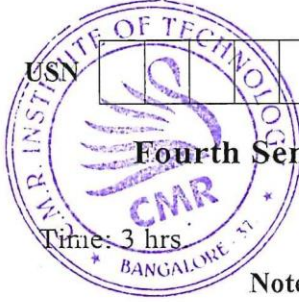


CBCS SCHEME



USN

--	--	--	--	--	--	--	--	--	--

20MBAMM401

Fourth Semester MBA Degree Examination, July/August 2022

B2B Marketing Management

Max. Marks: 100

- Note: 1. Answer any FOUR full questions from Q1 to Q7.
2. Question No.8 is compulsory.

Module-1

- 1 a. Define derived demand. (03 Marks)
b. What are different types of intermediaries in business marketing? (07 Marks)
c. State the user of advertising in industrial market. (10 Marks)
- 2 a. Define SIC in Business Marketing. (03 Marks)
b. Discuss how industrial products are classified. (07 Marks)
c. Explain business selling process. (10 Marks)
- 3 a. What is marketing channel? (03 Marks)
b. Explain the requirement for effective segmentation. (07 Marks)
c. Analyse industrial product life cycle. (10 Marks)
- 4 a. What is competitive bidding? (03 Marks)
b. Explain how industrial and consumer market research differ from each other. (07 Marks)
c. Explain the factors that influence pricing strategy. (10 Marks)
- 5 a. What do you mean by MRP? (03 Marks)
b. Explain the pricing strategies in Business Marketing. (07 Marks)
c. What are the Business Service Marketing special challenges? (10 Marks)
- 6 a. What is Creeping Commitment? (03 Marks)
b. STP plays a vital role in business marketing justify with suitable example. (07 Marks)
c. Explain the webstar and Wind model of organization Buying Behaviour. (10 Marks)
- 7 a. What do you mean by Positioning? (03 Marks)
b. How are industrial customer classified? Explain. (07 Marks)
c. Elaborate the B2B buying process. (10 Marks)
- 8 CASE STUDY (compulsory)
Risen energy system in India second largest manufacturer of photo voltaic cell and modulus. Photo voltaic as the name indicates light and electricity, converts sunlight directly in electricity, solar cell on calculator and satellites are photo voltaic cell on modules. Modulus are a group of cell electrically collected and packed in one frame. Solar energy is the most readily available source of energy and for free. A study tells that India receives solar energy equivalent to over 9000 million KWh/ year. Which is more than energy consumption of the country. As a marketing head, answer the market opportunities.
a. How would you assess market opportunities? (05 Marks)
b. How would you plan deployment of sales force for solar energy companies? (05 Marks)
c. How would you organize the sales force? (05 Marks)
d. How would you control the sales force activities? (05 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

CMRIT LIBRARY
BANGALORE - 560 03

SOLUTIONS FOR B2B MARKETING MANAGEMENT- AUG 2022

QUESTION NO.	QUESTION AND SOLUTIONS
1A	Define derived demand.
	Derived demand is the demand that springs from, or is derived from, a source other than the primary buyer of a product. When it comes to B2B sales, that source is consumers. If consumers aren't demanding the products produced by businesses, the firms that supply products to these businesses are in big trouble.
1B	What are the different types of intermediaries in business marketing?
	<p>Types of Intermediaries</p> <ol style="list-style-type: none"> 1. Industrial Distributors / Dealers. <ul style="list-style-type: none"> • They perform many functions like buying, storing, promoting, financing, selling, transporting and servicing certain geographic market, & are given discounts. • Major categories are (i) General – line distributors, (ii) Specialized distributors, and (iii) Combination house. 2. Manufactures' Representatives / Agents. <ul style="list-style-type: none"> • They perform functions like promoting manufacturers' products / services, getting orders, and collecting market information. They are independent business firms, representing various manufacturers whose products complement one another but are not competitive. • They are paid commission on the value of sales or orders booked. They do not buy, store or finance transactions. 3. Value-added Resellers (VARs) <p>They are new type of intermediaries from computer industry. They deal with computer hardware and software companies, customize the same to solve specific problems of buying firms. They are paid discounts.</p> 4. Brokers <p>They bring together buyers and sellers, when information is not available completely. They represent either a buyer or a seller, and their relationship is short term. They do not buy products & services and are paid on commission basis.</p> 5. Commission Merchants. <p>They represent sellers / manufactures, mostly with bulk commodities like raw materials, to perform functions like arranging inspection, transporting, negotiating and selling. They are paid commission on the value of sales.</p>
1C	State the user of advertising in industrial market.
	<p>Advertising is the most preferred promotional tool in the consumer market rather than in the industrial market. It is preferred less by the industrial marketers compared to personal selling as they get to meet the customers personally and understand their needs better in personal selling. But still advertising is used to a good extent by the industrial marketers to assist their sales force and intermediaries to generate more leads. Advertising plays an important role in industrial marketing strategy by supporting and supplementing personal selling efforts. The advertising budget for industrial goods is far less compared to that of consumer goods. But, to have an increased efficiency and effectiveness of the overall marketing strategy, industrial marketer should have an integrated and well planned advertisement strategy that blends properly with personal selling efforts.</p>

