BBA 4th year

Industrial Marketing

Unit 1	The nature and concepts of industrial marketing. Industrial verses Consumers Marketing, Economics of Industrial Demand. Resellers Marketing. Understanding Industrial Marketing, organisational customers, governmental agencies, institutions, classifying industrial products, characteristics of Organisational Procurement
Unit 2	Industrial Marketing Environment, strategies for managing the Industrial Marketing Environment. Strategic planning process in Industrial Marketing. Organisational Buying and Buyer Behaviour: Concept and Model of Organisational Buying Behaviour.
Unit 3	Interpersonal Dynamics of Industrial Buying Behaviour. Buying Centre Involvement and Interaction patterns, Joint Decision making, Conflict and Resolution in Joint Decision Making, The Buying Committee, Supplier Choice and Valuation.
Unit 4	Industrial market segmentation, Basis of Segmenting Industrial Market, Target marketing and positioning. Business pricing: Price determinants, Pricing Decisions.
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Unit 1

Industrial marketing

Industrial marketing or business marketing is to market the products and services to business organizations. Their buyers can be manufacturing companies, government undertakings, private sector organizations, educational institutions, hospitals, distributors, and dealers. The business organizations, buy products and services to meet their aims like maximizing profits, minimizing costs, use of latest technology, and so on.

On the other hand, consumer marketing involves the marketing of products and services to individuals, families, and households. The consumers buy products and services for their own consumption.

Industrial marketing consists of all process involved in the marketing of products and services to organizations that use products and services in the production of consumer or industrial goods and services. The organizations selling goods like steel, machine tools, computers, courier services, and other goods and services to buying organizations.

They also need to recognize and define the buyers needs, purchasing power, trade policies, and buying procedures. The selling organizations should also focus on offering valueadded product and services.

For example, a company manufacturing and marketing tyre tubes to motorbike company, a manufacturer is doing industrial marketing. Industrial marketer of the tyre tubes company must understand the needs of motorbike manufacturers such as Hero Motocorp and Honda, Bajaj, Yamaha in terms of their quality standards, applications of tubes, availability or delivery on daily or weekly basis, and so on.

Industrial marketing is the marketing of goods and services by one business to another. The term, industrial marketing has largely been replaced by the term B2B marketing.

The word Industrial Marketing is also used for Businessto Business Marketing, or Business Marketing, or Organizational Marketing.

Defining Key Terms Used in Industrial Marketing

I. Industry

The word “industry” pertains to a particular sector of economic activity that involves creating or manufacturing services and goods. It may also refer to a set of enterprises or firms specializing in a specific industry type. The term describes the activities in which companies engage, as well as those that engage in those activities, resulting in particular goods and services. So, the noun “industry” often describes the various types of markets, such as food, mechanical and electrical engineering, and construction, but also segments like building, marketing, and fishing.

To further refine the understanding of what industry is all about, consider the list of industries and sectors defined by the International Labor Organization (ILO). According to the institution, there are 22 industries and sectors.

II. Industrial

According to the Collins Dictionary, “industrial” is an adjective you use to describe things that relate to or are used in industry. So, marketing activities that relate to industry can be described as industrial marketing activities. But this word can also refer to businesses producing goods and B2B markets. This definition is predicated on the fact that most industrial goods are sold to other businesses.

III. Industrial products

These are goods and services that industries use to produce end products, which means end consumers do not directly use them. They include raw materials, machinery, parts, tools and supplies, and accessories.

IV. Industrial market

The industrial market refers to all the entities that acquire goods and services, and they go on to become raw materials for businesses that produce consumer products. It involves one business dealing goods or services to another company instead of a consumer base. The industrial market focuses solely on the goods and services provided for producing a separate end product (industrial products). The typical players in this market include manufacturers, wholesalers, retailers, government agencies, public institutions, and nonprofits. You can call them industrial buyers.

However, experts at B2B International state that the term B2B is more commonly used today than industrial. As such, “industrial” is best referred to as B2B, industrial products as B2B products, and the industrial market as B2B market. This also means industrial marketing is best called B2B marketing, and industrial buyers are B2B buyers.

B2B is the critical principle that makes industrial marketing unique. The other common type of marketing is consumer marketing, which, as the term implies, focuses on showcasing products and services to end consumers. The types of marketing differ in many other aspects, including the nature of business customers, formal purchasing procedures, complex products/services, and the importance of organizational buyer seller relationships. Read our previous article for a detailed discussion of the differences between B2B and B2C marketing.

Why Is Industrial Marketing Important?

Manufacturing customers want to see detailed product information, your company history, where you do business, and reviews/testimonials that endorse your company.

They expect the content they're researching to be available on demand, optimized for any device, interactive, and highly visual.

Does your website provide everything a prospect is looking for? If you answered yes, that's great! You're ahead of the game. But if you're not sure, that's okay — you can only go up from here.

Businesses can no longer afford to ignore the power of digital marketing and the opportunities it provides. After COVID19 began, there was a 12% increase in manufacturers using their website to connect with more customers.

Nature of Industrial Marketing

1. Focus on Organizations, Not Individuals
Industrial marketing targets businesses, institutions, or governments that purchase products or services for operational, production, or resale purposes.
2. Derived Demand
The demand for industrial products is dependent on the demand for consumer goods. For instance, the demand for steel increases with the rise in automobile production.
3. Complex DecisionMaking
Purchases often involve multiple stakeholders and decisionmakers, requiring alignment and consensus within the buying organization.
4. Emphasis on Relationships
Building longterm partnerships is critical, as industrial buyers prefer reliable suppliers who understand their needs and consistently deliver quality.
5. HighValue Transactions
Transactions typically involve significant investment, making each sale highly impactful for both the buyer and seller.
6. Technical Product Knowledge
Industrial products and services often require technical specifications and expertise. Marketing teams must clearly communicate these aspects to address the buyer's requirements effectively.

What are the characteristics of Industrial Marketing?
As it is clear that the buying processes of industrial marketing are associated with targeting, connecting, and converting other enterprises or businesses, the following are the key features associated with the whole process

1. Fewer yet Larger Markets: Buyers are way fewer than consumers, but these buyers buy in bulk.

2. Wellestablished Relations: The relationship between buyers and sellers is much closer than between consumers and sellers. This is because changing sellers costs a lot of time, money, and effort once a relationship is formed.

3. Complex Process: The entire buying and selling process is extremely complex. A lot of approval is needed from various officials.

4. Derived Demand: The demand for industrial goods is derived from the demand for the final product sold to consumers. If the demand for the good consumer increases, so does the demand for the industrial good and viceversa.

5. Inelastic Demand: The demand for industrial goods and services is not affected by changes in the price of the product or service. This is the notion of inelastic demand. It is especially applicable in the short run.

6. Fluctuating Deman: The demand for industrial goods and services is more volatile than consumer goods and services.

7. Professional Buyers: Industrial goods are often purchased by professionally trained agents who thoroughly know the products they are trying to purchase. Customer marketing does not always have to consider the customer to be a wellinformed bargainer. This is a unique feature of the industrial markets.

3 Stages of Industrial Business Marketing

The stages are explained from both the buyer's and marketers' points of view. Let us have a look at these three stages here and now

Stage 1: Research

The buyer initiates their search process regarding what they want to buy. The seller must try their best to be discovered as early as possible. The buying process in this industry is more complex and more prolonged. Getting discovered first gives the marketer a more significant influence on the buyer.

Stage 2: Evaluation

The research leads the buyer to develop a list of products and services they can choose from. This helps them make a more informed buying decision. In this stage, the marketer must prove to the buyer that their business should be their choice.

Stage 3: Purchase

The buyer in this stage, finally decides what they want to buy. Of course, by now, the marketer should have done their job.

Benefits of Industrial Marketing

Industrial marketing is essential for businesses that deal with other businesses. It has many benefits that help with sales and relationships immediately and set the stage for longterm growth and market difference. You can use it fully if you know about all the benefits of industrial marketing. One more time, let us look at the main benefits:

- **Holistic Business Growth:** Industrial marketing requires more than product sales and business environment management. Every component of your organization, from product development to customer service, works together to achieve a goal. A machine seller may worry about quality, aftersales service, and support to build their business.
- **LongTerm Competitive Advantage:** Industrial marketing can keep you ahead in a world of competitive advantages. Knowing what customers want and finding creative ways to deliver it can help companies create a unique value offer. Imagine a company that makes ecofriendly industrial packaging. This could distinguish it from competitors and attract an ecoconscious market.
- **Internal Efficiency:** A successful industrial marketing plan unites all departments, improving production and workflow. When marketing and manufacturing teams know the market and how to match client expectations, a company is faster and more effective. If the goal is to become the top aircraft precision tool provider, each department will work hard to achieve the right certifications and standards, boosting performance.

Industrial Marketing vs Consumer Marketing

When comparing industrial marketing to consumer marketing, it is important to understand what each is all about so you can make good business decisions. Both methods are aimed at different groups of people, have different strategies, and require different considerations. Let us look more closely at their differences to clarify these ideas and get a full picture of what they mean.

1. Understanding the Customer's Needs

- **Industrial Marketing:** Imagine a company that makes things by buying many machine parts. People do not buy these things immediately; they carefully consider their technical specs and how long they will last. Each business client has specific needs that need to be met by a marketing plan made just for them. For instance, a company that sells industrial pumps would carefully examine and meet the unique operational needs of a chemical processing plant.
- **Consumer Marketing:** Consumer marketing, on the other hand, focuses on individual buyers whose choices are often influenced by feelings, trends, and brand loyalty. When a new smartphone comes out, the marketing focuses on appealing to a wide range of people by emphasizing features like camera quality, design aesthetics, and user experience instead of getting too technical.

2. The Crucial Role of Research

- **Industrial Marketing:** In the B2B sector, the path to a purchase agreement is slowed down by much study and evaluation. Imagine that companies spend weeks or months checking out heavy equipment makers' reputations, product quality, and customer service after the sale before making a deal. This level of strictness shows how important it is to have useful information online and why companies should spend money on detailed product paperwork and case studies.
- **Consumer Marketing:** Conversely, consumers make decisions more quickly and with less scientific analysis. A customer might buy a new line of sneakers after seeing a bright display ad or hearing about them from an expert. Here, the attention is more on immediately making an emotional connection with the product.

3. Cultivating BusinessCustomer Relationships

- **Industrial Marketing:** The manufacturing market wants business relationships that last and can be counted on. Imagine a building company that picks a steel supplier only after much research. Usually based on trust and past performance, this choice will probably lead to a longterm partnership. This shows the importance of keeping leads interested and strong client relationships.
- **Consumer Marketing:** Although customer loyalty is also important in B2C, the way things are done is more fluid and different. Brands try to get people interested in them through loyalty programs, regular new releases, and social media exchanges. They want regular buyers to become brand advocates.

Industrial marketing strategies must be tailored to corporate clients' complex needs. Success in industrial marketing depends on emphasizing product technical superiority and trust. Consumer marketing, on the other hand, involves creatively and personally appealing to buyers.

Economics of Industrial Demand

Demand for Industrial goods and services are derived from expectations of the actions of ultimate consumers.
Demand for Industrial products is also often joint. Joint demand occurs when the demand for a product depends upon its use in conjunction with another product or products while cross elasticity of demand exists in both markets, it is more important in Industrial marketing since it can have a major effect on a firm's overall corporate strategy.

1. Derived demand:

The demand for Industrial goods is ultimately derived from the demand of consumer goods. Thus animal hides are purchased because consumers want to buy shoes, purses and other leather goods. If the demand for the consumer goods slackens so will the demand for all Industrial goods entering to their production. For this reason the industries must closely monitor the buying pattern of ultimate consumers.
For example, the demand for steel and cement does not exists in itself. It is demand for the constructed houses which are purchased in turn by customers. The boom in apartments and flats in the mid 90's led to the surge in demand for those products. Thus a forecast of the real estate scenario in general and construction industry in particular has to be monitored, to understand the demand for steel and cement.
In case of capital goods such as equipment and machinery that are used to produce other goods the purchases are made not only for the cement requirements but also in anticipation of profits from the future usage. Thus if the businessman foresee or feel that there may be a recession in near future, their purchases will be drastically curtailed.
During the process of recession or reduced consumer demand, industrial firms reduce their inventories or reduce production or both. On the other hand during the period of prosperity there is an increased production and sales of consumer goods, which results in an increased demand for industrial goods. This may be the right time for price increases or building stock as ready availability and shorter delivery period becomes very important.
An industrial marketing firm must be in close touch with customers, purchase, finance, quality standards etc. so as to get information on changes in customers demand.
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2. Stimulating industrial demand

Because of the nature of industrial demand the influence of final consumer is well recognised. One way which industrial marketers attempt to increase sales is by stimulating increases in demand of ultimate consumers.
By directing advertising to ultimate consumers, industrialists can often increase consumer demand for final products, which in turn, increases their industrial sales. Industrial advertising to ultimate consumers is also a method of increasing goodwill and achieving a favorable position with an industrialists immediate customers.

3. Joint Demand:

Joint demand occurs when one product requires the existence of others to be careful while exceptions may be found. Most products require several components, parts or ingredients. Example; A bakery require flour, salt, preservatives, yeast in the production of bread. If one of the ingredients cannot be obtained other purchases will be curtailed or discontinued. Joint demand situations can also be affected by changes in product specifications.

Industrial customers often prefer to buy from one supplier rather than purchase individual products from different suppliers. The individual products required do not have individual demand, but are demanded only if the "other" products are available in the supplier line.

4. Fluctuating Demand:

The demand for business goods and services tends to be more volatile than the demand for consumer goods and services. This is especially true of the demand for new plant and equipment. A given percentage increase in consumer demand can lead to much larger percentage increase in the demand for plant and equipment necessary to produce the additional output.

Economists refer to this effect as the acceleration effect. Sometimes a rise of only 10% in consumer demand can cause as much as 200% Industrial demand for products in the next period. This sales volatility has led many business marketers to diversify their products and markets to achieve more balanced sales over the business cycle.

5. Inelastic demand:

The total demand for many Industrial goods and services is inelastic that is not much affected by price changes. Shoe manufacturers are not going to buy much less leather if the price of leather rises unless they can find satisfactory leather substitutes.

Demand is especially inelastic in the short run because producers cannot make quick changes in their production methods. Demand is also inelastic for Industrial products that represent a small per cent of the total cost of the item.

6. Cross elasticity of demand:

Cross elasticity of demand is the responsiveness of the sales of one product to a price change in another. It can have a dramatic impact on the marketing strategy of an Industrial firm.

Cross elasticity for substitutes is always positive i.e., the price of one good and the quantity demanded of the other always more in the same direction. The more positive is this ratio the larger the cross elasticity and more definite it is that the products compete in the same market. Cross elasticity for complements is negativeprice and quantity move in opposite directions. The more negative this relationship the more closely the demand for the products is related.

Resellers Marketing

Reseller marketing is one of the most important ways to get products to existing customers and reach new ones. Through a network of wholesalers, distributors, and affiliates, this model lets nonmanufacturers trade goods — meaning manufacturers can reach more people than through direct sales.

It's not just about getting more products onto the market: Reseller marketing can make products much more visible and accessible, creating a winwin situation for producers and distributors.

To succeed in this complicated field, you must understand how markets work, build strong relationships, and use targeted marketing strategies.

Reseller marketing strategies are the key to standing out in today's competitive marketplace. For aspiring entrepreneurs, this means leveraging effective tactics to not only survive but thrive. Here are some essential strategies to kickstart your journey:

Types of Reseller Marketing Strategies

In ecommerce, **reseller marketing strategies** are crucial for building a successful business. At its core, reseller marketing involves buying products from manufacturers or other retailers and selling them to your own customers. This approach allows resellers to bypass the complexities of product development and focus on marketing and sales.

Reseller Strategy: A strong reseller strategy focuses on understanding your market, identifying your target audience, and creating a unique value proposition. By doing so, you can differentiate your offerings from competitors and appeal to a specific customer base. This involves analyzing your competitors, understanding customer needs, and tailoring your approach to meet those needs.

- **ThirdParty Resellers**: These are independent businesses that purchase products from manufacturers or distributors to sell them directly to consumers. They play a crucial role in expanding a product's reach and increasing its visibility in the market. Thirdparty resellers often benefit from established relationships with manufacturers, allowing them to access exclusive products or better pricing.
- **Marketing Plans**: Developing a comprehensive marketing plan is essential for resellers. This includes setting clear goals, identifying target markets, and outlining strategies for reaching those markets. Marketing plans often incorporate a mix of digital marketing tactics, such as SEO, social media, and email campaigns, to maximize online awareness and customer acquisition.
- **Digital Marketing**: Having a strong online presence is nonnegotiable. Digital marketing involves using online channels to promote products and engage with customers. Techniques such as search engine optimization (SEO), payperclick advertising, and content marketing can help drive traffic to your website and increase sales.
- **Online Awareness**: Building online awareness is about making your brand visible to potential customers. This can be achieved through social media platforms, online advertising, and influencer partnerships. By increasing your online presence, you can attract more visitors to your site and convert them into customers.
- **Customer Acquisition**: Acquiring new customers is a vital part of any reseller's growth strategy. This involves identifying potential customers, understanding their needs, and persuading them to purchase your products. Strategies for customer acquisition include offering promotions, providing excellent customer service, and creating engaging content that resonates with your audience.

Successful reseller marketing strategies hinge on understanding your market, leveraging digital channels, and building strong relationships with both suppliers and customers. By focusing on these elements, resellers can effectively compete in the crowded ecommerce landscape and drive business growth.

Organisational customers

Organisational customers, often referred to as business or B2B (businesstobusiness) customers, are entities or organizations that purchase goods, services, or products to support their own operations, rather than for personal consumption. These customers play a pivotal role in the B2B market and encompass a wide range of entities across various industries. In this blog, we'll explore who organisational customers are and their significance in the business world.

Types of Organisational Customers

Organisational customers can be classified into several categories based on the nature of their business and their purchasing requirements. Here are some common types:

1. **Manufacturers:** These organisations purchase raw materials, components, and parts to create finished products. For example, an automobile manufacturer buys steel, electronics, and other components to build cars.
2. **Retailers:** Retail businesses acquire products to sell directly to consumers. They source a wide range of products, from clothing to electronics, for resale in physical stores or online.
3. **Wholesalers and Distributors:** Wholesalers purchase products in bulk from manufacturers and sell them to retailers. Distributors act as intermediaries between manufacturers and retailers, managing the logistics of product distribution.
4. **Service Providers:** Many businesses require services such as consulting, marketing, IT support, or legal services. Service providers cater to the needs of organisational customers by offering specialized services.
5. **Government Agencies:** Government entities at various levels—local, state, and federal—procure a wide range of products and services to support public operations, from infrastructure development to healthcare services.
6. **Nonprofit Organizations:** Nonprofits procure goods and services to support their missions, which can include providing healthcare, education, disaster relief, and more.
7. **Institutions and Educational Organizations:** Schools, colleges, universities, and other educational institutions purchase everything from textbooks to laboratory equipment.
8. **Healthcare Providers:** Hospitals, clinics, and healthcare facilities require medical supplies, pharmaceuticals, and medical equipment to provide patient care.

