

B2B target market strategy impact on Asia

¹Swapan Kumar Saha, ²Md. Abid Hasan Rahat, ³Suman Chowdhury, ⁴Mohammad Mahbubur Rahman, ⁵Chandan Kumar Sarkar,

Abstracts—Business to business marketing primarily refers to trade dealings between two businesses. This business can be between manufacturers and wholesalers or between wholesaler and retailers. To get a position in b2b market you have to think over the target market strategy. Business-to-business marketers target only other companies; they have significantly small targeted market than customer marketers. Target market segmentation is closely linked with the positioning strategy of a company.

Index terms: Consumer target market, Needs-Based Segments, partnership-focused segment, Geographic Target Market Segmentation, Product usage segmentation, Psychographic Target Market Segmentation, A service-focused segment.

1. INTRODUCTION

B2B refer business that sells products or provides services to other businesses [1]

To clarify and segment the target market is usually much easier in B2B than in B2C markets. Quite often, B2B companies only have a handful of important key accounts that make up for the greater part of their turnover and profit. At the same time, it is also more important to clearly segment your target markets because the possibilities to differentiate one product from another are more restricted in B2B. An effective segmentation strategy can also create a competitive advantage in B2B markets [10]

For example, Starbucks Coffee Company and Tata Coffee opened a new coffee roasting and packaging plant in February

2013. The new plant is located in Kushalnagar in Karnataka, India. Starbucks and Tata formed a partnership in January 2012 to leverage on their expertise to promote the quality of Indian-grown Arabica coffees. The partnership will procure, roast and distribute Arabica coffee beans grown in India to markets across the world. Tata has been working in collaboration with Starbucks to choose the correct harvesting and processing methods to improve the quality of the bean. The two companies have already developed a coffee blend, Indian Espresso Roast, which highlights the quality of Indian-grown coffee beans. The coffee blend is highlighted as a signature locally-sourced blend at Starbucks' stores in India. In India, Starbucks now has a total of seven stores out of which three are in Delhi and four are located in Mumbai. [16]

A B2B company needs to focus on relationship building and communication using marketing activities that generate leads that can be nurtured during the sales cycle. B2B companies use marketing to educate various players in the target audience because the decision to purchase is usually a multi-step process involving more than one person. [2]

2. B2B target market are smaller than consumer target market

Almost all b2b markets exhibit a customer distribution that confirms the Pareto Principle. A small number of customers dominate the sales ledger. Nor are we talking thousands and millions of customers. It is not unusual, even in the largest b2b 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. [5]

For example, One of the bigger names in British Hair brand is 'Toni and Guy'. Recently Toni and Guy have launched a program in Mumbai, India, by the name of "Toni and Guy

¹Swapan Kumar Saha, Senior Lecturer, Department of Business Administration, International University of Business Agriculture and Technology, Dhaka-1230, Bangladesh, Email:swapanau@yahoo.com.au

²Md. Abid Hasan Rahat, Student, Department of Business Administration, International University of Business Agriculture and Technology, Dhaka-1230, Bangladesh, Email: ontornai@gmail.com

³Suman Chowdhury, Lecturer, Department of Electrical and Electronics Engineering, International University of Business Agriculture and Technology, Dhaka-1230, Bangladesh, Email: suman.kuet@gmail.com

⁴Mohammad Mahbubur Rahman, Assistant Prof., Department of Physics, International University of Business Agriculture and Technology, Dhaka-1230, Bangladesh, Email: dinar_eic@yahoo.com

⁵Chandan Kumar Sarkar Associate Prof., Department of Economics, International University of Business Agriculture and Technology, Dhaka-1230, Bangladesh, Email:csarkar@iubat.edu

Hair Meet Wardrobe”, where the hair brand is going to have a working partnership with Indian Fashion Designer Manish Arora. Arora is a celebrated Indian designer, who also has worked with PacoRabanne. In this lifestyle store, people can come in and get haircuts and styling suggestions by Toni and Guy trained stylist, at the same time get clothing-fashion advises, by Manish Arora, on what type of clothes customers should wear, based on their particular hair styles and personalities. [18]

