

**PGDBM, 2016-18**  
**Business to Business Marketing**  
**DM-531**

**Trimester – V, End-Term Examination: December 2017**

Time allowed: 2 Hrs 30 Min  
Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

**Section A (3X5=15 Marks)**

**Attempt any three questions from the following:**

1. How are industrial goods classified? Explain broad categories of industrial goods.
2. Defining the product markets is fundamental to sound product policy decisions. Describe the strategically relevant dimensions to define the product markets with the help of examples.
3. Describe as to how the functions performed by industrial distributors are different from manufacturers' representatives?
4. A significant volume of business is transacted in business markets through competitive bidding. Discuss different types of competitive biddings. How internet has changed the way competitive bidding is conducted?
5. Compare Multi-domestic versus Global marketing strategies identifying the respective sources of advantage for firms competing in global markets.

**Section B (2X10=20 Marks)**

**Attempt any two questions from the following:**

6. Discuss how the compositions of buying center changes during the buying process and how it may vary from one firm to another as also with changes from one buying situation to another. What are the steps a sales person should take to identify the key influencers of the buying center?
7. Describe the two stages of business market segmentation. What are the key variables used as bases for segmenting the business markets in these stages?
8. Describe the role of advertising in the communication mix in Business marketing. How can the business marketer use the web to develop close relationships with customers?

## Section C (7+8=15 Marks)

Read the following case study and answer both the questions that follow:

### Case Study: Zed Corporation: Choosing a Development Partner

#### Zed Corporation's Dilemma

Stepping out from a meeting that just ended, Samuel Sherman, the CEO of Zed Corporation, is reviewing the main points discussed. This was internal meeting with Zed's directors and executives, in which alternatives for Zed's strategy were discussed. The company has two proposals for strategic partnerships. One is a proposed technology licensing agreement from Midwest Technologies Inc., a large defense contractor and advanced technology vendor. The second is an acquisition proposal by ANZ Investment Group, who has offered Zed a substantial funding offer in exchange for a significant ownership share of Zed. The meeting reached no conclusions but raised a number of issues pertinent to the decision the board of directors will have to make. Sherman, who as CEO is a member of the board, is trying to make up his mind on the position he will take tomorrow when the board next meets.

The company has come a long way since the early days of constant struggle. The effort paid off, and the company is a pioneer in technology for wireless broad band access. Sherman realizes that now in 2012, the company might do better with closer ties to large company with more resources and complementary technology products. The business environment is fast changing, and new technologies are coming up faster than ever before. The gestation period for new technology has reduced considerably. The market environment is promising, with money pouring into new ventures. New companies are being set up and more players are entering the wireless communication industry. Being a privately held small company, Zed does not have financial resources to invest in its future technology development plans. The company is facing a financial crunch that needs to be addressed immediately.

Industry analysts predict that the broadband wireless communication industry will experience substantial growth in the coming years. This is largely attributed to the exponential growth of the Internet and e-business. The broadband wireless technology is relatively inexpensive and quick to install, with a high data transmission rate. The trans-receiver technologies for broadband access systems are also used for wireless infrastructure connectivity in cellular networks. As the density of cellular users continues to increase, broadband wireless communications promises to be a high growth area.

The Internet has revolutionized the way businesses communicate and exchange information, becoming a crucial factor in the success of any business. The products that Zed manufactures will help businesses overcome problems that are encountered when trying to connect to the local switching office or Internet access point at broadband frequencies.

Midwest Technologies provides advanced technology products and services to the automotive, aerospace, and information technology markets worldwide. It has an annual turnover of US \$ 20 Billion, employs more than 115,000 employees and has locations in more than 35 countries. Founded in the early 20<sup>th</sup> century, it has been in the forefront of some of the significant technologies over the last hundred years. Micro Manufacturing, a fully owned subsidiary of Midwest, is the company's telecommunications systems development and manufacturing unit. It develops and produces telecommunications equipment, including MMIC modules, for Midwest's contract customers. The mission of Midwest Technologies is to achieve a leadership position in the automotive, aerospace and information technology markets by serving the needs of its customers in innovative ways – by excelling whatever it does. One of the strategies, the company has adopted is to create value for its customers through execution of alliances, new ventures and mergers that bring a array of communications technologies to the marketplace.