Significance of Organisational Customers

Understanding the role of organisational customers is essential for businesses operating in the B2B sector. Here are some key reasons why these customers are significant:

1. **Volume of Transactions:** B2B transactions often involve larger quantities and higher values compared to B2C (businesstoconsumer) transactions. Selling to organisational customers can lead to substantial revenue.
2. **LongTerm Relationships:** Building strong relationships with organisational customers can result in longterm partnerships, providing stability and reliability in business operations.

3. **Customized Solutions:** Organisational customers often have unique and specific needs. Businesses that can provide tailored solutions and products have a competitive advantage.
4. **Supply Chain Integration**: Businesses that supply organisational customers often need to integrate their supply chains to ensure timely and efficient delivery of goods and services.
5. **Innovation and Collaboration:** Collaborating with organisational customers can drive innovation. Businesses often work closely with their B2B clients to develop new products or services.

Conclusion

Organisational customers form a critical segment of the B2B market, encompassing a diverse range of entities across various industries. Understanding who these customers are and their specific needs is fundamental for businesses aiming to succeed in the B2B sector. Building strong relationships, providing customized solutions, and delivering value are key strategies for businesses looking to thrive in the world of organisational customers.

Governmental agencies

A government agency is a permanent or semipermanent organization within a national or state government. These agencies are responsible for oversight or administration of a specific sector, field, or area of study. Most government agencies are meant to be nonpolitical but the direction and intention of their work may change depending on which political party makes up the majority of elected officials.

The work of many government agencies is mandated and directed by law. Agencies may work individually on in cooperation with other agencies or nongovernment entities on their assigned work.

Governmental agencies are public organizations at various levels (local, state, or federal) responsible for delivering services, implementing policies, and managing public resources. These agencies often act as organizational customers, purchasing goods and services to fulfill their roles.

Government agencies and industrial marketing intersect when businesses market goods and services to these public organizations. As significant consumers in industrial markets, government agencies purchase a wide range of products and services, from infrastructure to IT solutions, to fulfill public needs. This relationship is distinct due to the unique nature of government operations, regulations, and procurement processes.

Characteristics of Government Agencies in Industrial Marketing:

1. **HighValue Contracts** Government purchases are often largescale, such as infrastructure projects, defense equipment, or healthcare supplies.
2. **Complex and Formal Procurement Processes** Agencies follow strict procurement regulations to ensure transparency, accountability, and fairness. This typically involves tenders, bids, or RFPs.
3. **BudgetDriven Decisions** Procurement decisions are influenced by preallocated budgets, making costefficiency a critical factor.
4. **Preference for LongTerm Relationships** Government agencies prioritize reliable suppliers, leading to longterm contracts for essential services or products.

5. **Public Accountability** Purchases are subject to scrutiny by the public and oversight bodies, emphasizing the need for ethical practices and compliance.

Role of Industrial Marketing in Government Procurement:

1. **Understanding Regulatory Requirements** Businesses must align their offerings with government procurement policies and standards, such as environmental regulations or local sourcing mandates.
2. **Customizing Solutions** Government needs often require tailored solutions, such as specific infrastructure designs or customized IT systems.
3. **Building Credibility** Trust is essential for winning government contracts. Businesses need to demonstrate reliability, experience, and financial stability.
4. **Engaging in Competitive Bidding** Marketers must craft compelling proposals that balance cost, quality, and valueadded services to win tenders.
5. **Emphasizing LongTerm Value** Government agencies focus on the lifecycle cost of a product or service, including maintenance, durability, and sustainability.

Industrial Products

The products used by the organisations as inputs for the production of other products are known as **Industrial Products. For example,** lubricants, tools, equipment, machines, etc.

Industrial products are goods used in the production of other goods and services, rather than for direct consumer use. These products are integral to operations in industries such as manufacturing, construction, transportation, and energy. They are characterized by their functional use, technical specifications, and durability.

Industrial products are items that are manufactured for commercial use, such as conveyor belting, seals for pipelines, tank linings, and sporting goods, among others. These products are designed with specific properties in mind and may require different types of rubber for their production.

Features of Industrial Products

1. Number of Buyers

The number of buyers of industrial products is limited as compared to the buyers of consumer products. **For example,** buyers of wheat are less as compared to flour.

2. Channels Level

The channel of distribution for industrial products is usually shorter, as the number of buyers is limited for these products.

3. Geographic Concentration

As industries are usually located in specific regions, the demand for industrial products is concentrated in one geographical location.

4. Derived Demand

The demand for industrial products is derived from the demand for consumer products. **For example,** industries will have a demand for fur, if people demand fur jackets or other products.

5. Reciprocal Purchasing

A common case of industrial product purchasers, in which one organisation buys from another company, on one condition that the latter will buy from the former is known as **Reciprocal Purchasing**. **For example,** a shoe company purchases leather from a leather company, only if it buys the manufactured shoes from the shoe company.

6. Role of Technical Considerations

Industrial Products are complex in nature; therefore, they require higher technical considerations in their purchase.

7. Leasing Out

As the cost of industrial products is high, organisations usually lease out these products instead of purchasing them. **For example,** a road construction company may hire or lease out a roadroller instead of purchasing it.

Classification of Industrial Products

Industrial Products can be classified into three categories; namely, **Materials and Parts, Capital Items,** and **Supplies and Business Services.**

i) Materials and Parts

The goods which enter the products of a manufacturer completely are known as **Materials and Parts.** These goods are of two types; namely, **Raw Material** and **Manufactured Material and Parts.**

- **Raw Material:** It consists of farm products such as sugarcane, cotton, etc.
- **Manufactured Material and Parts:** It consists of component materials such as iron, glass, etc., and other components parts, such as batteries, tyres, etc.

ii) Capital Items

The fixed assets which are used by an organisation for the production of finished goods are known as **Capital Items. For example,** fax machines, laptops, etc.

iii) Supplies and Business Services

The goods and services which are used by organisations to facilitate the development and management of the finished products are known as **Supplies and Business Services. For example,** maintenance items such as paint, nails, etc., and operating supplies, such as writing paper, lubricants, etc.

Organisational Procurement

Organizational procurement refers to the process through which businesses or institutions acquire goods, services, or works from external sources to support their operational, strategic, or financial goals. Unlike consumer purchases, it focuses on fulfilling organizational needs, ensuring efficiency, costeffectiveness, and compliance.

Organizational procurement involves buying goods or services for use within a company or organization, as opposed to individual or consumer purchases. Here are key characteristics of organizational procurement:

Characteristics of Organisational Procurement

1. **Planned and Strategic Approach**

Organizational procurement involves longterm planning based on demand forecasting, operational needs, and budgetary considerations.

Strategic sourcing focuses on building sustainable supplier relationships and optimizing cost without compromising quality.

2. **Formalized Procedures**

Clearly defined steps, including **vendor evaluation**, **budget approval**, **negotiation**, and **contract finalization**.

Often uses tools like Request for Proposals (RFP), Request for Quotations (RFQ), and tenders.

3. **Volume and Bulk Purchasing**

Typically entails larger purchase quantities, which result in economies of scale.

Volume discounts, supplier reliability, and logistics optimization are critical components.

4. **Complex Buying Process**

Requires the involvement of multiple departments such as procurement, finance, legal, and operations.

Stakeholders include procurement teams, subjectmatter experts, and senior decisionmakers.

5. **Supplier Relationship Management (SRM)**

Establishing longterm relationships with suppliers to ensure consistent quality and service levels.

Monitoring supplier performance, adherence to service level agreements (SLAs), and risk mitigation.

6. **Focus on Specifications**

Products or services must align with precise specifications or technical requirements.

High degree of customization is often involved for meeting operational objectives.

7. **Cost and Risk Management**

Procurement decisions balance total cost of ownership (TCO), including purchase price, maintenance, and operational costs.

Risk management covers areas like delivery reliability, supplier bankruptcy, geopolitical issues, and compliance risks.

8. **Legal and Regulatory Compliance**

Adherence to laws (e.g., anticorruption, fair trade, labor laws, environmental compliance) is critical.

Procurement contracts include detailed legal frameworks to address potential disputes.

9. **Multiple Purchase Categories**

- **Direct procurement**: Raw materials, components for production.
- **Indirect procurement**: Office supplies, IT services, utilities.
- **Capital procurement**: Machinery, equipment, or infrastructure projects.

10. **Market and Technology Integration**

Heavy reliance on technology driven tools like eprocurement platforms, Enterprise Resource Planning (ERP) systems, and supplier portals.

Data driven decisions based on market trends, cost analysis, and supplier performance.

UNIT 2

Industrial Marketing Environment:

An industrial marketing person can be successful only if he accepts and understands the dynamics of the marketing environment.

The industrial marketing environment spans from the time when product is being visualised and produced, where the environment comes into picture, to the state when the product e market where the factors related to the customers come into the prominence.

Not all factors of the environment affect the marketing person directly but shall certainly influence him and help an effective marketing strategy. The dynamic nature of the environment makes this study interesting and important.

The success of the organisation hinges on monitoring or developing strategies to withstand environmental changes. Marketers need to gather and analyse information on forces in the environment and implement strategies to adapt to environmental demands.

Today proactive adaptation strategies are necessary in order to beat competition and meet the turbulent environment. Hence, the repeated emphasis to all the companies is to take an outsideinside view of their business. The marketing environment is constantly spinning new opportunities along with threats. The marketers must understand the importance of continuously monitoring and adapting to the changing environment.

Companies and their suppliers, marketing intermediaries, customers, competitors, public all operate in a macroenvironment of forces and trends that shape opportunities and pose threats. These forces must be monitored and responded to.

Industrial buyers and sellers operate in a dynamic environment. One constantly poising new opportunities and threats. The **industrial marketing environment** could be divided into three levels namely the interface level, the public's level and the macro environment level

The Interface Level

This involves those key participants who immediately interface with an industrial firm (buyer or seller) in facilitating production, distribution and purchase of firm's goods and services. Supply inputs are transformed by a company and its competitors into outputs with added value that move on to the end markets, the move being made through the firms interface with industrial distributors and dealers, manufacturers representatives and the company's own sales people. That move is made possible by a firms interface with facilitating institutions such as banking, transportation, research and advertising firms.

Participants in the interface level include:

- **Input supplier**– Input goods such as the raw materials, labor and capital are supplied by organizations to industrial firms for use in producing output goods and services. The survival and success of a firm depend on the knowledge and relationship with its input suppliers.

Interruptions in the flow of inputs cause repercussions in the entire industry affecting not only production and marketing plans but also the production and marketing plans of the suppliers.

- **Distributors**– Most organizational buyers buy from five or more industrial distributors. Industrial distributors, contact potential buyers, negotiate orders, provide buffer inventories, credit and technical advice to potential buyers. They are particularly important when joint demand is present because they bring together the heterogeneous inputs needed for the production of end products.
- **Facilitators**– Advertising agencies and public relations firms provide the necessary communication flow between the sellers and buyers through the formulation of meaningful information and media strategies. The use of advertising in reaching potential buyers and the multitude of buying influencers is vital in the overall communication strategy. Transportation and warehouse companies facilitate the free flow of goods that must be delivered in usable condition to industrial customers and distributors when and where they are required. When goods are not delivered on time and in usable solutions, buyers can be forced to shut down production lines. Resources as they move from the supply inputs to end users must be financed and insured.
- **Competitors**– Competitors actions whether domestic or foreign, ultimately influence the company's choice of target markets, distributors, product mix, and in fact its entire marketing strategy.

The Publics Level

Publics are distinct groups that have actual or potential interest or impact in each firm's ability to achieve its respective goals. Publics have the ability to help or hinder a firms effort to serve is markets.

- **Financial publics**– Financial institutions such as investments firms and stock brokerage firms and individual stakeholders invest in an organization on its ability to return profits. When they become unhappy with the management or dissatisfied with a company's social polices, they sell their shares.
- **Independent press** – Industrial organizations must be accurately sensitive to the role that the mass media play and how they can affect the achievement of the marketing objectives. The independent press is capable of publishing news that can boost or destroy the reputation of a firm as well as the sales potential of a product.
- **Public interest groups**– Industrial marketing decisions are increasingly affected by public interest groups. Clearly, these various public interest groups limit the freedom of the suppliers and buyers in the industrial market. While some organizations respond by fighting, others accept these groups as another variable to be considered in developing strategic planning, working through public affairs departments to determine their interests and to express favourably the company's goals and activities in the press. The impact of these groups however is felt by all participants in the interface level.

- **General public**– Although the general public does not react in an organized way towards a firm or an industry, as interest groups do, when sizeable portion of a population shifts attitude towards a firm or industry, there is definite impact.
- **Internal public**– The board of directors and managers as well as blue and white colour workers are important emissaries between an organization and other participants in the interface and public levels. Corporate policy must give consideration to employees and others who are held responsible for the overall operation of the firm. Employee morale is an important factor in all business decisions. And when morale is low, organizational efforts suffer. A firms employees spend more than two thirds of their time off the job, interacting with their families and the community, so employees attitudes do influence the public.

Macro Environment

This level of the organization is made up of components that have less specific and less immediate implications for managing the organization effectively.

1. Economic component

Economic conditions greatly influence an organizations ability and willingness to buy and sell. Thus emerging changes in the economic environment both at home and abroad, must be closely monitored. It includes the following factors;

- GNP
- Inflation rates
- Balance of payment position
- Debts and spending
- Taxation rates
- Interest rates
- Consumer’s income
- Corporate profits

2. Social component

This describes the characteristics of the society where an organization exists. It includes factors such as;

- Literacy levels
- Values of people
- Educational levels
- Geographical distribution
- Customs and believes

3. Legal component

This consists of legislation's that have been passed. It describes the rules or the laws that all the company members must follow. They include all laws affecting the organization e.g.

- Consumer health policy
- Energy policies and conservation Acts
- Employment Acts, etc.

4. Political component

Comprise those elements related to the government affairs. This includes;

- Type of government
- Government attributes towards certain issues
- Lobbying efforts from interest groups
- Progress towards passing of laws affecting certain industries, etc.

5. Technological component

Given the rate of technological change in industries such as telecommunications, computers, and semi conductors, large buying firms are developing forecasting techniques to enable them to estimate time periods in which major technology developments might occur. Marketers must also monitor technological change if they hope to adapt marketing strategy with sufficient speed and accuracy to make the more scientific breakthroughs. This includes;

- New procedures
- Approaches to new plan of goods and services
- Addresses the issues of new equipments and new ways of improving production through the use of computers /robots.

6. Demographic component

Industrial firms cannot ignore the demographic environments because of the derived nature of industrial demand. World population explosion and changing population structure of the world has a major impact on industrial demand.

What is an Industrial Marketing Strategy?

Marketing, at its simplest, is promoting goods and services to those in a position to buy them. Industrial marketing specifically focuses on the B2B (businesstobusiness) scenarios in which one company is promoting their industrial goods and/or services to another business that needs them. These could include a contract manufacturer or OEM working with another manufacturer that creates the end product, an industrial automation company that works within manufacturing facilities, manufacturers of rubber and plastics or other products used in a B2B setting, and B2B marketing for a whole host of other engineering and technical industries. Industrial marketing strategy is the practice of applying a method to the madness of marketing itself — setting specific goals, planning tactics, executing, measuring, learning and improving. Industrial marketing done without a wellthoughtout industrial marketing strategy can fall flat and lead to sales teams disregarding its importance, resulting in missed opportunities.

What's Unique about an Industrial Marketing Strategy?

Much of what's written on the web about marketing is specific to B2C (businesstoconsumer) marketing. While there's also some content discussing broadbased B2B marketing, industrial B2B marketing is unique. In our specialized niche working with companies in B2B technical industries, we see these common traits among our industrial marketing clients:

1.Complex products & services
Industrial products and services are often complex and difficult to explain and understand, especially to those not familiar with the specific applications and use cases. Products are often customized, difficult to specify, and services are often bundled with them.
Very often, industrial marketing needs to serve an educational purpose as well as providing specs, data, features and benefits.
2.Niche audiences
While many B2C brands can appeal to a very wide audience, B2B industrial marketing strategies need to hone in tightly to the very specific niche audience of those who have a use for your products and services. Engineers or other technical individuals in specific markets or applications are often primary website visitors and purchase influencers.
3.Long sales cycles
Most B2B industrial purchases are major, considered purchases. The value of an individual closed sale is typically quite large, and the relationship between purchaser and vendor can be strategically crucial to the success of the both companies. These are the opposite of impulse buys. While brand perception plays a role, a great deal of informationsharing, trustbuilding, consulting and knowledge transfer often takes place over the course of a long cycle from initial lead to closed deal.
4.Multiple personas
During this long sales cycle, more than one individual is usually involved in the buying decision. Often, an initial researcher, such as an engineer, a scientist or another technical person, is searching for a solution to a problem, sourcing a new vendor, or trying to innovate or develop a new product. This person can be highly influential in a sale but is rarely the one signing the contract or writing the check. Others in the Csuite and/or the purchasing or quality departments typically also interact with your industrial marketing materials, looking at a different, but overlapping, set of criteria before finalizing the buying decision.
5.Transitioning from traditional selling to internet marketing
Until very recently, industrial marketing has tended to lag behind B2C marketing, leaning on traditional selling practices as the main driver of growth and sales. The postpandemic shift in work culture has escalated the slow transition from more traditional approaches to fully making use of digital marketing and all that it has to offer. At Windmill, part of our practice is helping clients move forward from wherever their current position is along that trajectory.

6.Global reach & supply chain

Despite their highly specific niche audiences, many industrial companies need to reach those niche audiences across multiple time zones, continents and languages. This places even greater importance on a 247 frontline sales force—in the form of a hardworking website that integrates localization and translation features and keeps pace with global regulations such as GDPR.

7.CRM, ERP, MAT integrations

Many industrial marketing websites require integrations with ERPs or other systems that manage inventory and specifications, distributor portals or other advanced multisystem integrations. If you've digitally transformed your sales practices, you'll require a CRM integration with your website and marketing automation software to help finetune lead nurturing and followup.