3. B2B markets have fewer behavioral And Needs-Based Segments

It is noticeable that the behavioral and needs-based segments that emerge in b2b markets are frequently similar across different industries. Needs-based segments in a typical business-to business market often resemble the following:

1. A 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.[16]For example, “Make my Trip”, is not only officially India’s number one online site for trip booking for flights of various passenger carriers and arranging for Hotels that belong to different brands and owners, they also help other corporate and individual clients book their vacation, conference, annual general meeting etc., based on their preferred budgets. It is quite similar to another online site called “Booking” and “TripAdvisor”. It is noteworthy, that these B2B tie-ups between companies are like a ‘win-win’ situation for the businesses that are inside the group and also for the clients. For example, the hotel rates that are published in these sites have a certain amount fixed by the hotel and a certain part for the online company. Hence, a client living in Brazil, if wants to book a hotel in India, the most convenient option for him would be to go through these sites. In these sites, he is getting information about not only the set of facilities that is available in the hotel premises but also can see live photos of the premises. Thus his choices become clear to him and he does not have to take the risk of getting mobbed in an unknown country, as a first-time traveller. [20] [21] [22]

2. A quality and brand-focused segment, which wants the best possible product and is prepared to pay for it. Companies in this segment often work to high margins, are medium-sized or large, and regard the product/service as of high strategic importance. [16] For example, the garments business who have to provide perfect quality or color match product to satisfy foreign bier. The raw material or accessories such as button, logo, print etc. they buy from local business in high volume and perfect matched quality.

3. A 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.[16] For example, For example, On the Bangladeshi tourism frontier, there is TOUR OPERATORS ASSOCIATION OF BANGLADESH (TOAB), which has a b2b relation with many individual tour operating companies, car rental companies, catering agencies and restaurants of Bangladesh. Annually the Bangladesh Tourism Board organizes fairs; in many countries across the globe. Where they portray the beautiful and attractive tourist places and activities of Bangladesh. Their main intention is to attract as much Non-Bangladeshis as possible, to come in and visit Bangladesh, hence contribute in national GDP. This in one way promotes the tourism sector of Bangladesh. On the other hand, builds a very strong relationship among all the vendors who are inside the value-chain. As, the only sole goal of all those, who are in the Association, is to uphold the long-term relation with the Board through reliable good performance, via customer satisfaction. [19]

4. A partnership-focused segment, usually consisting 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[6][16] For example, Tata BlueScope Steel Limited is an equal joint venture between Tata Steel Limited, India and BlueScope Steel Limited, Australia. The joint venture came into being on November 23, 2005. They have entered into a partnership and form a new Joint Venture company in India. The 50/50 Joint Venture Company and build a new business across India and South Asia. Tata BlueScope Steel focuses on developing new markets and applications for coated steels in the fast-growing construction markets of India and another South Asian countries.[11][12][13]

8. TARGET MARKET SEGMENTATION OF B2B

Target market segmentation is especially important in B2B markets, as there is often little to differentiate one product from another. Target market segmentation is closely linked with the positioning strategy of a company. Considerations in the positioning strategy are subsequently taken into account in the design of inbound marketing campaigns. [7]

Target markets are grouped by common measures such as:

1. Geographic Target Market Segmentation – for instance, a target audience that does business in a particular language, city, state/province, or country. [7]It subdivides the target market into different geographical units like countries,

provinces, zip codes etc. Depending on where it chooses to operate, a company would pay close attention to local variations in the needs and preferences of the different units. [8]

2. Firmographic Target Marketing Segmentation – a company's number of employees, industry or income bracket can define a target audience. [7] The first organization firmographic to consider in selecting a business market segment is size. You separate potential business customers into sizes by considering how many employees they hire, how many plants, stores or branches they include at where they are located. [9]

