

## **The Peculiarities of B2B Marketing Promotion in New Europe Companies Working Abroad**

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### **Abstract**

*Following the practices of European exporting companies, this paper provides a depth scientific literature analysis of marketing of exporting manufacturing companies in B2B. Paper discloses the principles of usable marketing tools, to achieve a desired export results. Finally paper according to the comparative literature analysis and specifics of practical behavior of companies, summarize usable and not usable marketing tools for exporting companies.*

**Key Words:** Relationship management; B2B; B2B marketing; export; international marketing; manufacturing companies; New Europe; expansion.

### **Introduction**

B2B sector is a specific sector which dramatically differs from B2C and B2G. The key feature is high value contracts which mostly have pretty high risk for both contract parties because of quality and obligations. Buyer incurs the risk because the product or service must be delivered on time and expected quality, to fulfill the obligation for own customers. Meanwhile seller incurs the risk of getting money for goods. Additionally, when company sells to customers in foreign countries, the risk is growing up, because of lack of experience, information and often different regulation.

The marketing of such companies working in foreign markets must be adopted to these peculiarities, that it would be achieved the demanding results. Indeed classic B2B marketing theory is more focused on supplying the value to the customers by products' features and pricing. Indeed in practise, there is pretty seldom, that B2B companies purchase only good price and features. There are a lot of factors, which should be included in B2B marketing to achieve better results.

The issue of B2B marketing in foreign markets is actual for companies located in Eastern and Central Europe because in 2004 – 2013 period EU expanded and 14 new members became a part of EU and was called „New Europe“. The companies, located in these countries got a chance to export in all EU without limits. Nevertheless, the export of these countries has grown and still is growing. However, the achievements in foreign, excluding neighbour markets, are not so good as it was expected. There is an evident, that the businesses from these countries have still a lot of things to learn to be able to compete in foreign markets. There are a lot of samples that the costs structure and competitive advantage gives the opportunity for companies, located in this region to sell goods for favourable prices and favourable features. However many companies do not achieve good results in foreign markets or achievements are really weak. Nevertheless there is common, that such companies only acquired by competitors or entrepreneurs from Northern and Western companies begin to show good results. These companies, acquired by competitors or customers begin increase the export, indeed it cannot be called a good management of local entrepreneurs.

So, practically there is a demand for really good marketing which includes Business logic, understanding the principles of B2B sector and providing such value for customers abroad, which would let to achieve success. Current experience of practitioners and implementing marketing strategies of companies from New Europe do not allow to grow as fast as should. From theoretical side, there is a lack of theories which would be focused and adoptable practically for companies working or trying to work in foreign B2B markets. There are a lot of publications which analyse export strategies and behaviour of sellers, purchasers and publications or which describe only one specific attribute of B2B marketing.

So the scientific and practical **problem**: in practise as well as in scientific literature there is a lack of knowledge not defined a marketing tools sets which are favourable for exporting B2B companied and there is a lack of researches which shows the impact of different marketing tools, used as a complex to te achieve results in foreign markets.

The main **purpose** of this paper is to systematizethe literature and suggest the marketing tools set for exporting companies.

The methodology for tis paper is the comparative analysis of scientific literature.

### ***Classical vs. Practical B2B marketing***

Classical B2B marketing is pretty popular definition, which has no any relations with structurized or systemized marketing science. There are many authors who tried to reveal different issues from different perspectives, but all publications are so different that nobody tried to systematize all this literature and to create or sugest the systeme of marketing in B2B. Additionally, the biggest part of publications may be assigned to two different directions: Relationship management direction and Brand management direction. Meanwhile practically there is a big gap between marketing that really works in nowadays and marketing which ir described in classical marketing books.

### **The relationship management**

The relationship management idea in scientific literature was formed by Berry (1983) by definition “attracting, maintaining, and in multi-service organizations enhancing customer relationship”. However, Berry was probably the first who concept of relationship management made a part of science, butin fact Business strategy was always more or less based on relationship management. For example Zineldin and Philipson (2007) writes about the purpose of one of General Electric executives: “Marketing, through its studies and research, will establish for the engineer, the design and manufacturing person, what the customer wants in a given product, what price he or she is willing to pay, and where and when it will be wanted (General Electric Company, 1952, p. 21)” This shows not only the core of marketing but the perceived demand of something, what later was called “relationship management” as well.

In 90’s scientists Morgan and Hunt (1994)defined relationship management as: all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges. The strongest definition was offered by Groonroos (1991) “Marketing is the process of identifying, establishing,maintaining, and enhancing (and when necessary, also terminating) relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met. This is done by a mutual exchange and fulfilment of promises. This concept includes the idea that personal relationship between representators of selling and purchasing companies may absorb the business risk .

However, according to the main idea of Business, all activities must create the value and must have the positive impact to the profit. So, relationship management directly does not ganarate the profit, therefore it must guarantee the profit or create the value indirectly.

