DIGITAL MARKETING IN BUSINESS MARKETS

- Social media usage in the industrial markets
- IT use in the industrial markets

Table 15. Using different web 2.0 tools.

Tool	Use	Strengths	Weaknesses	Measuring
Blogs and podcasts	Informing of current events and new products	Easy and cheap tool to maintain	Requires time and constant updating	Number of viewers, comments, downloads
Social networks	Content sharing, creating and maintaining relationships	Easy to set up a profile, possible targeted advertising	How to persuade users to participate?	Amount of members/fans in the profile; amount of UGC in the profile
Communities	Maintaining customer relationships, brand building	Intense two-way communication	Requires lots of resources to maintain	Amount of members; amount of UGC in the community
Content aggregators	Informing of new products	Easy to use	Content needs to be interesting enough to be tagged	Number of subscribers/tags/ downloads
Virtual worlds	Maintaining customer relationships, brand building	Engaging customers effectively	Requires lots of resources to maintain; inducing users to participate	Users' participation activity

Lehtimäki, Salo, Hiltula & Lankinen 2009

http://herkules.oulu.fi/isbn9789514291203/

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INDUSTRIAL COMPANIES DM USAGE IN FINLAND (LEHTIMÄKI ET AL., 2009)

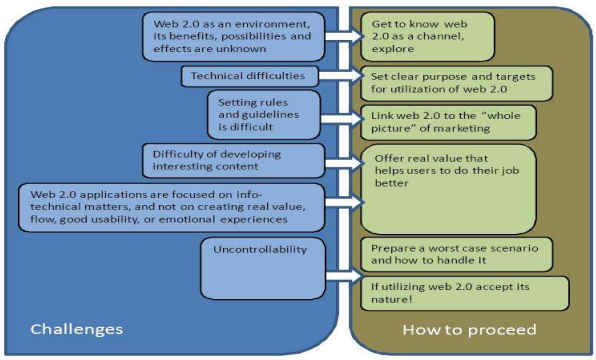

Figure 4. Challenges of utilizing web 2.0 seen by examined firms and tips on how to move-on from starting difficulties.

INDUSTRIAL COMPANIES DM USAGE IN FINLAND (LEHTIMÄKI ET AL., 2009)

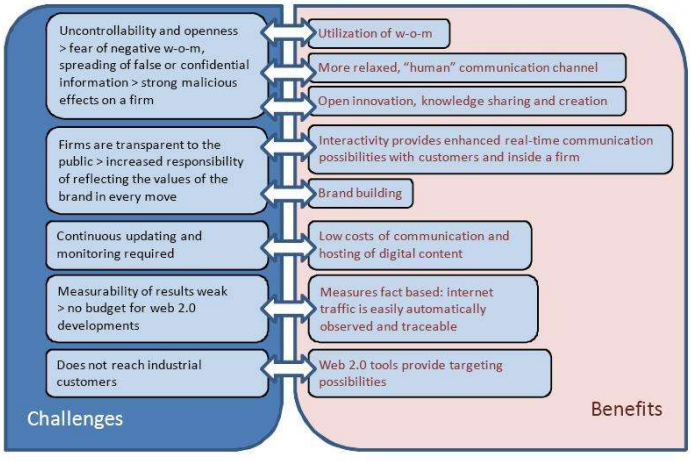

Figure 5. Challenges of utilizing web 2.0 that relate to central benefits and characteristics of web 2.0 communications.