Why is Industrial Marketing Important in 2024?

While recent years have sped up the digital transformation of industrial marketing strategies and tactics, trade shows and traditional marketing have been making a comeback. However, expectations can't be quickly undone—and won't be—as a more and more digitally focused younger generation of B2B technical and industrial buyers will continue to expect information at their fingertips. Excelling in your digital marketing practices will help you outpace the competition.

Key Components of an Industrial Marketing Strategy

1. Positioning: The cornerstone of industrial marketing

In order to do any marketing strategically, especially very specific industrial marketing, the first step is to get crystal clear on who you are as a company and what your key offerings are to your customers. What products and services are your key revenue and/or growth drivers? A good shorthand for a positioning statement is "We do ______ for _______." Your positioning statement should also include your most important SEO key phrases and offer a point of differentiation against your competitors. Read more on creating a positioning statement and SEO keywords to drive your industrial marketing strategy.

2. Documenting your specific ICP & personas

Knowing who you are and what you want to sell is only one half of the equation; the other half is clearly defining who your best customers are and understanding their very specific needs, challenges, and pain points. While it may be true that you'll sell your offerings to anyone willing to buy them, there is, for almost every B2B industrial company, a type of buyer that represents their ideal customer. You can define this with two components: an ICP (ideal customer profile), meaning the type of business that buys from you, and persona(s), typically the key individuals that drive a purchasing decision. The first step is identifying your ideal customers—the type that you'd like more of—by looking at patterns like:

- Company Size (in terms of both dollars and number of people)
- Project Size (in dollars)
- Annual Budget (in dollars, for the product or service you provide)
- Industries or groups of industries
- Geography

Next, start to identify the job titles and positions of those in the buying teams for these companies. What do they have in common?

- Age range
- What is their day like?
- What keeps them up at night?
- What do they call the solution?
- How do they search for it?
- How do they benefit from your offerings?

You can find a lot of this information by interviewing your sales reps, but it's an even better practice to dig deeper by interviewing your best customers on a regular basis. As your company evolves, grows and changes, your key personas also shift and change, so make a regular practice of revisiting your personas and getting deeper customer insights.

3. Finetuning your industrial website for more efficient marketing

For an industrial company, your website typically is the most visible expression of your brand and the most accessible way for customers and prospects to interact with you as a company. To make sure that the website is doing its job as an additional salesperson, it's important to ensure that the user experience, content strategy and underlying technology are all working in lockstep to allow visitors to find the information that they're looking for quickly and easily.

As a general checklist, a highperforming industrial marketing website should contain:

- Overview of what you do (Homepage)
- An overview and detailed information page for each product or service
- Case studies
- Market, industry, vertical or application pages
- Information about the company and its history (About Us)
- An easy way to make contact (CTAs and contact page for SQLs)
- A reason to exchange contact information before a need to buy is imminent (gated content, gated tools or resources, etc., for MQLs)
- Resource library/articles/videos or other instructional materials

Your industrial website homepage user experience should lead with your positioning statement and guide visitors through an introduction to your offerings, allowing multiple entry points into the types of content that interest them most, whether key products and services, industries you serve, case studies or more about your company or facility. For more information on industrial website content strategy, read "Website Content Strategy – Planning Critical Website Content."

And, of course, make sure that the site loads quickly, for the sake of users as well as search engines, both of which will more heavily favor a website with efficient load times and fewer barriers to content.

4. Strategically driving more of the right traffic to your website

Once your website house is in order, it's important to actively pursue getting it in front of the right people. "If you build it, they will come" may have worked in the very, very early days of websites and SEO, but today's industrial marketing strategy needs to include a considered plan that uses information about your positioning and target audiences to draw in people who are likely to be interested in, and ultimately buy, your services.

5. Industrial SEO

Industrial SEO shares many commonalities with "regular SEO," but just as with your offerings and audiences, there are additional complexities and nuances. Where much of the SEO world focuses on driving traffic and writing content around keywords that have high volume and low competition, in industrial SEO, there's a good chance that those highvolume, lowcompetition keywords will be much too broad to truly apply to your business. Key takeaways and strategies for industrial digital marketing and SEO include many of the basic SEO principles, with a lot of additional specificity:

1. Clearly define SEO topics that fit your sales and marketing mission
2. Get specific with keywords for technical B2B and industrial SEO
3. Write content for your users and prospects
4. Modify and edit the content using industrial SEO best practices
5. Publish and submit new content to Google
6. Technical SEO for your B2B Industrial website
7. Measure, monitor and improve over time

6. Industrial content marketing

Content marketing is a key part of driving organic inbound traffic to your website. A good content marketing strategy for an industrial company should include topics carefully selected to match your company's positioning and SEO strategy and your best prospects' challenges, interests and needs. It's important to involve your subject matter experts in the content process— as interviewees and contributors even if not as writers—in order to ensure that the topics are covered in enough depth that they show your company's expertise and give the technical audiences reading them sound information that increases their level of trust in your company.

7. Industrial lead generation

Once you've driven qualified traffic (i.e., people who match your ICP and personas and are likely to have a real need for your products and/or services) to your website, it's important to make the next steps easy for them. Lead generation, the way we see it, is more than cold calling and appointment setting, it hinges on encouraging conversions on your website. These can include MQL conversions (marketing qualified leads) as well as SQL conversions (sales qualified leads). Many opportunities exist for generating leads via valuable gated content opportunities on your website, but resist the temptation to gate product information, specs or details. The content that you gate (i.e., put behind a web form asking for a prospect's email address) should be valueadd content like indepth whitepapers or advanced tools. Every page on the website should have a clear call to action (CTA), ideally in both the header and footer, to guide a prospect into getting in touch with your sales department. For more on CTAs, read Five Tips for a HighConversion CTA on Your Industrial B2B Website.

8. Linking marketing closely to sales

In the old paradigm, marketing and sales teams worked in separate silos. Now, with marketing taking on the role of the firsttouch sales team, it's more important than ever that sales and marketing initiatives are working tightly together. This means regular meetings between sales and marketing to review questions asked by prospects (which directly translate into future website articles and campaigns) and the quality of leads coming through the website (which helps marketing teams double down on the channels, messages, ads and types of content that drive qualified leads and step away from those that don't).

9. Nurturing leads and staying top of mind

MQLs and SQLs in any long sales cycle business need ongoing nurturing until the time of the closed sale. For SQLs, this can mean developing a collection of sales enablement content, such as information that more deeply answers questions that come up during the sales process, an always uptodate catalog of detailed case studies, and highquality sales presentation materials. For MQLs, this could mean an ongoing email campaign that sends out helpful information (vs. selfpromotional materials), an education program such as webinars or ondemand courses, and social media campaigns. Any qualified prospect who provides their contact information should be treated as your future best customer, which means being careful not to overdo it. Don't drive them away with too much information or a pushy, salesoriented email campaign. Communicate just enough that you stay top of mind for the moment when they're ready to move ahead.

10. Evaluating & Improving Your Technology Stack

In order to get the most out of your marketing team's efforts, a few key technology pieces are necessary. They are:

- Your website
- Your CRM
- Marketing automation
- Web analytics

11. Your Website

Your website is, of course, the most visible aspect of your brand, and the main marketing engine, but don't overlook the underlying technology on which it's built. Is the software secure and up to date, so that your efforts aren't undermined by a hack attempt? Is the CMS userfriendly so that it's easy to maintain content, add new pages and update products? Does the site load quickly, which is important for both users and search engines? Take some time to evaluate the website's performance for users, admins and search engines, and you'll often find lowhanging fruit where small improvements can make a big impact.

12. CRM

If you're not using a CRM (customer relationship management) system, there's no better time to start than the present. This type of software improves the efficiency of your sales and business development teams, while also providing critical insights to marketing, so that they can see clearly which types of leads develop into closed business.

Certain characteristics and capabilities of CRMs are especially useful for generating quick wins. Easily the most important is that a CRM provides a single source of truth by being a central repository for customer data. Once you've centralized data, you can quickly begin to gain visibility into past trends and predict future sales.

From a practical, administrative perspective, a CRM means it's easy to find contact information for any or all customers and prospects, whether you're compiling a holiday card list or sending out a crucial email notification. A CRM also allows you to easily create a repository of correspondence and touchpoints. By using email integrations, call integrations and other productivity tools, you eliminate the need for endless copy and paste and duplicate entries, while maintaining a repository of information that helps sales reps be more effective. A bonus: It's immensely valuable if a sales rep leaves your company.

By using consistent fields within the CRM, you'll find it much easier to segment and filter the list to better understand customer and prospect cohorts. Using the "industry" field, for example, can often help send targeted messages as well as gain numeric backing for a gut feeling that, for instance, most of your revenue comes from the medical industry. Sometimes, once you dig into the data, you'll be surprised to find that the sectors you thought were most lucrative might not actually be the strongest.

Other winning characteristics of CRMs include the benefits of setting tasks and reminders, using general productivity tools and shortcuts, email segmentation and email sequences, setting up multiple pipelines, tracking deal source and using lead scoring and an activity feed to sense engagement in a prospect so that you can reach out at exactly the right time.

13. Marketing Automation

Marketing automation is often bundled with CRM software, as it is in the case of HubSpot. Other popular tools include Marketo, Pardot and ActOn. These tools make it easy to nurture leads that have converted on your website through email campaigns, lead scoring (to filter out and identify which leads are highly engaged and might be worth outreach by your sales team), lead intelligence and other methods. Most tools also support the creation of landing pages, gated content features and forms, and much more.

14. Web Analytics

In this category, Google Analytics is the industry leader for gathering information about visitors to your website, which pages they visit most, where the traffic is coming from, how they move throughout the site and other metrics. Most websites have transitioned to Google's GA4 code, but many marketing teams are still transitioning their practices in how they use this new data.

15. Test, Measure & Improve with Reporting & Analytics

To keep your industrial marketing strategy on point, it's important to test, measure and make improvements. To analyze content performance, you can use a variety of tools, including Google Analytics, SEMRush, HotJar, HubSpot and Google Search Console. Analyzing your B2B industrial website's current content performance sets you up to support what's working and set goals to make improvements. It's not just about page views, but about the quality of the leads.

Challenges Facing Industrial Marketers

The industrial marketers that we help at Windmill Strategy are typically at midsized companies on small marketing teams—sometimes a team of one. These folks wear multiple hats and are often busy, overstretched and trying to do it all while keeping up with the moving goalposts of modern marketing. Wherever you are on that journey, we can meet you there. Our role is to help people move along the trajectory of modernizing their marketing and making it smarter, more targeted and more efficient in the process. In today's quickly changing economy and marketing climate, marketers need to be even more nimble than ever, focusing on the metrics that matter most and finding quick wins, while also moving longerterm initiatives along. And that in itself can be an impactful industrial marketing strategy.

1. **Recruiting or capacity challenges**
   When a company is overstretched and understaffed, the daytoday challenges and struggles can often push marketing lower on the priority list. However, a lack of focus and innovation in this area ends up building a kind of "debt," as you fall farther behind in digital marketing, website improvement and overall performance. The thing is, attracting new talent is easier when people have a good first impression of your website. Read this article for a few focused, relatively quick ways to gain traction with your website and digital marketing.
2. **Recession fears (pandemic or not)**
   Recommendations from our 2020 article on marketing in a recession make sense even when economic headwinds aren't the result of health emergencies.
   If your budgets are shrinking or frozen, it's a time for heavy prioritization and data gathering. Set up heatmapping tools to gain more data, regularly review your analytics, and schedule and implement quarterly marketing reviews. Every quarter, set goals for what you can incrementally improve, starting with the easiesttoimplement, biggest impact activities. Invest time learning more about creating compelling content and developing your email marketing practice. If a website redesign is needed, but not in the cards yet, begin working on the strategic plan and requirements. Consider whether pulling back or ramping up marketing is the better strategy—there may be many areas where a renewed investment in marketing can bring in the revenue growth needed to counteract any economic concerns.
3. **Content challenges**
   Content is a critical element of industrial marketing strategy, but creating it on a regular basis can seem daunting. In this article, we review quick wins and simple strategies for improving content over time. First, you'll want to have a good idea of how your current content is performing. Then, you can start the process of prioritizing updates to your content to achieve continuous improvement over the long term. These are are the actions you will want to take:

- Update existing website content for better performance: Focus your efforts on the top five most viewed pages on your website.
- Remove content that doesn't serve you: Remove or modify pages that rank well in search queries for a topic unrelated to your primary business and have a high bounce rate. This gives Google a poor impression of your website.
- Prioritize the creation of "missing" content: It's easy to fall behind as your company develops new products or services. Make sure they're represented, and keep generating fresh case studies, too. Adding industryspecific or applicationspecific pages is also worthwhile, as these pages tend to do well in organic search.
- Implement a schedule for continuous improvement and new content creation: Create a content calendar with achievable milestones. Build a sustainable habit of content creation.

Industrial marketing can be just as nuanced and complex as the products and services in the B2B industrial & manufacturing marketplace. Building a solid industrial marketing strategy will help you chart a course forward.

Steps To Build An Industrial Marketing Strategy
Step 1: Analyze Your Current Growth Strategy

This means taking a complete audit of all your existing marketing collateral — from oldschool paper pamphlets and drawings to the pages of an existing website. You've had to answer customers' questions for years, which has manifested in all the material you've created — charts, graphs, and calculators.

Take a look at what you've done, and see what questions it answers. Ideally, you're looking for inspiration to create content (or expand on what you currently have) that will help attract buyers and convert them into customers. This research phase will help you set the foundation for a successful marketing campaign.

We also recommend looking into what your competitors are doing to learn how to do it better.

Step 2: Decide Who You Are Marketing To

Target audiences or personas are fictional but wellresearched representations of your ideal customer. Personas can vary by industry, job function, and personality. Planned content with specific personas in mind will yield higher conversion rates and more valuable leads. Your content must target specific audiences, as different content types can appeal to different people.

"The leads that we get from Thomas are qualified. They're purchasing agents that are serious about our products and we grew our business by 24%," said Christian Ueland, President of TrankPak, a manufacturer & distributor of standard & custom plastic pallets, bins, liquid containers & cases.

To learn more about your ideal prospects, think about your current top customer. What are the job functions of the decisionmakers in the company? What are their stereotypical personalities? The most basic information about your personas should be their business objectives, obstacles, weaknesses, and strengths. If you can tap into these other aspects of their personality and reach them on a more personal, engaging level with your marketing content, you're already a step ahead of the game.

For example, 89% of consumers purchase a product after watching a video. If you're an OEM, you're definitely looking to get in front of a design engineer or a procurement manager to get on the approved vendor list. You'll need videos that break down your complex parts' functions and designs and explain how they help an engineer's end need.

Step 3: Collaborate Your Industrial Marketing With Sales

As much work as you've put in to get there, your job isn't done once you've gotten leads; your sales team still needs to close them. You need feedback on the leads, and you'd probably like to quell your curiosity on how they're moving through the sales funnel.

At a minimum, make sure your teams communicate regularly and clearly to each other about your new online strategies. Alternatively, if you're working with a marketing agency, make sure they don't leave you in the dark about your goals what improvements are being made. And make sure you communicate their efforts with your sales teams. A study from Forrester found that 43% of CEOs believed that misalignment between teams had cost them sales.

Stay organized and be collaborative. Spreadsheets are a natural first step in getting organized, and they may even be all you need for smallerscale, basic project management. However, as projects grow and collaboration becomes more complex, leveraging project management tools can be essential to streamline tasks and ensure everyone stays on track.

Step 4. Invest In Industrial Marketing Technology

The most successful B2B companies, manufacturers, and industrial companies use various digital marketing tools and technology to give them a complete view of their efforts. At a minimum, you should invest in an updated, modern website. All of your industrial marketing efforts may not yield as highquality results without the foundation of a leadgenerating website. Why is it so important?

More than 70% of today's B2B buyers are millennials and they're using your website to determine whether or not to submit RFIs.

Organisational Buying and Buyer Behaviour: Concept and Model of Organisational Buying Behaviour

What Is Organization Buying Behaviour?

Organization buying behaviour is a process that businesses go through to purchase all the products and services needed for their operations. It includes researching, evaluating, negotiating and finalizing deals with suppliers. The main objective of organizational buying behaviour is to ensure that the organization gets the best possible deal in terms of quality, price and service from suppliers.
Organizational buying behaviour starts with recognizing customer needs such as raw materials or finished goods, equipment or services etc. Then research has to be done to identify potential suppliers who can meet these needs at competitive prices while providing good quality standards. After this step, evaluation takes place in which various aspects like supplier's reputation & reliability are taken into consideration along with technical capabilities & pricing structures offered by them.
Negotiations follow after this phase wherein vendors try their best to meet customer requirements within their proposed budget limits. Once an acceptable agreement is reached between buyer & seller, it leads towards the concluding phase, where order details are finalized & payment terms are laid out before finally placing an order for the desired product/service from chosen vendor/supplier.
In conclusion, organizational buying behaviour could be defined as a systematic approach followed by companies when attempting to acquire necessary items required for running business operations successfully.

The behavior of an organization shown in buying goods or services is called organizational buying behavior. The organizations buy goods or services for business use, resale, produce other goods or provide services. Business and industrial organizations buy goods to use in business or produce other goods. Resellers buy goods for reselling them at profitable price. Similarly, government bodies buy goods for office and conducting development program. Nongovernmental organizations, hospitals, educational institutes, social organizations, religious organizations etc. buy goods to provide services to their followers or customers.

According to **Pette D. Bennett,** *"Organizational buying behavior is the decision making process by which a buying group establishes the needs for goods and services and identifies, evaluate, and chooses among alternative brand and suppliers."*

According to **W. M. Pride and O. C. Ferrel**, *"Organizational buying behavior refers to the purchase behavior of producers, government units, institutions and resellers."*

How does Organization's Buying Behaviour work?

Organization buying behaviour involves how organizations buy goods or services from suppliers. It is a complex process that requires careful consideration of cost, quality, and convenience. Here are some key points to consider when understanding how organizational buying behaviour works:
Organizational buying has certain processes. The following figure shows organizational buying process. There are eight stages. An organization may go through all of these stages as following or it

may change some of them. This depends on buying quantity, buying price, nature of goods, buying frequency etc.

