Chapter 16

To consolidate your learning, the key points from this chapter are summarized here:

■ Explain the main characteristics of business markets and understand the different types of

organizational customer.

Business markets are characterized by four main factors: the nature of demand; the buying processes; international dimensions; and the relationships that develop between organizations. A range of organizations make up business markets; and these can be classified as commercial, government, and institutional. These organizations buy products and services to make goods for resale to their customers, but they also consume items that are required to keep their offices and manufacturing units functioning.

■ Describe the different types of offering that are bought and sold in business markets.

Products and services bought and sold through business markets are categorized as input goods, equipment goods, and supply goods.

■ Set out the main processes and stages associated with organizational buying and purchasing.

Organizational buying behaviour can be understood as a group buying activity in which a number of people with differing roles make purchasing decisions that affect the organization and the achievement of its objectives. Buying decisions can be understood in terms of different types of decision (buyclasses) and different stages (buyphases).

■ Explain what business-to-business marketing is and the marketing issues associated with

professional services firms.

Business-to-business marketing is concerned with the identification and satisfaction of business

customers’ needs. This requires that all stakeholders benefit from the business relationship and associated transactions. Customers derive satisfaction by purchasing offerings that they perceive as providing them and/or their organizations with particular value. Professional services firms focus on developing their reputation as the main means of differentiation.

■ Understand the principles of key account management.

Some suppliers refer to some of their strategically important customers as ‘key accounts’. Relationships with these customers move through various stages known as key account management development cycles. Each stage is marked by particular characteristics, and part of the role of the key account manager is to ensure that all contact between the supplier and the customer builds on strengthening the interorganizational relationship.