Any industrial marketer uses advertising as a promotional tool as it performs so many functions that help him to achieve the following objectives:

1. **Create awareness:** The industrial advertising creates awareness about a supplier or his products to the potential industrial buyers who are unaware about the availability of their products in the industrial markets.
2. **Reaching inaccessible places:** There are places that are not reachable by the company sales force and there are important decision makers for purchase of industrial products who cannot be met by the sales force. These places could be reached easily through advertising. Thus, advertising in trade journals, business magazines that are read by R&D Managers, engineers help the companies to reach their target audience.
3. **Improve sales:** Advertising helps salespersons to improve their sales by increasing their sales efficiency and effectiveness as people are already aware of their company, products, etc.
4. **Reduce cost:** A single advertising reaches a vast number of people that comes out cheaper than a single salesperson meeting so many people personally and explaining them in details about the company's products. Thus, advertising not only reduces cost but also saves time of the company.

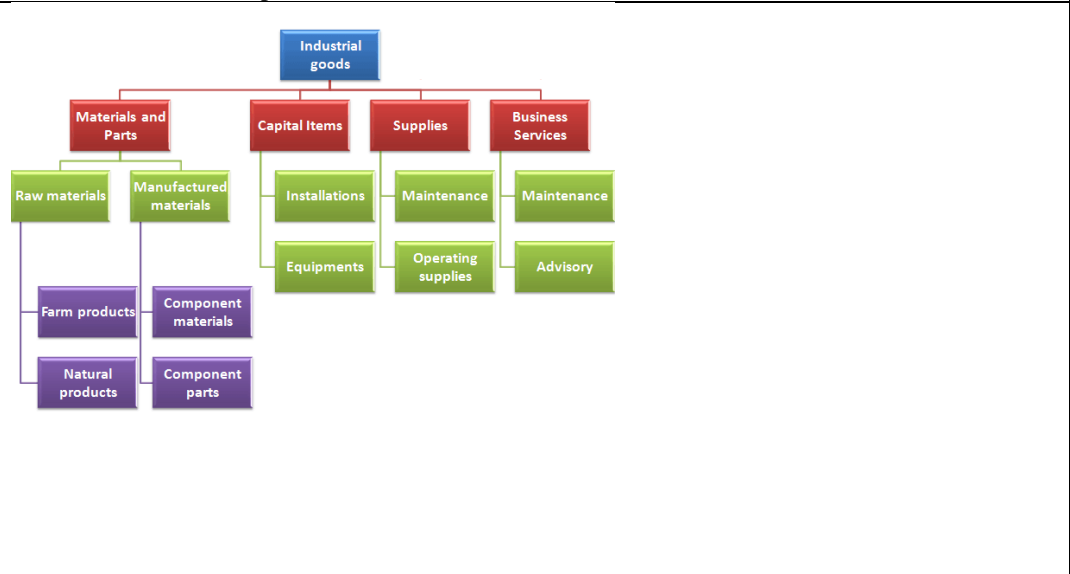
2A Define SIC in business marketing.

Standard Industrial Classification (SIC) codes are four-digit numerical codes that categorize the industries that companies belong to based on their business activities. Standard Industrial Classification codes were mostly replaced by the six-digit North American Industry Classification System (NAICS). The SIC system classifies the economy into 11 major divisions:

- Agriculture, forestry, and fishing
- Mining
- Construction
- Manufacturing
- Transportation and public utilities
- Wholesale trade
- Retail trade
- Finance, insurance, real estate
- Services
- Public administration
- Non-classifiable establishments

These are then divided into 83 two-digit major groups, and further subdivided into 416 three-digit industry groups and then into more than 1,000 four-digit industries.