Stages of Organizational Buying Process

1. Need Recognition

Organizational buying process starts from need recognition. In an organization, a certain person recognizes need of certain goods and after buying the needed goods, need is fulfilled. Needs in organization can be recognized in two ways. They are: external stimuli and internal stimuli. If a company decides to produce new goods, it is internal stimuli. It needs to buy new goods and equipment. Similarly, when a buyer observes trade exhibition, s/he may make his/her idea to buy new goods. Such idea is external stimuli, because this idea is made from outer environment and materials should be purchased for this.

2. Need Description

After the need is recognized, the buyers should describe need. This task is completed in the second stage of organizational buying process. While describing need, features of needed goods and needed quantity should be described. If the goods have standard, this task becomes easy; if otherwise, it becomes complicated. Help of engineers, users and consultants should be taken for complex goods.

3. Product Specification

The task of preparing specific description of goods is the third stage of organizational buying process. In this stage, description performance of goods is prepared to solve the problems. Technician's help should be taken for this task. In this stage, the value of goods is analyzed.

4. Supplier Search

At this stage of organizational buying process, the buyer searches proper suppliers or sellers. Buyer prepares a list of suppliers to select good and proper suppliers. This list is prepared by looking at trade directory, searching in Internet, asking other companies for suggestions etc. If the goods to be bought are new, complicated and costly, it needs long time to search suppliers.

5. Proposal Solicitation

Proposal solicitation is the fifth stage of organizational buying process. At this stage, buyer calls best suppliers for submitting proposal. As the reaction, some send catalog or sellers to the organization. If the product is costly and complicated, the buyer demands detailed proposal, and if the product is technical, business organization calls for presenting the product itself.

6. Supplier Selection

At the sixth stage of organizational buying process, buyers assess the proposal and select one or more suppliers. For selecting the suppliers, a list is prepared and rating is made on the basis of their attribute and importance. Then the best supplier is selected. Analysis of the suppliers is done in the following ways.

Supplier attribute	**Rating**				
	Very poor (1)	**Poor (2)**	**Fair (3)**	**Good (4)**	**Excellent (5)**
Price competitiveness			x		
Product quality, reliability					x
Service and repair capabilities					x
Ontime delivery			x		
Quality of sales representatives				x	
Overall responsiveness to customer needs					x
Overall reputation Average Score = 4.29					x

7. Order Routine Specification

After the best suppliers have been selected, the buyer prepares final order. In this order, all the matters such as attribute of goods, quantity, specification, time for supply, warranty, method of payment, service after sale etc. should be clearly mentioned.

8. Performance Review

This is the last process of organizational buying. At this stage, the buyer reviews suppliers' performance. This type of review helps to take decision whether to continue relation with the supplier or change or end the relation. If the performance of the supplier is satisfactory, the relation can be continued; if it is somewhat defective, if partial correction is made and the relation is maintained. But if the performance is disagreeable, it is broken.

What Are The Features of Organizational Behaviour?

1. **Attitude**: Organizational behaviour focuses on studying individual and group attitudes within an organization, such as job satisfaction and commitment to organizational goals.
2. **Communication**: It studies how communication flows between members of the organization, including both verbal and nonverbal forms of communication.
3. **Leadership**: The study of leadership styles, traits, and effectiveness in motivating employees and developing a shared vision is part of organizational behaviour research.
4. **Power & Influence**: This covers how power is distributed among various organisational roles and how influences can be used to effect change or achieve desired outcomes from work groups or teams.
5. **DecisionMaking Processes**: Organizations need effective decisionmaking processes to remain competitive in today's rapidly changing marketplace. These processes are studied through organizational behaviour theories and game theory or system dynamics modelling techniques.
6. **Group Dynamics**: Organizational behaviour also looks at team dynamics–how people interact with each other when working together as a team towards achieving common goals — covering topics like conflict resolution/management, creativity/innovation management etc.
7. **Motivation**: Organizational behaviour examines what motivates individuals in different ways – whether it be intrinsic rewards (like a feeling of achievement) or extrinsic rewards (such as bonuses). It uses this knowledge to determine methods that will help motivate employees more effectively, which enhances their productivity levels overall.
8. **Communication**: This is essential for any organization because it enables the effective exchange of information between different departments and personnel within the company, leading to better understanding, cooperation among parties involved, and smoother functioning operations overall.

Factors Affecting Organizational Buying Behavior

Economic Factor

Economic factors play an essential role in the buying behaviour of organizations. When purchasing decisions, organizations consider economic conditions such as inflation, taxes, interest rates and consumer income levels. The economy's stability profoundly affects how much money businesses are willing to spend on goods or services. If a company operates in an uncertain economic climate, it will likely be more conservative with its spending and opt for cheaper products.

Economic factors have a major influence on organizational buying behaviour due to their direct impact on profitability and cost savings opportunities. On the other hand, if a business is flourishing in a healthy economy with low unemployment and rising wages, it may be inclined to invest more money into higherquality products to help it stay ahead of its competition. Additionally, companies must factor in their budget before making any purchase decision which limits what they're able to purchase within their desired price range.

Technological Factor

Technology is playing an increasingly important role in influencing organizational buying behaviour. Technological advances can create new opportunities for firms to reduce costs and increase efficiency, leading to changes in purchasing decisions. For example, automated solutions such as robotic process automation (RPA) or AIdriven decisionmaking are becoming more popular among organizations because they allow them to free up their time and resources while also optimizing their operations.

Technology can also influence the types of vendors that organizations choose and the products and services they purchase.

Organizations may look for suppliers who have invested heavily in innovative technologies or those with a proven track record of successful technology deployments. Additionally, technological trends such as cloud computing or big data analysis are driving organizations towards vendors that provide these capabilities so they can stay competitive in their industries.

Political and Legal Factors

Political and legal factors have a major influence on organizational buying behaviour. Government policies, regulations and laws determine the terms of purchase for many organizations, such as labour laws and environmental regulations. These factors can limit what an organization can buy or receive in terms of goods/services as well as how much they can spend on certain items. Additionally, taxes, subsidies, tariffs and other government incentives affect the cost of acquiring products from suppliers, which impacts organizational buying decisions.

Political unrest or changes in government leadership also have a huge effect when it comes to decisionmaking regarding purchasing patterns, as do ethical considerations about sourcing products from different countries or regions (e.g., boycotts). Ultimately, political and legal forces shape an organization's ability to purchase certain items within their budget constraints and their moral obligation to make ethical choices while doing so.

Social Responsibility Factor

Organizational buying behaviour is heavily impacted by the social responsibility factor. Companies are now more conscious of their impact on society, leading them to consider how their decisions affect the bottom line, the people and environments in the local community, and beyond. Corporate social responsibility initiatives such as donating a certain percentage of profits to charities, reducing

environmental footprints, or offering employees additional benefits and support can influence purchasing decisions.
Consumers today expect companies they purchase from to be transparent in their actions, making it important for organizations to act responsibly while still maintaining competitive prices. Organizations that actively demonstrate socially responsible behaviours may gain an edge over competitors who do not prioritize these values, ultimately resulting in increased sales.

Organizational Factor

Organizational factors play an important role in influencing organizational buying behaviour. These factors include organizational structure, size and resources such as budget, staff availability and technology. The larger the organization is, the more complex its decisionmaking process becomes due to the different stakeholders involved in making decisions. Additionally, the higher the budget available for purchases determines how much a company can spend on products or services being bought.
Furthermore, staff availability also directly impacts whether they have enough people to undertake research and make informed decisions when it comes to spending money. Lastly, technology makes it easier for companies to do research online, affecting their buying choices and getting access to industry trends and new products quickly. These organisational factors directly affect an organization's buying behaviour, making them fundamental elements of consideration by buyers before committing any expenditures.

Risk Attitude Factors

Risk Attitude Factors are an important determinant of organizational buying behaviour. They refer to the degree of risk aversion or comfort with taking risks when making purchasing decisions. This can influence how much research and consideration is given when choosing suppliers and what type of alternative solutions may be sought. Purchasing managers may be more likely to choose a wellknown vendor if they have a low tolerance for taking risks, but those with a greater risk appetite may consider less familiar vendors that offer better pricing structures or other advantages.
Additionally, different departments within an organization may have varying levels of risk attitudes, which could affect the overall decisionmaking process and outcome. Understanding these factors can help organizations make informed decisions about their supplier selection processes and ensure the best possible options are being considered for each situation.

Interpersonal Factors

Interpersonal factors are an important factor in organizational buying behaviour. Interpersonal relationships and interactions between buyers, their peers and outside organizations can significantly impact how purchases are made. In particular, the influence of key decision makers such as senior management or influential people within the organization can play a major role in influencing buying decisions.
Additionally, informal networks within an organization often help shape purchase decisions by providing information and support that is unavailable through formal channels.
Interpersonal dynamics such as power differentials between parties involved in buying processes also affect organizational purchasing behaviour; for example, suppliers may exert more influence over buyers if they possess superior bargaining power due to market dominance or industry expertise. Understanding interpersonal factors are, therefore, essential for understanding organizational buyer behaviour.

Psychological Factors

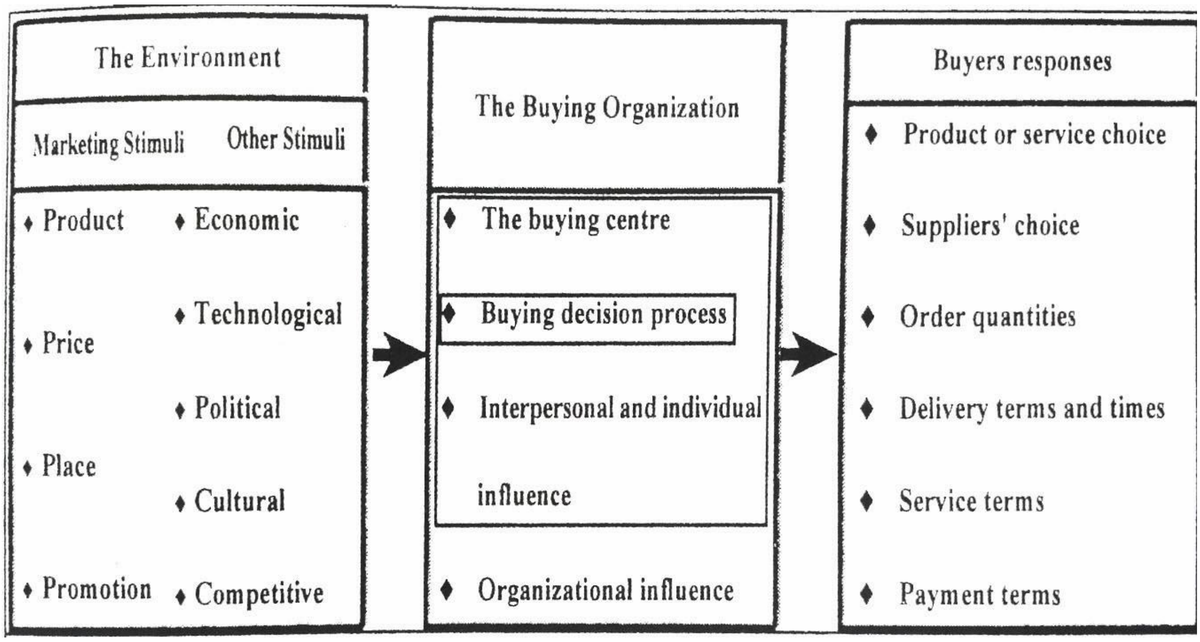
Psychological factors heavily influence organizational buying behaviour. These factors can refer to the emotional state of individuals in a company, which affects their decisionmaking abilities and preferences when purchasing. Furthermore, individual attitudes towards various products or services can also influence organizational buying decisions. For example, if employees have strong positive feelings about a particular brand, they may be more likely to recommend it over competitors' offerings.

Conversely, negative emotions towards certain brands may lead people to not purchase from them at all. Additionally, perceptions of quality and price are key psychological considerations that need to be considered when evaluating potential purchases for a business venture. Understanding these elements can help organizations make betterinformed buying decisions to satisfy their customers' needs while optimizing costs for the company itself.

What Are The Impacts of Organizational Buying Behaviour?

1. **Increased Competition**: Organizational buying behaviour can lead to increased competition between vendors and suppliers, resulting in better products and services at lower prices.
2. **Improved Productivity**: Organizations with a welldefined purchasing policy can make more informed decisions when selecting their suppliers, leading to improved productivity by obtaining the right quality of goods at the best price.
3. **Price Stability**: When organizations purchase from a limited number of suppliers or manufacturers, they tend to develop longterm relationships with them, which helps to ensure pricing stability over time.
4. **Risk Reduction**: Organizations that follow a standard procedure for their purchases are less likely to face any supply chain issues than those that do not regularly adhere to any specific policies or procedures for purchasing materials and components from different sources.
5. **Improved Relationships With Suppliers & Vendors**: Following an organized approach in dealing with vendors & suppliers helps create mutually beneficial relationships wherein both parties strive towards improving their respective performance levels while achieving profitability objectives and shared value creation goals over the long term.
6. **Higher Quality Products & Services**: By carefully assessing all potential options on offer – such as cost, delivery times, and product/service quality – companies can take advantage of economies of scale by negotiating bulk discounts for higherthanaverage order quantities in exchange for improved quality standards across all items purchased.

The model of organizational buying behavior can be shown in the following figure:



The Model of Organizational Buying Behavior

UNIT 3

Interpersonal Dynamics of Industrial Buying Behaviour

The industrial buying process often involves multiple stakeholders within an organization, making **interpersonal dynamics** a key factor. These dynamics include the interactions, roles, and influences among the individuals involved in the decisionmaking process. Understanding these dynamics is crucial for tailoring sales and marketing efforts.

Politics can play a role in purchasing decisions within B2B buyers. One person in a buying unit might wield a lot of power and greatly influence the purchasing decision, but other people in the unit may resent the power he or she wields and insist on a different offering, even if it doesn't meet the company's needs. Personal factors such as the likability of a particular sales representative may also affect purchasing decisions if factors such as features, benefits, and price are relatively the same. B2B sellers can try to counteract negative interpersonal factors by successfully branding their products. In other words, they build the reputation of their product so that business buyers come to the conclusion that their products are the best choice.

The Duties of Professional Buyers

- Considering the availability of products, the reliability of the products' vendors, and the technical support they can provide.
- Studying a company's sales records and inventory levels.
- Identifying suppliers, and obtaining bids from them.
- Negotiating prices, delivery dates, and payment terms for goods and services.
- Keeping abreast of changes in the supply and demand for goods and services their firms need.
- Staying informed of the latest trends so as to anticipate consumer buying patterns.
- Determine the media (TV, the Internet, newspapers, and so forth) in which advertisements will be placed.
- Tracking advertisements in newspapers and other media to check competitors' sales activities.

Key Interpersonal Factors in Industrial Buying

1. **Roles in the Buying Center**

The **Buying Center** is the group of individuals who participate in the industrial buying process. Each member plays a specific role:

- **Initiator**: Identifies the need or triggers the buying process.
- **User**: Uses the product/service and provides feedback.
- **Influencer**: Recommends specifications or suppliers.
- **Buyer**: Manages contracts and negotiations.
- **Decider**: Has the final authority to approve the purchase.
- **Gatekeeper**: Controls the flow of information (e.g., admin staff, procurement officers).
- **Interpersonal Challenge**: Balancing and understanding the diverse priorities and perspectives of these roles.

1. **Power and Influence**

Stakeholders have varying degrees of power in the buying decision:

- Senior executives often have **final authority**.
- Technical experts may **influence specifications** based on their expertise.
- Procurement managers focus on **costefficiency and compliance**.

Sales teams need to identify and address **key influencers** and decisionmakers.

Conflict and Consensus

Conflicts can arise due to differing priorities among stakeholders:

- **Technical team vs. finance**: Quality versus budget constraints.
- **Operations vs. strategy**: Short term needs versus long term goals.

The effectiveness of industrial buying relies on achieving **consensus** among members.

4. **Trust and Relationship Building**

Trust is essential for:

- **Internal communication** within the buying center.
- Vendor client relationships for long term engagement.

Strategies for Trust:

- Transparency in communication.
- Delivering reliable products or services.
- Establishing credibility through case studies or testimonials.

Psychological and Behavioral Aspects

1. **Risk Perception**
    1. Buying decisions often involve high financial or operational stakes.
    2. Individuals may hesitate or seek additional validation to minimize perceived risks.
2. **Personal Motivations**

Apart from organizational goals, stakeholders may have individual motivations:

- Recognition and career advancement.
- Avoidance of failure or criticism.
- Personal preferences for certain brands or vendors.

3. **Groupthink and Social Influence**

Group dynamics can lead to:

- **Groupthink**: Pressure to conform to dominant opinions.
- **Influential personalities** steering decisions.

Managing diverse opinions is critical to reaching effective solutions.

Strategies for Managing Interpersonal Dynamics

1. **Identifying Key Stakeholders**

Map the roles and influence of stakeholders in the decision making process.
Focus sales efforts on both decisionmakers and influencers.

2. **Customizing Communication**

Adapt messaging for each stakeholder:

- **Technical stakeholders**: Emphasize product specifications and reliability.
- **Financial stakeholders**: Highlight cost efficiency and ROI.
- **Executive stakeholders**: Align proposals with strategic goals.

3. **Collaborative Problem Solving**

Address internal conflicts by proposing solutions that satisfy all groups (e.g., balanced proposals for cost and quality).
Facilitate open discussions to resolve concerns.

4. **Building Relationships**

Foster longterm relationships through regular engagement, post purchase support, and personalized service.

5. **Creating Decision Facilitation Tools**

Provide case studies, ROI calculators, and presentations that help stakeholders justify decisions internally.

By understanding and managing these interpersonal dynamics, industrial sellers and marketers can position their offerings effectively, navigate the complexities of group decision making, and foster strong partnerships. Let me know if you need examples or further insights.

Buying Centre Involvement and Interaction patterns

The concept of a buying center refers to the group of individuals involved in an organization's purchasing decision process. Each member has specific roles and responsibilities, and the dynamics of their involvement and interaction play a crucial role in industrial buying behavior.

Key Roles in the Buying Center

1. Initiators:

These are individuals who recognize a need or problem that requires a purchase and initiate the buying process. Examples: Department heads, operations managers, or technical staff.

2. Users:

Endusers of the product or service, who are directly impacted by the purchase. Provide feedback on requirements and evaluate how the product will meet their needs. Example: Operators of machinery or IT staff using software.

3. Influencers:

Specialists who provide recommendations and insights to shape purchasing decisions. Can influence product specifications, supplier choices, or evaluation criteria. Examples: Engineers, consultants, or financial analysts.

4. Deciders:

Individuals with the authority to make the final decision on the purchase. Often senior managers or executives responsible for aligning purchases with organizational objectives.

