

BUSINESS MARKETING - TECHNOLOGY FOCUS

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Lecture 06 : Researching Business Markets

Hello, welcome to our next session on business marketing or B2B or business to business marketing, technical marketing, technology marketing and similar topics that we have been discussing. Under that banner, our focus today will be on knowing the market or estimating the market or sizing the market and so on. So, it's a the general description can be market research but within that we will look at different aspects. A very important distinction of B2B market research or market estimation or market knowledge gathering is that in B2C or consumer marketing, our focus is on knowing the customer or knowing the consumer, knowing the consumer's behavior. But here in B2B, we not only want to know our customers, about our customers, about their industries, but we also want to know the customer's customer.

And that's because that one stage ahead knowledge is important because ultimately our job in B2B as a marketer is to make our customers successful. So the task on the plate of our customers, how they can satisfy their customers is definitely a concern of ours. So when we want to look at knowledge gathering in B2B, we will look at technologies that are important for our own products and our own services, as well as our customer's technological concern and their customer's technological occupations.



We have to look at products and as we have already discussed that whenever we talk about products in B2B, we talk about the total offering or we talk about the augmented product with all its layers. And we often define products here as a blend of goods and services.

And we need to understand competitors and we need to understand channels, culture, etc. But one important distinction also is that in understanding the buying, we have to always remember that in B2B, as we have discussed in the earlier session, buying takes place through a involving a group of people. So the buying behavior here is often the concept of buying center behavior. So when we do a market estimation, market sizing, we have to understand that we have to integrate the perspectives of number of stakeholders in the buying center. And therefore, this is a, the market research is often multi-dimensional and addresses multiple constituencies to understand the final situation.

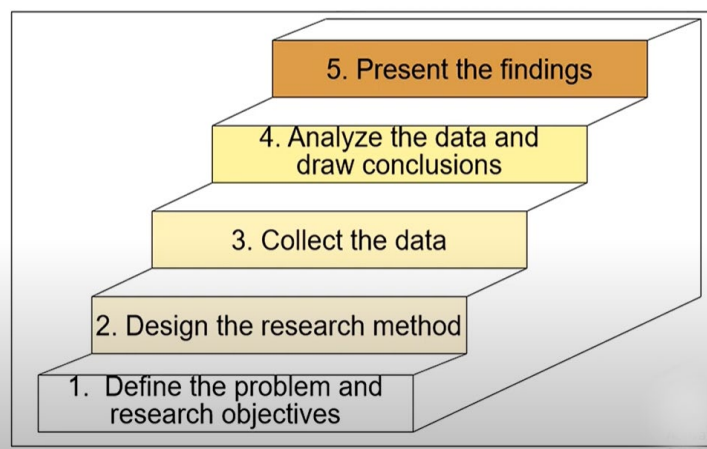
Primary Market Research

- Primary Market Research
 - The collection of data directly from respondents in the population.
 - The marketer determines the organization's data needs, collects the data, analyzes the data, and uses the analysis to solve the problem.

We have two types of primary market research and secondary market research. In the primary market research, we are collecting data directly from the respondents of the population. This is a general definition of primary market research. The here the market researcher or marketer determines the organization's data needs and then collects that data, analyzes that data and uses the analysis to address marketing issues.

This is a general description of primary market research. So and these are also kind of classical steps in MR.

Steps in the Market Research Process



This step by step approach or escalating approach, ascending approach. So we start with defining the problem and our research objectives. What is it that we want to know? What are the kind of issues and problems that we are addressing?

Then we decide the research methodology. Then we collect the data, analyze the data, draw conclusions and present the findings for implementation. This is again almost a classical sequential and or often back and forth process in MR.

1. Define the Problem & Research Objectives

- It is important to separate the *symptoms* from the *actual problem*.
- Defining the problem may be the most important step of the research process. If the problem is not correctly defined,
 - The researcher may end up collecting data with no use, and/or
 - The researcher may not find the answer to the problem

So defining the problem and research objectives is it's very important to understand that often we get carried away by the symptoms. So we have to always look at the root problem.

