

Industrial marketing assignment

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Revenue is therefore greater in industrial marketing than consumer marketing. Product complexity- First and foremost, industrial products are very complicated and require a lot of technical knowledge to sell for example agricultural machinery. Therefore in industrial marketing the products involved are more complex as compared to products in consumer marketing such as television sets. Knowledge of buyers- Consumer marketing assumes powerful sellers and passive, inexperienced buyers who can be influenced to purchase by a variety of advertising techniques.

In contrast, industrial marketing process consists of very knowledgeable buyers (and often buyer teams) who analyze products and purchases. Therefore mere sales gimmicks are not enough to convince buyers in industrial markets. Bids and quotations- In consumer marketing the consumers either buy or don't buy from listed prices. For example prices of products in supermarkets. On the other hand, industrial products are often sold by request for quotes that may require a quotation with elaborate specifications to define the product.

Industrial buyers are information seekers constantly on the look out for information and advice that can help the buyer do the job better. Advertising and promotion- Developing a newspaper ad for impulsive shoe buyers is relatively straightforward as the case in consumer marketing but it is very difficult to even identify the buying influences of dragging machines or material-handling robots. Inquiries produced by industrial advertising are only the beginning of a long, expensive selling process-?? sometimes lasting years before the sale occurs.

Therefore industrial marketing advertising and promotion is more complex as compared to that in consumer marketing. Market information- There is a lot of database information available on consumer products and an enormous amount of consumer demographic information, making consumer market research relatively easy to accomplish. On the other hand, information on industrial market niches is very difficult to acquire and is generally qualitative. This requires considerable industrial experience to gather. Process complexity- The buying process in industrial marketing is long with multiple buying influences as compared to consumer marketing.

Consumer marketing is mostly impulsive and straightforward as there are minimal opportunities to bargain the prices set. Extent of benefit- In industrial marketing, the business buyer buys for the company's benefit and his own as compared to an individual buyer who is liable for the purchase only to himself/herself and no one else. This is because in industrial marketing the buyer is able to fulfill his responsibility as per his/her job description as well benefits the company due to the service provided by the product. An example is a procurement officer buying a photocopying machine for the company.

Extra services and special privileges- this is whereby unlike in consumer marketing where the buying process is simple and straightforward industrial marketing provides a platform for creating long term relationships. Thus there is the advantage of getting extra value added services. For example Barclay Bank of Kenya providing banking services to the University of Nairobi may enter into a Memorandum of Understanding with the University to provide loans at a lower rate to the teaching and administrative staff. Level <https://assignbuster.com/industrial-marketing-assignment/>

of commitment- Industrial marketing creates long term commitment as compared to consumer marketing between the buyer and seller.

For example a manufacturing company might secure a 10 year contract to supply an organization with cars. In consumer marketing there is a low level of commitment as a consumer can easily shift his preference from one brand to another. SQ) Identify the challenges and current trends in the industrial market arena: Challenges; Impact of changes brought about by governments-The government from time to time introduces changes in policies in various aspects of business, which impact on industrial marketing. Government regulations regarding taxation, licensing and employment policies all pose major challenges to industrial marketers.

There is need o constantly monitor and respond to these changes. Policies regarding export and import of raw materials are particularly important to industrial markets because they deal mainly with import of raw material for assembly in the local markets. Changes in the political environment also affect industrial marketing. For example, after the 2007 national elections in Kenya, there riots and skirmishes throughout January 2008 as the presidential results were disputed, which greatly affected transport in some parts of the country.

It led to accumulation of imported goods at the port of Mambas and escalation of commodity prices in the market. Technological changes- Technology is a most dynamic component of the environment, and changes in technology can render industrial products obsolete. Such changes therefore require constant updating of technology. This is a big challenge

because firms may not have the resources to carry out such technology updates. Increased consumer awareness and consciousness- The industrial consumers are increasingly becoming more aware about their rights, especially within the company.

