

Tlemcen University
Faculty of Economics, Management and Business Sciences

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2nd Year Master Marketing

2. Foundations and definition of Industrial Marketing

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Industrial Marketing Definition

Industrial marketing is that which is carried out by companies that sell to other companies or professionals.



It borrows a certain number of techniques from classical marketing, adapting them to the specific characteristics of this type of market and using more specific tools to achieve the objectives.

Introduction and Generalities around Industrial Marketing (B2B)

What is B2B marketing?

B2B marketing is short for Business to Business marketing.

B2B marketing corresponds to industrial marketing and is aimed at professionals. It brings together all the marketing strategies used in business-to-business commerce.



Introduction and Generalities around

Industrial Marketing (B2B)



This is business marketing that focuses on sales dedicated to professionals, such as companies, liberal professions or craftsmen.

Although it has similarities with BtoC marketing, BtoB marketing is opposed to the latter, which offers services or products intended for individuals.

Industrial marketing often involves huge orders and long-term relationships between manufacturer and customer; the process from initial presentation to final sale is more difficult than that for individual customers.

Marketing B to B vs. Marketing B to C

B2B et B2C



The fundamental principles of marketing are the same in B to B and B to C: Market Analysis, Segmentation, Positioning, Marketing Mix, Planning, etc., but the techniques are different both for market research and for defining and implementing the marketing strategy.

In addition, the same company can sometimes have, with the same products, a B to B activity and a B to C activity. Ex: sale of desktop computers to individuals and to companies. The higher the number of customers, the more standardized the products, the more B to B marketing resembles B to C marketing.

Introduction and Generalities around Industrial Marketing (B2B)

A different way of practicing marketing, since needs are expressed in different ways;

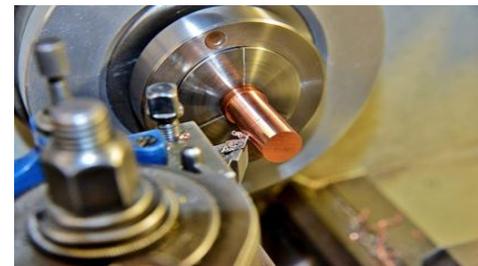
- * A market with great specificities
- * A very direct way in gathering information
- * An experience to develop in specialized professions



Introduction and Generalities around Industrial Marketing (B2B)

A market with major specificities

- Small market size compared to a general public market
- More rationalized behaviors that are part of a professional performance objective
- A much more complex decision-making process that involves several actors among whom the real decision-maker must be distinguished.



Introduction and Generalities around Industrial Marketing (B2B)

Experience to develop in specialized professions

- ✓ Each company is a mode of operation in its own right
- ✓ Organizations are not alike even in the same sector of activity
- ✓ It is difficult to transpose experiences from one organization to another





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Definition of Industrial Marketing

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**Marketing
for Industry**





Industrial marketing? Business to Business?

Industrial marketing or B to B marketing is based on the commercial relationships of companies that sell to other companies or professionals (administrations, local authorities, etc.).

It is preferable to use the term "B to B Marketing", because the term "industrial marketing" could be restrictive (it would exclude the service sector).

The specificity of B to B marketing is that it concerns products and services sold to professional clients who in turn use them for the production of their own goods or services.

Industrial marketing? Business to Business?

It is the use of the product rather than its nature that distinguishes industrial products from consumer products.



Industrial marketing is defined in relation to markets and not in relation to products/services.

What are the characteristics of B2B marketing?

Here are some elements specific to B2B marketing:



- Customers are companies.
- The potential unit value is higher although there are fewer customers.
- Purchase and decision cycles are generally long and require the intervention of several interlocutors.
- The buyer conducts an in-depth search for information.

What are the characteristics of B2B marketing?

The specificities of B2B marketing also include:

- The use of automated marketing;
- The important role of trade shows and fairs;
- Lead management issues;
- The role of interpersonal business relationships.





The Most Important Characteristics of Industrial Marketing

- 1- Derived demand
- 2- Limited number of customers
- 3- Product complexity
- 4- Customer-supplier interdependence
- 5- The need for functional interdependence
- 6- The complexity of the purchasing process

1- Derived demand



In industrial marketing, demand is derived because it is the consequence of the demand for other products or services.

Ex: The demand for packaging for food products is dependent on the food product itself.

The ideal for the packaging manufacturer is to examine the demand down to the end user level. Hence the interest in the sector approach.

2- Limited number of customers

Clients often number in the tens, sometimes even in the thousands, but rarely more.

Hence the risk of exaggerated client/supplier dependency.



3- Product complexity

In general, the product is more complex, but above all, it is frequently accompanied by assistance (installation, maintenance, repair), or the supply of complementary products or services.

Ex: IT, aeronautics, etc.



3- Product complexity

- **Raw materials and processed commodities:** Ensure timely supply; it is essential to prioritize security and establish long-term relationships with suppliers.
- **Heavy equipment:** Negotiations are necessary to secure a maintenance and service contract.
- **Light equipment:** Smaller equipment is often sourced through intermediaries, which increases costs, so negotiations are needed.

3- Product complexity

- **Components / Sub-assemblies:** These are integrated into the finished product but are not specifically raw materials.
- **Auxiliary services:** These include services like cafeteria, insurance, and assistance.
- **Systems:** These are tangible products accompanied by an intangible service.
- **Operating services:** This includes transportation and maintenance.



4- Customer-supplier interdependence

The customer is often dependent on his supplier for:

- regularity of deliveries
- consistency of quality
- maintenance, repair, assistance
- adaptation and innovation



In addition, some customers represent a significant share of the supplier's results. We are therefore talking about a short-term inelasticity of relationships in some of these markets.



5- The need for functional interdependence

More than in consumer marketing, here all the functions of the company interact in the decision-making process.

There is a certain interdependence between sales (current business, potential assessment, etc.) and marketing. The salesperson is a marketing partner more than an executor.

6- The complexity of the purchasing process

Here, there is no spontaneous purchase as is often the case for the consumer.

The purchase is in this case calculated and influenced by many stakeholders (finance, production, consulting, purchasing, often even general management).

