

CHAPTER

six

Business-to-business marketing

Principles of Marketing
FIFTH EUROPEAN EDITION
Kotler, Armstrong,
Wong, Saunders

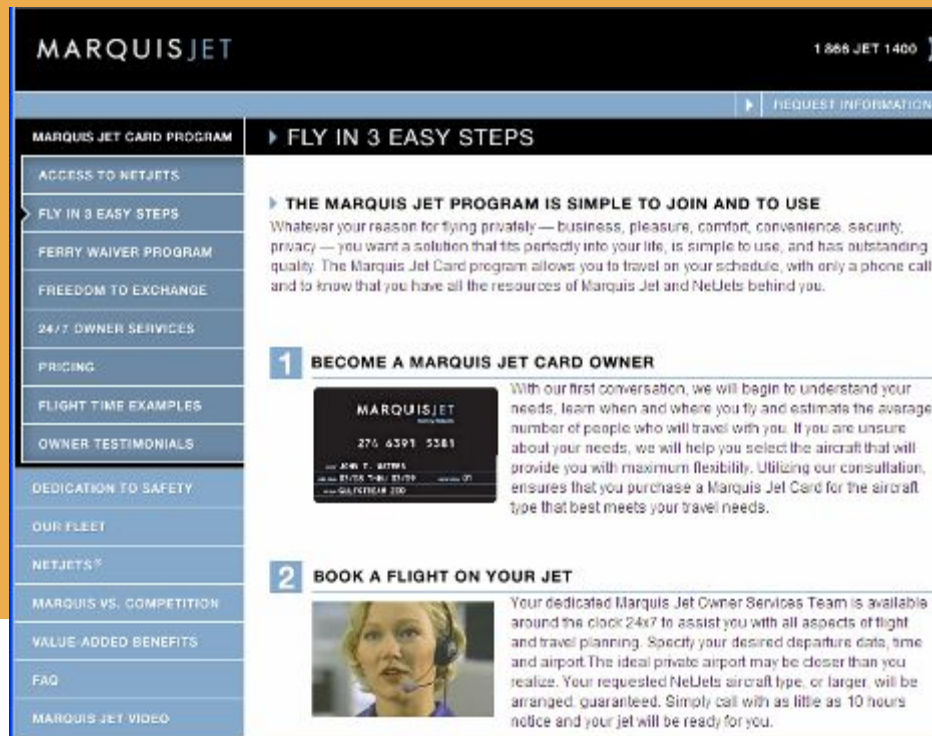
Previewing concepts (1)

- Define the business market and explain how business markets differ from consumer markets
- Identify the major factors that influence business buyer behaviour

Previewing concepts (2)

- List and define the steps in the business buying decision process
- Compare institutional and government markets and explain how institutional and government buyers make their buying decisions

Prelude case: Concorde is dead – the booming Busjet market



The screenshot displays the MarquisJet website interface. At the top, the header includes the 'MARQUISJET' logo and the phone number '1 866 JET 1400'. A navigation bar on the left lists various program features: 'ACCESS TO NETJETS', 'FLY IN 3 EASY STEPS' (highlighted), 'FERRY WAIVER PROGRAM', 'FREEDOM TO EXCHANGE', '24/7 OWNER SERVICES', 'PRICING', 'FLIGHT TIME EXAMPLES', 'OWNER TESTIMONIALS', 'DEDICATION TO SAFETY', 'OUR FLEET', 'NETJETS®', 'MARQUIS VS. COMPETITION', 'VALUE ADDED BENEFITS', 'FAQ', and 'MARQUIS JET VIDEO'. The main content area is titled 'FLY IN 3 EASY STEPS' and contains the following text:

▶ THE MARQUIS JET PROGRAM IS SIMPLE TO JOIN AND TO USE
Whatever your reason for flying privately — business, pleasure, comfort, convenience, security, privacy — you want a solution that fits perfectly into your life, is simple to use, and has outstanding quality. The Marquis Jet Card program allows you to travel on your schedule, with only a phone call, and to know that you have all the resources of Marquis Jet and NetJets behind you.

