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MKT 424 (Formerly MKT425) : Industrial Marketing

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Q1. Explain what you understand by vertical and horizontal markets in industrial marketing.

Answer.

A vertical Market: - is a situation where the industrial product is usable by almost all firms in only one or two industries. In this case, the product can be tailor-made to meet the specific needs of one industry. Examples of such products are cartons use by the confectioners like snacks, carburetors, special chemicals, etc.

Horizontal Market: a product is said to have a broad or horizontal market if such product(s) is usable by many industries. In this case the product are developed as an all purpose items and examples are industrial supplies such as lubricating oils, greases, some paper products etc.

Q2. Organizational purchasing motives and buying influences are important considerations in industrial marketing. Discuss the above statement in the light of present economic down-turn.

Q3. Explain the classification of Industrial products.

Answer

a) Materials and Parts: - Materials and parts are industrial goods that enter manufactured goods completely.

 Raw Materials fall into two categories: namely,

   i) Farm Products. i.e. Cocoa, Cotton, groundnuts all these are used in the Production of other products,

   ii) Natural Products: These are products extracted from or provided by nature. They are provided by natural environment for the use of man.
They include such supplies like crude petroleum, coal, iron ore, gas, fish, timber etc. Marketing of natural products are carried out by fewer producers whose scale of operation is usually larger than expected.

b) Manufactured Materials: - Manufactured materials and Parts are industrial items, which enter production process completely. They are further processed into new products. They are sold to industrial users. Examples are wires, cement, flour etc.

c) Manufactured Parts: - These are components parts or materials fabricated. For example, car parts are fitted into the car for it to move.

Q4. A new product development is a sequential multi-step process. Discuss this process in relation to an industrial product of your choice.

Q5. Explain the Differences between Consumer and Producer (Industrial) Market.

Answer.
Differences between Consumer and Producer (Industrial) Market

There are significant differences between consumer and industrial markets. These differences result in major implications for marketers today.

We can conveniently highlight the differences between consumer and producer markets.

a. The type of demand and number of buyers
b. Types of Buyers
c. Types and use of products
d. Place and distribution channel
e. Organizational purchasing motives and Buying influences
f. Terms of purchases

Q6. Articulate the factors that are likely to affect the selection of appropriate promotional mix elements in the marketing of an industrial product of your choice.
Q7: ARTICULATE THE MAJOR FUNCTIONS OF INDUSTRIAL MARKETING RESEARCH
   Answer
   The functions of industrial marketing research are positively identified below.
   • Sales forecasting.
   • Analysis of market size.
   • Trends in market size.
   • Estimating demand for new product.
   • Competitive position of company products.
   • Determining characteristics of market.
   • Determining present uses of existing products.
   • Studying economic factors affecting sales volume— inflation, economic reforms govt policies.
   • General business forecasting.
   • Evaluating proposals of new products and services.

Q8. Examine the distinction between differentiated and undifferentiated marketing strategy.

Q9. WHAT ARE THE MAJOR SIMILARITIES BETWEEN INDUSTRIAL AND CONSUMER BEHAVIOR
   Answer
   The following are the major similarities:
   a) The overall administration, design, execution and analysis of survey research tend to follow same basic rules and procedures.
   b) The research study should address the problem and the information in a valid and reliable data.
   c) The data processing procedures are similar.
   d) The analysis of data require the same in terms of skill and knowledge.
   e) The marketing researcher in both markets is a problem solver and marketing consultant and
f) The researcher’s ‘tools of the trade” are the application of valid and reliable research techniques to uncover information that aids in problem solution and helps makes a better business solution.

Q.10. Discuss the inter-related steps involved in developing an appropriate marketing strategy for an industrial product of your choice.

Q.11. Define the term industrial marketing and give examples of Business-to-Business goods and services
Answer.
Industrial marketing is the marketing of goods and services from one business to another. The word "industrial" has connotations of heavy machinery, mining, construction etc. but "industrial marketing" is not confined to these types business activities only. Warehousing, transport etc., also form parts of business markets.

RAW MATERIALS
MANUFACTURING MATERIALS
(Transformed from raw materials)
COMPONENT OR OEM PARTS
(Transformer of a completed product)
ACCESSORY EQUIPMENT (Tools)
CAPITAL EQUIPMENT (Machinery)
MRO ITEMS (Operating supplies)

Q12. In setting realistic market prices, the industrial marketing managers always find his discussion being influenced by a number of factors. Examine these factors in the light of today’s marketing practices
Q13. Examine the differences between Industrial Markets and Consumer markets

Answer

<table>
<thead>
<tr>
<th>AREAS / CHARACTERISTICS</th>
<th>IND MARKETS</th>
<th>CONSUMER MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>GEO Concentrated Few Buyers</td>
<td>GEO Disbursed Large no. Of Buyers (Mass Markets)</td>
</tr>
<tr>
<td>Products</td>
<td>Technically Complex Customized</td>
<td>Non – Technical Standardized</td>
</tr>
<tr>
<td>Service</td>
<td>Very Important</td>
<td>Somewhat important</td>
</tr>
<tr>
<td>Buyer Behavior</td>
<td>Various Functional specialists involved Mainly Rational buying decisions. Interpersonal relationship between buyers and sellers.</td>
<td>Family members involved Physiological / Psychological Social need based buying decisions. Non – Personal Relationship.</td>
</tr>
<tr>
<td>Channel</td>
<td>More direct Multi Channel</td>
<td>Indirect Few Channels with many layers</td>
</tr>
<tr>
<td>Promotional</td>
<td>Importance to personal selling</td>
<td>Importance to Advertising</td>
</tr>
<tr>
<td>Pricing</td>
<td>Competitive bidding / Negotiated prices</td>
<td>MRP</td>
</tr>
</tbody>
</table>

Q14. Examine the roles and operations of government agencies in the marketing of industrial products in Nigeria

Q15. Explain why industrial marketing is described as a derived demand.
Answer

- Because Industrial demand is derived from (or depends on) demand for consumer goods / services.
- E.G. Steel is demanded for production of consumer durable products like Cars & Refrigerators, which are demanded by household consumers. Hence, Demand for Steel is derived from forecast of consumer demand for Cars, Refrigerators, Washing Machines, Etc.,

Q16. Define the terms “Industrial Marketing and Industrial Marketing Research”. Articulate the roles of Industrial Marketing Research in contemporary marketing.

Q17. What are the Distinguishing Characteristics of Industrial Marketing

Answer

- Markets are geographically concentrated
- Fewer customers, shorter channels
- Customers well informed
- Buying organizations highly organized
- Service very important
- Buying process rational
- Emphasis on personal selling
- Competitive bidding and negotiation
- Buyer behavior – technical and in groups

Q18. Explain how Buyer/Seller Relationship Expectations differ in consumer markets as against what is obtained under the industrial or Business to Business markets.
Q19 With the aid of a good illustration, describe the channel of consumer products.

Answer

Channels for Consumer Products

- **Direct Channel**: Producer → Consumers
- **Retailer Channel**: Producer → Retailer → Consumers
- **Wholesaler Channel**: Producer → Wholesaler → Retailer → Consumers
- **Agent/Broker Channel**: Producer → Agents or Brokers → Wholesalers → Retailers → Consumers
Q.20 Define the term Just –in-Time manufacturing and explain its benefits

Answer

A process that redefines and simplifies manufacturing by reducing inventory levels and delivering raw materials just when they are needed on the production line.

- Reduces raw material inventories
- Shortens lead times
- Creates better supplier relationships
- Reduces production and storeroom costs
- Reduces paperwork