with how to work with suppliers and supplier relationships, and related theoretical concepts are provided to understand the content and complexity of supplier relationships (article A3). Examples of how suppliers are involved in product development are given. The purchasing theme includes an illustration of how companies work in relation to its context, and examples from both purchasing of transport services using a network perspective and aspects of marketing communication are provided. A guest lecturer provides examples from AB Volvo.

**Theme 4: Business relationships and current topics: sustainability and digitalization (week 5, week 6, week 7)**

In this period of the course, there are several other activities in which you are to apply the concepts of business marketing and purchasing that we have discussed in the course and discuss current topics. Those activities mainly include the literature seminar focusing on sustainability and digitalization in relation to business, the case discussion and potentially also the marketing projects. As one of the final steps, we are to listen to a lecture on sustainability in business relationships, which also related to the literature seminar. We also discuss managing different types of customers and customer relationships, for example, in terms of communication and relationship portfolios (literature B8, B9).

**Final session: Course summary (week 7)**

In the final session of the course, the course will be summarised.