2B Discuss how industrial products are classified.



1) Material & Parts

The goods that enter the manufacturers products completely are classified as Materials and parts. In this, there are two types of materials commonly used for Industrial goods classification.

a) Farm products – Farm products are products which can be re produced or recycled easily. They are present in ample amount. However, due to their nature, they are perishable and have to be handled accordingly. But because they are commonly used, there is hardly any marketing applied to them. Some common products include cheese, eggs, fruits and vegetables, cotton, wheat etc.

b) Natural products – Natural products are products occurring naturally in the earth and hence they cannot be recycled or re produced. Petrol or Diesel or oil (commonly used) are products which occur naturally and can be classified as an Industrial product. These products are found in bulk and the rarer they are, the higher the value. Price is totally dependent on reliability of supply and keeps changing. Government intervention for these products is high too.

2) Manufactured Materials and parts

Raw material which has to be manufactured is classified as manufactured materials. And Many a times, small manufacturers manufacture smaller parts which are used in larger machines like an Automobile. These are manufactured parts, and they are the 2nd type in classification of industrial products.

a) Manufactured Materials – If we use the iron supplied to us to make a final product then, we have manufactured a material and that is the industrial product that we supply. Similarly, Yarn is woven into cloth to make the final material – dresses and clothes. Any process which requires raw material to be processed to give final products is a part of manufactured materials classification. The pricing and marketing of the product in this case depends on the raw material being used. So if the yarn which is used to make the cloth is very high quality, the pricing of the end product will be high and the marketing will also be premium marketing.

b) Manufactured Parts – Using the same example above, if we are making smaller units which play their role in larger products, then we are manufacturing parts as an industrial product. Ball bearings are the perfect example of Manufactured parts. Now, there are so many ball bearings manufacturers out there, that their marketing has become tedious as there is no or very less differentiation possible. Hence, pricing and availability of manufactured parts becomes a major issue instead of advertising, branding or marketing.

3) Capital items

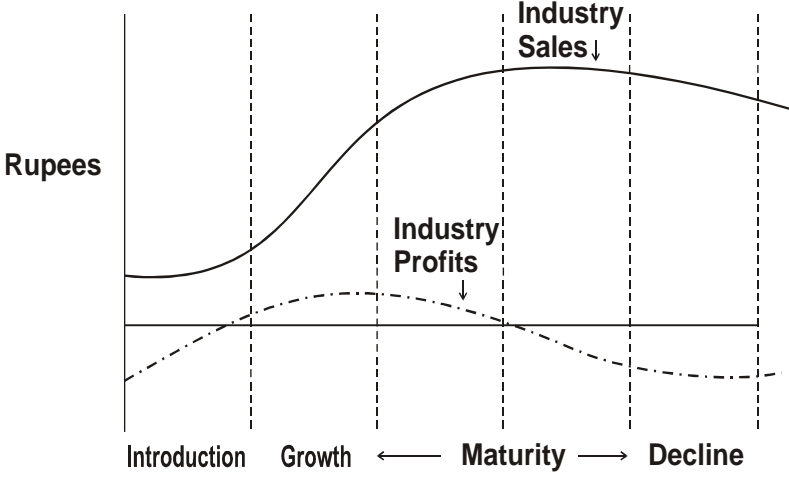
To make any manufacturing business or large scale industry possible, capital items are used. They are important in the classification of industrial products. Capital items generally fall under the Assets column of the balance sheet. These are items necessary for the functioning of the organization, and very useful to be invested in for the long term. Due to their very nature, these capital items have a residual value to the company. And hence a company which has large capital, has to ensure that it has large revenue, otherwise Capital (which is a fixed cost) will bring the company down. There are two types of capital items

a) Installations – Large installations such as factories, warehouses and other buildings are capital items which require long time installation and are used for an even longer time. There are very few people in between when an installation is bought by a company. Design is critical to such installations and there is absolute absence of Marketing in installations. The only thing installations can be used for is to reinforce the reputation of the company (Example – ACC has