According to the comparative analysis of relationship management, relationship management, has a couple of advantages which may be listed in such way:

1. Relationship lets to receive and manage information about tendencies in particular niches or markets;
2. Relationship creates loyalty;
3. Relationship increases retention of customers;
4. Relationship increases commitment and trust
5. Relationship influences perceived quality of goods;
6. Relationship influences satisfaction

In traditional marketing there are several attitudes toward to markets. Companies, working in B2B markets where the specifics of markets requires be more focused on customers rather than on products, must be used a personal contacts to receive information about the demand of customers and about the markets of customers. Already built up relationship with customers let to forecast tendencies of target market. In exporting companies, especially for manufacturers, the relationship with limited quantity of customers is beneficial and important, because received information from customersis the main aspect which influence decisions to invest in new equipment, creates procedures, which should achieve better financial results and fulfill the demand of customers.

So this specific relationship management is a dyadic networking, when selling company tries to make not such big network as theoretically is possible, but limited network is managed in more or less manageable way. It could be called even an attribute of working in niches.

This particular type of relationship could be characterised by being multi-agent, episodic in nature, interactive, not standardised and distributed in nature (Ford, Gadde, Håkansson, Snehota, 2003). In fact, this type of relationship means that supplier solves the issues of customer in literal sense. Almost Always competitive advantage is based on knowledge, technical base, different management systems or good experience or relationship with other customers or suppliers. Nevertheless, this type of relationship lets for customer and supplier to exchange important technological information and help each other in manufacturing processes and in designing the features of goods. For instance Powell and Swart (2009) by citing Cook and Emerson, (1978) writes that in a technological industry, the exchange of knowledge is the most significant bearer of the commitment so central to the social network model which informs our understanding of B2B network relationships.

The second advantage follows from the first one and is closely related to the customer retention. When supplier is investing in specific equipment to manufacture or to design the demanding products for limited quantity of customers, customers become loyal and may agree to pay more than could be achieved a price after hard negotiation. First of all customers become loyal because it is necessary for long lasting relationship and guarantee that supplier will invest in right equipment, design and infrastructure to supply right products. It means, that customer invest in decreasing the risk to loose supplier. Secondly communication and partnership, if supplier is oriented to customers, always creates relationship. Berry and Parasuraman (1991) believe that built up relationships with customers, increases loyalty. Scientists Riccard and Perrien (1999) made a study and got results that relationship has a positive impact to the customer loyalty. So, loyalty in direct and indirect way depends on relationship.

However, loyalty is really complex act. The rule that sometimes customer accepts to pay more does not work in some industries, it depends on market, on customer attitude, type of products. If customers make the design by themselves and supplier provides only manufacturing services, supplier becomes a part of supply chain and in fact customer solves the issues of supplier, not supplier is solving customer's issues. The relationship between supplier and customer in supply chain systems is not the part of this paper's topic.

In addition, loyalty not always means true loyalty. According to the scientific literature loyalty has different levels. Loyalty according to Rauyruen and Miller (2007) are three kinds: behavioural, attitudinal and complex. Behavioural loyalty means that customer is retained, but it is not clear it is loyalty or customer would like to change the supplier and do not have a possibility, or he is loyal in fact. The attitudinal loyalty means that customer talks about supplier good things, but nothing more, and the complex loyalty is the only which in fact is beneficial for company. However, in fact not always all these specifics about loyalty are real. Loyalty as well as other fields, in fact depends on many factors. Sometimes customer does not allow for supplier to reveal that it king with him, or supplier is only one and cannot be changed, because there is big costs of change.

So, loyalty and retention of customers is one of the aim of companies working in B2B sector, but if customer is loyal and purchases, it is not evidence that purpose – to create loyal customers is achieved. However, loyalty and retention of customers could be achieved only through creating and suggesting the value to customers by supplying good price, confidence, features of products or such supplying features like right time, right place and etc.

Other important thing in marketing, is commitment. According to Garbarino and Johnson (1999) the buyers commitment to the seller is the main goal of relationship marketing, because it means that customer is retained. According to Moorman et al., (1992) commitment means that customer decides to stay with supplier. Retained and loyal customer usually pay more because they do not want to change the supplier, or they feel the risk in possibility of changing the supplier. According to Wetzels et al., (1998) “ In a business relationship, commitment is a psychological sentiment of the mind through which an attitude forms concerning continuation of a relationship with a business partner”. So in other words, commitment means that customer tends to pay more and he is not going to change the supplier, if it has a right attitude and right Business strategy.

Commitment is very similar to increasing trust. Customers trust to suppliers, often because they have a good experience. Additionally to trust the right supplier means saving a time and decreasing a risk of negative act (i.e. delivery not on time, bankruptcy of supplier, waster).

