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Mini-Review

A Study on Effectiveness of B to B Marketing in a Modern World

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Abstract

Business-to-Business International Internet Marketing (B2B IIM) has emerged as one of the key drivers in sustaining an organisation's competitive advantage. Market entry and communication via the Internet have affected the dynamics and traditional process in B2B commerce. The critical question for companies today is what should be done to find leverage points that could result in greater success of this kind of business and how are market-oriented activities affected by the use of the internet. However, few empirical studies have been done regarding B2B IIM that is affected by the use of the Internet, and the effect of that on B2B marketing efficiency. By studying the practice of 123 UK B2B companies, it has been found that the use of the Internet positively influences B2B international marketing by its two dimensions, B2B international marketing activities and B2B marketing activities which reflect positively on the marketing efficiency.

Keywords: Internet Marketing; B2B international marketing; Business dynamics; Marketing efficiency.

Introduction

B2B Marketing B2B (business-to-business) marketing is marketing of products to businesses or other organizations for use in production of goods, for use in general business operations (such as office supplies), or for resale to other consumers, such as a wholesaler selling to a retailer. Digital marketing is about driving a better customer experience, earning sales and retention by focusing on the importance of one-to-one marketing. The goal of the marketer is to start and continue discussions that lead to new brand advocates, new customers and long-term clients that ultimately become referral generators [1].

Social media

There may be no better way to connect our ideas with the world than through social media. It can be a terrific way to boost our company's visibility online [2]. One of the strongest recommendations is to focus on sharing highly useful and targeted content that's of interest to the people you want to connect with. Most B2B enterprises have a smaller customer base but larger price point than B2C companies. Additionally, the sales lead time is longer on average for B2B than B2C businesses. B2B customers need more information, nurturing, support and trust-factors to encourage a single sale.

B2B customers and prospects use multiple channels for research: websites, forums, Linkedin, seminars, conferences, whitepapers, surveys, Twitter, third-party data, customer feedback, their own peers, etc., to make decisions [3]. Social media marketing is focused on nurturing relationships to build loyalty and brand advocacy. Although social media may not directly drive sales for B2B enterprises, the value rests in building a buyer's interest in a brand over time. Social media is a soft tool that supports hard metrics, such as sales or customer retention.

Social media builds brand awareness and visibility [4,5] Social media acts as an established distribution channel for an enterprise's content, ideas and offers. B2B social media marketing can be used to build an individual's or enterprise's reputation as a thought leader within an industry. By building brand advocates, which can create PR opportunities, positive web mentions, SEO and brand loyalty.

Social media can improve SEO by increasing third-party links, mentions and interest in a brand's content [3]. Social media marketing can drive new leads into the funnel when coupled with content offers, such as whitepapers, eBooks, factsheets or other items of interest.

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Social media can be used as a B2B customer feedback program in order to better understand the needs of prospects, leads, customers and advocates [6]. Social media can be used to educate buyers and help them better understand the factors playing a role in their decisions. This education process builds trust and brand trust. Social media can be used for B2B customer care and loyalty programs

Segmentation Challenges in Business-To-Business Markets

Business-to-business markets are characterized in a number of ways that makes them very different to their consumer cousins [7]. The main differences between consumer and business-to-business markets, and set out the implications for market segmentation: B2B markets have a more complex decision-making unit: In most households, even the most complex and expensive of purchases are confined to the small family unit, while the purchase of items such as food, clothes and cigarettes usually involves just one person. Other than low-value, low-risk items such as paperclips, the decision-making unit in businesses is far more complicated [8]. The purchase of a piece of plant equipment may involve technical experts, purchasing experts, board members, production managers and health and safety experts, each of these participants having their own set of (not always evident) priorities.

B2B buyers are more 'rational': The view that b2b buyers are more rational than consumer buyers is perhaps controversial, but we believe true. Would the consumer who spends $3,000 on a leather jacket that is less warm and durable than the $300 jacket next-door make a similar decision in the workplace? Consumers tend to buy what they want; B2B buyers generally buy what they need [9]. It perhaps therefore follows that segmenting a business audience based on needs should be easier than segmenting a consumer audience. In business-to-business markets it is critical to identify the drivers of customer needs. These often boil down to relatively simple identifiers such as company size, volume purchased or job function. These identifiers often enable needs and therefore segments to be quite accurately predicted.