1 BECOME A MARQUIS JET CARD OWNER

With our first conversation, we will begin to understand your needs, learn when and where you fly and estimate the average number of people who will travel with you. If you are unsure about your needs, we will help you select the aircraft that will provide you with maximum flexibility. Utilizing our consultation, ensures that you purchase a Marquis Jet Card for the aircraft type that best meets your travel needs.

2 BOOK A FLIGHT ON YOUR JET

Your dedicated Marquis Jet Owner Services Team is available around the clock 24x7 to assist you with all aspects of flight and travel planning. Specify your desired departure date, time and airport. The ideal private airport may be closer than you realize. Your requested NetJets aircraft type, or larger, will be arranged, guaranteed. Simply call with as little as 10 hours notice and your jet will be ready for you.

What is the business buying process?

The **business buying process** is the decision-making process by which business buyers establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers.

Characteristics of business markets

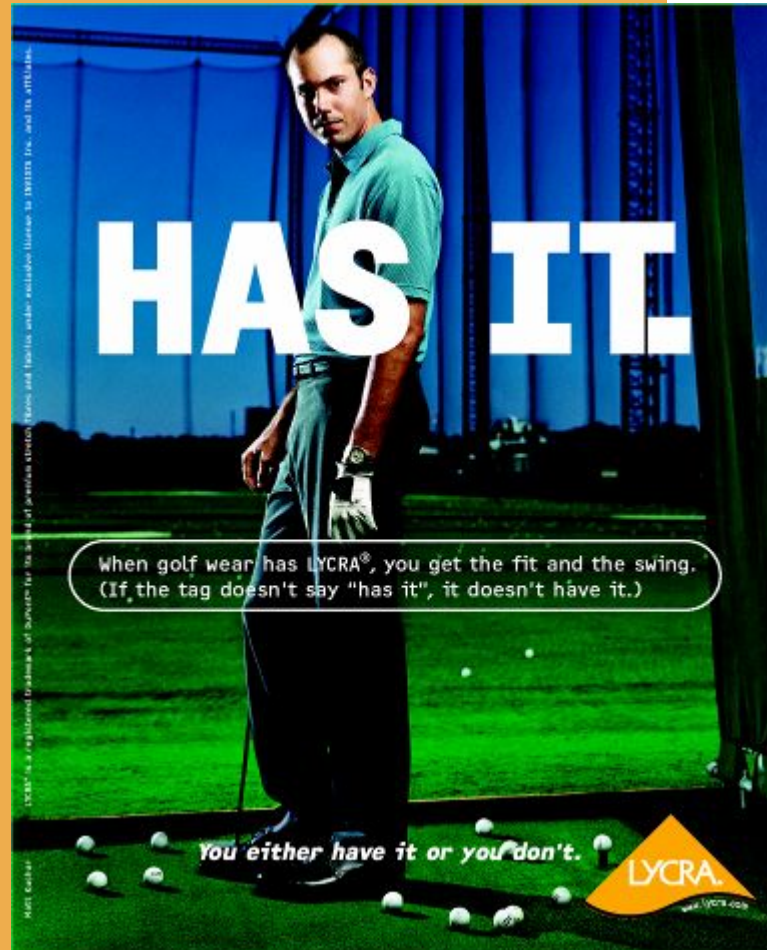
- Fewer but larger buyers
- Geographically concentrated
- Derived from final consumer demand
- More inelastic
- More fluctuations
- More buyers in process
- More professional purchasing effort
- More complex and formalised buying decisions
- Based on long-term relationships

Derived demand

Invista sells fibre to those who sell fabric to those who sell garments to end consumers.

