

Chapter 7
Business Marketing

MKTG9
Lamb, Hair, and McDaniel

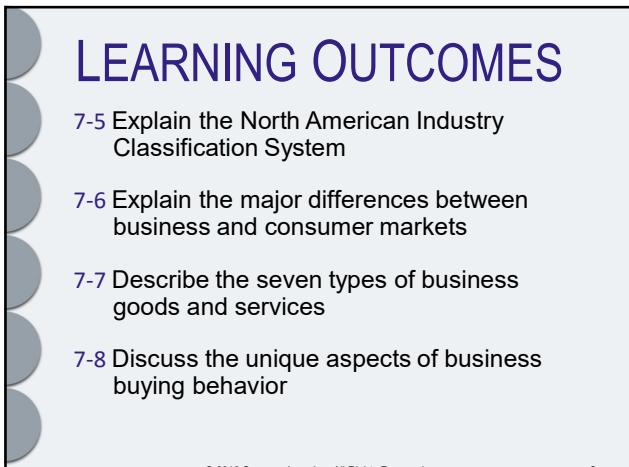
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LEARNING OUTCOMES

- 7-1 Describe business marketing
- 7-2 Describe the role of the Internet in business 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

Business Marketing on the Internet

Describe the role of the Internet in business marketing

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Business-to-Business Electronic Commerce

The use of the Internet to facilitate the exchange of goods, services, and information between organizations.

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Business-to-Business and Social Media

- B-to-B marketers are behind their B-to-C counterparts in social media adoption.
- Many B-to-B marketers are experimenting with how to use social media to build successful relationships with business customers.
- Some companies are using social media listening tools to determine strategic topics to include in newsletters and videos.

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Measuring Online Success

Stickiness

A measure of a Web site's effectiveness; calculated by multiplying the frequency of visits by the duration of a visit by the number of pages viewed during each visit.

$$\text{Stickiness} = \text{Frequency} \times \text{Duration} \times \text{Site Reach}$$

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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

- Loyal customers are more profitable than price-sensitive customers with little brand loyalty.
- Long-term relationships build competitive advantage.

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Strategic Alliances

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

Alliances succeed with 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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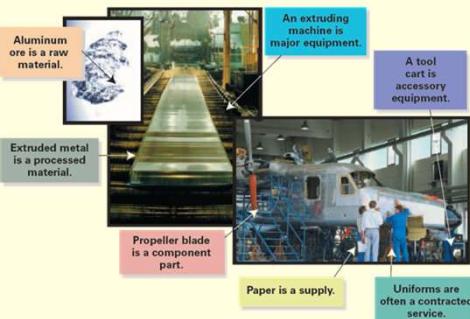
Types of Business Products

- 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

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

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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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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