SOME OBSERVABLE CHANGES IN DM PRACTICES IN B2B COMPANIES

PONSSE LAUNCH EVENT INVITATION

- Invitation to participate launch of new product scorpion
- Target market forest machinery operators/owners
- YouTube campaign
- Target set 500 participants, over 1000 participated (double than usual
- **Most importantly all Scorpions were sold (price tag 0.5M€ each)**
- Price of campaign 1000$

http://www.kauppalehti.fi/etusivu/ponssen+youtube-hitti+poiki+kymmenia+tilauksia/201409699870

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PONSSE LAUNCH EVENT INVITATION

https://www.youtube.com/watch?feature=player_embedded&v=lF_bOU_584M

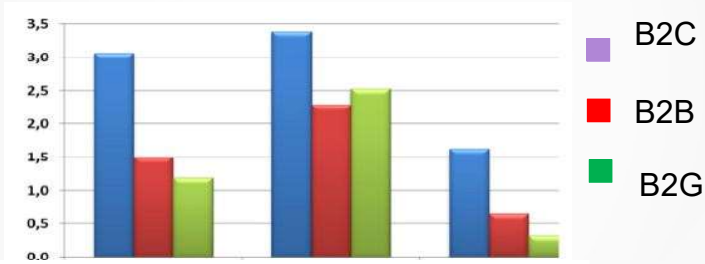
http://www.kauppalehti.fi/etusivu/ponssen+youtube-hitti+poiki+kymmenia+tilauksia/201409699870

SKRILLEX MARKETING: CASE NOKIA TYRES

Traktor terror is back

https://www.youtube.com/watch?v=HmcbKcf9VIc

DM DIFFERENCES BY MARKET IN FINLAND: B2C, B2B AND B2G

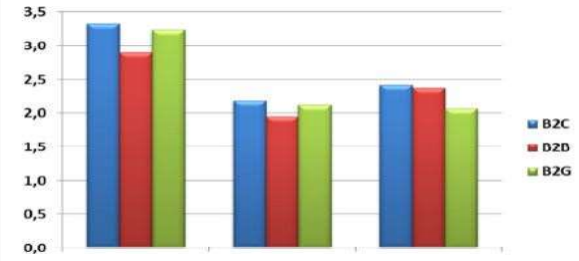


Internet advertising

Communities external to company e.g. social media

Revenue based advertising

DM DIFFERENCES BY MARKET IN FINLAND: B2C, B2B AND B2G

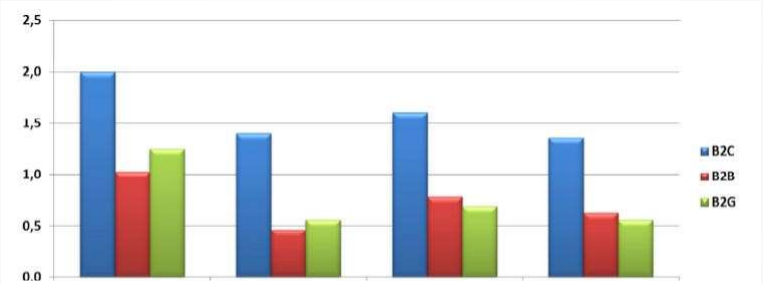


Newsletters by email

Service messages by email

Direct email

DM DIFFERENCES BY MARKET IN FINLAND: B2C, B2B AND B2G



Company mobile pages and services

Mobile advertising (banners etc.

Mobile service messages (remiders etc.

Mobile apps

Industrial Marketing Management 66 (2017) 115–129

Contents lists available at ScienceDirect

Industrial Marketing Management

journal homepage: www.elsevier.com/locate/indmarman

Social media research in the industrial marketing field: Review of literature and future research directions*

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ARTICLE INFO

Keywords:
Social media
Industrial marketing
Business-to-business marketing
Web 2.0
Literature review

ABSTRACT

Since the emergence of social media, industrial marketing academics and marketers have also been intrigued by the influence of such media on the discipline. As, social media research in the field of industrial marketing has been of increasing interest, this research attempts to review and assess the advances in social media research in the industrial marketing field. From the literature review conducted, it can be identified that some of the research areas have witnessed steady theory development increases, e.g., sales and marketing communications, while others are clearly lagging behind, e.g., pricing and ethics. Also methodological pluralism is called for instead of more traditional methods (conceptual analysis, qualitative and survey) to establish and solve more nuanced research problems. This research provides a review of the current state of research in the field and suggests directions for future development.

