

Changes of B2B promotion in the Czech Republic

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Abstract: The paper aims to describe the evolution during last decade and current state of the B2B marketing in the Czech Republic. Data by B2B monitor were analyzed and interpreted to identify the trends in the B2B marketing. The paper shows the tendency to save money in the context of B2B marketing activities. New trends in an application of B2B marketing tools are presented. The study is completed by an interesting view of an expert in the B2B marketing. A deep interview with an expert has confirmed data by B2B monitor and discovered other problems in the B2B marketing at present.

Keywords: B2B marketing, B2B monitor, B2B promotion, events, marketing budget

JEL classification: M31, M37

1. Introduction

Functioning B2B relationships are the most important aspects of business success. Appropriate building and development of long-term relationships with suppliers and buyers is crucial. Nevertheless, B2B marketing theory and marketing research is weak. 17,853 marketing articles published in the time period 1936 - 2006, only 1,204 deal with B2B marketing (LaPlaca & Katrichis, 2009). B2B marketing research is significantly concerned on practical examples, studies and best practices. A dynamic interaction is necessary, first between universities, consultants and practitioners to ensure suitable connection of academic research and managerial implications (Cortez & Johnston, 2017).

Similar to B2C marketing, the integrated marketing communications are desirable. The integrated marketing communications are consistent, clear, and compelling company and brand messages (Kotler et al., 2017). However, in the comparison between B2C and B2B market is necessary to see differences and apply different marketing tools. The main different characteristic is that the B2B market includes many types and sizes of organizations, multi-player chain of buying or selling goods or services (Fill & McKee, 2013). But with relatively fewer buyers on the B2B market and on the other side, oligopolistic competition (Vitale, 2011). It means that every organization in supply chain has own needs, which could be in contrast to other links, e. g. one link could prefer less stock supply, the other security of

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production. It is also connected to geographic concentration of B2B market structure and potential interruptions in supply or due to local marketing customs and preferences.

2. B2B promotion

Promotion in B2B marketing places emphasis on personal selling, dialogue (Vitale, 2011). An advertising is not primary tool. On the other hand, it still belongs to B2B promotion as a part of integrated marketing for its informing and reminding potential. Most frequent using of advertising is in trade journals and newspapers or catalogs, product brochures, data sheets. A new trend is an online video, demonstrating products, providing cases studies, delivering conference and corporate events to remote audiences (Fill & McKee, 2013). An advertising of B2B organizations is provided on web sites. Many shared information and different technologies enable to personalize their content according to the company they want to reach (Sluis, 2014). Creating personalized marketing content is vital to B2B online communication (Štroch & Stoklasa, 2017). Manufacturers realized the need of product customization. So, product configurators are standard part of B2B promotion in most sectors, nowadays.

A special interest is focused on social media. The popularity of social media is of an increasing tendency in B2B market. Social media plays an important role in commerce, sourcing information, sharing information and interaction with each other (Dahl, 2015). Thus, it takes over some aspects of classic advertising. Social media supports a long-term relationship with suppliers and customers (Michaelidou, Siamagka & Christodoulides, 2011). Good relationships with the B2B partners are important in a context of trust and commitment (Morgan & Hunt, 1994). Researchers see the problem with social media framework application in the time spent to locate, analyze and organize the data (Mehmet & Roney, 2016). Nevertheless, using the social media has an increasing trend in B2B market.

Sales promotion, defined by Kotler et al. (2017) as “short-term incentives to encourage the purchase or sale of a product or a service”, generates an action or change in attitude of the B2B partners. Sales promotion in the B2B marketing targets 3 audiences: intermediaries, end-user customers or sales force (Fill & McKee, 2013). The different types of sales promotion are applied in the context to these 3 audiences. The B2B marketers use price-offs, allowances, buy-back guarantees, free goods to retailers and wholesalers to get products on the shelf, specialty advertising items (Kotler et al., 2017).

PR (public relations) are used for establishing and maintaining relationships with various stakeholders in the B2B marketing. Press releases, press conferences, interviews or events are organized in the contexts of media relations. The B2B marketers would like to disseminate a message through third-party media. The lobbying of B2B organizations help them to stand up for their interests and it can influence the legislation and the regulations. The awareness in the target market is developed by the sponsorship. The business in the B2B market face the crisis situations. Therefore, the crisis communication or the plan for crisis management is crucial in the PR of the B2B organizations (Fill & McKee, 2013). The importance of transparent crisis communication confirms scandal with car emission manipulation. Even though Czech consumers are not much concerned about it, the government has to deal with it, as well as business partners in order to avoid to connecting with crisis (Jaderná, Přikrylová, Picková & Mlázovský, 2018). Trade shows and conferences propose the opportunity to identify and start relationships with customers or reinforce relationships with existing customers (Vitale, 2011). Trade fairs are still one of the most important promotion tools in the B2B marketing.

The direct marketing is used in the B2B marketing in the connection with CRM IT system. CRM creates a database of B2B partners. The marketers use the database to connect with customer and to send a personalized offer. Direct marketing includes 3 main approaches: direct mail, telemarketing or web enabled tools for direct mail or telemarketing. Outbound or inbound calls are used to generate leads, make appointments, close sales, collect information about the market or collect orders, provide support, information for both customers and the sales force, coordination of sales activities (Fill & McKee, 2013).

