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B2B STRAIGHT UP

To B2B or not to B2B

Australian business-to-business marketing potential, explains **Kimon Lycos**, is harder to pick than a broken nose.

You may not know it, but there is a small group of marketers out there who are neglected, abused, misunderstood and ignored. A group who are rarely seen, and hardly ever get any recognition for what can be a tough gig. They are B2B marketers – the ones who help sell technology and innovation to other companies.

These are people who typically work with companies that don't like marketers all that much, in fact companies that can be outright hostile to the very idea of marketing. The core business is typically all about the product, unlike in the consumer world, where the brand takes precedence over product (often, marketing the marketing – it's a lifestyle baby, yeah!).

While adverts that go pop and jingles abound for new shampoo formulas, making their creators famous, there are other marketers doing their best to convince senior managers, engineers and other party animals why they should invest in new technology or ways to improve manufacturing.

In Australia, B2B marketing and advertising is given scant notice and is often confused with direct mail, telemarketing or cold call sales. The very term 'B2B' is not well-known and hardly discussed by marketing institutions, associations, universities or even by those who practise the discipline.

Let me place this into context... I lived in Sweden for about 10 years, where B2B is widely known, understood and a highly recognised part of the local advertising scene. You either work with B2C (i.e. dog food, beer or shampoo) or B2B (i.e. engineering, science or

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manufacturing). Amazingly enough, B2B had its own awards (100 watt), own media publications and education. If you look around in the US, Germany, Holland, France and the UK, you'll find similar maturity and recognition, but not here in Australia. Why?

I think it has a lot to do with the media commission business model that traditional advertising agencies have enjoyed. If a client spends \$20 million on TVCs and you get 17.5 percent of that for thinking of ideas involving puppets being dragged behind cars, why would you look at the B2B market?

Typically media spend is very small, you have to actually understand how the product is made, why it was made and work hard to deliver creative messages that talk to a range of decision-makers, and deliver a media plan that reaches multiple levels. Add to this the fact that many technology-driven B2B companies consider marketing to be drivel, and you've got too much of what sounds like hard work for little return.

Currently the top 20 B2C advertisers spend more on marketing communications than the entire B2B market, which is valued at \$2 billion per annum. It's no surprise that everyone with a creative/marketing bent has been chasing after the TVC media commissions like weasels hunting a panicked sausage.

So what sort of dimwit would choose a life of B2B? Well, me for one. Why I choose this B2B existence is quite simple – it is rewarding and challenging.

While you never see your work on TV, or played on radio, you get insights into amazing technology, meet incredibly brave and brilliant inventors and the dental plan isn't half bad.

And slowly the tide is changing. Universities are picking up the need to provide more in the way of B2B education to students. The Royal Melbourne Institute of Technology (RMIT) has two experienced B2B marketers on staff, and is investing in B2B resources such as b2bmarketer.com

Professor Michael Beverland has spent many years furthering the interests of B2B marketing, having established and developed programs at Monash and Melbourne universities, and now RMIT. In many ways the reasons why this area of marketing is only offered in a few universities are the same reasons that apply to the local advertising industry.

“The biggest challenges when I've established B2B as an elective, has been to find people to run it,” explains Beverland, “Every single time it has been raised as a deliverable, the university jumps on the idea and can see the value. But to have qualified and experienced B2B marketers available to deliver is a problem.”

Beverland believes that the really encouraging thing about B2B marketing is the uptake once something is offered. Demand has always been explosive once the programs have been established, especially with postgraduate students, who work with B2B and yearn for suitable examples, case studies and theory. From a resource point of view, these are the students most under serviced.

It is estimated that 80 percent of universities in Australia lag behind offering B2B as an elective. Aside from the resource issue, there can be an image issue as well.

"I would love to see B2B offered more often, but I think that universities look at B2C as being a bit sexier. Students want to think of TV, copywriting, glamour and awards. So it is not much of a stretch to think that universities feel that B2C is the main subject to bring in the numbers. But I've found that B2B when offered freshens up the whole offering. Students have enjoyed the change for the sake of change," says Beverland.

Just how significant is B2B? Well, a quick look at the scope of this sector can have you thinking of all of the suppliers for office equipment, machines, tools, paints, chemicals, professional services, IT, telecom, infrastructure and capital works, construction, medical, engineering, bioscience, primary industries, aerospace, mining and defence... the list is considerably longer, but I think you get the picture.

Something as fundamental as mechanical engineering can be broken down into a range of sub-sectors, such as industrial plant and steelwork, tools, engines, compressors, heating and ventilating, pumps and valves.

Within each of these industries are a host of specialised manufacturers, dealers, agents and service providers. All of them are, in one way or another, generating revenue by selling to other companies.

In Australia I see the market opportunities to be vast for any large traditional player who turns an eye to B2B. Media commissions, from what I understand, are either out or well on the way to a deathbed. Add to this, traditional media, such as TV, radio and print, being under siege from digital means that getting paid on the basis of large market reach is rapidly becoming not an option.

B2B conversely is a market that requires strategic thinking and creative execution, two key talents that abound in the B2C realm. Sure, the hours are a bit longer and the pay packet is



not as juicy, but there is reliability within the market. B2B embraces many different areas and segments, so while one may suffer, another is booming. My limited understanding of B2C is that when consumer confidence goes down, everything pretty much goes down.

Another bright light for B2B is that service fragmentation is nowhere near as rampant as it is with B2C. Take, for example, a client who sells shampoo – you have a dozen or so service providers chasing the same pool of cash. Everyone from the traditional advertising agency to digital media, design studios, event marketing, packaging, trend consultants and guerrilla marketers. Depending on the mood and the moment, any one of these can grab a greater share.

B2B on the other hand is still very much 'agency' centric, meaning that one service provider retains accountability for different media channels and activities. The ability to help evolve a client, as they gain more confidence from results, means that scalability for the account becomes possible, rather than needing to invest into a whole range of different areas, which could just be a marketing trend.

B2B marketers themselves also need to really lift their sights and become far savvier, as is the case overseas. A key issue is that many work within environments that are hostile

to marketing. You will literally hear senior engineers grumble about resources going to marketing that could be used for R&D. This situation is not helped with poor leadership from marketers not demonstrating how to make a buck from that crazy thing called 'marketing communications'.

All too often you find B2B marketers spending their time worrying about shades of blue for brochures or putting on yet another customer event, without seriously thinking about how to add more value to an organisation by outwitting the competition in the marketing arena.

Companies themselves employ marketing graduates who lack the fundamental understanding of B2B, having been subjected to case studies about cornflakes in universities, as noted earlier, and are then expected to 'do marketing', which often involves knocking up a newsletter, brochure and patching up a website.

The future for B2B marketing in Australia is bright if growth opportunities are taken by agencies, universities and B2B marketers themselves to the point where B2B is a well-defined and understood discipline.

Otherwise, the industry will continue to exist as it currently does – a pool of promise never quite swum in. **M**