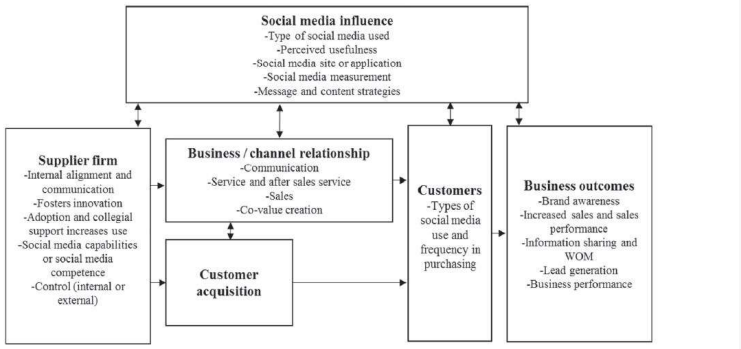


Fig. 1. An integrative framework of the established research topics and their linkages.

DIGITAL MARKETING IN BUSINESS MARKETS

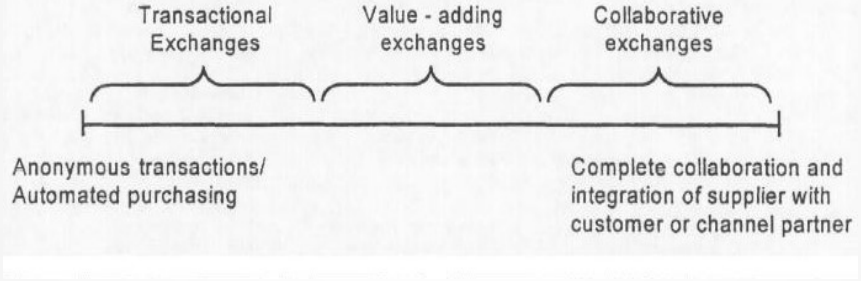
- IT in business relationships and business nets

DIGITIZATION OF BUSINESS RELATIONSHIPS AND NETWORKS

- Adoption of IT in BR/Nets
- Usage of IT in BR/Nets
- Virtuous cycle / Vicious Cycle
- BR digitization types and process

THE RELATIONSHIP CONTINUUM

FIGURE 1
The Relationship Spectrum



Day, 2000 Journal of the Academy of Marketing Science

THE RELATIONSHIP CONTINUUM

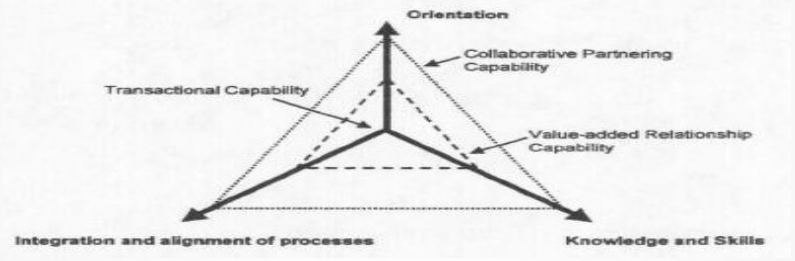
TABLE 1
The Relationship Spectrum

	Transactional Exchanges	*Value-Adding Exchanges*	*Collaborative Exchanges*
Communications	• Broadcast marketing • Targeting based on information about customers • Negotiations	• Tailored interactions • Emphasis on retention • Targeting based on information from customers	• Two-way collaboration • Joint problem-solving • Multilevel contacts • Extensive sharing of proprietary information
Linkages	• Persuasion • Arm's-length competitive bidding	• Sales/service teams • Key account selling	• Information system integration • Process integration • Social networks • Joint planning
Coordination	• Deliveries • Contractual conditions	• Customer value proposition • Maximize lifetime value	• Mutual commitments • Shared incentives, goals • Trust

