



Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2022-24)  
MID TERM EXAMINATION (TERM -V)**

Subject Name: **B 2 B Marketing**

Time: **01.00 hrs**

Sub. Code: **PGM51**

Max Marks: **20**

**Use-Case Section (All Questions are Compulsory)**

**Read the following use-case carefully and tick the right answer on Vmedulife LMS:**

**Case 1**

Cisco, the multinational software solution for networking hardware, telecommunications equipment and other high-technology services, needed to find a better way of communicating its service offerings with its potential new customers.

The business challenge for CISCO was to effectively connect its diverse data security solutions to the right buyer needs. This was difficult to achieve solely through data-driven marketing since it was hard to predict the exact needs of each buyer.

To address this challenge, CISCO and its inbound marketing agency, DWA Media, developed a Conversation Ads campaign that engaged with data centre buyers directly to understand their specific needs.

The campaign guided buyers through the sales funnel. and offered them different options based on their needs, including:

- E-books
- Video talks
- Webinars
- Demos
- Speaking to product specialists

The targeting strategy of DWA Media reached likely data centre buyers, and the retargeting of visitors to the CISCO data centre website proved to be effective.

The Conversation Ads generated:

- an open rate of over 62%
- a click-to-open rate of over 7.6%
- leads at a rate of over 14.6% (and the conversion costs were significantly lower than CISCO's targets)

Cisco also announced Partnering for Purpose, a new platform designed to make it easy for partners to leverage the work Cisco and our partners are doing to positively impact communities around the world and the planet. Cisco reaches its customers directly through an online portal called Cisco Consumer Online (CCO). This portal enables customers to purchase products and pay for services directly depending on their needs.

When doing direct marketing, the internet is Cisco's distribution channel. This media markets products as per consumer requirements thereby increasing sales and improving profit margins

## Case 2

As he was getting down from his car, Rahul Sen, the Divisional Head of OEM (original equipment manufacturer) business of Powerex Industries Limited (names have been disguised), was wondering about the battery in his car, which had been troubling him for a couple of days. He knew it would get sorted once he took it to the right person in his firm, but wondered how other car owners handled similar situations. What does go on in their minds when they are in a similar situation? How do they choose the right battery? Having been part of the industry for over two decades, Sen knew that end-user perception is a very important aspect of business marketing.

### The Business

Powerex Industries, popularly known as Powerex, is the market leader in India with a share of more than 52% in the automotive battery market. The company is also a leader in the OEM category owing to its century-old presence in India. This has enabled Powerex to grow by 21% CAGR in the last decade and the bottom line by 26%. The OEM category consists of all the automobile manufacturers in India, including passenger cars, two wheelers, commercial vehicles, and material handling equipment. This is purely a business-to-business marketing segment.

Although its market share (around 66%) is much higher in the OEM business, the company faces stiff competition from Armour Batteries in the replacement market. This category, which is expected to grow faster than the OEM category, constitutes around 85% of the total battery market in India. Industry perception is that end-consumers usually like to use the same brand while replacing batteries as the ones with their cars. Here the battery manufacturers are largely dealing with a consumer marketing situation. A small yet significant part of this replacement market consists of small to medium independent garages or workshops which cater to the car population in the suburbs of the metro cities and in Tier I and Tier II cities.

### Fundamentals of OEM Business

The brand that Powerex has been able to build in the end-user mind space has also impacted the OEM business. Today's end-customers are very demanding because of the multiple options that are available to them. Keeping these insights in mind, Powerex always works with the OEMs at the design stage in order to develop products as per the OEM customer requirements. This automatically leads to setting the specifications of the products in line with customer expectations. The offered and supplied product has to conform to the specifications agreed between the OEMs and Powerex. The products are subjected to rigorous testing, put in vehicles for user trials, and finally launched when they successfully complete the testing stage.

This entire process is based on the product having met and/or surpassed the basic minimum specification criterion. However, meeting the specifications just makes the product eligible for the contract; in order to secure it, Powerex has to ensure the following:

1. Sufficient production capacity to cater to the requirements of the OEM concerned
2. Delivery capacity to supply the ordered quantity at the right time and at the right place, which is critical because the buyers will not be maintaining any inventory
3. High quality after-sales support
4. Technical competence to reassure the buyer about the research and development capabilities of Powerex and also about the quality of the R&D process
5. Quality of the final product, over and above the specifications, to differentiate it from the rest of the market
6. Appropriate pricing to meet the target cost set by the organizational customer for the product under consideration

Sen believes that a major concern for any business manager catering to the present OEMs would be the threat of cheaper products from emerging competitors. Such companies match the basic specifications and then offer lower bids to grab a share of the business. Coming back to where it all started, it is clear that the survival and growth of any battery manufacturer lies in its prospects in the replacement market. The share of this market is absolutely crucial as all players generate their maximum revenues and profits from this segment. The replacement market, being a consumer market, is governed largely by end-user perceptions and opinions and, hence, managing those mindsets is important. If these final consumers have positive views about the batteries that came fitted in their cars, then it is expected that they would have the confidence for repeat purchases. So, differentiation is the key. But that differentiation has to happen at the OEM end, and not end-user. Sen recalled how Powerex enhanced its business with Sapphire (a leading car manufacturer of India). The company was supplying batteries to the Gurgaon plant of Sapphire from their manufacturing plants at Haldia and Pune. Both these plants were nearly 1500 km away from Gurgaon, resulting in a long delivery lead time. Moreover, the sale attracted value-added tax (VAT) as these were inter-state transactions. To solve both these problems, Powerex set up a charging plant at Bawal, just about 70 km away from Gurgaon. Being located within the same state, Sapphire also saved the additional VAT element.

However, solutions of this magnitude are not feasible for all customers. Considering the large number of global vehicle manufacturers in India, it is impossible for any firm to offer customized solutions to all customers without adversely affecting operational efficiencies and cost advantages. Hence, products and/or integrated offerings have to be designed in a manner so as to suit most customers with minor modifications.

### Demand and Supply Chain

Another consideration in dealing with OEM customers is the delivery schedule. The demand and supply routine of major auto majors is an important factor for Powerex. These firms generate a large part of their operational efficiency through their supply chain management capabilities. The suppliers also need to be geared up to be in sync with the production system of the car manufacturers. Some of the OEM buyers follow a milk-run system (method for mixed loads from different suppliers). This vehicle does not wait beyond the stipulated time as it has to pick up parts from other suppliers as well. In other cases, Powerex needs to deliver material on the designated bay within the customer manufacturing facility. However, forecasting continues to remain a critical issue as customer forecasts and actual pick-ups widely differ at times. In certain cases, Powerex has maintained a store to keep inventory near to the customer plant to ensure just-in-time delivery. Since failing to deliver on time can lead to line stoppage at the customer end, precision of time remains the essence of delivery.

Communication: Inter-firm and interpersonal Naturally, communication is of utmost importance. Sen strongly believed that the traditional media for interacting with customers, i.e., through the telephone, email, fax, etc., have become passé. The OEM customers of today expect their suppliers to access information through customer portals. Internal communication regarding production planning is absolutely vital. Integration of Powerex's ERP system with that of the OEMs to interchange regular information is the order of the day. Last but not the least is relationships. A healthy relationship maintained between the OEM end and Powerex will help in obtaining valuable information about future happenings, requirements, and competitor activities.