So we are, for example, examining the declining sales for a particular product. So, we have to not only look at the data relating to that, but we have to also put the data in the perspective of maybe the technology associated with that product, the life cycle of that product, the technology life cycle stage of that product, because the decline may be due to emergence of another technology. Maybe due to overlapping product emergence. As we were discussing, that the decline in camera sales cannot be determined by only looking at the data of cameras, but we have to look at also the ascending numbers coming from the smartphone market, which is today also offering to the customer many, many solutions with respect to their camera type needs.

So defining the problem is the most important part of the research process. And if the problem is not correctly defined, we will collect data which actually will not make any sense with respect to the decision taking at the end. And therefore, we will not find the answer to the real problem.

We may also we may just look probe into the symptoms. So root cause understanding, the perspective-oriented understandings are important when we are defining the problem because there are important concepts that we have already discussed the life cycle stage, the product and technology interactions, the emergence of alternative products, the emergence of alternative competitors, the emergence of one segment of customer who were not ordinarily customers before or emergence of one type of competitor who actually were earlier not considered as the competitor in the segment in which our client is operating. So, defining the problem with associated perspectives is very important and so we have to take a broad view as well as a deep view when we try to define the problem and the research objective.

2. Design the Research Method

- The researcher must decide
 - What information is needed to answer the problem defined in step #1.
 - What is the appropriate sample size?
 - How will the data be collected? (survey design and administration)

Then we can decide the research method and then in B2B, interestingly, the sample size determination is not a very complicated task because we are dealing not with a multitude of buyers in most cases. We are looking at a defined set of buyers or we are looking at a kind of defined set of associated buyers buyers that we also want to study.

So the sample size determination, which is a major step in consumer market research, is different in a way, in many ways simpler in case of B2B research. And the next step, which is that how will the data be collected? Now, this can actually mean a set of problems in case of B2B because in B2B, collecting the data is not exactly from one type of samples because remember that the buying in B2B happens through the buying center. And therefore, we may have to collect the data from the different stakeholders in the buying center of the buying decision making unit. So that means we have to take the perspective of the maintenance department.

We have to take the perspective of the production department. We have to take the perspective of the finance department. We have to take the perspective of the quality professionals.

3. Collect the Data

- Data collection can be very labor intensive and expensive.
- Data collection quality is largely a function of the skill and experience of the researcher.

And so there is a lot of skill and experience demanded from the researcher because the ordinary sample survey often doesn't work here because we are mostly looking at interviews, a whole range of interviews from different stakeholders.

And then we have to skillfully integrate those different perspectives and different. Fortunately, as I said, that we are always dealing with a relatively small number of consumers or not consumers, a small number of customers. And they are known in most cases, because as you know, as we have discussed, the demand for B2B products and

services are a derived demand. So the number of respondents will not be very high. And therefore, the only challenge is that they may be dispersed in different regions of the country.

4. Analyze the Data and Draw Conclusions

- The researcher must analyze the data in such a way so as to *objectively* answer the problem and research objectives.
- Researchers must avoid “evidence seeking” in analyzing data.
 - Evidence seeking: Interpreting data optimistically in order to support the conclusions the marketer wants to reach.

Sometimes they may be even present in different countries. So that way, the collection of data may pose challenges. But whom to ask? and is not a very big problem in B2B, but what to ask and how to ask are complex issues in B2B. And then, of course, this analysis of the data, because a lot of the data here will not be in numbers, but they will be in opinions and narrations. So the interpretation of the data for objective conclusions from any subjective inputs is a challenge.