	<p>17 manufacturing plants).</p> <p>b) Equipments – Equipments are both – heavy machineries as well as a utility to the organization using them. Equipments in case of factories will be caterpillars, trucks, cranes and what not. Equipment in case of industrial services will be computers, hardware and design equipment, printers, copiers etc. All these are equipments which are assets. They have a short span of life when compared to installations, but as compared to the life span of normal operating supplies (paper, pen) they have a longer life span. These equipments are sold mainly through intermediaries, though larger the equipment, more is the involvement of the brand directly. In the sale of equipments, personal selling plays a major role as compared to marketing and advertising.</p> <p>4) Supplies</p> <p>Any short term goods or material which is necessary for the day to day operations or a company or businesses is termed as supplies. A simple exam is A4 sized paper. Supplies are marketed via intermediaries and not directly through companies. The reach of the supplies manufacturers needs to be far and wide and regular supply of the product is more important than marketing. Supplies are divided in 2 formats</p> <p>a) Maintenance and repair supplies – Paints are a form of maintenance supplies and Asian paints is the leader in that. Cleaning services are another form of maintenance.</p> <p>b) Operating supplies – Pen and paper, notepads, lubricants for automobiles are part of the operating supplies needed on a day to day basis. Kangaro is an excellent brand which comes to mind when it comes to staplers and staple pins.</p> <p>5) Business services</p> <p>A major product and a growing industry in the classification of industrial products is Business services. Business services are generally third party services given to businesses and they are in form right now because businesses do not want to spend the time or the energy on getting regular things running. Hence they either use Business advisory services or business maintenance services.</p> <p>a) Business advisory services – Any business out there requires a Chartered accountant. This accountant can be hired or it can be a firm which handles the business. Similarly legal, consulting, advertising, marketing are all business agencies within themselves which provide services to industries. These advisory services are on the rise because of the growing economy of developing nations.</p> <p>b) Maintenance and repair services – There is a difference between repair goods and repair services. Where paint is a repair good, a repair service is window cleaning or printer and copier repairing, something which is best left to the professionals. And there are many professionals out there who pick industrial contracts for an annual year towards repair and maintenance of day-to-day products and equipment within an organization.</p>
2C	Explain business selling process.
	<p>There are different steps that are involved in a selling process and the salesperson has a significant role to play in each of the steps. It is the role of the salesperson that helps the organization to increase its sale and reach its objectives. It therefore becomes important to understand their role during each of the steps in order to further enhance their performance and clinch any deal successfully.</p> <p>1. Prospecting: Prospecting is the first step in the sales process that refers to identifying a</p>

	<p>list of potential organizational buyers. There are various sources from which salespeople get the list of prospective buyers. Some of the sources include referrals, directories, commercially-available databases or mail lists, company sales records and in-house databases, public records, trade shows, and a wide variety of other sources. The salespeople have to systematically structure the prospecting activities in order to identify only those potential customers who fit the profile and have genuine interest to buy the product or service.</p> <ol style="list-style-type: none"> 2. Communicating: This step involves the sales professionals communicating with the organizational buyers and trying to understand their current needs, their current use of products, identifying key decision makers among the buyers, planning and creating a sales presentation to address the identified and likely concerns of the prospect, and setting call objectives. During this phase, the sales people also develop a preliminary overall strategy for the sales process keeping in mind that the strategy may have to be refined as they learn more about their prospects. 3. Handling Objections: The course of objection handling includes the prospective buyers holding, inspecting or testing the product directly. The product is demonstrated by the sales people by means of audio-visual presentations such as slide presentations or product videos. It should be the endeavor of the sales person to let the prospect do most of the talking during the presentation. Their responsibility should be restricted to address the needs of the organizational buyers as far as possible. They should have the ability to convince them by showing that they truly understand them and care about their needs. 4. Selling: Selling is the process of delivering the products or services to the customer's satisfaction and receiving the payment after adequately addressing any of their final objections or obstacles. Many sales people are weak and hesitate or lack the confidence to ask for the order. They should know that closing does not involve literally asking for order. They can ask some related questions like what color the buyers like, which model or size they would prefer, when they would like the delivery to happen or what they would lose if they do not place the order now. Depending upon the situation, the salesperson also offers discounts, credit facility to induce the buyer. 5. Servicing: The industrial marketers should provide their customers with efficient service from the point of sale till the goods are delivered and also after the post-sale. Many of the salespeople often overlook the servicing/follow-up aspect which is a very important part of the selling process. It helps to maintain a good and long-term relationship with customers and gives supplementary revenue to the organization. After an order is received, it is in the best interest of everyone involved that the salesperson should follow up with the prospect. This ensures that the product was received by the customer in good condition, at right time, with proper installation and at the place as required by the customer. It also ensures whether adequate training on product usage was given to the customer before they handle the delivered product/equipment. The salesperson should confirm through the follow-up whether the entire process was acceptable to the customer. This is a critical step in creating customer satisfaction and building long-term relationships with customers. <p>If the customer experiences any problems during the process, the sales professionals should take the responsibility to intervene and become the advocate of customers to ensure their satisfaction. This has the probability of leading to new needs, additional purchases, and also referrals and testimonials which can be used as sales tools.</p>
3A	What is marketing channel?
	<p>Today most companies do not sell and distribute their goods directly to the final user. Instead, many of the tasks, which include distribution activities such as transportation and storage, but also marketing activities such as selling, pricing and promotion, are undertaken by a variety of external intermediaries. The choice and control of these intermediaries we call marketing channel management. Marketing channels (also called a trade channel or distribution channel) are those interdependent organizations involved in the process of making a product or services available to end users.</p>
3B	Explain the requirement for effective segmentation.