Day, 2000 Journal of the Academy of Marketing Science

MARKETS-RELATING CAPABILITY

FIGURE 2
The Three Elements of
a Market-Relating Capability



Day, 2000 Journal of the Academy of Marketing Science

BUSINESS RELATIONSHIPS AND NETWORKS

- Relationships and networks are important sources of revenues, NPD feedback, innovation, joint cost cutting efforts and references
- The role of managing relationships increases when companies outsource activities peripheral to core competence
- Different types of IT tools improve the usage of relationships and networks to gain competitive advantage
- Use of IT in relationships is not a new phenomenon (see e.g. Kaufman, F. (1966). Data Systems That Cross Company Boundaries. *Harvard Business Review*, 41(1), 141-155).
- We must remember that "…*sharing a lot of information with everyone ensures that no one will have the right information when it's needed*" (Harvard Business Review Liker & Choi, 2004 p.112).

BUSINESS RELATIONSHIPS AND NETWORKS

Creating deep relationships:

1. Creating culture of doing it together
2. Sharing information intensively but selectively
3. Improving suppliers (buyers) technical capabilities

Liker & Choi, 2004

BUSINESS RELATIONSHIPS AND NETWORKS

4. Remember to observe and correct possible mistakes soon
5. Competition between suppliers is a must
6. Understand how suppliers business logic

Liker & Choi, 2004

7. Reward !

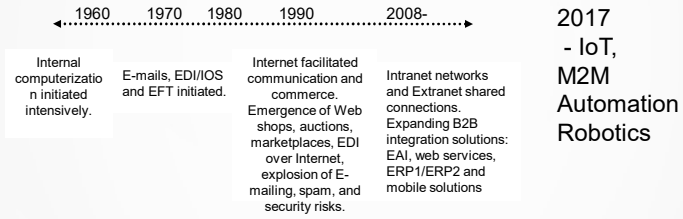
Tools for creating and integrating digital infrastructures within business relationships (Salo 2006)

Acronym for the system	*Full name*	*Definition*	*Source material*
EDI	Electronic Data Interchange	Standard protocols to share information among participating companies through computer-to-computer exchange of electronic documents, relating to purchasing, selling, shipping, receiving, inventory, financial, and other activities	Archer and Yuan, (2000)
I-EDI	Electronic Data Interchange over secured internet	Similar to EDI but over secured internet line.	Angeles, (2000)
	Extranet	In business terms it is built to communicate and exchange information with customers, suppliers, and other important third parties. In technical sense extranet is formed when an organization permits outsiders to access to their internal TCP/IP networks like the Intranet	Vlosky *et al.*, (2000) Radosevich, (1997)

ERP 1	First generation Enterprise Resource Planning	Total automation of the procurement process, from the point where an employee places an order, through the internal approval process, and right to eventual fulfillment with the help of different software modules	Krapf, (1999) Hodge, (2002) Motwani *et al.,* (2002)
ERP 2	Second generation Enterprise Resource Planning	Similar to ERP 1 but extended over one organization to include business relationship parties and web connections and a visible window for manger is created.	Gardiner *et al.,* (2002) Hodge, (2002)
EAI	Enterprise Application Integration	Used as glue between applications that is incompatible. Achieves application integration through four layers, connectivity, transportation, translation and process automation	Themistocleous and Irani, (2002) Whiting, (2003) Linthicum, (2000)
	Web services	Can universally standardize the communication of applications in order to connect systems, business partners, and customers cost-effectively through the World Wide Web. It enables easier and faster integration with trading partners	Chen *et al.,* (2003)