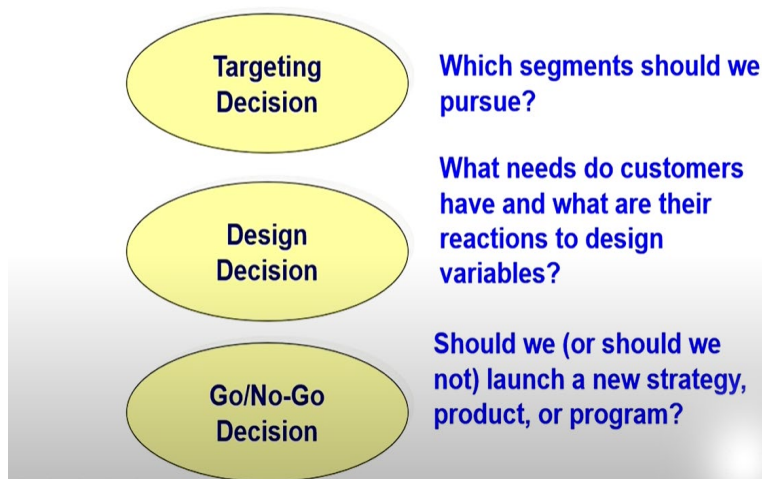
And therefore, we have to be very careful that we are not interpreting the subjective opinions or projections from different constituents in a manipulative manner to support our own personal opinions. So interpreting the data optimistically to support the conclusions that we have already reached is a pitfall that can often plague the kind of market MR conclusion drawing in B2B. That is some aspect that we have to be very cautious about and filter out the researchers personal subjective biases.

5. Present the Findings

- Once the data has been analyzed, researcher must report and present the findings.
- The information should be reported in such a way that it can be directly applied by decision makers.

Presenting the findings also is often a mix of narrations, graphics and often video evidences and so on. But important thing here is to make the blend of these different types of presentations in a way that suits the decision makers to whom it is being presented. So the top management presentation should have one kind of mix, but the tactical level presentation may have a different kind of presentation media mix.

3 Basic Decision Types



And what are the basic decisions that are most usual in B2B? They are which segments should we pursue, the targeting decisions, or what needs do the customers have and what

are their reactions to a particular design variable or a particular new development? And here we may often also go to the customer's customer.

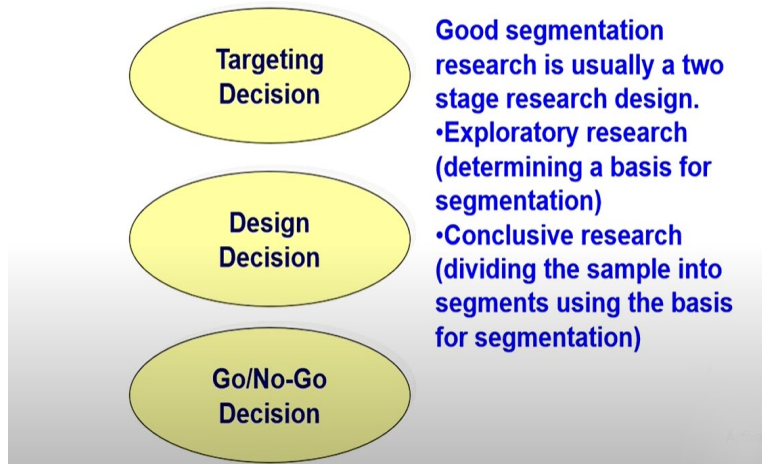
So for example, suppose we are manufacturing gears and so we may be, our customer is a crusher manufacturer. Or a customer is actually a material handling equipment manufacturer and we are supplying to them gears for various kind of motion coupling or speed control needs and we will not only have to address the design issues with respect to the crusher but we may also have to look at the design requirements from their users or their customers. So we may actually also have to talk to the mining company or to the cement manufacturing company who will be buying those crushers and their models. So, these multi-constituency exploration is always an important and necessary part of B2B market research.

And also, of course, this is for new products and innovations or technology-intensive products and services, this go-no-go decision and or is a very complex decision and is a very has to be a very responsible decision making because there might have been already a lot of inputs that have gone into developing the product. And at that stage, if we find some market acceptance problem, then we are actually looking at big losses. So we often use therefore what we call the lean method in so that our go no go decision is economical. The lean method is often using first introduction of a minimum viable product, which may not have all the features that will be there in the final version.

The minimum viable product or MVP will often be put to test with some trusted customers, often called beta customers. And then on the basis of those trials and the opinions from the first users, we will make modifications and so that the go no go decision is a multi stage decision to reduce. It will be tested at various levels. A lot of prototypes will be used, working prototypes will be used.

