

# Business Marketing

## Face to Face

2

### The Theory and Practice of B2B Marketing

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# 2

## Business Products and Services

### Overview

This chapter considers the various issues associated with managing products and services in business markets.

Business products can be classified according to the degree of standardisation and customisation that the organisation decides to offer. It is important to establish this view before considering how organisations might develop strategies to manage their product/service offerings, both established and new. Attention is given to the product life cycle before examining issues concerning the new product and new service development processes. This section concludes with a consideration of the technology adoption life cycle, appropriate in high technology markets.

### Aims and objectives

The aims of this chapter are to consider some of the key managerial issues and characteristics associated with business products and services.

#### **The objectives of this chapter are to enable readers to:**

- 1 Examine the characteristics of business products.
- 2 Appreciate the nature and significance of product strategies.
- 3 Understand the significance of services in business markets and marketing.
- 4 Evaluate the new product and new service development processes.
- 5 Examine the product life cycles and determine how these might impact on business marketing.
- 6 Explain the technology life cycle model

## A Slice of Life – The Battle between Products and Services

Most B2B enterprises have grown from a product base. I think that's a fair, albeit sweeping, generalisation. It's particularly true of the technology space in my experience. Technology is notorious for conceiving the latest widget that will revolutionize your life, or the latest 'killer-app' (application) that you need to download, "like, now, dude..." Some widgets are ultimately more successful than others – often by luck more than judgement. That success is manifest in the growth of the business – they become small businesses, mid-size companies and sometimes even large corporates – but always with the 'product' at the heart of operations.

Product focus only really becomes a problem when the business can no longer simply 'sell more products'. Sales people are expensive and competitors are quick to replicate any successful product. It may be that associated services to the product become a more valuable revenue stream than the product itself. Suddenly the brand, which up until that point was only ever a single entity, becomes confused about whether it is a product, a service or a company. It suffers a loss of identity amongst the growing diversity of audiences and, frustratingly, (and slightly ironically) the technology can't help.

That was very much the case with a technology client of mine that provided data security technology for the banking and public sectors. The company had been built by the CEO, helping banks secure the integrity of card transactions through any 'device'. After several years of painful brand development, the company had most recently changed its name at the time of my involvement and was now struggling to both create a meaningful identity and understand it. Within the corporate structure there were multiple software brands, none of which had a clear or obvious link to the corporate parent. That, in isolation, wouldn't have been a problem were it not for the associated services that the company had started to offer customers across the multiple product brands. The services were broadly the same across all products, but the actual products were very different – performing different tasks in different vertical markets for different clients. The rising star of the business – 'services' – was confused. What to say, how to say it, the style and tone it should adopt, how to respond to variable audiences... all became too difficult.

I was asked by the Group Marketing Director to fix it – to unify the corporate, product and service brands. The CEO had moved to the USA to oversee North American activities and the global management team was given the responsibility of reviewing the company's market positioning. The objective was to deliver a clear brand strategy (what to say) a Creative Platform® (a concept for communications) and a corporate identity (the badge).

Working closely with the team responsible for communications was quite revealing. We established, for the first time, a clear view of the customer's needs across all products and services. Customers (banks and governments) required greater 'control' of remote devices – they needed to know that