Source:

McCann Erikson



Business buyer behaviour

The
environment



The
buying
organisation



Buyer
response



Environmental components affecting business buyer behaviour

Marketing stimuli

- Product
- Price
- Place
- Promotion

Other stimuli

- Economic
- Technological
- Political
- Cultural
- Competitive

Possible buyer responses in the buying process

- Product or service choice
- Supplier choice
- Order quantities
- Delivery terms and times
- Service terms
- Payment

IKEA involves suppliers in its business



Types of buying situations

Straight rebuy

Modified rebuy

New task

Participants in the business buying process

Users


Influencers

Buyers

Deciders

Gatekeepers

Figure 6.2 Major influences on business buyer behaviour



Environmental

Organisational

Interpersonal

Individual

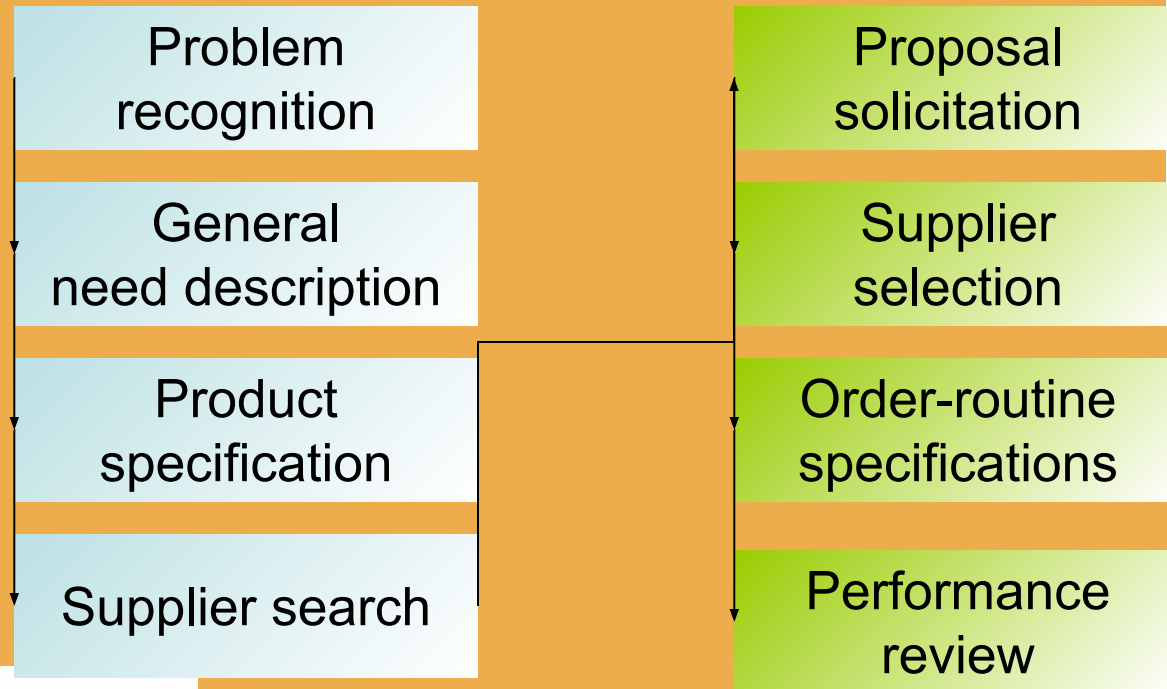
Buyers

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Figure 6.3 Stages of the business buying process



Benefits of e-procurement

- Gives buyers access to new suppliers
- Lowers purchasing costs
- Hastens order processing and delivery
- Frees purchasing people to focus on strategic issues



Benefits of e-procurement

Acme Whistles

What are institutional and government markets?

Institutional markets include schools, hospitals, nursing homes, prisons and other institutions providing care.

Governmental units include national and local units that purchase or rent goods to carry out government functions.



Discussing the concepts (1)

- How do the market structure and demand of the business markets for Michelin tyres sold to car makers differ from those selling Michelin tyres to final consumers?
- Discuss several ways in which a straight rebuy differs from a new-task situation.

Discussing the concepts (2)

- Outline the major influences on business buyers. Why is it important to understand these influences?
- How does the business buying process differ from the consumer buying process?
- What are the advantages and disadvantages of working in a contract situation with the government?