5. Buyers:

Handle the procurement process, including negotiation, contract preparation, and vendor management. Ensure compliance with procurement policies.

6. Gatekeepers:

Control access to information or decisionmakers within the organization. Examples: Administrative staff, secretaries, or IT gatekeepers managing vendor approvals.

Levels of Involvement in the Buying Process

High Involvement:

Observed in complex or strategic purchases, such as heavy machinery or technology systems. Multiple stakeholders play active roles, and decisions take longer due to detailed evaluations.

Low Involvement:

Occurs with routine or transactional purchases, such as office supplies. Fewer stakeholders, and decisions are quick and straightforward.

Buying Center Interaction Patterns

Interactions among the buying center members influence the final purchasing decision. Understanding these patterns is crucial for effective engagement.

(a) Vertical Interaction

Involves communication across different hierarchical levels.

Example: A junior employee proposes a purchase, escalated to middle management, and approved by the Csuite.

(b) Horizontal Interaction

Communication occurs across departments or functional teams.

Example: Collaboration between finance, production, and R&D departments to evaluate a new supplier.

(c) Formal vs. Informal Interaction

Formal: Scheduled meetings, written reports, and structured approval processes.

Informal: Casual discussions, hallway conversations, or personal influences that can shape decisions.

(d) Collaborative Interaction

Occurs when stakeholders work cohesively toward a common decision.

Example: Cross functional teams evaluating vendor proposals collectively.

(e) Conflicting Interaction

Arises due to differing priorities among members.

Example: Technical teams favoring quality versus finance insisting on budget constraints.

Key Influences on Buying Center Dynamics

1. Purchase Complexity:

Complex purchases involve longer interactions and input from various stakeholders.

Example: A new ERP system purchase requires inputs from IT, finance, and operations.

2. Organizational Culture:

Hierarchical organizations tend to have more vertical interactions.

Collaborative cultures encourage inclusive decision making.

3. Stakeholder Interests:

Different members prioritize different aspects:

Users focus on functionality.

Procurement prioritizes cost.

Executives focus on long term benefits and ROI.

4. Supplier Interaction:

Vendors may interact with specific roles to influence decisions.
Example: Sales teams providing demos to users while negotiating terms with procurement

Practical Implications for Marketers

1. Stakeholder Mapping:
Identify all individuals and roles in the buying center.
Tailor engagement strategies for each role.

2. Understanding Interaction Patterns:
Observe how decisions flow—vertically or horizontally.
Adjust communication style (formal or informal) based on organizational preferences.

3. Conflict Resolution:
Address conflicts proactively by proposing balanced solutions that meet varied priorities (e.g., cost quality balance).

4. Leveraging Gatekeepers:
Build rapport with gatekeepers to ensure smooth access to decisionmakers.

5. Facilitating Collaboration:
Provide tools (e.g., ROI calculators, case studies, technical demos) that assist the buying center in reaching consensus.

6. Establishing Credibility:
Build trust through expertise, transparency, and reliability.

Challenges in Buying Center Dynamics

1. Coordination Issues:
Miscommunication or lack of alignment between stakeholders can delay decisions.

2. Power Struggles:
Conflicts may arise due to differing levels of influence among members.

3. Risk Aversion:
Stakeholders often prefer safer, proven options to minimize perceived risks.

4. Information Overload:
Too much information can overwhelm decisionmakers, causing delays.

Conclusion

Understanding the buying center involvement and interaction patterns is critical for effectively navigating industrial purchasing decisions. By analyzing stakeholder roles, identifying interaction flows, and addressing conflicts, marketers can optimize their engagement strategies to align with organizational needs and influence decisions more effectively.

<u>Joint Decision making</u>

Joint decision making means a process of agreement formation in which one or more subordinates participate and some determination of the majority position is made. Now, managers discuss the situation with management accountants as business partners until they arrive at a consensus. The management accountant as business partner and the manager arrive at a decision together. Last, 'delegation' indicates that the manager allows subordinates to make decisions on their own. In this case, it is not the manager who takes the decision but the management accountant as business partner.

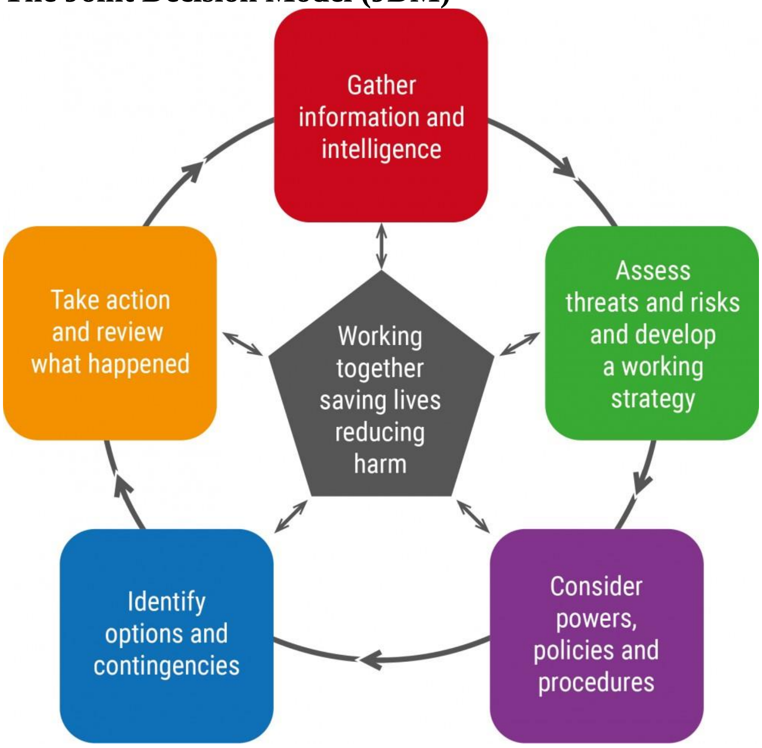
Joint decision making means that various stakeholders are able to participate in discussions on important topics. At the ESSB students, either in a group or individually, can join discussions with professors and employees of the Erasmus School of Social and Behavioural Sciences in order to represent students and their opinion. Students are active in joint decision making processes at different levels, thus conveying their ideas and complaints.

This part of the website gives information on the various possibilities to participate in joint decision making at the ESSB, how this is organised and where to go to in case of a complaint about the education.

There are various joint decision making bodies & stakeholders at the ESSB:

- Educational committees
- The Faculty Council
- The University Council
- Student members of board councils
- The student member of the Management Team

The Joint Decision Model (JDM)



Commanders should use the Joint Decision Model (JDM) to help bring together the available information, reconcile objectives and make effective decisions – together. Like most decision models, the JDM centres around three primary considerations:

- **Working together saving lives reducing harm**
  The pentagon at the centre of the JDM reminds responders that all joint decisions should be made with reference to the overarching or primary aim of any response to an emergency – to save lives and reduce harm.
- **Gather information and intelligence**

'This stage involves gathering and sharing information and intelligence to establish shared situational awareness. At any incident, no single responder organisation can appreciate all the relevant dimensions of an emergency straight away.

- **Assess threats and risks and develop a working strategy**
  This analytical stage involves responders jointly assessing the situation, including any specific threats, hazards and the risk of harm.
- **Consider powers, policies and procedures**
  This stage relates to any relevant laws, procedures or policies that may impact on the response plan and the capabilities available to be deployed.
- **Identify options and contingencies**
  There will almost always be more than one way to achieve the desired outcomes. Responders should work together to evaluate the range of options and contingencies.
- **Take action and review what happened**
  Actions and the subsequent outcomes should be regularly reviewed. As information or intelligence becomes available or changes during the incident, responders should use the JDM to inform their decision-making until the incident is resolved. Decision makers should consider decision controls detailed on p.26 of the Joint Doctrine.

Conflict and Resolution in Joint Decision Making

Joint decision-making often involves multiple stakeholders with differing priorities, perspectives, and interests. While collaboration is essential, it often leads to **conflicts** that need resolution to ensure effective and efficient outcomes. Understanding the nature of conflict and implementing resolution strategies is crucial for the success of joint decisions.

Conflict arises when there are opposing views, interests, or goals among stakeholders involved in the decision-making process. It can be constructive or destructive depending on how it is managed.

Types of Conflict in Joint Decision-Making:

1. **Task Conflict**:

Related to disagreements about the content, goals, or methods of the decision. Example: Disagreement over which supplier offers better value.

2. **Process Conflict**:

Arises from differences in opinions about how decisions should be made. Example: Debate over whether to prioritize cost or quality in vendor selection.

3. **Relationship Conflict**:

Rooted in interpersonal incompatibilities such as personality clashes or communication issues. Example: Tensions between departments due to historical rivalries.

4. **Resource Conflict**:

Linked to the allocation of limited resources such as budgets, time, or personnel. Example: Conflict between departments over budget share for a project.

5. **Value Conflict**:

Stemming from differing principles, values, or organizational priorities. Example: A clash between profit-driven and sustainability-focused objectives.

Causes of Conflict

- **Divergent Objectives:** Stakeholders prioritize different outcomes (e.g., cost-saving vs. innovation).
- **Lack of Clarity:** Unclear roles, responsibilities, or criteria for decision-making.
- **Communication Breakdown:** Misunderstandings or poor information flow.
- **Power Dynamics:** Imbalances in authority, with some stakeholders dominating others.
- **Cultural Differences:** Differences in organizational or departmental cultures and decision-making styles.

Consequences of Unresolved Conflict

- **Delayed Decision-Making:** Prolonged discussions and unresolved issues.
- **Poor Quality Decisions:** Decisions made under pressure or by avoiding the conflict can lead to suboptimal outcomes.
- **Decreased Productivity:** Time and energy diverted to conflicts rather than constructive collaboration.
- **Strained Relationships:** Tensions harm trust and future collaboration among stakeholders.
- **Loss of Organizational Focus:** Misalignment distracts from broader organizational objectives.

Resolution Strategies:

1. **Active Listening:** Allow all parties to express their concerns without interruption. Acknowledge and validate different perspectives.
2. **Mediation and Facilitation:** Use neutral third-party mediators to guide discussions. Facilitators can structure debates and keep conversations focused.
3. **Focus on Interests, Not Positions:** Identify underlying interests rather than fixed positions. Example: Both departments may want efficiency but disagree on the method.
4. **Collaborative Problem-Solving:** Engage all stakeholders in brainstorming solutions that satisfy multiple objectives. Use techniques like "win-win" or integrative negotiations.
5. **Compromise or Concession:** Encourage give-and-take where necessary to move decisions forward. Ensure compromises are equitable and address core concerns.
6. **Decision Rules:** Predefine methods to resolve stalemates (e.g., majority vote, executive decision).
7. **Leveraging Technology:** Use decision-support tools like multi-criteria analysis to objectively evaluate options.

<u>The Buying Committee</u>

A buying committee refers to a group of individuals within an organisation who are involved in the decision-making process for purchasing a product or service. This committee typically consists of various stakeholders who play different roles and have distinct responsibilities in the procurement process.

Understanding the buying committee in B2B sales and marketing is crucial because it enables businesses to navigate complex decision-making processes, tailor their messaging to diverse stakeholders, build consensus, proactively address objections, allocate resources efficiently, gain a competitive edge, and ultimately increase the likelihood of successful sales.

A buying committee is a group of individuals within an organization responsible for making purchasing decisions, particularly in the context of B2B sales. These committees typically consist of 7 to 20 members, reflecting the complexity and the number of decision-makers involved in the sales cycle of B2B transactions.

Key Roles within a Buying Committee

The buying committee includes various roles, each contributing differently to the purchasing decision:

- **Purchase Influencers:** Shape the buying criteria and vendor selection.
- **Decision-makers:** Have the final say in the purchase.
- **Decision Sponsors:** Champion the purchase within the organization.
- **Users:** Will directly use the product or service.

Strategies for Engaging a Buying Committee

- **Understand individual roles:** Recognize the unique concerns, motivations, and needs of each committee member, such as champions, decision-makers, influencers, and blockers.
- **Create tailored content:** Develop targeted messaging and materials that address the specific interests and pain points of each role within the committee.
- **Build relationships:** Establish rapport with key stakeholders by demonstrating empathy, expertise, and credibility, fostering trust and collaboration.
- **Facilitate consensus-building:** Help the committee navigate conflicts and align interests by showcasing how your solution addresses the organization's overall goals and satisfies diverse needs.
- **Adapt to organizational dynamics:** Stay agile and responsive to changes in power structures, decision-making processes, and committee composition, adjusting your engagement strategy accordingly.

Buying Committee vs. Individual Decision-Maker

In B2B sales, the buying committee and individual decision-makers both play crucial roles in the purchasing process. A buying committee, consisting of various stakeholders, ensures a comprehensive evaluation of the purchase, addressing the diverse needs of the organization.

On the other hand, individual decision-makers, such as purchase influencers, decision-makers, decision sponsors, and users, contribute their unique perspectives and expertise to the decision-making process.

Best Practices for Influencing a Buying Committee

Effectively influencing a buying committee involves understanding the unique concerns and motivations of each member and tailoring your approach accordingly. Begin by identifying the roles within the committee, such as champions, decision-makers, influencers, and blockers. Develop targeted messaging and materials that address the specific interests and pain points of each role. Establish rapport with key stakeholders by demonstrating empathy, expertise, and credibility, fostering trust and collaboration.

Facilitate consensus-building by helping the committee navigate conflicts and align interests, showcasing how your solution addresses the organization's overall goals and satisfies diverse needs.

Stay agile and responsive to changes in power structures, decision-making processes, and committee composition, adjusting your engagement strategy accordingly.

Supplier Choice and Valuation

Choosing the right suppliers is crucial to running a successful business. This selection not only affects the quality and reliability of the products or services, but can also improve the way the company operates and lead to strong and lasting business relationships. But how do you find the optimal suppliers that perfectly match your company's needs and values? Today, companies face many challenges when evaluating and selecting their suppliers. The market is changing rapidly, customers expect more and more, supply chains are becoming more complicated and regulations are becoming stricter. A good supplier evaluation can help companies identify potential difficulties early on, ensure high product quality, reduce costs sensibly and adhere to legal rules. Well-organized supplier relationship management is necessary to achieve long-term economic success and grow the business. In our article, we take an in-depth look at how to evaluate and select suppliers. The aim is to provide you with useful knowledge and concrete advice. We explain how a planned approach helps to achieve business goals and grow the company continuously.
To succeed in today's competitive market, you need top-notch, affordably priced, and reliably sourced raw materials and services to produce the goods and services your business offers.
Perhaps unsurprisingly, the first step to securing these goods and services lies in proper supplier selection and evaluation.
You know you need good suppliers—but they don't just appear in your supply chain like magic.
In order to form strong, strategic, and proactive relationships with reliable suppliers, it's crucial to follow best practices and invest the time necessary to transform potential suppliers into trusted partners.

What is a Supplier Evaluation?

A supplier evaluation is the process of assessing and approving potential suppliers through quantitative and qualitative assessments. The purpose is to compile a list of the best suppliers available. A supplier evaluation also examines current suppliers to measure and monitor their performance in order to reduce costs, mitigate risks and drive improvement.

Why Supplier Selection and Evaluation Matters

In the distant past, supply chain optimization was often limited to a single factor: price.
But thanks to increasingly sophisticated digital data management tools and the growing prevalence of digital transformation, the view of suppliers as mere vendors is giving way to a more nuanced one that regards them as potentially powerful partners in shared success.
Today, vendors share data, integrate systems, and work closely with procurement specialists to help identify opportunities for product development and innovation, take advantage of cost-cutting measures, and engage in shared initiatives to expand market share or improve competitive advantage for both partners.
With proper supplier relationship management, your procurement team can put every potential supplier through a detailed and transparent evaluation process to determine
Not every vendor will become a key supplier or partner in creating a new product, of course.
Nor will you forge a lasting, long-term relationship with every vendor in your supply chain.

But with help from data-driven supply chain management and process optimization tools, deciding which suppliers meet your exacting standards for product quality, lead time, and relevance to your own core competencies is much easier to accomplish.

Making supplier relationship management the primary thrust of your overall supply chain management—and using the right tools to do so—makes it possible to use both qualitative and quantitative metrics to:

- Keep product quality levels high, lead times low, and suppliers' performance and compliance within acceptable parameters.
- Integrate important criteria such as sustainability and continuous improvement into your sourcing strategies and supply base.
- Plan ahead with contingency-based sourcing to insulate against business disruptions and preserve business continuity.
- Take corrective actions in a timely fashion to keep potential problems from snowballing into disasters, simplifying risk management.
- Avoid supply chain bloat while still allowing flexibility to quickly evaluate and add suppliers as needed.

In addition, establishing supplier evaluation criteria provides direct benefit to your business by strengthening your negotiation position.

A supplier who has high marks in most areas but struggles in another may be amenable to better terms or pricing in order to secure your business.

You can then leverage those savings to create a contingency plan in your supply chain to address the supplier's weakness (and eliminate any excessive risk created) and still come out with a net gain in profits, competitive advantage, etc.

Approaches and Methods

There are several different methods used for carrying out a supplier assessment that considers sustainability practices:

- Questionnaires designed to evaluate the knowledge and intentions of employees and management;
- Scorecards that quantify the effectiveness of a business' sustainability principles;
- Site visits by certified inspectors to the business in question;
- Third-party standard certifications.

The objective of the Eco Vadis supplier assessment is to assess the quality of a company's sustainability management system through its policies, implementation measures and results.

How the Supplier Selection Process Works

Building a reliable, flexible, and resilient supply chain requires an effective supplier selection process. Most selection methods rely on ranking each potential candidate using a scorecard.

When developing and implementing your supply chain optimization strategy, you'll likely use two different supplier evaluation and selection processes: one for existing vendors, and one for new suppliers.

The former is generally used to secure positive changes in supplier relationships (better terms and service, discounts, a shift to a partnership role) or to "trim the fat" and eliminate or rehabilitate suppliers who have proven themselves unreliable, too costly, or simply a bad fit for your company's ethics and culture.

Both of these processes require you to have clear and documented standards for supplier performance and compliance.

They both follow the same simple three-step process:

1. **Potential Supplier Identification**

When choosing new suppliers, collect and record each potential candidate's score for your chosen criteria on their scorecard. The process is the same when reviewing existing suppliers, but includes additional evaluation criteria based on suppliers' record with your company. So, while a company building its supply chain will likely rely on reputation and referrals, a company streamlining its existing supply chain will have its own data for supplier compliance and performance to add to the mix when scoring candidates for retention, revision, or removal.