Web services	Can be used universally to standardize communication between applications in order to connect systems, business partners and customers cost-effectively through the World Wide Web. Enables easier and faster integration with trading partners. Usually less expensive than EAI but only suitable for small organizations.	Curbera *et al.,* (2002), Chen *et al.,* (2003) Whiting, (2003)
ERP adapters	Some ERP software houses provide adapters that enable integration between their ERP system and competitors' ERP systems. Provides real-time information retrieval and updates.	Stoer *et al.,* (2003)
Mobile technologies (WLAN, PDA, RFID)	Can be used to mobilize various activities including sales force automation (SFA), order pick-ups and other information and transaction flows between business parties. Warehouse and logistic processes are made less costly and more accurate.	Aungst and Wilson, (2005) Balasubramanian *et al.,* (2002), Salo 2006
Intelligent agents	Intelligent agents can interpret information and identify events based on some logical rule. Based on this the individuals who have access to the system can make more accurate decisions regarding, for example production, calls for bids, and logistic services. Limited access could be given to customers so that they could see e.g. in which phase of production their order is. May be used to coordinate business information in business networks.	Liu *et al.,* (2000) Papazoglou, (2001)

EVOLUTION OF IT TOOLS (SALO 2009)



2017
- IoT,
M2M
Automation
Robotics

DIGITAL INFRASTRUCTURE DEVELOPMENT (SALO ET AL 2009)

- Several adaptations in business relationship
- Gradual adoption of digital tools and change of business processes from traditional to more digital
- Emergence of IT layers and digital infrastructure
- Digital infrastructure employed for digital activities
- Mutual coordination and control of development

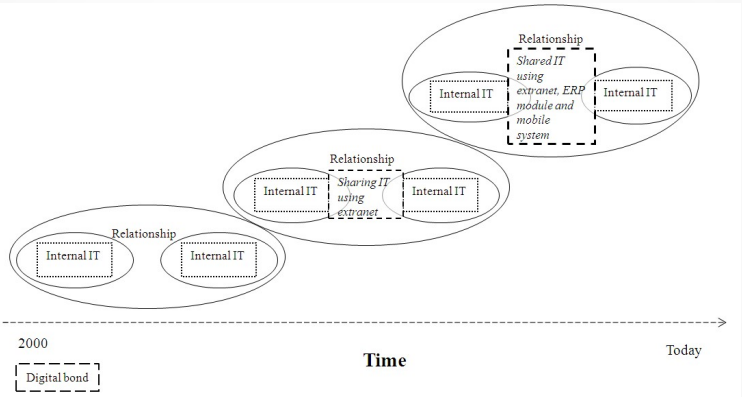
BONDING BEHAVIOR IN BUSINESS RELATIONSHIPS

- A bond is a building block of a relationship and it is created through interaction between business parties
- Literature up-to-date has identified altogether 10 bonds that are pertinent in business relationships (Johanson and Mattsson, 1987; Buttle et al., 2002)
- These are technical, time, knowledge, legal, economic, geographic, social, cultural, ideological and psychological bonds

DIGITAL BONDS

- Besides traditional technological bonds based on manufacturing, new ones have emerged that are based on the internet-based and mobile communication and transaction systems
- These systems and adaptations made to business relationships to accommodate these changes create new types of sub-bonding that are labeled *digital* bonds
- *Mobile technology* bonds can be seen as subset of digital bonds

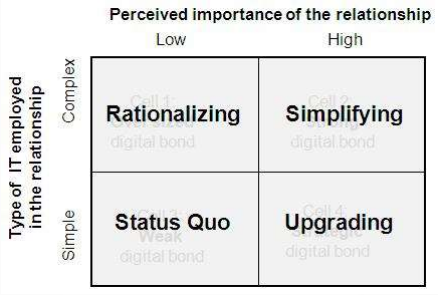
DEVELOPMENT OF DIGITAL BOND (JBBM SALO WENDELIN 2013)



DIGITAL BONDS CATEGORIZATION (SALO, 2010)

Type of IT employed in the relationship	Perceived importance of the relationship: Low	Perceived importance of the relationship: High
Complex	Cell 1: **Over sized** digital bond	Cell 2: **Strong** digital bond
Simple	Cell 3: **Weak** digital bond	Cell 4: **Strategic** digital bond