Personal selling is the most important and the most expensive tool in the B2B marketing. The definition by Kotler et al. (2017) describes role of personal selling: "Personal presentations by the firm's sales force for the purpose of engaging customers, making sales, and building customer relationships." Sales force builds the relationship, demonstrates a product, explains and reminds. Communication one-to-one has a considerable power to persuade the customers. Personal selling realizes B2B brands. The primary form of brand communication is through the sales force (Lynch & Chernatony, 2007). Brands influence attitudes and behaviour of the B2B partners (Riezebos, 2003), some authors have argued that branding is even more important in B2B than B2C markets (Minett, 2002). Therefore, personal selling plays a necessary role in the B2B marketing, supporting branding.

2.1. B2B monitor

A unique project of the research agency B-inside, s. r. o. shows to the B2B businesses, how to apply the B2B marketing to increase their sales and profit. The project is called B2B monitor. The B2B monitor consists of a portal B2Bmonitor.cz and a B2B monitor research. The portal B2Bmonitor.cz offers an inspiration, advice and tips for an effective B2B marketing. The B2B monitor research has been realized twice a year. Single areas of the B2B marketing are monitored. The results of the monitoring are used for comparison in the different fields, by the different sizes of businesses or types of ownership. The objective is to conduct a survey of position the marketing in Czech businesses.

The B2B marketing has underwent a significant evolution over 8 years. The B2B monitor presents studies about the marketing activities, about an investment to the B2B marketing over the time. The Czech B2B marketers noticed the large impact of world economic crisis after 2010. The budget of B2B marketing decreased from 1,17% of turnover in 2011 to 0,82% in 2013 (B2B monitor, 2014). Unfortunately, the decreasing tendency is keeping. The marketing budget was 0,63% of turnover in 2017. That companies, considering marketing for the strategic issue, made an investment to the B2B marketing of 0,92%. These companies have noticed a higher turnover growth (B2B monitor, 2017).

The structure of the marketing budget in the Czech businesses has changed, too. Traditional activities, such as trade fairs, sales promotion, brochures, catalogs, events, direct mail, constituted 75% of marketing activities in 2012. The digital media, web sites, email marketing, PPC, SEO or social media, were used in 21% in 2012 (B2B monitor, 2013). The number of used marketing activities has decreased. Typical marketing activities (web, fair trades and printed advertisement) is significantly complemented by sales promotion. The important change has come in a using of social media. The social media was used in 5% in 2012 and in 56% of B2B businesses in 2017 (B2B monitor, 2017). The Czech B2B marketing has changed in many other attributes, the following study presents the transformation of B2B marketers' attitude.

2.2. Study of the Czech B2B marketing

The study of changing B2B marketing in the Czech Republic was based on results of the realized deep qualitative interview with an expert in the B2B marketing. The expert has noticed the important changes during her 14 years practice in the B2B marketing. The interview was semi-structured, the discussed topics were based on the results of B2B monitor. But the questions were used only as a correction of the interview – the expert had wide flexibility in replying and the topics, which she considered as important. At the end, the analysis of B2B monitor data was completed with her own experiences.

Firstly, there was not used any leading questions or showed previous results due to avoiding bias. The purpose was gain information about general state in B2B marketing and budgeting. Subsequently, there was discussed the analysed topics of B2B monitor and some selected results. Finally, the other significant changes in the B2B marketing, meant by the expert, are described.

The tendency to save money in the economic crisis was mentioned above. But, B2B marketers still struggle with lower marketing budget. B2B businesses invest lower finance, only 0,63% of turnover in 2017. The expert stated the budget, reduced to 50% in 10 years. Furthermore, many businesses provide some B2B marketing activities in house. This situation leads to that the B2B marketing has no concept, nor marketing strategy. Public relations are a separated part of B2B marketing and it is not managed central, in the context of the marketing strategy.

B2B businesses requested a complex marketing service by a famous international agency 10 years ago. They spent much more money for B2B marketing and for different marketing activities, recommended by a marketing authority. The market differentiation was followed. Nowadays, POS materials are not adapted to the different markets. International businesses use the same format and content of message, to save money.

B2B marketing feels a lack of a high quality due to a lower budget. B2B marketers purchase specialty advertising items in an e-shop. The decision process of online purchase is mainly influenced by price, without interest in a quality of the items. In the other approach B2B marketers are not interested in specialty advertising items at all. It is also connected to the next problem – human resources in B2B marketing are undervalued. At the end, it leads to decrease of marketing service quality.

The expert has monitored the tendency to save money in the context of events, too. Large companies spent a lot of money for a majestic event 10 years ago. No special events for B2B partners are arranged to develop brand, to support business relationships or to invite potential customers, nowadays. Only events during trade fairs are organized, at present. But those do not reach the earlier imposingness.

3. Conclusion

According to the current researches and consultation with expert it is possible to state that the B2B marketing is often ignored in the Czech Republic. Businesses put low finance to support marketing activities in the B2B market. They often insource marketing activities. But they radically reduced own marketing departments, in past. And now, their marketing departments are not able to realize the strategic marketing planning. In spite of the fact that businesses with marketing management in B2B have noticed the turnover growth of 10,2% and businesses with a limited role of marketing only 5,2%, the interest in marketing planning is not increasing (B2B monitor, 2018).

In addition, the tendency to save money in the B2B marketing is significant. B2B marketers work with the half budget than 10 years ago. Marketing activities are reduced to trade fairs and personal selling, supported by advertising items or sales promotion during the negotiation process. Only the tendency of using social media is increasing.

An important change has come in an organization of events. The then majestic events for business partners have been substituted by the less interesting events during trade fairs. The comparison of the then event and now organized events would be an important research objective in the future.

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