If the business is small with few employees and in only one location, the business owner probably makes most purchasing decisions. If the business is large with many employees and locations, an employee is most likely assigned purchasing. Thus, the size of the business reveals personal demographics that can enhance your B2B marketing and sales [9]

For example, International passenger carriers like Singapore Airlines has partnered with world-class hotels and transport businesses since a long time. However, what is an addition to the innovative thought of B2B is the fact that they have now a special option, called "Book-the-Cook", where passengers can book their preferred cook, at least 24 hours before the flight, for the dish that want to have during their journey. Here, it can be noted that these dishes are created exclusively for Singapore Airlines by the world's most sought-after culinary masters from their International Culinary Panel, including Sanjeev Kapoor, who is an inspirational Indian name in the Culinary Industry. [17]

3. Psychographic Target Market Segmentation According to Miriam-Webster, psychographics is "market research or statistics classifying population groups according to psychological variables (as attitudes, values, or fears)." [15]

However, this kind of target market segmentation is especially useful for repeat clients, who may be drawn to anything from the price range, quality levels or the delivery terms [7]

4. Need-Driven Target Market Segmentation - this can be the most difficult target audience to assess, but also one of the most fruitful. Ask, what is the motive behind a purchasing decision? What factors play into a company's decision-making? [7]

5. Demographic target market segmentation: Demographic segmentation is a popular basis for categorizing customer groups because customer wants, preferences, and usage rates are often associated with demographic variables such as

company size, annual sales, SIC codes, etc. As well, demographic variables tend to be easier to measure. [8]

For example, easy.com.bd provides online mobile recharge service. They targeted the mobile phone network company of Bangladesh and they have contacted with GrameenPhone, Banglalink, Robi, Airtel, CityCell, TeleTalk and also some internet service such as Qubee and Banglaion. Here the they target only those companies which are service b2c.

6. Product usage segmentation: Product usage segmentation relates to how of much of a product or service a customer consumes. Such user could be heavy users, medium users, light users, or non-users. Serve could be for first time, one time, regular, seasonal, or occasional buyers [8]

The target market for a business product or service is smaller and has more specialized needs reflective of a specific industry or niche. [3] A B2B niche, a segment of the market, can be described in terms of firmographics which requires marketers to have good business intelligence in order to increase response rates. Regardless of the size of the target market, the business customer is making an organizational purchase decision and the dynamics of this, both procedurally and in terms of how they value what they are buying from you. [3]

For example, In Bangladesh, UCASH is a subsidiary of United Commercial Bank Limited, and is authorized by the Bangladesh Bank to provide mobile financial services. UCASH target the mobile phone network company and they have contacted with Robi and Airtel. Now anyone can send money through these mobile operators. Anyone can get the money through bKash. Bkash target these mobile operators because most of the people are using their service.

B 2 B market segmentation - that means identifying distinct segments that are quite similar in wants and needs

For example, an auto company may identify four broad segments: car buyers who are primarily seeking transport or high performance or luxury or safety. [6]

4. CONCLUSION

Now a days, In the Asia Pacific region it is notable as most of the world's leading productions are taking place in here to do b2b. They are targeting the Asia Pacific Region which has an impact on the b2b marketing in here. Sometime it's more smaller and easier to segment the target market of b2b than the b2c market, but you have to be careful while you are segmenting your market because you have to create a strong relationship with your buyers which is most necessary in Asian Pacific countries as here the people gives much emphasize on the relationship.