2. **Supplier Evaluation**

Once you've identified your best candidates, it's time to score them using your chosen criteria. During this time, you can create a short list of favorites and then move them along in the process through negotiations.

The process for optimizing existing supply chains is, again, very similar. However, instead of a list of candidates to be added to the system, you may generate multiple lists of candidates you wish to elevate to a partnership role, negotiate with to secure better pricing or terms, or replace with other, more favorable options.

3. **Supplier Selection**

During the final supplier selection, you engage the winner(s) in contract negotiations to become a vendor in your supply chain. If you're evaluating your existing supply chain, this period will instead be used to modify, enhance, or terminate your relationships as circumstances and your needs dictate. It's worth noting that, whichever approach you're taking, having a centralized, cloud-based data management solution such as PLANERGY at the heart of your procurement function makes it much easier to evaluate and select suppliers.

With advanced process automation, analytics, and artificial intelligence, as well as complete and fully transparent integration with your existing software environment, you can collect, organize, and analyze the information you need to make smart and strategic sourcing decisions with confidence.

UNIT 4

Industrial market segmentation

It is a system to identify and categorize the diversified potential customers of an industrial market or B2B market into different groups. It aids in making strategic and tactical decisions relating to the sales and marketing of the industrial products/services in the chosen market segment. However, the complexity of the products/services and buying procedures in the industrial markets makes industrial market segmentation more challenging and intricate than customer market segmentation.

Industrial segmentation is also sometimes called B2B segmentation. These terms refer to the same approach of dividing a market into different groups of industrial customers based on factors such as industry, size, location, and purchasing power.

The benefits of industrial segmentation

There are several benefits to using industrial segmentation in marketing efforts. Some of the key benefits include:

- **Improved targeting**: Industrial segmentation allows businesses to identify specific segments of industrial customers and tailor their marketing efforts to those segments. This can help to increase the relevance and effectiveness of marketing efforts, and can ultimately lead to more sales and revenue.
- **Better customer understanding**: By segmenting industrial customers based on factors such as industry, size, and location, businesses can gain a better understanding of the needs and preferences of these customers. This can help businesses to develop more targeted and effective marketing strategies, and can also improve customer relationships.
- **Increased efficiency**: Industrial segmentation allows businesses to focus their marketing efforts on specific segments of industrial customers, rather than trying to reach the entire market. This can help to reduce marketing costs and increase the efficiency of marketing efforts.
- **Competitive advantage**: By using industrial segmentation to target specific segments of industrial customers, businesses can differentiate themselves from competitors and gain a competitive advantage in the market.

The challenges of industrial segmentation

While industrial segmentation can be a useful marketing strategy, there are also some challenges to be aware of. Some of the key challenges include:

- **Cost and time investment**: Implementing industrial segmentation can be costly and time-consuming, as it often requires collecting and analyzing large amounts of data on industrial customers. This can be a significant investment for businesses, and it may not always provide a clear return on that investment.
- **Limited data availability**: In some cases, businesses may not have access to sufficient data on industrial customers to effectively implement industrial segmentation. This can make it difficult to identify specific segments of industrial customers and tailor marketing efforts to their needs and preferences.
- **Complexity of industrial markets**: Industrial markets can be complex and multi-faceted, with a wide range of different industries, sizes, and locations. This can make it challenging to accurately segment industrial customers and develop effective marketing strategies.

- **Changing customer needs**: Industrial customers' needs and preferences can change over time, as can the market conditions in which they operate. This means that industrial segmentation strategies need to be regularly reviewed and updated to ensure that they remain relevant and effective.

Different parameters for industrial market segmentation are as below –

1. Industry Type

Different types of industries form different types of industrial markets for B2B products. These industries are thus segmented as automobiles, IT, chemicals, FMCG, textiles, iron & steel, services, and so on.

2.Geographic

B2B markets are segmented based on geographical locations as follows -

- Based on distance, markets are segmented as local, regional, domestic, and international markets.
- Based on the location of the buyers, markets are segmented as rural (buyers located in the countryside) and urban (buyers located in a city or a town).

3.Business Operations

Industrial market segmentation is also done based on the diverse nature of operations performed by the industrial units. This includes manufacturing, assembling, distributing, retailing, consulting, etc.

4.Consumption Rate or Size

Based on the annual consumption of resources and the size of orders processed, industries are segmented as large, medium, or small scale industries.

5.Ownership

Based on ownership structure, industrial companies are classified as sole proprietorships, partnerships, private, public, government, and corporations.

6.Buying Techniques

Different buying techniques adopted by different industrial buyers segments the industrial markets or customers as tender or sealed-bidding, leasing, service contracts, direct purchasing, and agency-approved purchasing.

7.Payment Procedures

The mode and time of payment adopted by buyers segments them as – cash purchasers, credit purchasers, full-paying purchasers, and installment- paying purchasers.

Basis of Industrial Market segmentation

Practically, following bases (customer characteristics and/ or behavioural bases) are used for segmenting industrial markets:

1. Geographic Bases:

Company needs to perform tasks differently to treat customers residing in different geographical regions.

On the basis of geographical bases, industrial buyers can be segmented into following segments:

i. Distance:

Local market, regional, domestic (national) market, and International market.

ii. Location of Industrial Unit:

Rural and Urban Customers.

iii. Area and Climate:

Area specific segmentation considers place-specific bases such as hilly, desert, valley, plains, etc., while climate-based classification includes segmenting market on the basis of level and intensity of humidity, heat, cold, rains, etc. Different buyers located at different places need to be treated differently. Separate marketing programme must be prepared for each of these groups.

2. Types of Industry:

Company's products are used in different industries. Relevant industries should be considered for segmenting market and, as per suitability, one or more industries can be selected as the target market to be served.

Possible segments include:

i. Auto Industry
ii. IT Industry
iii. Chemical industry
iv. FMCG (Fast Moving Consumer Goods) Industry
v. Textile industry
vi. Iron and steel Industry
vii. Cement Industry
viii. Engineering Industry
ix. Agro processing industry
x. Service Industry, etc.

As per company's products, it selects one or more relevant industry as target customers and formulates appropriate marketing mix for each of the segments.

3. Type of Business Operation:

Industrial units perform different activities. Each of them differs in term of their nature of activities/operations and requirements.

On that base, we can classify industrial customers into several segments, such as:

i. Manufacturing Units
ii. Assembling Units
iii. Processing Units
iv. Distributing units
v. Retailing Business

vi. Consultancies and Services Units, etc.

Some products are commonly used for different business operations. Companies dealing with these products can supply or sell to different customers. Different marketing strategies are necessary as these customers elicit different response patterns.

4. Consumption Rate/ Size:

On the basis of order size and/or annual consumption, industrial buyers can be segmented in certain distinct groups. A company can select suitable one or more customer groups as target market.

Sized-based segmentation includes:

i. Heavy Users
ii. Medium Users
iii. Light Users

Particularly, price and promotion strategies must be designed differently to meet expectations of varied groups.

5. Ownership Factor:

Ownership exhibits different response. A firm needs to treat them differently. A company can select one or more customers to serve.

Ownership-based segmentation leads to following segments:

i. Sole Proprietary Firms and Partnership Firms
ii. Private Companies
iii. Pubic companies and Public Sector Units (PSUs)
iv. Government as a Customer
v. Corporations
vi. Defence Department
vii. Cooperative Societies
viii. Community Organisations
ix. Religious and Missionary Organisations.

6. Buying Methods:

Industrial buyers purchase products on different ways. Every method requires different treatment in terms of formality, timing of ordering and executing, profit margin, and overall procedures to be followed.

Based on methods, industrial markets can be segmented on following bases:

i. Tender/sealed-bid Buying Units
ii. Service Contract Customers
iii. Leasing Customers
iv. Buying through Approved Agencies
v. Direct Purchasing Units.

7. Ordering Time or Frequency:

Taking ordering time and buying frequency as the bases, industrial markets can be classified into several segments, such as:

i. Annual Customers:

They put a large order (once in a year) and buy all quality at a time.

ii. Regular Customers:

They buy regularly only from the particular firm. They are loyal customers.

iii. Occasional Customers:

They buy company's products occasionally. They buy company's products just to try; they buy for change; or they buy when required products are not available from other sources.

iv. Frequent and Infrequent Customers:

Frequent customers buy more frequently. They put repeated orders and are reasonably predictable. Infrequent customers are irregular in their buying pattern. They may or may not buy and are difficult to be predicted.

8. Payment Modes and Time:

Industrial customers follow different modes of payment. They also take short or long time to pay their bills.

Main segments are:

i. Cash Purchasing Buyers
ii. Credit Purchasing Buyers
iii. Partial Credit Purchasing Buyers
iv. Fully Trusted v/s Partially Trusted Buyers
v. Full (at a time) Paying Customers
vi. Gradual or Installment Paying Customers
vii. Short-term and Long-term Credit Buyers, etc.

Suitable marketing programme should be prepared to deal with these groups of buyers. Particularly, pricing policies are more relevant for this segmentation.

9. Legal Aspects:

Legal or authenticity aspects can be relevant base to some companies for segmenting total market. The firm is directed to sell its products only to some agencies approved by the government. But, due to some reasons, it has to transact (willingly or unwillingly) with illegal customers, who have been restricted by the Law to buy, hold, or use some products. Company can earn more profits by dealing with unauthorized customers.

In case of companies manufacturing some defence tools and devices (arms and ammunitions), or companies supplying products for national schemes for the BPL (Below Poverty Line) families or any other reserved categories, they may tempted to sell extra product to unauthorized customers. Sometimes, company is restricted to produce as per the fixed quota.

Marketing strategies for legal and illegal customers seems quite different:

i. Legal Customers:

These customers are free to use any quantity without any restriction.

ii. Restricted (Partially Permitted) Customers:

There are permitted up to certain limit. They cannot buy more quantity beyond the specified limit.

iii. Illegal Customers:

The Law puts ban on these customers. They cannot legally buy, hold, use, or resell some products.

10. Other Bases:

Apart from these bases, some minor behavioural bases are also used for segmenting industrial markets.

Some of them include:

i. Occasions
ii. User status
iii. Loyalty Pattern,
iv. Benefits Expected

v. Attitudes, etc.

These are main bases for segmenting industrial markets. There can be more minor bases for segmenting industrial markets. Besides, almost all bases used to segment consumer markets are equally applicable to segment industrial markets. It should be clarified that theses bases are too general and interrelated. This is a loose classification. One or more bases can be taken at a time to segment industrial products. All bases may not be relevant to every company; it should concentrate only on relevant bases.

Target marketing and positioning

Today, the STP marketing model (Segmentation, Targeting, Positioning) is a familiar strategic approach in modern marketing. It is one of the most commonly applied marketing models in practice, with marketing leaders crediting it for efficient, streamlined communications practice.

STP marketing focuses on commercial effectiveness, selecting the most valuable segments for a business and then developing a marketing mix and product positioning strategy for each customer group.

As Martech continues to develop, so do opportunities for segmentation, targeting, and positioning. So whether you're brand new to STP or a seasoned veteran, it can be useful to take stock and double-check you're utilizing every chance you get to reach, interact with, convert, and engage customers.

But, how do you know which customer segments to focus on? We recommend using personas to identify your most valuable customers. Download our free Marketing buyer persona template and checklist for recommendations on how to build effective personas.

Download your free guide to access a 13-point checklist you can use as a template for structuring your personas, plus learn the key questions you need to ask to check the quality of your personas.

The STP marketing model

The STP model is useful when creating marketing communications plans since it helps marketers to prioritize propositions and then develop and deliver personalized and relevant messages to engage with different audiences. The three-step funnel consists of market segmentation, market targeting, and product positioning.

Within your research-based market segmentation phase, you are aiming to identify a basis for the segmentation of your target customers, and determine important characteristics to differentiate each market segment.

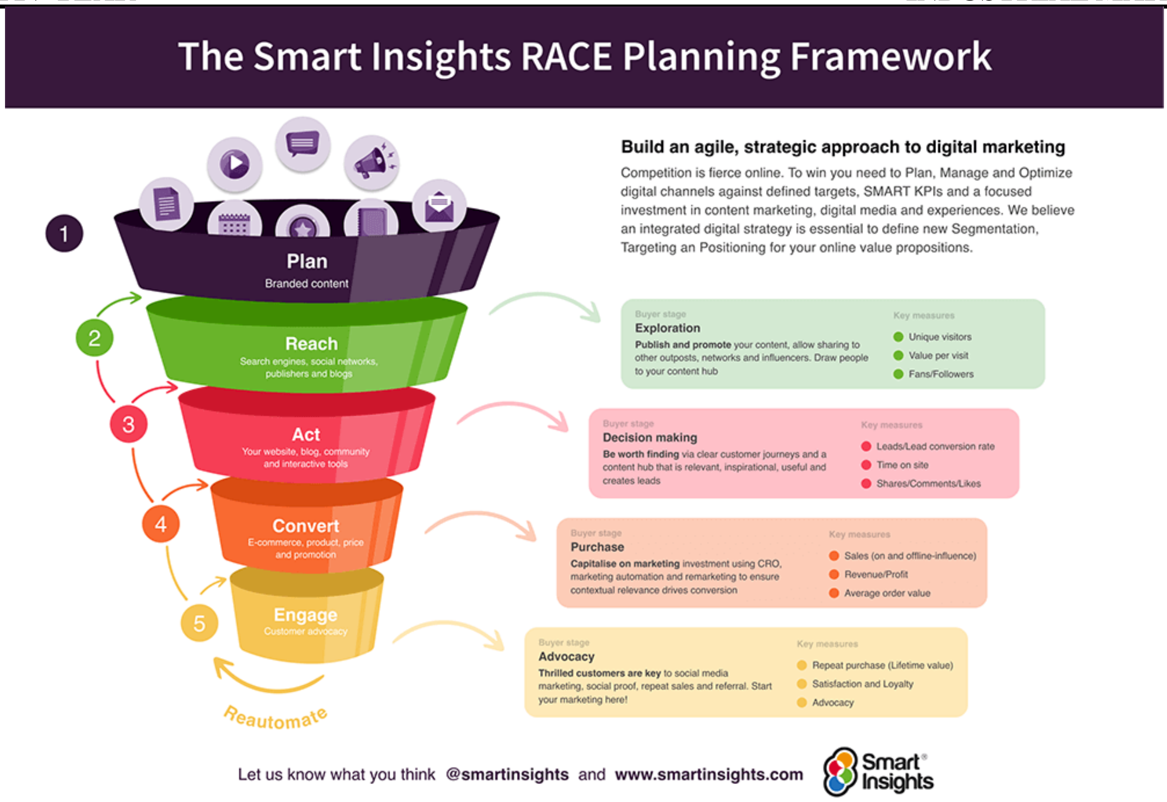
When creating your targeting and positioning strategy, you must evaluate the potential and commercial attractiveness of each segment, and then develop detailed product positioning for each selected segment, including a tailored marketing mix based on your knowledge of that segment.

STP marketing as a planning tool

Segmentation, targeting, and positioning is an audience-focused rather than product-focused approach to marketing communications, which helps deliver more relevant messages to commercially appealing audiences.

STP is a critical strategy and planning tool, featured in our RACE Planning Framework. RACE supports marketers, managers, and business owners to create a 90-day marketing plan across each stage of their marketing funnel.

So, while STP sits within the planning activities, the benefits of effective segmentation, targeting and positioning can be felt across the types of customers you reach, interact with, convert, and engage.

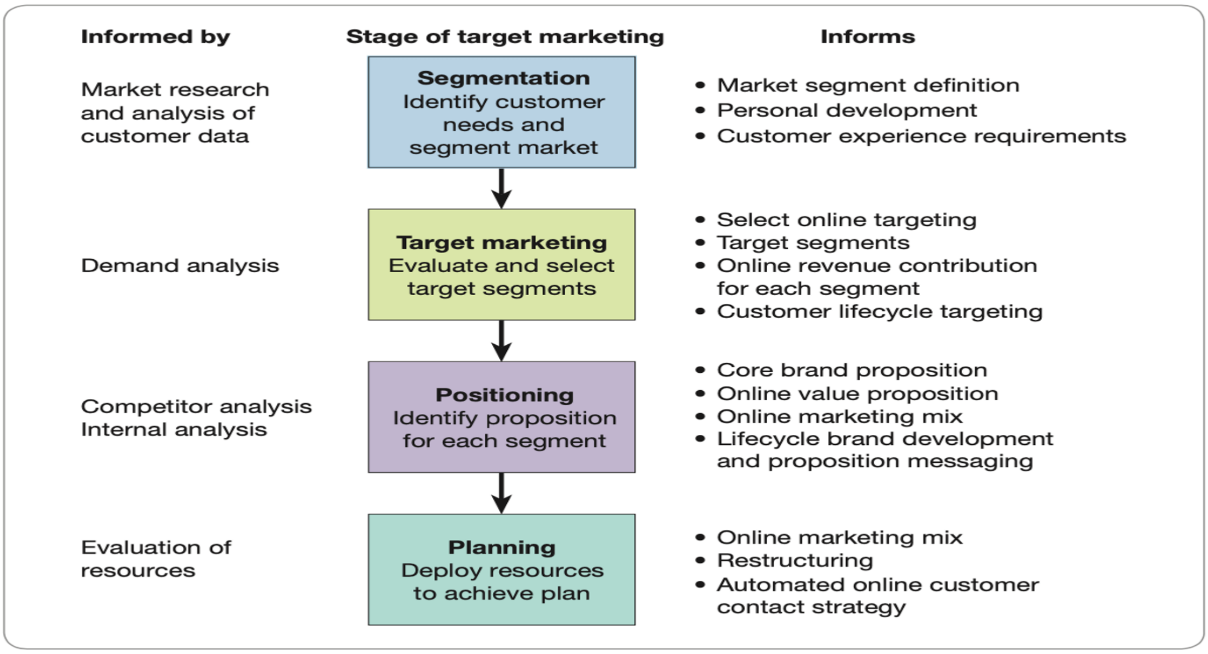


Applying Segmentation, Targeting and Positioning to digital communications

STP marketing is relevant to digital marketing too at a more tactical communications level. For example, applying marketing personas can help develop more relevant digital communications as shown by these alternative tactical email customer segmentation approaches.

This visual from Dave Chaffey of Smart Insights in his book *Digital Marketing: Strategy. Implementation* and practice shows how Segmentation, Targeting and Positioning apply to digital marketing strategy.

