

## Chapter 7 Business Marketing

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## 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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## LEARNING OUTCOMES

- 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
- 7-8 Discuss the unique aspects of business buying behavior

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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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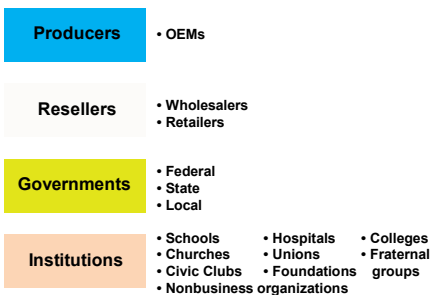
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## Major Categories of Business Customers

**Identify the four major  
categories of business  
market customers**

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## Major Categories of Business Customers



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

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## Demand in Business Markets

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

Aluminum ore is a raw material.

Extruded metal is a processed material.

An extruding machine is major equipment.

A tool cart is accessory equipment.

Propeller blade is a component part.

Paper is a supply.

Uniforms are often a contracted service.

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## 7-8 Business Buying Behavior

Discuss the unique aspects of business buying behavior

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## Business Buying Behavior

Aspects of Business Buying Behavior

- Buying Centers
- Evaluative Criteria
- Buying Situations
- Business Ethics
- Customer Service

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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

<b>New Buy</b>	A situation requiring the purchase of a product for the first time.
<b>Modified Rebuy</b>	A situation where the purchaser wants some change in the original good or service.
<b>Straight Rebuy</b>	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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