B2B products are often more complex: Just as the decision-making unit is often complex in business-to-business markets, so too are B2B products themselves [10]. Even complex consumer purchases such as cars and stereos tend to be chosen on the basis of fairly simple criteria. Conversely, even the simplest of B2B products might have to be integrated into a larger system, making the involvement of a qualified expert necessary. Whereas consumer products are usually standardized, B2B purchases are frequently tailored.

This raises the question as to whether segmentation is possible in such markets – if every customer has complex and completely different needs, it could be argued that we have a separate segment for every single customer [11]. In most business-to-business markets, a small number of key customers are so important that they 'rise above 'the segmentation and are regarded as segments in their own right, with a dedicated account manager.

B2B target audiences are smaller than consumer target audiences: Almost all business-to-business markets exhibit a customer distribution that confirms the Pareto Principle or 80:20 rule. A small number of customers dominate the sales ledger. Nor are we talking thousands and millions of customers [12]. It is not unusual, even in the largest business-to-business companies, to have 100 or fewer customers that really make a difference to sales. One implication is that B2B markets generally have fewer needs-based segments than consumer segments – the volume of data is such that achieving enough granularities for more than 3 or 4 segments is often impossible.

Personal relationships are more important in B2B markets: A small customer base that buys regularly from the business-to-business supplier is relatively easy to talk to. Sales and technical representatives visit the customers. People are on first-name terms. Personal relationships and trust develop [13]. It is not unusual for a business-to-business supplier to have customers that have been loyal and committed for many years. There are a number of market segmentation implications here. First, while the degree of relationship focus may vary from one segmentation to another, most segments in most B2B markets demand a level of personal service. On a practical level, it also means that market research must be conducted to provide a full understanding of exactly what 'relationship' comprises. To a premium segment, it may consist of regular face-to-face visits, whilst to a price-conscious segment a quarterly phone call may be adequate.

B2B buyers are longer-term buyers: Whilst consumers do buy items such as houses and cars which are long-term purchases, these incidences are relatively rare. Long-term purchases – or at least purchases which are expected to be repeated over a long period of time – are more common in business-to-business markets, where capital machinery, components and continually used consumables are prevalent [14]. In addition, the long-term products and services required by businesses are more likely to require service back-up from the supplier than is the case in consumer markets. A computer network, a new item of machinery, a photocopier or a fleet of vehicles usually require far more extensive after sales service than a house or the single vehicle purchased by a consumer. In one sense this makes life easier in terms of B2B segmentation. Segments tend to be less subject to whim or rapid change, meaning that once an accurate segmentation has been established, it evolves relatively slowly and is therefore a durable strategic tool. The risk of this, and something which is evident in many industrial companies, is that business-to-business marketers can be complacent and pay inadequate attention to the changing needs and characteristics of customers over time.

B2B markets drive innovation less than consumer markets: B2B companies that innovate usually do so as a response to an innovation that has happened further upstream. In contrast with FMCG companies, they have the comparative luxury of responding to trends rather than having to predict or even drive them. In other words, B2B companies have the time to continually re-evaluate their segments and CVPs and respond promptly to the evolving needs of their clients.

B2B markets have fewer behavioural and needs-based segments: The small number of segments typical to b2b markets is in itself a key distinguishing factor of business-to-business markets. Our experience of over 2,500 business-to-business studies shows that B2B markets typically have far fewer behavioural or needs-based segments than is the case with consumer markets. Whereas it is not uncommon for an FMCG market to boast 10, 12 or more segments, the average business-to-business study typically produces 3 or 4. The main reason for the smaller number of segments, however, is simply that a business audience's behaviour or needs vary less than that of a (less rational) consumer audience.

Conclusions

Price-focused segment, which has a transactional outlook to doing business and does not seek any 'extras'. Companies in this segment are often small, working to low margins and regard the product/service in question as of low strategic importance to their business. A quality and brand-focused segment, which wants the best possible product and is prepared to pay for it [15,16]. Companies in this segment often work to high margins, are medium-sized or large, and regard the product/service as of high strategic importance. Service-focused segment, which has high requirements in terms of product quality and range, but also in terms of after sales, delivery, etc. These companies tend to work in time-critical industries and can be small, medium or large. They are usually purchasing relatively high volumes. Partnership-focused segment, usually consist of key accounts, which seeks trust and reliability and regards the supplier as a strategic partner. Such companies tend to be large, operate on relatively high margins, and regard the product or service in question as strategically important.

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