

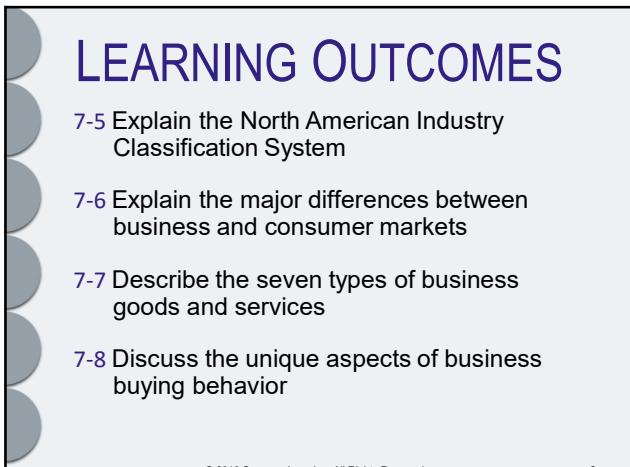
The image shows the front cover of a book titled "Chapter 7 Business Marketing". The cover is white with a dark brown leather-like texture on the right side. On the left, the title is printed in a large, dark blue font. Below the title, the text "MKTG10" and "Lamb, Hair, and McDaniel" is printed in a smaller, dark blue font. The right side of the cover features a close-up photograph of a dark brown leather briefcase or folder with a zipper and some papers inside. The number "1" is in the bottom left corner, and the copyright notice "© 2016 Cengage Learning. All Rights Reserved." is in the bottom right corner.

LEARNING OUTCOMES

- 7-1 Describe business marketing
- 7-2 Describe trends in B-to-B Internet marketing
- 7-3 Discuss the role of relationship marketing and strategic alliances in business marketing
- 7-4 Identify the four major categories of business market customers

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The image shows a section titled "LEARNING OUTCOMES" with a list of eight numbered outcomes. The outcomes are: 7-5 Explain the North American Industry Classification System; 7-6 Explain the major differences between business and consumer markets; 7-7 Describe the seven types of business goods and services; and 7-8 Discuss the unique aspects of business buying behavior. The number "3" is in the bottom right corner, and the copyright notice "© 2016 Cengage Learning. All Rights Reserved." is in the bottom left corner.

7-1

What Is Business Marketing?

Describe business marketing

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What Is Business Marketing?

The marketing of goods and services to individuals and organizations for purposes other than personal consumption.

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Business Products

- Are used to manufacture other products
- Facilitate an organization's operations
- Are resold to other customers

The key is intended use.

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7-2

Trends in B-to-B Internet Marketing

Describe trends in B-to-B Internet marketing

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Trends in B-to-B Internet Marketing

- Over the past decade, marketers have become more and more sophisticated in their use of the Internet
- Social media usage has been the most pervasive B-to-B and B-to-C marketing trend of the past five years

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Trends in B-to-B Internet Marketing

- Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content
- As platforms such as mobile and streaming video grow, marketers must develop new ways to measure campaign effectiveness

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7-3

Relationship Marketing and Strategic Alliances

Discuss the role of relationship marketing and strategic alliances in business marketing

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Relationship Marketing

- Relationship marketing has become an important business marketing strategy as customers have become more demanding and competition has become more intense
- Building long-term relationships with customers offers a way to build competitive advantage

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Strategic Alliances

- Licensing or distribution agreements
- Joint ventures
- Research and development consortia
- Partnerships

Alliances succeed with relationship commitment and trust.

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Relationships in Other Cultures

Keiretsu relationships are highly integrated. Companies:

- Have executives sitting on each others' boards
- Maintain dedicated trade efforts
- Utilize joint development, finance, and marketing

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7-4

Major Categories of Business Customers

Identify the four major categories of business market customers

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Major Categories of Business Customers

Producers

- OEMs

Resellers

- Wholesalers
- Retailers

Governments

- Federal
- State
- Local

Institutions

• Schools	• Hospitals	• Colleges
• Churches	• Unions	• Fraternal
• Civic Clubs	• Foundations	groups
• Nonbusiness organizations		

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7-5

North American Industry Classification System

Explain the North American Industry Classification System

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North American Industry Classification System (NAICS)

A detailed numbering system developed by the U.S., Canada, and Mexico to classify North American business establishments by their main production processes.

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Example of NAICS Hierarchy

NAICS Level	Sector	Subsector	Industry Group	Industry	Industry Subdivision
NAICS Code	51	513	5133	51332	513321
Description	Information	Broadcasting and telecoms	Telecoms	Wireless telecoms carriers, except satellite	Paging

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NAICS

- Provides a common industry classification system
- Valuable tool for marketers in analyzing, segmenting, and targeting markets
- Data can be used to determine:
 - Number, size, and geographic dispersion of firms
 - Market potential / market share estimates
 - Sales forecasts
 - New customer identification

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7-6

Business versus Consumer Markets

Explain the major differences between business and consumer markets

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Business versus Consumer Markets

Characteristic	Business Market	Consumer Market
Demand	Organizational	Individual
Volume	Larger	Smaller
# of Customers	Fewer	Many
Location	Concentrated	Dispersed
Distribution	More Direct	More Indirect
Nature of Buying	More Professional	More Personal
Buy Influence	Multiple	Single
Negotiations	More Complex	Simpler
Reciprocity	Yes	No
Leasing	Greater	Lesser
Promotion	Personal Selling	Advertising

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Demand in Business Markets

Demand is...	Description
Derived	Demand for business products results from demand for consumer products.
Inelastic	A change in price will not significantly affect the demand for product.
Joint	Multiple items are used together in final product. Demand for one item affects all.
Fluctuating	Demand for business products is more volatile than for consumer products.

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7-7

Types of Business Products

Describe the seven types of business goods and services

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Types of Business Products

Major Equipment
Accessory Equipment
Raw Materials
Component Parts
Processed Materials
Supplies
Business Services

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Types of Business Goods and Services

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7-8

Business Buying Behavior

Discuss the unique aspects
of business buying
behavior

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Business Buying Behavior

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Buying Centers

All those people in an organization who become involved in the purchase decision.

- Number of people involved varies with each purchase decision
- Buying centers do not appear on formal organization charts

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Roles in Buying Centers



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Evaluative Criteria

- **Quality**
- **Service**
- **Price**

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Buying Situations

New Buy	A situation requiring the purchase of a product for the first time.
Modified Rebuy	A situation where the purchaser wants some change in the original good or service.
Straight Rebuy	A situation in which the purchaser reorders the same goods or services without looking for new information or investigating other suppliers.

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Business Ethics

Although we have heard a lot about corporate misbehavior in recent years, most people, and most companies, follow ethical practices.

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Customer Service

- ◆ Divide customers into groups based on their value.
- ◆ Create policies that govern how service will be allocated among groups.

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Chapter 7 Video

Zappos

Zappos gives away information about making organizational culture work for employees and the company. The program, Insights, offers companies assistance in building strong cultures around core values in a variety of ways, starting with free tours. Despite seeming like this would give away valuable competitive information, Zappos is expanding this service to help other companies deliver happiness to their customers.

[CLICK TO PLAY VIDEO](#)

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