

# Industrial Marketing

## **Specification requirement— Methods of Business-to-business sales and marketing Comparisons with consumer marketing.**

Industrial marketing involves the sale of goods by one business to other businesses. Typically it is the marketing of goods and services to business organisations for use in the manufacture of their products or in the operation of their businesses. Industrial Marketing is also known as Business-to-Business Marketing (B2B Marketing).

Goods involved in Industrial marketing are quite diverse in nature, for example B2B selling can involve raw materials and energy supplies, such as gas, electricity, steel and other metals. Components, such as circuit boards and computer chips, and even services such as banking, logistics, and accounting services.

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has a direct impact on these firms profitabil-

ity.

With industrial products the seller is not now focused on appealing to the mass market (as with consumer products), but is instead looking to appeal to a much smaller number of specialist buyers. For example the target market may be a fashion buyer working for ASDA looking to buy 10,000 yards of fleece to use to make sweatshirts and jackets, or a purchasing Director employed by Dyson, requiring brushes for 50,000 vacuum cleaners.

Although Industrial marketing has then obvious differences from the selling of consumer goods, the basics of industrial marketing are still based on the 4P's, and the seller must still consider competition, the product life cycle, the requirements of the buyer and so on. The differences that do occur are based on the emphasis on each part of the marketing mix, and the use of different strategies within the marketing mix.

It is also worth remembering that those involved in Industrial Marketing must also consider the impact of JIT on marketing strategies. JIT impacts in two ways. Firstly for those firms marketing logistics services, then the ability to fit in with and help satisfy buyers JIT requirements is important, and secondly, for suppliers of components and raw materials, it is often more important to market on ability to integrate supply and order systems, than on small price margins.

## How to use the Four Ps in Industrial Marketing

### Place.

When we consider place in Industrial Marketing, two methods of attracting costumers come to the fore, these are Trade Fairs or Shows, and B2B portals on the internet.

**Trade Fairs or Trade Shows.** A trade fair (or trade show) is an exhibition organised so that companies in a specific industry can showcase and demonstrate their new products and services. Generally trade fairs are not open to the public and can only be attended by company representatives (members of the trade) and members of the press. Trade fairs operate in markets as diverse as Toys and Armaments. Deals are often made at trade fairs, with sellers and customers having the opportunity to discuss prices, specific product requirements, delivery dates and so on.

**Internet B2B.** A simple search of the internet will result in the discovery of a huge range of B2B sites or portals. Some of these are specialist, where suppliers of specific industrial goods can interface with potential buyers, others are geographic where sellers from countries such as China advertise a diverse range of products. From a technological standpoint, huge advances in Internet infrastructure, business processes, and software are making the internet B2B marketplace a must have distribution point.

### Price.

For businesses selling goods to other businesses it is not unusual for prices not to be fixed, but instead be negotiated. The final price will depend upon quantity supplied, de-

livery dates, competitors actions and potential for future custom. Price may also be determined by tender, where a number of potential suppliers are required to offer their best (lowest) price to the buyer of the goods. The latest trend is for live reverse auctions (internet based), where all offers are visible to all potential suppliers and where the lowest price (assuming all requirements are met) wins the business.

### Product.

As in consumer marketing we see both product and asset led firms. Firms can be market led, adapting their product to the market, or offering a type of product, with specifics to be negotiated with the potential buyer. Asset led firms will have a product or range of products, and offer these for sale to the market. Products will often be adapted to meet the needs of the buyer, this adaptation may mean simple labelling, or is could go as far as changing technical specifications. Component suppliers may be required to change product design, or produce products to fit with the production methods of buyers.

### Promotion.

Typically promotion occurs through trade magazines and trade fairs. Person to person selling is also very important. It can be as important to take your best customers (or potential customers) to lunch, or on a golfing weekend, as to place a glossy ad in a well read trade magazine. Some Industrial marketing specialist suggest asking existing buyers the question "Is there anything else that our organisation could do for you, that we are not already doing?" or "Is there anything that you think our organisation should plan for in the future?".

The point is to stay in contact with customers and for the supplier to show that they are always willing to listen to buyers and improve what they offer.

**Notes**