This is because of advances in education among employees in companies, and advances in information technology. Unlike in the past, companies are now employing highly qualified personnel in their procurement departments. Even heads of the user departments are highly qualified and know what the need. Access to information has been facilitated by internet services in which consumers can easily get information about the products that they need, including where to find them and at what price. Manufacturers of industrial goods need therefore to be able to deal with these highly informed consumers.

Inadequate supply of raw materials- Raw materials for industrial products are often very expensive and difficult to get, especially by the small manufacturers. Only a few firms produce the extraction materials, partly because of the heavy capital outlay required to set up the kind of plant required to produce the raw materials. In Kenya, for instance, there are no mines for most minerals such as gold, copper and iron ore and most of metal is imported. Stiff international competition-There is a lot of competition especially by multinationals.

Market liberalizing and formation of regional groupings like the Common market for Eastern and Southern Africa (COMESA) has led to reduced barriers of entry, which in effect has exposed the often well technologically advanced

local manufacturers to the better technologically advanced foreign firms. Use of obsolete technology-Most firms in Kenya lack advanced technology, and end up using what would be seen to be obsolete technology. The equipment used is over 30 years old and has outlived its usefulness. Subsequently, such equipment is highly inefficient with breakdowns every now and then.

This leads to delays and loss of customers in the long run due to inefficiencies. Small size of the market-unlike consumer marketing which is characterized by many small consumers, industrial marketing is characterized by few large consumers. The challenge is therefore how to deal with the few consumers who often require large volumes of a particular commodity, and who often used highly formalized procurement procedures which make the procurement process very cumbersome. Government regulations- There are many regulations imposed by the government, and these sometimes act as hindrances to industrial marketing.

These regulations may be through export/import controls, registration, licensing, environmental impact assessment regulations and so on.

Undeveloped infrastructure-The infrastructure in Kenya is not very well developed. This affects transportation of raw materials from suppliers to the manufacturers and also from the manufacturers to the customers. The road work network is poor, and often roads become impassable during rainy seasons, making manufacturers lose a lot of business as they are not able to reach the customers.

High cost of production- Owing the poor technology used, production cost of industrial products tends to be very high, which makes the cost of industrial

materials produced in Kenya relatively more expensive than those produced in other parts of the world. Political influence- The political environment in any country has a major impact on industrial marketing. Unfavorable political environment discourages investment while favorable political environment encourages investment. The marketing of industrial goods requires highly professional and qualified people. This is because the goods traded in are complex and specialized in nature.

These professionals are expensive to acquire and maintain since they demand high salaries and other perks. Difficulty in determining Return on Investment (ROI) from marketing activities- Due to the varied elements used in the marketing mix, it becomes very difficult to know what works and what does not work. It is also difficult to tell which benefits came from what marketing mix element. The challenge of lack of information as many Kenya firms lack relevant, sufficient and timely information to help them make good decisions concerning products, suppliers, competitors and the market.

This puts some firms at a disadvantage compared to others who may have superior information. Trends; Emphasis on technical training and product considerations rather than on the market itself- However, the whole focus is on customer satisfaction, and so manufacturers are increasingly getting concerned about the quality of their products. With increasing technological complexity, firms have to spend money in training employees to be up to date with technology.

A continuous attempt by manufacturers to manipulate the derived demand so that they can have access to the end user- The derived demand is

characterized by the presence of indirect consumers who tend to shield the final consumers from the manufacturers. This may slow down demand for the manufacturer's goods. Manufacturers thus try to stimulate demand by undertaking promotion programs that target the final consumer, for example, a steel manufacturer may try to promote the use of steel products such as tell gates, by showing that properly secured homes are safer.

There have been major shifts in such areas as patterns of the final demand, rapid phase of technological change, increasing size and complexity of manufacturing firms and the growing impact of the computer and the management sciences. These developments have resulted in increased marketing involvement in Research and Development and acquisitions, increased use of formal marketing planning, emphasize on system in all aspects of marketing, more effective coordination, direction and control and new directions in marketing research.