DIGITAL BONDS CATEGORIZATION (SALO, 2010)



ELEMENTS INFLUENCING THE DIGITIZATION PROCESS OF BUSINESS RELATIONSHIPS

Salo, 2005

Antecedents
Close business relationship
Existing trust and commitment
Willingness to adopt digital tools

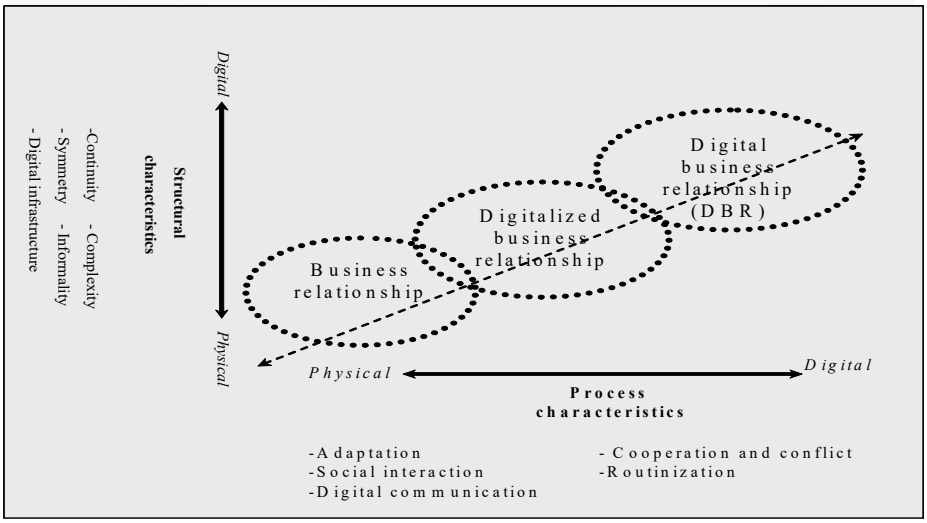
Inhibitors
Missing mutual benefits
Radical organizational and environmental changes
Lack of trust and commitment

Accelerants
Company and relationship specific capabilities and needs
Simple adopted technology solution
Fit between existing and adopted technologies as well as corporate strategy

Adoption of digital tools

Change in business relationship
+Performance increase
+Behavioral changes; increased trust and commitment
-Decrease in adopted tools
- Dissolution

DEGREE OF BUSINESS RELATIONSHIP DIGITIZATION VARIES BY A RELATIONSHIP



OUTCOMES OF DIGITIZATION

- Technical
- Social
- Financial
- Relationship specific

KEY ISSUES TO REMEMBER WHEN DIGITIZING BUSINESS RELATIONSHIPS

1) *Select appropriate business relationship (Bensaou, 1999; Fiocca, 1982; Kraljic, 1983)*

2) *Map transaction and information flows*

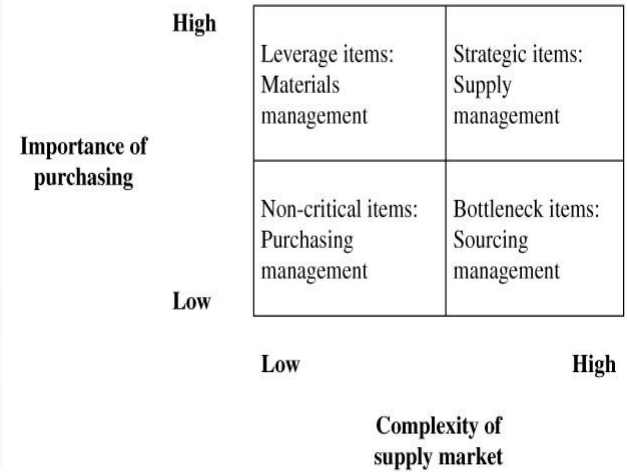
3) *Form the required relationship specific digital infrastructure*