	<p>5 Requirements for Effective Segmentation</p> <p>Identifying the requirements for effective market segmentation allows companies to create marketing campaigns that are essential for their growth and development. Here are the five criteria for effective market segmentation:</p> <p>1. Measurable</p> <p>The size and purchasing power profiles of your market should be measurable, meaning there is quantifiable data available about it. A consumer's profiles and data provides marketing strategists with the necessary information on how to carry out their campaigns.</p> <p>It would be difficult to create advertisements for markets that have little to no data or for audiences that can't be measured. Always ask whether there is a market for the kind of product or service that your business wants to produce then define how many possible customers and consumers are in that market.</p> <p>2. Accessible</p> <p>Accessibility means that customers and consumers are easily reached at an affordable cost. This helps determine how certain ads can reach different target markets and how to make ads more profitable.</p> <p>A good question to ask is whether it's more practical to place ads online, on print, or out of house. For example, gather data on the websites a specific target market usually visits so you can place more advertisements on those websites instead.</p> <p>3. Substantial</p> <p>The market a brand should want to penetrate should be a substantial number. You should clearly define a consumer's profiles by gathering data on their age, gender, job, socio-economic status, and purchasing power.</p> <p>It doesn't make sense to try and reach an unjustifiable number of people — you're just wasting resources. However, you also don't want to market the brand to a group too small that the business doesn't become profitable.</p> <p>4. Differentiable</p> <p>When segmenting the market, you should make sure that different target markets respond differently to different marketing strategies. If a business is only targeting one segment, then this might not be as much of an issue.</p> <p>But for example, if your target market is college students, then it's essential to create a marketing strategy that both freshman students and senior students react to in the same positive way. This process ensures that you are creating strategies that are more efficient and cost-effective.</p> <p>5. Actionable</p> <p>Lastly, your market segments need to be actionable, meaning that they have practical value. A market segment should be able to respond to a certain marketing strategy or program and have outcomes that are easily quantifiable. As a business owner, it's important to identify what kind of marketing strategies work for a certain segment. Once those strategies have been identified, ask yourself if the business is capable of carrying out that strategy.</p>
3C	Analyze industrial product life cycle.

