

MMK368 Business Marketing Management Lecture Notes

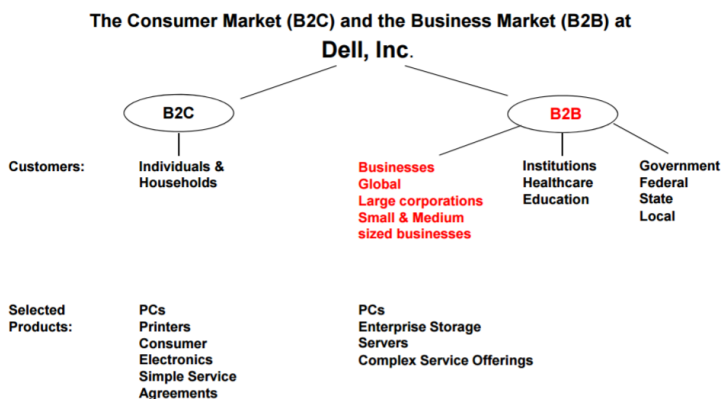
Week 1 – Chapters 1, 2, and 3, A Business Marketing Perspective, Organizational Buying Behaviour, Customer Relationship Strategies

Topic 1 A Business Marketing Perspective

Business and Consumer Marketing Differ In:

1. Nature of their markets
2. Market demand
3. Buyer behavior
4. Buyer-seller relationship
5. Environmental influences (competition, political, legal) and
6. Market strategy

B2C and B2B



Business Market Demand Characteristics

- Derived demand
- Fluctuating demand
- Stimulating demand
- Price sensitivity / demand elasticity

Inelastic Demand

- Inelastic demand is demand without regard to price. An increase or decrease in the product price will not significantly affect the demand for the product.
- Example: Price for gasoline

Derived Demand

- The demand for business products is called derived demand because the demand for industrial products is derived from the ultimate demand for consumer products.
- As a result, business marketers must carefully monitor fluctuating trends and patterns in consumer markets.

Fluctuating Demand

Because demand is derived, an increase or decrease in consumer demand can create a fluctuating demand for many industrial products.

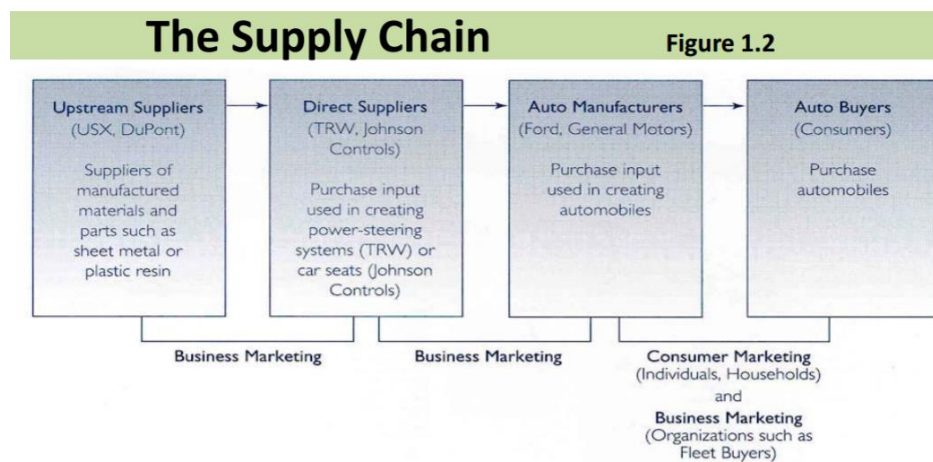
Example: • An increase in mortgage rates can quickly stifle new home sales.

Stimulating Demand

- Sometimes, business marketers need to stimulate demand for consumer goods which either incorporate their products or are used to make consumer products.
 - Pharmaceutical manufacturers advertise on television by presenting various ailments followed by offering their products as solution to the ultimate consumer. (“Ask your doctor if XYZ is right for you!”)
- The OVERALL (TOTAL) market is INELASTIC ... collectively manufacturers need only enough film to wrap the amount of product made in the total market
- Market SEGMENTS will differ in ELASTICITY

The Supply Chain

- Business Marketing is an important influence in the supply chain.
- When reviewing Figure 1-2, notice the importance of the business marketer’s influence in each step of the supply chain.



Relationship Marketing

All marketing activities directed toward establishing, developing, and maintaining successful exchanges with customers

Managing Relationships in the Supply Chain

- As important as it is to gain customers, it is just as important for manufacturers to develop strong relationships with suppliers.
- Companies such as IBM and Toyota develop strategies to create suppliers who provide new ideas and who are loyal.