Figure 4.10 Stages in target marketing strategy development



It reminds us how digital channels offer new options for targeting audiences that weren't available previously, but we need to reserve sufficient budget for. For example:

- Search intent as searchers type keywords when comparing products they are interested in buying
- Interest-based targeting in Facebook, e.g. Prospecting for those interested in Gardening, Gym membership, or Golf
- Targeting through email personalization and on-site personalization based on profile, behavior (e.g. content consumed)

There are also new opportunities to make a brand more compelling through offering new types of value to consumers based on a digital value proposition or what Jay Baer has called Youtility. This can be via content or interactive tools on websites or mobile apps.

Business pricing: Price determinants, Pricing Decisions

Price still remains one of the most important elements determining company market share and profitability. Generally, prices were set by buyers and sellers negotiating with each other. Setting one price for all buyers is a relatively modern idea. Price is the only element in the marketing mix that produces revenue. Price is also one of the most flexible elements of the marketing mix. At the same time, pricing and price competition are the number-one problems faced by many marketing executives. Yet many companies do not handle pricing well. The most common mistakes are these: Pricing is too cost oriented; price is not revised often enough to capitalize on market changes; price is set independent of the rest of the marketing mix rather than as an intrinsic element of market-positioning strategy; and price is not varied enough for different product items, market segments, and purchase occasions.

Pricing Decisions in Industrial Marketing

Companies handle pricing in a variety of ways. In small companies, prices are often set by top management rather than by marketing or salespeople. In large companies, pricing is typically handled by division and production managers. Top management sets the general pricing objective and policies and often approves the prices proposed by lower levels of management. In industries where pricing is a key factor (aerospace, railroads, oil companies), companies will often establish a pricing department to set prices or assist others in determining appropriate prices. This department reports either to the marketing department, finance department, or top management. Others who exert an influence on pricing include sales managers, production managers, finance managers, and accountants.

Now let us examine three questions:

1. How should a price be set on a product or service for the first time?
2. How should the price be adapted over time and space to meet varying circumstances and opportunities?
3. When should the company initiate a price change, and how should it respond to a competitor's price change?

Setting the Price

Pricing is a problem when a firm has to set a price for the first time. This happens when the firm develops or acquires a new product, when it introduces its regular product into a new distribution channel or geographical area, and when it enters bids on new contract work. The firm must decide where to position its product on quality and price. A company can position its product in the middle of the market or at three levels above or three levels below the middle.

Selecting the Pricing Objective

The company first has to decide what it wants to accomplish with the particular product. If the company has selected its target market and market positioning carefully, then its marketing-mix strategy, including price, will be fairly straightforward. For example, if a recreational-vehicle company wants to produce a luxurious truck camper for affluent customers, this implies charging a high price. Thus pricing strategy is largely determined by the prior decision on market positioning.

At the same time, the company might pursue additional objectives. The clearer a firm's objectives, the easier it is to set price. Each possible price will have a different impact on such objectives as profits, sales revenue, and market share. A company can pursue any of six major objectives through its pricing.

1. Survival
2. Maximum Current Profit
3. Maximum Current Revenue
4. Maximum Sales Growth
5. Maximum Market Skimming
6. Product-Quality Leadership

Factors Affecting Price Sensitivity

The demand curve shows the market's purchase rate at alternative prices. It sums the reactions of many individuals who have different price sensitivities. The first step is to understand the factors that affect buyers' sensitivity. Nagle has identified nine factors:

1. **Unique-Value Effect**. Buyers are less price sensitive when the product is more unique.
2. **Substitute-Awareness Effect.** Buyers are less price sensitive they are less aware of substitutes.
3. **Difficult-Comparison Effect**. Buyers are less price sensitive with they cannot easily compare the quality of substitutes.

4. **Total-Expenditure Effect.** Buyers are less price sensitive the lower the expenditure is to their income.
5. **End-Benefit Effect.** Buyers are less price sensitive the lower the expenditure is to the total cost of the end product.
6. **Shared-Cost Effect**. Buyers are less price sensitive when part of the cost is borne by another parry.
7. **Sunk-Investment Effect.** Buyers are less price sensitive when the product is used in conjunction with assets previously bought.
8. **Price-Quality Effect.** Buyers are Jess price sensitive when the product is assumed to have more quality, prestige, or exclusiveness.
9. **Inventory Effect.** Buyers are less price sensitive when they cannot store the product.

Selection of Pricing Method

Given the three Cs–the customers demand schedule, the cost function, and competitors prices–the company is now ready to select a price. The price will be somewhere between one that is too low to produce a profit and one that is too high to produce any demand. Customers' assessment of unique product features in the company's offer establishes the ceiling price. Companies resolve the pricing issue by selecting a pricing method that includes one or more of these three considerations. The pricing methods will then lead to a specific price. We will examine the following price-setting methods: markup pricing, target-return pricing, perceived-value pricing, value pricing, going-rate pricing, and sealed-bid pricing.

1. **Markup Pricing.** The most elementary pricing method is to add a standard markup to the product's cost. Construction companies submit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers, accountants, and other professionals typically price by adding a standard markup to their costs. Some sellers tell their customers they will charge their cost plus a specified markup; for example, aerospace companies price this way to the government. Markups are generally higher on seasonal items (to cover the risk of not selling), specialty items, slower moving items, items with high storage and handling costs, and demand-inelastic items. Does the use of standard markups to set prices make logical sense? Generally, no. Any pricing method that ignores current demand, perceived value, and competition is not likely to lead to the optimal price.
2. **Target-Return Pricing.** The firm determines the price that would yield its target rate of return on investment (ROI). This pricing method is used by public utilities that are constrained to make a fair return on their investment.
3. **Perceived-Value Pricing.** Companies are basing their price on the product's perceived value. They see the buyers' perceptions of value, not the seller's cost, as the key to pricing. They use the non price variables in the marketing mix to build up perceived value in the buyers' minds. Price is set to capture the perceived value. The key to perceived-value pricing is to accurately determine the market's perception of the offer's value. Sellers with an inflated view of their offer's value will overprice their product. Sellers with an underestimated view will charge less than they could. Market research is needed to establish the market's perception of value as a guide to effective pricing.
4. **Value Pricing.** In recent years, several companies have adopted value pricing by which they charge a low price for a high-quality offering. Value pricing is not the same as perceived-value pricing. The latter is really a "more for more" pricing philosophy. It says that the

company should price at a level that captures what the buyer thinks the product is worth. Value pricing, on the other hand, says that the price should represent an extraordinary bargain for consumers. Value pricing is not a matter of simply setting lower prices on one's products compared to competitors. It is a matter of re-engineering the company's operations to truly become the low-cost producer without sacrificing quality, and to lower one's prices significantly in order to attract a large number of value-conscious customers.

5. **Going Rate Pricing.** In going-rate pricing, the firm bases its price largely on competitors prices with less attention paid to its own cost or demand. The firm might charge the same, more, or less than its major competitor(s). In oligopolistic industries that sell a commodity such as steel, paper, or fertilizer, firms normally charge the same price. The smaller firms "follow the leader." They change their prices when the market leader's prices change rather than when their own demand or cost changes. Some firms may charge a slight premium or slight discount, but they preserve the amount of difference. Going-rate pricing is quite popular. Where costs are difficult to measure or competitive response is uncertain, firms feel that the going price represents a good solution. The going price is thought to reflect the industry's collective wisdom as to the price that would yield a fair return and not jeopardize industrial harmony.
6. **Sealed Bid Pricing.** Competitive-oriented pricing is common where firms bid for jobs. The firm bases its price on expectations of how competitors will price rather than on a rigid relation to the firm's costs or demand. The firm wants to win the contract, and winning normally requires submitting a lower price than competitors. Yet the firm cannot set its price below a certain level. It cannot price below cost without worsening its position. On the other hand, the higher it sets its price above its costs, the lower its chance of getting the contract.

UNIT 5

Formulating Channel Strategies: Marketing Channel Participants

A marketing channel strategy is a plan for how a company will reach its customers through various marketing channels. This strategy includes selecting which channels to use, allocating resources to each channel, and setting goals.

Formulating the channel strategy in industrial marketing involves an analysis of conditions which have a bearing on the best choice among structural alternatives and on the relationship between them and the manufacturer which will be most productive. In general, the industrial marketer has a choice of three types of structural arrangements.

1. **Direct to users** – through the manufacturers own sales force, with or without a network of branch warehouses.
2. **Indirect to users** – through agents or wholesale distributors. The choice of an indirect channel system involves the choice of a selective (only one or a few outlets in each market area) or intensive (a number of outlets in each market area) relationship.
3. **Mixed structure** – the nature of the structural network differs with the segmentation of the market. One segment may buy the manufacturer's product in standard grades, while another may want special quality variations. While indirect distribution may be suitable for the former, direct distribution may be required for the latter.

Some conditions which influence the **choice of industrial channel structure** arise from the nature of the market; others are related to the peculiarities of the product; still others are linked to the character and situation of the firm itself.

1. **Is the market horizontal or vertical?** If a product can be sold only to the members of one or a few industries, and the number of firms in each industry is small, direct distribution is the most profitable method. A few salesmen will be needed to make direct contact with all probable users. Closer contact can be maintained with customers and prospective customers, and the sales are usually improved by this method. If, on the other hand, the market is horizontal and the product must be sold to buyers in many industries, the number of buyers is large, and the chances of economically reaching all or a large portion of them usually are enhanced by selling through distributors.
2. **Is the market potential large or small?** If the nature of the product is such that a substantial volume of sales is available in the average area served by a single salesman or branch warehouse, direct marketing may prove profitable. If, on the contrary, the probable volume of sales in a market area is small, the direct method may be too expensive.
3. **To what extent are the possible purchasers concentrated geographically?** The tendency toward localization of industry makes it possible to market direct to the user many industrial products whose small sales volume would preclude the possibility of selling direct, even to retailers, if they were consumer goods. If 70 or 80 percent of the total possible sales volume of a product is concentrated in one or two limited market areas direct marketing is viable.

In the past, it was common for purchasing officers in large firms to insist on buying direct in order to avoid paying the distributor's margin, and in the hope of getting quantity discounts. Many firms have streamlined purchasing by setting up continuing relations with selected suppliers with whom orders are placed by telephone, unpriced simplified purchase order, or even a tub-file inventory punched card. For this system to work, the purchasing officer must select one or two distributors and place all his orders with them. This increases the importance of the distributor as an outlet for the makers of many supplies, materials, and component parts. It also may be expected to decrease the effectiveness of the limited franchise arrangement, whereby the manufacturer markets through only one or two distributors in a market area. How far it will go and how long this method of buying will last are unanswered questions. To streamline the expensive order procedures the following points are to be considered.

- What is the gross profit margin?
- How volatile is the price?
- Must the product he installed?
- How much technical service does the product require in use?
- How important is quality?
- How bulky is the item?
- What kind of repair and maintenance service does the user need and how much?
- What is the firm's size and financial position?
- What are the seller's marketing objectives?

Six Types of Marketing Channel Strategies

1. Social Media

Social media is an essential part of any marketing channel strategy. With billions of users worldwide, platforms like Facebook, Twitter, and Instagram provide unparalleled reach for businesses of all sizes. Moreover, social media is a highly effective way to connect with potential and current customers. Through engaging content and targeted ads, businesses can build relationships with their audience and cost-effectively promote their products or services.

2. Email & Direct Mail

Email and direct mail both have advantages and disadvantages, so choosing the right one is essential for your business. Or use a combination of both.

Email is a fantastic way to reach a large audience quickly and easily. However, it can be challenging to stand out in a crowded inbox, and if you're part of a sales team looking for leads, you better have a rock-solid email template.

Craft store Michael's does a stellar job at creating eye-catching emails that offer their customers value. Their emails are the perfect blend of content and design and are filled with bright colors, easy-to-read text, product suggestions, and hefty coupons.

3. Search Engine Marketing

SEM is the process of using paid advertising to improve the visibility of a website on search engine results pages (SERPs). Through effective SEM, businesses can ensure that their website appears prominently in SERPs for relevant keywords, driving more traffic to their site.

The following is an example of search engine marketing at work when you type something like "sustainable shoes" into the Google search bar.

4. Direct To Consumer

Direct to Consumer (DTC) marketing allows companies to build stronger customer relationships by communicating directly with them. Not only does this provide companies with more control over their message, but it also allows them to gather valuable data about their customer's preferences and needs.

In the past, many companies would wholesale their products to a large retail store which would then markup the cost of their products to be sold to consumers. However, with the rise of digital media, many companies have turned to DTC marketing to reach their target audiences directly. You can use everything from SMS marketing and influencer partnerships to a solid social media presence to reach consumers and sell them products without the need for a middleman.

Retail/Ecommerce

Retail and ecommerce stores that sell their products are examples of the direct-to-consumer strategy. Online stores can implement various ecommerce marketing strategies to help boost sales, increase trust, and maximize customer lifetime value. Fashion Nova, for example, has created a massive online presence with 21.4m followers on Instagram thanks to their customer relationship-building efforts.

5. B2B

Business-to-business (B2B) describes commerce transactions between businesses, such as when a manufacturer sells component parts to a retailer. The key characteristics of B2B markets include high transaction value, formal contracts, multiple decision makers, and relationships between buyers and sellers. Because of these factors, B2B markets are often much more complex than business-to-consumer (B2C) markets.

Chip manufacturer for Apple products, Taiwan Semiconductors Manufacturing Co., has large contracts to fulfill a certain number of chips every year to Apple. According to Digitimes, TSMC is expected to bring in just over $17 billion from Apple in 2022.

Although B2B partnerships are typically harder to land due to the higher stakes and more stringent expectations, the payoff can be worth the extra effort. After all, a good B2B partnership can open up new doors, help you reach new markets, and boost your bottom line.

6. Partnership Marketing

Partnership marketing is a type of marketing that involves two or more parties working together to promote one business's products or services in a mutually beneficial way. Partnership marketing can take many different forms, including:

Public Relations

By supporting a good cause and building a PR plan, businesses can create a positive buzz around their products or services. For instance, Coca-Cola partnered with WWF in 2007 to help reduce the environmental impacts of their business by improving water efficiency, reducing carbon emissions, growing sugarcane more sustainably, and more. This helps improve the overall public image of the company while also contributing to a good cause.

Affiliates

By partnering with affiliates, or people who promote your products or services in exchange for a commission, you can reach new customers and grow your business. Affiliates can be effective because they're often passionate about your products or services and have a built-in audience they can reach. Transferwise, now known as "Wise," grew its affiliate channel by 15-20% month-over-month by partnering with a high-quality affiliate platform that provides clear reporting, partnership opportunities, and granular analytics.

Ambassadors
Ambassadors are similar to affiliates because they are motivated to share a brand's products with their followers. Ambassadors aren't typically paid on a commission basis. Ambassador agreements can range widely in size and scope. From Tiger Woods being an ambassador for Rolex to micro-influencers receiving discounts to shop at their favorite clothing brand in exchange for a shout-out.

Physical Distribution and Customer Service

In industrial marketing, physical distribution and customer service are critical components that ensure the delivery of products to customers efficiently and support long-term relationships. A well-planned distribution system coupled with robust customer service can provide a competitive advantage, enhance customer satisfaction, and foster loyalty.

Physical distribution involves all the activities related to the movement of products from the manufacturer to the industrial buyer or end-user. It includes transportation, warehousing, inventory management, order processing, and logistics coordination.

Key Elements of Physical Distribution:

1. **Order Processing:** Refers to the receipt, preparation, and delivery of customer orders. Components include order entry, invoicing, and communication with customers. Ensuring accuracy and timeliness in order processing reduces errors and builds trust.
2. **Inventory Management:** Balances stock availability to meet customer demands without overstocking or understocking. Techniques such as Just-In-Time (JIT) and Economic Order Quantity (EOQ) help optimize inventory levels.
3. **Transportation:** Ensures goods are delivered to customers in a timely and cost-effective manner. Includes decisions on transport modes (road, rail, air, sea) based on cost, urgency, and product characteristics.
4. **Warehousing:** Involves storing goods until they are required for distribution. Strategic location of warehouses reduces transit time and enhances delivery speed. Includes processes like consolidation, sorting, and break-bulking.
5. **Logistics Coordination:** Integrates all aspects of physical distribution for efficient delivery. Requires seamless communication and technology tools such as warehouse management systems (WMS) and transportation management systems (TMS).

Objectives of Physical Distribution:

- Deliver the right product, in the right quantity, at the right place, at the right time, and at the lowest possible cost.
- Minimize disruptions in supply chain operations.
- Enhance customer satisfaction and service quality.

Challenges in Physical Distribution:

- Rising transportation and fuel costs.
- Handling of bulk, fragile, or hazardous materials.
- Adapting to changing customer demands and delivery expectations.
- Managing disruptions such as supply chain delays or geopolitical factors.

Customer Service in Industrial Marketing

Customer service refers to the support provided to industrial buyers before, during, and after the purchase of goods. In industrial markets, customer service often involves technical expertise, prompt issue resolution, and tailored services.

Importance of Customer Service:

- Builds trust and long-term relationships.
- Enhances the overall value proposition of the product.
- Improves brand loyalty and repeat business.
- Helps resolve issues and manage customer expectations effectively.

Components of Customer Service:

1. **Pre-Sales Support:** Includes product demonstrations, technical advice, and assistance in product selection. Customizing solutions to meet specific industrial requirements.
2. **Order Fulfillment:** Ensuring timely delivery of products with minimal disruptions. Providing real-time updates and accurate shipment tracking.
3. **Post-Sales Support:** Services such as installation, maintenance, repair, and spare parts supply. Training customers on product usage or processes to maximize efficiency.
4. **Issue Resolution:** Prompt handling of complaints, returns, or warranty claims. Dedicated customer service teams to address industrial client needs.
5. **Feedback Mechanisms:** Regularly collecting feedback to identify areas for improvement. Using feedback to improve product quality and service offerings.

Strategies for Optimizing Physical Distribution and Customer Service

1. **Adopting Technology:** Use advanced software systems like ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) for seamless coordination. Leverage GPS tracking, IoT devices, and data analytics to optimize logistics and improve service levels.
2. **Collaborative Planning:** Engage with customers to forecast demand and plan distribution accordingly. Align with suppliers and distributors for smoother operations.
3. **Developing Robust Networks:** Build a network of warehouses and distribution centers strategically located near key industrial markets. Collaborate with reliable logistics partners for enhanced delivery capabilities.
4. **Enhancing Flexibility:** Offer customized delivery options, such as express or bulk shipment. Maintain contingency plans to address emergencies or disruptions.
5. **Continuous Improvement:** Use performance metrics such as on-time delivery rate, customer satisfaction scores, and return rates to monitor and refine processes.

