

B2B Marketing (Industrial Marketing)

What is B2B Marketing?

B2B (business-to-business) marketing is the set of steps that a company will follow when selling directly to other companies or organizations, not to the end consumer. These organizations can use these products to produce end products or for resale (sale to distributors)

B2B marketing is no more complicated or more complex than other marketing techniques. However, some things should be taken into account when planning a successful strategy. The main things you should consider are:

1. Establish relationships
2. Sincere technical interactions
3. Intensive trade negotiations
4. Pay close attention to after-sales services

Differences between B2B and B2C marketing

As we have mentioned, B2B marketing is no more complex than “traditional” B2C marketing, but there are some differences that we should take into account when designing a sales strategy. Let’s summarize these differences now:

► **Size of B2B vs. B2C**

In B2B, we usually find small vertical markets, often niche markets made up of thousands of sales possibilities. On the other hand, B2C markets are generally larger, with access to tens of billions of options.

► **Purchase process**

In B2B, sales are usually more complex. Often, this process can take several months, demanding a lot of attention. Meanwhile, B2C sales are less complex, depending on the product or service that is being sold. In many cases, they don’t take more than a few minutes (impulse purchase) or may take a few days, for more expensive products. However, there are usually not many people involved in the purchasing process, which means that the trading period is much shorter.

► Sales process

B2B sales require a lot more work (vendors need to understand the customer needs, to build a relationship based on trust), which means that the process can last for several months. However, B2C sales are faster because usually, the company will sell directly to the consumer or a retailer. To create a sales strategy, it will be necessary to convince the consumer that he will need to buy this product.

► Cost of sales

When we are talking about B2B the total value of sales is usually higher, cost can range from thousands of euros to tens of millions of euros. However, for B2C sales the cost of products can vary greatly. Many companies earn only a few cents per sale, for example in products for the home. On the other hand, companies that work with luxury goods or large investments, such as real estate agents or cars will earn lots of money for every closed sale.

► Purchase decision

In B2B, the decision to buy is usually driven by need and budgets; therefore the decision tends to be based on price and the advantages of each product. And in B2C, buying decisions tend to be made based on expectations. In many cases, customers will buy moved by impulses, without stopping to reflect on the real need for getting the product.

► Brand value

In B2B businesses, brand identity in the markets is created through personal relationships and long-term sales. However, in B2C businesses, brand identity in the markets is created through advertising, and now through social media.

► Long-term customer value

In B2B, the long-term value of customers is much greater because of the higher product cost and the probability of repeated sales or complementary sales to the same client. However, in the B2C world, the long-term value of a customer is lower due to the lower cost of the products and the fact that many companies are competing for the same customers.

NB:

B2B marketers need to think carefully about these characteristics of their B2B buyers, and use them as a guide for their inbound and outbound marketing strategies.

Inbound marketing: means creating something that buyers actively seek out. Examples include the company website, blog and social media activity. The focus is on creating

content (e.g. information, news, expert opinions) that aligns with their interests and pulls buyers towards the company.

Outbound marketing: is the more traditional marketing that we know and love (?) TV and print ads are prime examples. The objective here is to quickly gain the buyer's attention and present a compelling message for your product or service.

The received wisdom is that for B2B companies, far more emphasis has to be placed on inbound marketing than for B2C. The research-driven behavior of the B2B buyer fits well with an inbound 'content-driven' approach. Creating content that the professional buyer is interested in attracts new prospects and sales leads. However, outbound marketing still has a crucial role within B2B marketing.

Advantages and Disadvantages of B2B Business Models

As we saw earlier, in B2B marketing, the company sells its products to other companies or suppliers directly and not to customers. This business model offers a series of advantages over B2C marketing, but also brings some difficulties.

► Advantages of B2B Marketing

The first and most important advantage of this type of marketing is that the company has to deal with other companies and not with a large number of customers. As these companies need to buy these products, it is much easier to convince them to do business.

Also, the total value of sales will generally be higher, resulting in higher transactions, with potentially greater profits.

Another advantage of B2B marketing is that once companies become your client, they will remain working with you for a long time, if your services are good, and you are offering adequate customer support. In short, brand loyalty, in the case of companies, is higher compared to final consumers.

► Disadvantages of B2B Marketing

The biggest disadvantage of this type of marketing is that the target market is limited, as the number of companies is much smaller than the number of consumers, which will greatly reduce the target market.

Another disadvantage is that in many cases the company has to offer a discount for recurring orders since the buyers have much greater negotiation power, when compared to end customers who only buy one or two products and therefore don't have bargaining power.

Another limitation is that there are several people involved in the cross company sales process, and the purchase can take a long time. In B2C marketing, the purchase decision is immediate because it involves fewer people. B2B marketing is a process that requires a lot of time.

Examples of B2B Marketing Strategies

Now that we've seen the theory, let's look at some examples:

- **Tetra Pak:** demonstrates its marketing and product expertise. To do that, the company sent selected, interesting and funny emails inviting subscribers to a mini-adventure. They included a drop-down list that imitated the appearance of Instagram, directing the readers to a portal with additional design tips and their products.

The hyper-objective company campaign (only 72 sample kits were shipped) had a great success and got more than 500 responses from its target audience.

- **Xerox:** uses humor to drive brand change. That strategy plays an essential role in the campaign, which includes television, print ads and even an update of the website.

In one of the ads, we can see a monk who is in charge of the translation of a document for different languages that should be sent "as soon as possible" to all the monasteries of the world. To solve the problem, He would need to use Xerox technology that facilitates the processes of document distribution.

The Xerox campaign was very successful, getting a lot of coverage and positive results from publications as Digiday, Forbes, and Media Post. Over 1.7 million people watched their official video on YouTube in four months.

Below are examples of B2B businesses

- **A Danish Water Technology** is an infrastructure solution of water pipes for houses and installations. This B2B site has become an indicator of Denmark's ambition to find and develop better, cheaper, and more efficient ways of dealing with hydraulic technologies.
- **ACME** is a major supplier of tare and packaging for chargers and logistics operators. Each color, image, and content on their site was created to improve their B2B marketing strategy, evoking an emotional response in the buyers.
- **Alibaba**, based in China, is one of the best B2B examples in e-commerce. For starters, more than 18 million buyers and sellers from around 240 countries are using this business platform. The e-commerce company was created in 1999, and currently has the largest e-commerce website in the world. This company is considered the largest global e-commerce platform for small businesses.