This action is popular because it is a part of business logic – pay attention to the things which letto earn money and be sure that suppliers and other stakeholders will not make a negatyve impact to the business. However, trust is the reason why customers decide to pay more for suppliers the same as they decide to change supplier. Reichheld and Schefter (2000) states that to gain a loyal customer, first is necessary to gain his trust. Do the trust should be evaluated as a part of B2B marketing complex for exporting companies.

Perceived quality of product or servises is the most popular topic in relationship management of services in B2C. However, B2B sector is different and the influence of personal relationship is different. Good relationship may have an impac for understanding the quality, but it is more the exception of the rule, than common rule. In pretty big companeis there is almost 100% probability that person, who purchased will not be a the same person, who will be responsible for evaluating quality and who will manage the purchased product in transforming into a new product and etc. So, it emans, that personanal relationship has an impact for understanding quality, buti n different cases this impact may be really high or really low.

The core of perceived quality says that satisfaction of product or services influence the perceived quality. For instance Morgan and Hunt (1994) write that the quality of relationship marketing depends on the level of satisfaction of product or service quality. Henning-Thurau and Klee (1997) stated that the quality of relationship is a part of contract between customer and seller, therefore the persuasion of contract depends on relationship as well. The quality of relationship is another topic of marketing.

Finally the sixth advantage of relationship marketing is satisfaction. Satisfaction is strongly related to perceived quality of products and has a direct impact to the loyalty and if everything is suitable, it is really possible that satisfied customer may be retained, because according to Burton et al., (2003) satisfaction has a positive impact to the intends to repurchase. So it means that customers, which are satisfied probably will be loyal customers. So, satisfaction depends on expectations, perceived quality, trust and the relationship between sales people and purchasing people

To sum up, relationship marketing has a positive impact for company, and without any doubts is one of a couple milestones of marketing in B2B area. However, there are a couple of weak areas in relationship marketing as well. The main weakness – supplier is able to manage the relationship only if it has enough information about customer, about wishes of customers, strategy, attitudes and even all market structure. Only knowledge about mentioned milestones lets to achieve necessary results with the customers and all six rules are suitable only there is a lack of partial information not of having no information about the market at all.

## **Branding**

Branding topic in B2B sector is new. There is pretty paradox situation, there are a number of scientists who attempt to touch B2B branding topic, but most of them states, that in branding B2B is totally new topic and there is a lack of researches. For instance Kuhn et al., (2008) writes: „branding in industrial markets remains under-researched area“.

In B2B area branding is related by three main aspects:

1. Corporate as a brand;
2. Brand – reputation
3. Brand loyalty.

There are two different attitudes toward to corporate branding. One attitude says that brand is not important, because buyers want to get a relationship and brand is only a tool to understand supplier better (Brodie, 2005). Another attitude is based on idea, that branding is important because brand means a promise ( McQuiston, 2004). However, brand becomes a promise when company is already recognized and customer has direct or indirect experience. So, this ideology is suitable for companies which are working in specific markets where there very limited quantity of companies (2-5) or companies have enough resources to invest in branding and communication (i.e. manufacturer - Ruukki; construction company – Strabag).One of the main brand function is reputation. The reputation may be build up through direct experience or through cmmunication.However, really strong reputation in face with direct customers could be build up only by working together. So, there is only a question how company is managing reputation: company manages all the things according to the theory or manages everything spontaneously.

Finally brand in scientific B2B literature sometimes is analysed as it would have the same characteristics as relationship management.

It is unique that the same factors as commitment, trust, loyalty, perceived quality are popular topics in branding context as well as in relationship management. For instance Ballester and Munuera – Aleman (2001) has found that brand trust has a direct effect on customer commitment and thus indirectly can affect the level of price tolerance. So, the brand theoretically could be interpreted equally to the company. Brand the same as company is the untouchable object, which may be experienced through such aspects like communication, product, features, philosophy. To sum up the branding in B2B context, it is evident, that branding in B2B sector is categorized by branding company or branding products. Nevertheless branding may only help to sell products, but it does not allow to increase sales by only applying branding strategies. In fact it is only a small part of promotion.

### **Conclusion**

Classical marketing for B2B sector theory pays a lot of attention to the relationship management and branding. According to the scientists both areas are important for companies, which want to achieve good results in foreign markets. Relationship management in fact cannot be easily systemically described. However, there are six main advantages of relationship management, which should be evaluated in each case and selling company should choose the right model to build up the relationship management to achieve all, or only a particular advantage of relationship management. All six advantages: (1) relationship let receive and manage information about tendencies in particular niches or markets; (2) Relationship creates loyalty; (3) Relationship increases retention of customers; (4) Relationship increases commitment and trust; (5) Relationship influences perceived quality of goods; (6) Relationship influences customer satisfaction.

Branding is pretty popular in scientific literature. Theoretically possible advantages of branding are the same as relationship management. Indeed practically branding is a tool of communication and strong branding could be applied only in particular situations. Indeed Practically for manufacturing companies, from New Europe, with limited budget is very hard to invest in branding when there is a demand to invest in relationship management as well.

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