Salo, 2006

4) *Initiate digital activities*

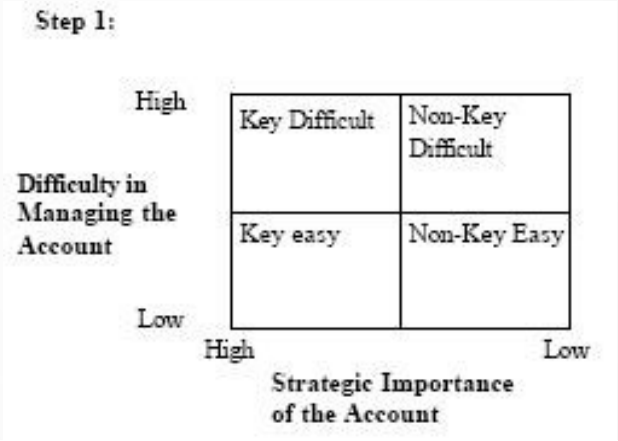
5) *Follow up, re-organize, and digitize more activities if needed.*

TOOLS TO EVALUATE RELATIONSHIP IMPORTANCE (BUYERS PERSPECTIVE)



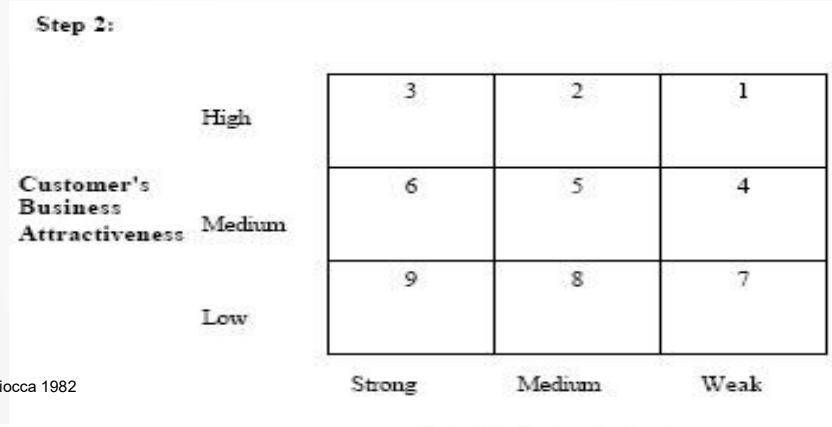
Kraljic 1983

TOOLS TO EVALUATE RELATIONSHIP IMPORTANCE (SELLERS PERSPECTIVE)



Fiocca 1982

TOOLS TO EVALUATE RELATIONSHIP IMPORTANCE (SELLERS PERSPECTIVE)



Fiocca 1982

SUMMARY

•Business needs and values

•Value of digitization (benefits-costs)

– Pain point analysis – learning and virtuous digitization cycle

•Relationship / network selection and management

•Digital infrastructure creation and tools for that

CRM, SCM, ERP, integration, mobile apps

•Digital process / activity creation

•Follow up, evaluation and screening for new pain points - or loosening existing digital bonds(undoing)

TASK: IDENTIFY, ANALYZE AND CREATE A PLAN TO MANAGE RELATIONSHIPS AND NETWORKS WITH DIGITAL TOOLS

Ponder from your point of view:

What type of relationships do you and what is the role of these relationships and networks?

What type of relationships and networks can you identify?

What is the role of ”your company” in those relationships and networks?

Which partners seem to be strategic and which second tiers partners and why?

Are the relationships and networks manageriable? If no – if yes why?

What is the role of digital tools in managing those relationships and networks?

TASK: DIGITALIZATION OF BR/NET

Pick a relationship / network discussed at earlier task

Focus on:

Balance of needs and values in the relationship/network

How could this relationship or network be further developed by streamlining the relationship with digital tools?

- Pain point analysis, stepwise plan, implementation, focus, and follow up

Future of the digital tools adoption and digital tools usage in that relationship?