Formulating and Marketing Communication Personal Selling

The industrial products are technical in nature that have very few buyers compared to the consumer products. This makes the industrial marketers to change their promotional strategy for industrial goods and services. The **promotional mix used by the industrial marketer** consists of advertising, sales promotion, publicity, public relations, personal selling and direct marketing. These tools help them to build awareness, develop company image, inform about the product features thus assisting the company sales force and other intermediaries to increase their sales. Of all the promotional mix, personal selling is the most important because industrial products are technical in nature and they involve lot of direct interactions by the company people with the industrial customers. However, all the elements of promotional mix needs to be well integrated with personal selling with proper coordination in order to develop an **effective industrial marketing communication strategy**.

Any **industrial communication** or promotion program in order to be effective has to follow certain steps. The various steps that are involved for effective industrial marketing communication program are as given below.

Establishing the objectives of communication: The objectives of industrial marketing communication or industrial promotion are derived from the marketing objectives and entire company's objectives. This calls for the marketer to collect varied data from the market regarding the present awareness levels about the company and its products, the attitudes of the target customers and their buying action. The availability of such data is prerequisite for the industrial marketers to set their communication goals. Accordingly, the marketers have to increase the awareness levels, develop favorable attitude and bring in a strong desire among the customers to buy their products. All this requires the use of combination of communication media. For instance, if the objective of the organization is to enter a new market and create product awareness, it would be apt to advertise in any magazine or journal, while to inform about distinct product features that has an advantage over the competitor's, it would be ideal to go for personal selling by meeting the customers directly.

Identifying the target audience: The target market can be identified by segmenting the target market and then identifying the buying organization. Then their awareness, attitudes and buying factors need to be identified where their opinion about the company, its products, its competitors are known. This helps the company to change itself accordingly and keep up-to the expectations of its target audience. Such information is generally obtained by carrying out a research study.

Determining the promotional budget: This is the most difficult task for any industrial organization as how much budget it should allocate for promotional activities. There are different methods that are followed by different companies as per their individual policies and convenience. Some of the common methods that are generally used by the industrial marketers are:

- **Affordable method:** The budgets are set as per the affordability of the company. This has the disadvantage that promotional budget is not considered as an investment that would impact the sales volume.
- **Percentage of sales method:** Most of industrial marketers use this method where based on the sales figure of previous year or the budgeted current year sales, a certain percentage of it is fixed as promotion budget.
- **Competitive parity method:** In this method, the industrial marketer is influenced by the competitor and spends the same percentage of sales as promotion as spent by the competitor i.e., maintaining parity with the competitor.
- **Objective and task method:** In this method, the industrial marketer defines the promotional objectives and determines the tasks to be performed to achieve those objectives and estimates the cost of performing such tasks. The total of these costs form the promotional budget.

Developing message strategy: Message strategy is developed by creating rational appeal rather than moral or emotional appeal that are used in consumer goods. This is developed by conducting a market survey to find out the satisfaction needs sought by target audience. As the industrial buyers are knowledgeable, the message should focus on the benefits to the customer rather than on the product features.

Advertising	Sales promotion	Public Relations and Publicity	Direct Marketing	Personal selling
Newspapers, magazines, journals, television Directories, hoardings, billboards, trade publications	Exhibitions, Fairs, Trade shows, Seminars, Promotional letters, Entertainment, gifts, contests, sponsorships	Corporate Social responsibility activities like community development programs, donations Press releases	e-mails, postal mails, telemarketing, message on mobiles (SMS), internet	Product presentations by company sales force, sales calls, relationship marketing

Different media available for the industrial marketers

Media selection: This depends on the kind of target audience to be reached, the budget available and the objective of the industrial marketing communication. With different promotional tools available like advertising, sales promotion, public relations and publicity, direct marketing and personal selling, the industrial marketer should make an ideal choice to select the media that would enhance his product sales.

Evaluating the promotion: The various promotional activities carried out by the industrial marketer are evaluated by measuring the difference in awareness levels, the attitude, and the actual purchases of the target audience. The difference before and after the implementation of the promotional plan is identified. This involves carrying out research study to find out the changes in the levels of awareness, attitude and buying action of the target audience.

Integrating promotional program: The industrial marketer has to integrate the various industrial marketing communication tools so that the communication plans of the company are clear, consistent and cost effective. This calls for conducting training programs for the people handling the various communication tools.

Personal Selling in Industrial Marketing

Personal selling is one of the oldest forms of promotion. It involves the use of a sales force who orally communicates about the company's products or services to the potential buyers with an intention to make a sale. **Personal selling** is the primary demand stimulating force in the industrial marketer's promotional mix. Its role is very dominant in industrial markets because of less number of potential customers present compared to the consumer markets and the large amount of money purchases involved. As the cost per sale through personal selling is too high, industrial marketers have to carefully manage and integrate **personal selling** into organization's marketing mix. This will also lead to maximize its effectiveness and efficiency. The job of **personal selling** starts after determining the target segment in the organization's market. The sales force in most of the industrial organizations follow the "systems selling" approach where they recognize the entire problems faced by their buyers and offer them total solutions rather than just selling the product. This is advantageous to the industrial buyers as all their problems are solved in a single go by one party who would take the responsibility if anything goes wrong. The industrial marketers too have competitive advantage by adopting this strategy. **Personal Selling Process**

There are different steps that are involved in a selling process and the salesperson has a significant role to play in each of the steps. It is the role of the salesperson that helps the organization to increase its sale and reach its objectives. It therefore becomes important to understand their role during each of the steps in order to further enhance their performance and clinch any deal successfully.

1. **Prospecting:** Prospecting is the first step in the sales process that refers to identifying a list of potential organizational buyers. There are various sources from which salespeople get the list of prospective buyers. Some of the sources include referrals, directories, commercially-available databases or mail lists, company sales records and in-house databases, public records, trade shows, and a wide variety of other sources. The salespeople have to systematically structure the prospecting activities in order to identify only those potential customers who fit the profile and have genuine interest to buy the product or service.
2. **Communicating:** This step involves the sales professionals communicating with the organizational buyers and trying to understand their current needs, their current use of products, identifying key decision makers among the buyers, planning and creating a sales presentation to address the identified and likely concerns of the prospect, and setting call objectives. During this phase, the sales people also develop a preliminary overall strategy for the sales process keeping in mind that the strategy may have to be refined as they learn more about their prospects.
3. **Handling Objections:** The course of objection handling includes the prospective buyers holding, inspecting or testing the product directly. The product is demonstrated by the sales people by means of audio visual presentations such as slide presentations or product videos. It should be the endeavor of the sales person to let the prospect do most of the talking during the presentation. Their responsibility should be restricted to address the needs of the organizational buyers as far as possible. They should have the ability to convince them by showing that they truly understand them and care about their needs.
4. **Selling:** Selling is the process of delivering the products or services to the customer's satisfaction and receiving the payment after adequately addressing any of their final objections or obstacles. Many sales people are weak and hesitate or lack the confidence to ask for the order. They should know that closing does not involve literally asking for order. They can ask some related questions like what color the buyers like, which model or size they would prefer, when they would like the delivery to happen or what they

would lose if they do not place the order now. Depending upon the situation, the salesperson also offers discounts, credit facility to induce the buyer.

5. **Servicing:** The industrial marketers should provide their customers with efficient service from the point of sale till the goods are delivered and also after the post-sale. Many of the salespeople often overlook the servicing/follow-up aspect which is a very important part of the selling process. It helps to maintain a good and long term relationship with customers and gives supplementary revenue to the organization. After an order is received, it is in the best interest of everyone involved that the salesperson should follow up with the prospect. This ensures that the product was received by the customer in good condition, at right time, with proper installation and at the place as required by the customer. It also ensures whether adequate training on product usage was given to the customer before they handle the delivered product/equipment. The salesperson should confirm through the follow-up whether the entire process was acceptable to the customer. This is a critical step in creating customer satisfaction and building long-term relationships with customers.

If the customer experiences any problems during the process, the sales professionals should take the responsibility to intervene and become the advocate of customers to ensure their satisfaction. This has the probability of leading to new needs, additional purchases, and also referrals and testimonials which can be used as sales tools.

Advertising in industrial marketing

Advertising is the most preferred promotional tool in the consumer market rather than in the industrial market. It is preferred less by the industrial marketers compared to personal selling as they get to meet the customers personally and understand their needs better in personal selling. But still advertising is used to a good extent by the industrial marketers to assist their sales force and intermediaries to generate more leads. **Advertising plays an important role in industrial marketing strategy** by supporting and supplementing personal selling efforts. The advertising budget for industrial goods is far less compared to that of consumer goods. But, to have an increased efficiency and effectiveness of the overall marketing strategy, industrial marketer should have an integrated and well planned advertisement strategy that blends properly with personal selling efforts. Before understanding **the role of advertising in industrial marketing**, we must be aware that there are certain forces that shape and influence organizational buying decisions. Industrial purchasing decisions are typically joint decisions that insist an industrial marketer to focus on all the individuals involved for a particular purchase. Studies have also shown that an industrial salesperson does not reach even six to seven out of ten purchase decision influencers. In such cases, advertisement that becomes the only means of communicating fills the gap by reaching important buying influencers who are sometimes inaccessible to the industrial sales force. It facilitates the company by enhancing its brand image, increase the salesperson's opportunity to create a sale.

Objectives of Industrial Advertising

Any industrial marketer uses advertising as a promotional tool as it performs so many functions that help him to achieve the following objectives:

1. **Create awareness:** The industrial advertising creates awareness about a supplier or his products to the potential industrial buyers who are unaware about the availability of their products in the industrial markets.

2. **Reaching inaccessible places:** There are places that are not reachable by the company sales force and there are important decision makers for purchase of industrial products who cannot be met by the sales force. These places could be reached easily through advertising. Thus, advertising in trade journals, business magazines that are read by R&D Managers, engineers help the companies to reach their target audience.
3. **Improve sales:** Advertising helps salespersons to improve their sales by increasing their sales efficiency and effectiveness as people are already aware of their company, products, etc.
4. **Reduce cost:** A single advertising reaches a vast number of people that comes out cheaper than a single salesperson meeting so many people personally and explaining them in details about the company's products. Thus, advertising not only reduces cost but also saves time of the company.

Besides above, some other objectives of advertising are to provide relevant information to the potential buyers, influence their attitudes, remind them about a product or a company, support and motivate the distribution channel members and sales agents.

Effectiveness of Industrial Advertising

The evaluation of industrial advertising is a very complex task. Its effectiveness is measured by evaluating its performance against the advertising objectives. Advertising is said to be effective if its objectives are reached with the given amount of budget specified for it. For instance, when a product is sold solely depending on the advertising, then the effectiveness of advertising is determined by comparing the cost of advertising with the volume of sales generated. Similarly, when the objective is to generate new leads, then the number of queries received forms the basis for evaluating advertisement effectiveness. For example, the advertising cost effectiveness for a business publication is measured by using the formula:

Cost per thousand = Cost per page / Circulation in thousand

There are certain areas which need to be measured in order to evaluate advertising effectively. They include measuring the target markets where the advertising is aimed and the extent to which the advertising succeeded in reaching the target markets, measuring the motives of target audience before and after advertising, measuring the extent to which the advertising message is registered, and measuring the extent to which different media succeeded in reaching the target market with the given message. Knowledge, recall, awareness, preference, recognition etc., are some other specific types of evaluations required to measure the advertising effectiveness.

Limitations of Industrial Advertising

Though advertising is assisting the industrial marketers to reach their goals in effective way, there are certain limitations of industrial advertising. The industrial marketers have to be aware of such limitations as it would help them to utilize the benefits of advertising to its maximum even within the given limits.

The limitations of industrial advertising are:

- Industrial advertising cannot substitute personal selling but it can definitely support, supplement and complement that effort.
- Advertising can and should be used only for creating awareness and providing information. Its purpose would be lost and the cost increases if it tries to give all the details. Providing exhaustive information, objection handling, convincing and converting a prospect into a customer that consumes lot of time should be allowed to be handled by the direct sales force team.

- Advertising cannot create any product preference as this requires live demonstration with explanation.
- Advertising cannot achieve the task of creating conviction and purchase. Such tasks are achieved by personal selling.

Sales Promotion in industrial marketing

Sales promotion is an activity used by the industrial marketer to boost the immediate sales of a product or service. It is used to increase the sales by impressing the customers, rewarding them and also motivating the sales force to get more business. There are different **techniques used in a industrial sales promotion activity** like a free-sample campaign, offering free gifts, arranging demonstrations or exhibitions, organizing competitions with attractive prizes, temporary price reductions, door-to-door calling, telemarketing, using personal letters, etc.

More than any other element of the promotional mix, sales promotion is about "action". It is about stimulating customers to buy a product. It is not designed to be informative — a role which advertising is much better suited to.

Need for Sales Promotion in Industrial Marketing

- To introduce a new product in the market.
- To influence the public with the help of new uses of the product.
- To increase the frequency of purchase by each buyer.
- To encourage dealers to stock more goods.
- To withstand in the competitive field.
- To increase the sales by imparting special training to salesmen and by window display.

Sales Promotion Methods in Industrial Marketing

There are many sales promotional methods available for industrial marketers. Some of the techniques they can use are as follows:

Trade Shows (or Exhibitions)

Trade shows present the manufacturers an occasion to exhibit and demonstrate their products to a large number of customers in a short period of time. They are the second most important promotional activity for industrial marketers after personal selling. Trade shows are generally organized by trade associations annually at a particular location or at some exhibitions where in companies lease some space to display and demonstrate their products to the potential customers.

Trade shows offers several advantages for industrial marketers like:

- One-to-one contact with the potential buyers and existing customers that increases the awareness on company and its products
- Occasion to sell the products to the customer directly where no intermediaries are involved
- Building database of prospective customers
- Building goodwill and relationship with the potential buyers
- Demonstrating non-portable (bulky) equipment that is otherwise difficult to take to each prospect
- Discovering new and innovative products of competitors
- Opportunity to get new product ideas due to customer interactions
- A good break for the newly joined salespersons who get on the job training by interacting with varied customers
- Generating leads for new business

There are certain disadvantages also with trade shows like:

- It is one of the expensive form of promotion
- It is very difficult to identify the potential customer among the huge audience visiting the exhibition
- Pulling/attracting the customers to visit one place is very difficult

Catalogs

Catalogs are the printed form of direct marketing promotional tools used by industrial marketers to provide information about their products especially if they have long product lines with different shapes, sizes or other features. The company sales force meets the potential buyers and explains the product features by offering catalogs. Based on the different catalogs collected from different suppliers, a potential buyer compares the features of different products and seeks quotations from the supplier who provides best quality product at economical price. Hence, a catalog should try to provide all the relevant information that a buyer is seeking from the company about a particular product (specific catalog) or all the products in general (general catalog). A catalog commonly contains information like product specifications, performance data, service requirements, application of products, illustrations and drawings, etc.

Samples

Samples are the free or charged offerings given to the prospective buyers as a part of product development program. Samples are used mostly to make an entry in the prospective customer's place. Eg. A medical representative offering a sample of tablets to the doctor that can be distributed to the needy patients.

There are various ways in which a sample can be distributed. A promotional literature can be sent through post, anti-virus software is offered free through Internet, free shampoo sachets are offered through dealers when some product is purchased, cars are offered for a test drive when personal visits are made to a dealer. Sometimes samples are charged by the suppliers to ensure that customers really test them and also to control the huge costs involved in offering them free.

Samples have a chance of being misused or taken away by the salesperson and "sample hounds" who are not genuine prospects for the products. Sometimes samples cannot be distributed because of the cost involved, weight, bulkiness, toxicity and intricate design.

Promotional Letters

This is one of the effective form of promotion where in personalized letters are sent to individual customers along with catalogs and coupons giving technical specifications about an existing or new products which are to be launched. Letters to customers at regular periods is a good way of keeping in touch with them particularly in case of products that are purchased infrequently. The cost of promotional letter is very less compared to the personal visits made by the sales force and it also receives good attention. Since good correspondence and writing skills are the requisite for this, there should be special correspondence section who can take advise from salesperson regarding the kind of letters to be sent and to whom it should be addressed.

Sales Contests

There are various sales contests that are held by different industrial organizations in order to boost the morale of their employees and other intermediaries. Depending on the amount of sales generated, employees and dealers are offered incentives in the form of cash prizes, gifts or foreign trips.

Seminars

Seminars are conducted by the industrial marketers by making audio-visual presentation through the technical experts of the company. The seminar is followed by a question and answer session for the benefit of buying organizations where technical information is provided to them relating to their nature of activity. This helps in creating a favorable image about the company and also to establish new contacts with various technical people from the buying organization.

Promotional Novelties

These are the small gift items given by the company to existing and potential customers with their company name and logo printed on it. The common promotional novelties include diaries, key chains, calendars, pens, bags etc. Promotional novelties should be generally inexpensive, unusual and eye-catching, useful to the customers and have multiple impacts. Promotional novelties are offered according to the type of customers – costly for senior management, medium for middle management and low cost for junior management positions.

Publicity in industrial marketing

When any significant news about a product is made known to the people through a published medium like radio, television, newspaper or otherwise, such kind of act is known is publicity. **Publicity** has very high credibility in the eyes of organizational buyers as the sponsor does not pay anything for publicity and it is not a part of any promotional program. It is the least costly promotional alternative available for the company that is very effective. **Publicity** helps to generate sales leads and improves relationship with customers. Technical articles published in trade journals about a company or products with the identity of authors (such articles are called as signed articles) improve the image of the company and the products. They form as a good source of information for customers.

Though **publicity** is free, there are some associated costs attached to it. The costs incurred are for reasons like obtaining space in the journal or magazine for writing an article, preparing the matter (through professional writers, proof reading, taking approvals by sending to Head Office, etc) for news release and arranging for it to be placed in the right magazine by contacting the respective editors. But compared to other promotional tools, the costs incurred are very less. Hence, publicity should be well integrated with other promotional tools in order to have effective industrial marketing communication.

Public Relations in industrial marketing

Public Relations Department is located at the top level of the company and it deals with every body i.e. customers, suppliers, shareholder, employees, legislators, government and press. And the important job of this department is to maintain relations with people and build a good image about the company in their eyes (e.g. if any new product is launched by any company, the MD or Chairman calls for a press conference and explains about the product and its features and release in the market)

Public Relations is much broader in scope than publicity. It comprises of a range of programs that are planned to promote a good image about a company or its individual products.