Zed Corporation is a privately held company that was established in 1995. Its core competency is based on its innovative efforts in trans-receiver systems design and integration. This expertise has been used to develop low-cost microwave trans-receivers based on revolutionary MMIC design. It has over a dozen patents covering the core technology in its line of products. Zed sells its subsystems directly to telecom equipment makers like Hughes Electronics, Nokia and Nortel Networks. They, in turn, refine and sell the wireless systems to the actual communications service providers.

Zed serves as a core building block vendor in the broadband wireless arena and is a crucial player in the build-out of the widely anticipated next generation cellular networks. With the explosive growth that this industry is anticipating, Sherman is thinking about what needs to be done, so that the company will be able to ride the tide. The need for cash that can be used to support the rapid growth in response to customer demand.

ANZ Investment group provides investments to companies to realize their financial goals and objectives. Established in 1983, it emphasizes quality service and long term client relationships. In its portfolio of investment companies are several young companies with technology related to Zed. Together, the ANZ companies could approach the telecom equipment vendors with a fuller line of products, but these would still have to be made compatible with the products of other technology suppliers.

Since the end December, Micro Manufacturing has been showing an active interest in Zed and, together with Midwest's technology licensing group, has put forward the proposal to Sherman. Micro Manufacturing is a leader in the manufacturing of the types of trans-receiver modules made by Zed but has only a rudimentary development capability of its own in this area. It is looking for an increased involvement in the broadband telecommunications marketplace. The VP of business development for of Micro Manufacturing sees Zed products as a perfect fit with Micro Manufacturing's products and its future plans.

The proposal is for a licensing agreement between the two companies. Midwest Technologies has also hinted that at financial support for Zed's technology research and development. The agreement would require Zed to supply its technology to Micro Manufacturing, who in would be able to provide this technology to its customers in return for specific royalty payments. After the expiry of the agreement, both Micro Manufacturing and Zed could go their own way.

Some of the terms of the license agreement are of concern to Sherman. As Micro Manufacturing used Zed technology for its own customers, Micro would have an opportunity to co-develop the next generation offering with direct customer input, using the Zed technology to establish a beachhead in the market segment. This could provide Micro with a strong presence with the customers, as it would be the defending source. The agreement also implies that Zed would modify the technology to suit the needs of Micro Manufacturing customers, which would result in Zed narrowing its market to Midwest Technologies only. Sherman is wondering whether this might not be too large a hurdle in Zed's research and development of its new technologies. If and when Zed decided to approach the marketplace directly with next generation technology, the license agreement could create a formidable competitor.

ANZ Investment has proposed a direct investment option. This would provide Zed with much needed funds for further development, which would help the company keep the competition at bay. The company faces competition from companies like Infineon Technologies, Raytheon and Andrew Corporation. New competitors like Telaxis Communications and MTI Technology are also vying for a slice of the broadband wireless equipment market pie. A direct investment would give ANZ Investment group a genuine interest in the future of Zed Corporation. Zed would also have total control over its products and would be free to choose which markets it would like to pursue.

Samuel Sherman is leaning towards the offer from Midwest Technologies. It offers better access to the markets he wants address. It would also be easier to co-develop compatible products with Micro Manufacturing, thereby reducing development costs and time. His principal concern is the loss of flexibility in pursuing technology directions, particularly if the market moves away from Micro Manufacturing's architectures. He is also wary of the situation once the license agreement period is over. The ANZ option, on the other hand, would provide funds with few strings attached. Sherman's concern, though, is that this option would do little to improve Zed's marketing push. Sherman is wondering whether Midwest Technologies would be willing to consider alternative proposal.

### Questions

9. What are the other alternatives that Zed Corporation could look at that would create a working relationship between Midwest Technologies and Zed? What are the advantages and disadvantages of these alternatives?
10. What counter proposal/s would you recommend? Explain.