	 <p>Introduction Stage: Marketing Strategy should focus on market development for slowly accepted products. For rapidly accepted products, a competitive strategy (Competitive pricing or Superior quality product) should be evolved.</p> <p>Growth Stage: To take advantage of high growth of sales and profits, the marketing strategy should concentrate on (i) Improving product design or adding product features (ii) Improving distribution and (iii) Reducing price, as increased sales and production reduce the costs.</p> <p>Maturity Stage As competition increases and profits decline, marketing strategy should concentrate on (i) cutting costs, (ii) keeping existing customers satisfied (iii) entering new markets.</p> <p>Decline Stage Since both sales and profits decline, marketing strategy should focus on (i) substantial reduction in costs, (ii) develop a substitute product, (iii) withdraw the product slowly from the market.</p>																								
4A	What is competitive bidding?																								
	<p>Competitive Bidding</p> <ul style="list-style-type: none"> ○ In business markets, large volume of purchasing is done through competitive bidding, using either closed (or sealed) bidding or open (or negotiated) bidding method. ○ In closed bidding, often used by the Govt. buyer, sealed bids are invited through newspaper tender notices. Sealed bids are opened in presences of suppliers and orders are placed on the lowest price bidder(s). ○ In open bidding, after receiving bids (quotations), the buyer negotiates technical and commercial parts with suppliers, and then places orders. This method is often followed by commercial enterprises in private sector. 																								
4B	Explain how industrial and consumer market research differ from each other.																								
	<p style="text-align: center;">Business Vs. Consumer Marketing Research</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; color: red;">Consumer</th> <th style="text-align: center; color: red;">Business</th> </tr> </thead> <tbody> <tr> <td style="color: red;">Universe Pop.</td> <td style="text-align: center;">Large</td> <td style="text-align: center;">Small</td> </tr> <tr> <td style="color: red;">Resp. Accessibility</td> <td style="text-align: center;">Difficult</td> <td style="text-align: center;">Concern</td> </tr> <tr> <td style="color: red;">Sample Size</td> <td style="text-align: center;">Large</td> <td style="text-align: center;">Small</td> </tr> <tr> <td style="color: red;">Resp. Definition</td> <td style="text-align: center;">Simple</td> <td style="text-align: center;">Difficult</td> </tr> <tr> <td style="color: red;">Interviews</td> <td style="text-align: center;">Easy</td> <td style="text-align: center;">Difficult</td> </tr> <tr> <td style="color: red;">Overall Study Cost</td> <td style="text-align: center;">Higher</td> <td style="text-align: center;">Smaller</td> </tr> <tr> <td style="color: red;">Cost per interview</td> <td style="text-align: center;">Less</td> <td style="text-align: center;">Higher</td> </tr> </tbody> </table>		Consumer	Business	Universe Pop.	Large	Small	Resp. Accessibility	Difficult	Concern	Sample Size	Large	Small	Resp. Definition	Simple	Difficult	Interviews	Easy	Difficult	Overall Study Cost	Higher	Smaller	Cost per interview	Less	Higher
	Consumer	Business																							
Universe Pop.	Large	Small																							
Resp. Accessibility	Difficult	Concern																							
Sample Size	Large	Small																							
Resp. Definition	Simple	Difficult																							
Interviews	Easy	Difficult																							
Overall Study Cost	Higher	Smaller																							
Cost per interview	Less	Higher																							

Business Vs. Consumer Marketing Research

- More reliance on secondary data, exploratory research and expert opinion in industrial research.
- Understanding of technical factors is important for industrial research because of technical nature of industrial products.
- Managers of industrial products companies perform less marketing research studies.
- More emphasis is given to descriptive survey method in industrial research

4C

Explain the factors that influence pricing strategy.

The factors that influence pricing strategy are

PRICE DETERMINANTS OR FACTORS INFLUENCING PRICING DECISIONS

(i) Pricing objectives, (ii) customer analysis, (iii) cost analysis, (iv) competitive analysis, (v) Govt. policies.

1. Pricing Objectives

- Are derived from corporate and marketing objectives.
- Some of the pricing objectives are survival, maximum short-term profits, maximum short-term sales, maximum sales growth, product quality leadership, etc.

2. Customer (Demand) analysis

It includes demand analysis & cost - Benefit analysis

(i) **Demand analysis**. Using experimental research, it measures relationship between price and demand (or sales volume). It sums up how sensitive customers are to the price changes. The formula is:

$$\text{Price elasticity of demand (PED)} = \frac{\% \text{ change in quantity demanded}}{\% \text{ Change in price}}$$

If PED is > 1, demand is elastic, & customers are price sensitive

If PED is < 1, demand is inelastic, customers are less sensitive to prices.

(ii) Cost – Benefit Analysis

- Necessary to know target customers' perceptions of benefits (or value) and costs.
- Benefits are categorized into **hard (or tangible) benefits** like quality, production rate, performance, etc. and **soft (or intangible) benefits** like customer service, company reputation, warranty period, etc.
- **Cost includes** price, duties and taxes, freight, installation, maintenance.

3. Cost Analysis.

- A firm's total cost of a product is the lowest point on the price range. Hence, for pricing decisions, the marketer must know the various types of costs like fixed, variable, total, direct, etc. for a product / service.
- Costs vary based on production capacity (i.e. economies of scale), and accumulated experience (i. e. learning curve) as shown.

4. Analyzing Competition

- Many marketers have “competitive level” Pricing as a pricing objective.
- Marketers should get “Competitors’ prices, discounts, costs, product quality, service, etc for cost/benefit analysis, pricing and positioning strategy.
- Competitors’ information can be obtained from various sources.