REFERENCE

- [1]Marketing Terms,B2BDefinition[online] Available from:
<http://www.marketingterms.com/dictionary/b2b/> [Accessed:7 December, 2013]
- [2] Debra M. (2007), Marketing for B2B vs. B2C – Similar but Different [Online] April 6, 2007. Available from:<http://masterful-marketing.com/marketing-b2b-vs-b2c/> [Accessed: March 3. 2013]
- [3] Matthew Harrison, Paul Hague and Nick Hague (not found), Why Is Business-to-Business Marketing Special?[Online] date not found. Available from:http://www.b2binternational.com/assets/whitepapers/pdf/b2b_marketing.pdf [Accessed date: 13 March, 2013]
- [4] U. C. Mathur(2008), *Business to Business Marketing*, New Age International Publishers Ltd (India), page-568
- [5]Paul Hague and Matthew Harrison,White Paper: Market Segmentation in B2B Markets[Online] Available from:<http://www.b2binternational.com/publications/white-papers/b2b-segmentation-research/>[Accessed: 19 March, 2013]
- [6]Mag. Maria Peer(2010), B2B Market Segmentation [Online] February 18, 2010,Available from:<http://lessons.lerntipp.at/221/b2b-market-segmentation>[Accessed: 19 March, 2013]
- [7]Direct Objective consulting,Achieve Effective Target Market Segmentation [Online] Available from:<http://directobjective.ca/agence-b2b-marketing-agency-entreprise/target-market-segmentation>[Accessed: 19 March, 2013]
- [8]Kathleen O'Neil (2013), *Part II: Choosing B2B Segmentation Dimensions and Variables*[Online] June 30, 2013, Available from:<http://wasqcon.com/part-ii-b2b-segmentation/> [Accessed: 12 December, 2013]
- [9] Street Directory, *Business Market In India*[Online] Available from:<http://www.streetdirectory.com/etoday/business-market-in-india-wolff.html> [Accessed: 12 December, 2013]
- [10] Philip Kotler and WaldemarPfoertsch(2006), *B2B Brand Management*, Springer Berlin (Germany), page-172
- [11] Tata Blue-scope Steel, *About us*[Online] Available from<http://www.tatabluescopesteel.com/About-Us/Organisation/default.aspx> [Accessed: 7 December, 2013]
- [12]Philip Kotler and WaldemarPfoertsch(2006), *B2B Brand Management*, Springer Berlin (Germany), page-268-269
- [13] Wikimapia, *Tata BlueScope Steel Limited,Jamshedpur*[Online] Available from<http://wikimapia.org/4757463/Tata-BlueScope-Steel-Limited-Jamshedpur>[Accessed: 7 December, 2013]
- [14] Donny Nordlicht(2012), *GM Regains 50% Control of Its Shanghai GM Joint Venture*[Online]Apr 19, 2012Available from<http://www.automobilemag.com/features/news/gm-regains-50-control-of-its-chinese-joint-venture-shanghai-gm-126645/r>[Accessed: 19December, 2013]
- [15]Simplydirect, 3 Key Benefits of Psychographic Segmentation [Online] Available from:<http://www.simplydirect.com/2012/12/3-key-benefits-of-psychographic-segmentation/> [Accessed: 22December, 2013]
- [16] Food Processing Technology, *Starbucks and Tata Roasting and Packaging Plant, Karnataka, India*[online] Available from-<http://www.foodprocessing-technology.com/projects/starbucks-tata-roasting-packaging-karnataka/>[January 11, 2014]
- [17]Singapore Air, *Suites and First Class cuisine I* [online] Available from-http://www.singaporeair.com/en_UK/flying-with-us/cuisinelanding/suites-first/#[January 11, 2014]
- [18] Srish,Aman(2013) *Toni & Guy "Hair Meet Wardrobe" Launch Event & my Outfit for the night* [online] Date: August 11, 2013. Available from-<http://www.stylefashionetc.in/2013/08/toni-guy-hair-meet-wardrobe-launch.html> [January 11, 2014]
- [19]Bangladesh Tourism Direction, Home [online] available from-<http://www.btd.com.bd/> [January 11, 2014]
- [20] Trip Advisor [website] Available from-<http://www.tripadvisor.com/>[January 11, 2014]
- [21] Make my Trip [website] Available from-<http://www.makemytrip.com/>January 11, 2014]
- [22] Booking [website] Available from-<http://www.booking.com/>[January 11, 2014]