There has been increased need for R; D and acquisition for growth and diversification. There is evidence that industrial firms are generating many new productions in order to respond to the changing consumer needs. Similarly industrial organizations are increasing getting bigger and more complex making it necessary to have better planning strategy. This planning is made more effective by the presence of more information, improved forecast methods and advances in decision theory and simulation techniques.

The systems approach to industrial marketing is necessary in order to consider all the processes of industrial racketing as a system, so that all the

parts contribute to the system. The production, shipment and in deed all the marketing mix variables work together in a systems approach. In this regard, proper coordination, direction and control are crucial. Use of social media- Social media presents a cheap and effective way to reach, communicate and interact with prospective buyers. The main sites used are Linked, twitter and Backbone.

The use of these in conjunction with blobs and websites has enabled business to reach customers faster. Digital Targeting-Availability of information and advanced analytical tools has made it possible to segment the market more accurately to further enable positioning of products to cater for specific needs of customers. This helps in customizing products. Search engine optimization (SEE)-This is modifying the visibility of a blob, website or web page on the search results of a particular search engine such as Google.

This increases chances of people visiting the company's site. Account based marketing-This is marketing according to records and accounts of customers kept within the organization. It helps know real leads and the loyal customers so as to treat them accordingly. This information also helps marketers know what products and ads to target to what customer. Content Marketing-This is a technique involving creation and distribution of important, relevant and timely content about a firm to attract and acquire a clearly defined audience to encourage customer action.

Customers have ease trying to find information about a firm's products. BIB information systems-These are information systems that help link a firm to similar firms and other players in the market. They help avail information

and also act as market platforms for those involved. Use of Videos-This entails the effective use of very short video to communicate information. This is for example on YouTube, where the videos play just before other content plays. Native advertising-This involves making adverts to look like articles and editorial works to encourage people to read them.

In the area of industrial marketing research, the following trends are under way; Increased use of the online marketing. This is through the development of technology thus making it easier, cheaper and more convenient to use the internet in marketing and let go of traditional methods. A growing trend to think of marketing research in terms of marketing information system. This is because marketing relies heavily on information on customers, suppliers, competitors and other interest groups.

Marketing therefore needs to have proper market information marketers to have relevant information. The analytical techniques employed in industrial marketing research are becoming progressively more complex and computer based, for example use of specific program like SPSS. There is evidence of greater use of consumer research among industrial firms, especially where the consumer is an important influential indirect customer. Industrial firms constantly carry out research among the consumers with the objective of gaining a deeper understanding of the consumers.

Lead generation and customer acquisition are top marketing goals. As compared to other objectives of marketing such as market share. Mobility maturing where industrial marketers are optimizing their content to suit mobile devices such as smartphones and tablets. These mobile devices are on

the rise and particularly popular among managers. Practically identify some of the industrial buying motives A buying motive is the reason why the buyer purchases a particular product. Motive is the driving force behind the purchase of the goods.

There are three main classifications of buying motives: Emotional buying motives Pride and prestige may influence industrial buyers thus determine the type of products they purchase. These products are meant to convey the status of the company among members of society. For example a bank wishing to buy tablets for their managers may decide to give them I-pads so as to reflect the prestige that comes with buying apple products. Rational buying motives These are based on sound Judgment such that the buyer purchase the goods wrought proper testing, comparing and observing the goods on the basis of price, quality and durability.

Buyers may prefer products on the basis of economy, utility, convenience, durability and security. Patronage buying motives This is where the buyer makes the decision to purchase the product on the basis of particular place, special discount, present price, decoration, behavior and behavior of other facilities. Buyers may prefer products based on the service they can give, the quality of the product and the location of the manufacturer as well as the staff friendliness behavior.