5. Government Regulation/Policies

- Govt. regulations are necessary to ensure fair play and to protect consumers and small scale suppliers.
- Price-fixing / price cartels, price discrimination (e.g. different discounts to distributors/dealers), and predatory pricing (e.g. dominant firm aiming to finish competitors) are not permitted (illegal as per MRTP act, for example)

5A	What do you mean by MRP?
	Material requirements planning (MRP) is a software-based integrated inventory and supply management system designed for businesses. Companies use MRP to estimate quantities of raw materials, maintain inventory levels, and schedule production and deliveries.
5B	Explain the pricing strategies in Business Marketing
	<div data-bbox="368 488 783 801" style="border: 1px solid black; padding: 5px;"> <p>PRICING STRATEGIES</p> <p>Pricing strategies vary as per productmarket situations such as (i) Competitive bidding in competitive markets, (ii) New product pricing, (iii) Pricing across product lifecycle.</p> <p>(i) Competitive Bidding</p> <ul style="list-style-type: none"> ○ In business markets, large volume of purchasing is done through competitive bidding, using either closed (or sealed) bidding or open (or negotiated) bidding method. </div> <div data-bbox="379 860 991 1317" style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <ul style="list-style-type: none"> ○ In closed bidding, often used by the Govt. buyer, sealed bids are invited through newspaper tender notices. Sealed bids are opened in presences of suppliers and orders are placed on the lowest price bidder(s). ○ In open bidding, after receiving bids (quotations), the buyer negotiates technical and commercial parts with suppliers, and then places orders. This method is often followed by commercial enterprises in private sector . </div> <div data-bbox="379 1357 1027 1845" style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <p>(ii) New Product Pricing Strategy</p> <p>In the introduction stage of a new product, two alternative pricing strategies are available</p> <p>(i) Skimming (high initial price) strategy, and (ii) Penetration (low initial price) strategy.</p> <p>Skimming Strategy is appropriate for a new product that is distinct, high-tech, or capital intensive, and purchased by a market segment that is not sensitive to the initial high price.</p> <p>The advantage is faster recovery of investment by generating larger profits. The disadvantage is that it attracts competitors due to high profits. The firm reduces prices after some time to reach other segments.</p> </div>
5C	What are the business service marketing special challenges?
	There are four characteristics that distinguish services from products:
	Intangibility: It is easier to sell a product than a service. A product is tangible or physical. When

	<p>customers can see a product and examine its shape, colour, features, size, the quality of materials used – they can immediately make a purchase decision. Indian consumers like to ‘feel’ the product before they buy, especially if it is clothing or personalised products.</p> <p>However, a service is intangible – consumers cannot feel or own it like a product. So it takes longer to convince them. As they say in marketing, the entry point to the ‘funnel’ takes longer. You are not selling something that a customer can own – it is about selling something that a customer consumes. Take Tourism for instance. That industry sells experiences. The only way a customer can preview it is by seeing photographs, reading reviews online or by listening to other people who have travelled to those destinations.</p> <p>Education is also a service. The various utilities you consume – electricity, gas, telecom, internet – are all services. Apart from pricing, customers choose a service provider based on quality of service.</p> <p>Challenge: How does one sell or market a service that cannot be shown to or owned by customers?</p> <p>Inseparability: A product can be bought from different channels: online, in a mall, in a convenience store etc. But a service has one point of purchase. You deal directly with the seller or his distributor. And you go to that same point every time you need that service. For example, when you need a haircut, it’s highly likely that you go to the same salon every month. You may go a step further and demand that the same person does your hair (because he/she knows your preferred style). Hence the relationship between the consumer and the service provider is inseparable.</p> <p>Challenge: How can the service provider offer the best service, in the most customised manner, for thousands or millions of customers?</p> <p>Perishability: There are perishable and non-perishable products. Food items are perishable and have a shorter shelf life, vendors know they must sell these items within a few hours or days so they offer discounts to clear stocks. If they are unable to sell their stocks, there is wastage and revenue loss.</p> <p>Services are perishable. The service provider needs to sell maximum capacity in order to be profitable. Let’s take the example of an airline. If a flight is going half empty, the revenue collected from ticket prices will not suffice to cover the operational costs. So airlines use different strategies for filling their airplanes. They might club flights for a particular route or use code sharing arrangements with partner airlines or join an airline alliance like Star Alliance. So it is a matter of balancing demand with supply. If you can do that, then you minimise your business losses and increase your profitability. Of course, you may not always be able to do this. There are periods of demand (like the holiday season) and then there are periods when sales dip due to low demand.</p> <p>Challenge: How can the service provider create maximum utilisation for its service?</p> <p>Variability: A product might have little variability, because every unit of that particular model is built to a specification or design created by a manufacturer. If you buy a particular model of a car, and your friend buys the same model, it is likely that the two will be similar in most aspects. Of course, the colours may be different and there will be differences in the customised options, like the material used for the seating upholstery.</p> <p>But with a service, there is a lot of variability. There will be variations depending on who offers the service, and at what location.</p> <p><i>Challenge: How can a service be standardised so that the customer gets the same quality, regardless of location or point of sale?</i></p>
6A	What is creeping commitment?
	Out of syllabus
6B	STP plays a vital role in business marketing justify with suitable example.
	<p>STP stands for segmentation, targeting, and positioning in marketing. It is a three-step process that allows for the development of a specific and actionable marketing strategy.</p> <p>The main principle behind the process is to segment your audience, target each segmented group</p>