So that our launch strategy or introducing a new product, particularly in case of an innovative product, is an economically viable decision. So, these are some interesting aspects of market research in case of B2B, which will involve some kind of design thinking. That means involving the user and multi-stage testing.

Research to Support *Targeting* Decisions



The segmentation decision we will discuss also in more detail when we discuss segmentation targeting and positioning. At this stage, I would like to mention that good segmentation research is usually a two-stage research design.

First is an exploratory research which determines the basis for segmentation and then we go to the next stage which is a conclusive research dividing the samples into segments using the basis for segmentation so this two-stage segmentation is often a more intense process in case of B2B as opposed to B2C. Companies need information for each targeted segment in such areas as benefits that are desired.

Research to Support *Design* Decisions



So actually there is a whole process we call that value proposition analysis. That means we don't start with a predetermined set of market characteristics.

We definitely don't start with a product that has already been made and then we are actually testing it with the customer. We actually instead of the product oriented development and research, we focus on customer oriented or customer development approach. And that is that starts with understanding the customer's jobs, the problems that the customer is trying to resolve. Remembering that the customer is never looking for buying a product. Customer is looking for buying a solution to his or her problems.

And the industrial problems that will be addressed by most of the time or organizational, technological application problems that will be addressed by B2B goods and services will be therefore amenable to analysis in the form that we are focused on the value to be created, the bundle to be created of goods and services that will address customer's problems and will help the customer to get his or her jobs done most effectively and efficiently. And this approach has to be taken, is to be analyzed for each targeted segment and in the process we will of course also always understand that how the decision making unit the buying center will be understanding will have different perspectives from the different constituents of the buying center with respect to jobs to be done and problems to be resolved. So, we have to therefore desirability issues viability issues and the functional issues will all have to sort of blend into this multi-dimensional inquiry.

The reactions of potential buyers to products and services as I just now mentioned will have to be done at multiple stages right from the initial stage to the final stage so that we don't have to take expensive modification decisions. So, if we have early stage engagement with the customer that always helps in eliminating problems at an early stage. So, in a way the design which is a continuous process in case of industrial goods and services is to go hand in hand with the marketer's research process. So therefore, there will be some kind of a back and forth. The inputs coming from the market researcher will advise the designer to modify the product as it evolves and the market researcher also will be therefore using the evolving design to get multiple inputs.

So this actually needs a lot of good relationship building with the target buying center. So you'll have to get data from multiple times, opinion or feedback multiple times. So you have to see that a good relation allows you to solicit that input from the customer, the different constituents of the customer's buying center without getting some kind of backlash from them. The question that often we used to ask or even in consumer marketing is often done at the test marketing stage. That means whether the product is going to fly.

Many of the B2B products are so expensive to make and they are ultimately high price, high ticket items. Therefore, you cannot actually make a whole machine to get the customer's feedback, to get the customer's opinion.

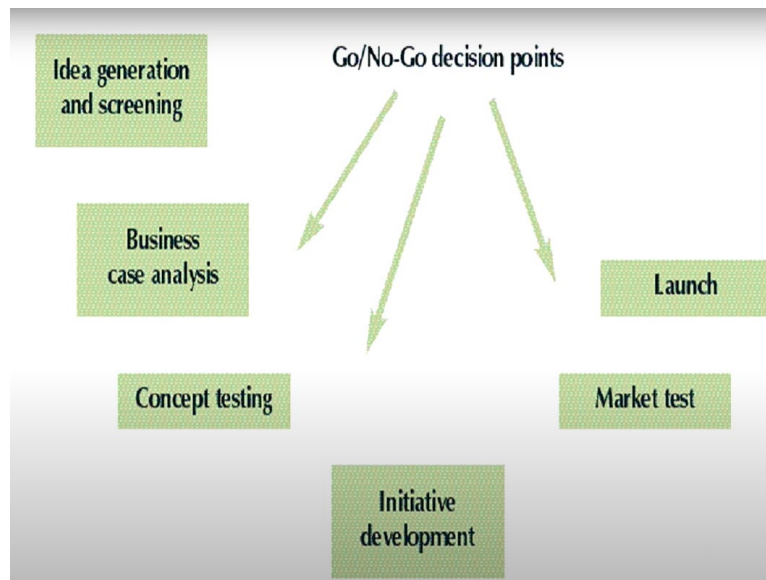
Research to Support *Go/No-Go* Decisions



So, you will have to engage for the go-no-go decision the customers at various stages of the product development. So, this collaboration or co-opting the customer in the market decision making process is an important aspect of B2B market estimation, market determination, market research. So, these questions need to be asked at various stages even when the product is not completed.

