Now Turn to Business to Business Markets

This is where much of the action is currently with respect to the Information Revolution and Business. New internet based B-to-B companies are popping up everywhere.

Business-to-Business Marketing is:

- Any sale to an industrial user, wholesaler, retailer, or organization other than the ultimate consumer...

Key questions:
- Who bought it?
- Why did they buy it?
What is Business to Business Marketing?

- Which transactions are B to B?
- The COB buys Pizzas for a student recruitment picnic.
- A firm buys new office furniture.
- I buy a monthly bus pass to get back and forth to my office at the University.
- I purchase a new Lincoln for use on my farm.

Characteristics of the Business Market

- Relatively few customers
- Relatively large purchases
- Geographical concentration
- Prefer to buy direct from manufacturer
- Expertise in buying
- Importance of repeat transactions
- Global competition

Steps in Organizational Buying

- Step 1: Identification of the need
- Step 2: Establish Objectives
- Step 3: Identify Suppliers/ Evaluate Alternatives
- Step 4: Selection of Suppliers/ Negotiations
- Step 5: Establish Relationship
### Consumer Business Decision Processes

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Problem recognition</td>
<td>• Need recognition</td>
</tr>
<tr>
<td>• Information search</td>
<td>• Product definition</td>
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<tr>
<td></td>
<td>• Develop specifications</td>
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<tr>
<td></td>
<td>• Search for suppliers</td>
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<tr>
<td></td>
<td>• Analyze proposals</td>
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<td></td>
<td>• Select supplier</td>
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<tr>
<td>• Alternative evaluation</td>
<td></td>
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<tr>
<td>• Purchase</td>
<td></td>
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<tr>
<td>• Post-behaviors</td>
<td></td>
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</tbody>
</table>

### Business-to-Business Buying Situations

<table>
<thead>
<tr>
<th>Straight Re-buy</th>
<th>Modified Re-buy</th>
<th>New Buy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The purchaser simply places an order for goods or services as provided in previous orders.</td>
<td>The purchaser wants something new or something added to the original good or service.</td>
<td>The purchaser buys a product or service when a new need arises.</td>
</tr>
</tbody>
</table>

- **Routine Response Behavior**
- **Limited Decision Making**
- **Extensive Decision Making**

### Buying Center: Roles

- Roles of buying center individuals include:...
  - Users
  - Gatekeepers
  - Influencers
  - Deciders
  - Buyers
Major Influences on Industrial Buyer/Buying Behavior

Environmental
- Level of demand
- Economic outlook
- Interest rate
- Rate of technological change
- Political and regulatory developments
- Competitive developments
- Social responsibility concerns

Organizational
- Objectives
- Policies
- Procedures
- Organizational structures
- Systems

Interpersonal
- Interests
- Authority
- Status
- Empathy
- Persuasiveness

Individual
- Age
- Income
- Education
- Job position
- Personality
- Risk attitudes
- Culture

Business Buyer

Demand in Business Markets
- Demand is Derived: from the demand for consumer goods.
- Demand is Inelastic: As it is derived and generally a small percentage of an item’s cost.
- Demand Fluctuates: It is more volatile than final demand.
- Demand is Greater than in consumer markets.

North American Industry Classification System (NAICS)
- Replaced SIC (Standard Industrial Classification system) in 1997
- Incorporates technological changes in the business environment during the second half of the 20th Century
- Creates relevant & current industrial databases widely used in the reporting of business statistics.
- Is used throughout the North American Free Trade Area
Example of North American Industry Classification System (NAICS)

- **Code:**
  - Two Digit 51
  - Three Digit 513
  - Four Digit 5133
  - Five Digit 51332
  - Six Digit 513321

- **Industry**
  - Information
  - Broadcasting & Telecommunications
  - Telecommunications
  - Wireless Telecom. carriers except satellite
  - Paging Industry (In the United States only)

The Internet Dramatically Changes Organizational Buying

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