	<p>according to their preferences and habits, and make positioning adjustments in your branding and marketing strategies to accommodate their needs and expectations.</p> <p>The segmentation-targeting-positioning process is so effective because it breaks down broader markets into smaller parts, making it easier to develop specific approaches for reaching and engaging potential customers instead of using a generic marketing strategy that would not be as appealing, or as effective.</p>
6C	<p>Explain the webstar and Wind model of organization buying behaviour.</p>
	<p><u>WEBSTER AND WIND MODEL</u></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p><u>Environmental Variables</u></p> <ul style="list-style-type: none"> / Physical, Technological / Economic, Cultural / Political and Legal / Labour unions / Customer demands / Competitive practices / Supplier information </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p><u>Organisation Variables</u></p> <ul style="list-style-type: none"> / Objectives and goals / Organisation Structure / Purchasing Policies / Procedures / Evaluation & reward systems / Degree of decentralisation </div> <p style="text-align: center;">↓</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p><u>Buying Centre Variables</u></p> <ul style="list-style-type: none"> / Authority, Size / Key influencers / Interpersonal relationship / Communication </div> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p><u>Organisation Buying Decisions</u></p> <ul style="list-style-type: none"> / Choice of Suppliers / Delay decision & get more information / Make, Lease or buy / Do not buy </div> </div> <p style="text-align: center;">↑</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p><u>Individual Variables</u></p> <ul style="list-style-type: none"> / Personal Goals, Values / Education, Experience / Expertise, Job Position / Lifestyle, Income </div>
7A	<p>What do you mean by positioning?</p>
	<p>Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer. A good positioning makes a product unique and makes the users consider using it as a distinct benefit to them.</p>
7B	<p>How are industrial customer classified? Explain.</p>

	<p style="text-align: right;">16</p> <h3 style="text-align: center;">Types of industrial customers</h3> <pre> graph LR A[INDUSTRIAL / BUSINESS CUSTOMERS] --> B[COMMERCIAL ENTERPRISES] A --> C[GOVERNMENT CUSTOMERS] A --> D[INSTITUTIONAL CUSTOMERS] A --> E[CO-OPERATIVE SOCIETIES] B --> B1[INTERMEDIARIES / MIDDLEMEN (DISTRIBUTORS)] B --> B2[OEMS] B --> B3[USERS] C --> C1[PUBLIC SECTOR UNITS (BHEL)] C --> C2[GOVT. UNDERTAKINGS (RAILWAYS, DEFENCE UNITS)] D --> D1[PUBLIC INSTITUTIONS (GOVT. HOSPITALS)] D --> D2[PRIVATE INSTITUTIONS (SCHOOLS, COLLEGES)] E --> E1[MANUFACTURING UNITS (SUGAR, MILK)] E --> E2[NON-MANUFACTURING UNITS (BANKS, HOUSING)] </pre>
7C	Elaborate the B2B buying process.
	<div style="border: 1px solid black; padding: 10px;"> <h3 style="margin: 0;">Business Selling Process</h3> <ul style="list-style-type: none"> • No magic formula for making a sale. But chances of making a sale improves, if the following <u>sales process</u> is followed. • The major steps in <u>selling process</u> are : <ol style="list-style-type: none"> (i) <u>Prospecting</u>. It is searching or identifying prospective or likely customers from various sources. (ii) <u>Qualifying</u>. Prospective customers are screened by qualifying criteria like expected volume, location & financial strength. (iii) <u>Preparation / Preapproach</u>. Sales person should prepare plan before making sales presentation by obtaining all relevant information about the customer and competitors through personal visits and websites. </div>
8	Case Study