So, this concept of minimum viable product where it can be given to the intended buyer is a very, very interesting concept that is important for many technology endowed

product and service for estimation of the ultimate market and form and feature bundle that will be ultimately offered.



So, this go-no-go decision is a multi-stage decision. We do this at various stages, right from the idea generation and screening stage to the business case analysis stage, concept testing stage, initial development. So, at various stages, so often this process is called the stage gate process, that means every stage in the product development is a gate where we take some go, no go decision.

So, as I said that a market marketer, market researcher in B2B will need to go back to the customer and not only to one individual but to multiple individuals in the customer's decision making unit, to multiple departments to get their inputs number of times. And so relationship building for that kind of customer involvement in generating the desire in the customer's organization for that kind of involvement becomes very important for many high value market product service market perspective building. So, the key differences between B2B market and consumer market research we have been discussing.

Differences Between B2B Market Research and Consumer Market Research

Concentrated Markets

Diversity of Interests in the Buying Center

Technical Expertise that Resides in the Buying Center

Two other special circumstances with B2B Market research:
Time compression and uncertainty

One is the concentrated market as opposed to the widely dispersed market in consumer products. The diversity of interests in the buying center because the buying center or the buying decision making unit in B2B will have constituents from different departments and as we have discussed in the earlier session they will be coming from their departments needs and their department perspectives.

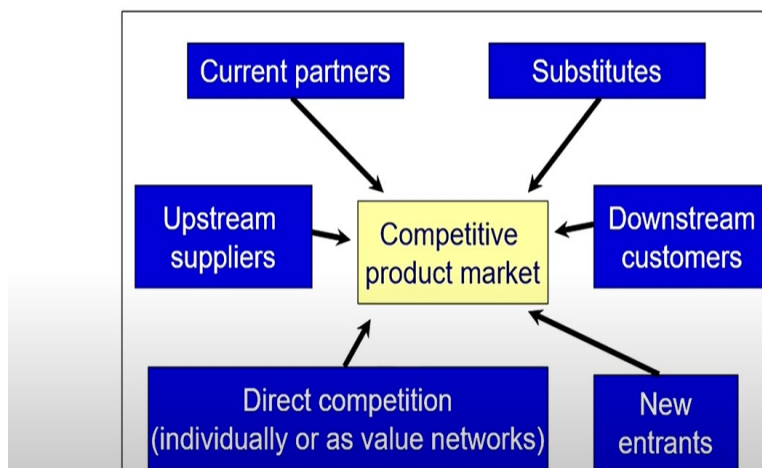
These different individuals may also bring in their personal perspectives, their personal biases, their personal beliefs. So, though we have few organizations to study, but we have multiple individuals in those organizations also to be involved in the market research process. And also we have to understand that the buying center, the buying decision making unit consists of many technical experts or many functional experts. So therefore, there will be experts from development, experts from maintenance, experts from production and operation, experts from finance, experts from quality who will be involved often in the decision-making unit.

So the researcher, therefore in B2B cannot be a lay person. The researcher also therefore may be actually a unit as opposed to an individual because they may have different persons with different expertise probing the opinion of the buying center expert constituents. So, while number of people on the researcher side with different kind of expertise will be interacting with number of people with different expertise in the buying decision-making unit, we have to still remember that the research process in B2B has to

be a rapid process because there is always a time compression because we are trying to catch many fast-moving technological issues. in case of B2B that we have already discussed and as a result again the importance of relationship skills on the part of market researchers in B2B become very important because as I said that we you have to talk to get inputs from multiple experts on the buyer's side and you have to integrate all of them and you have to do this multiple times and yet you have to come to you have to come to some kind of a conclusion for the next design stage very quickly so this access to the experts, their willingness to participate at the speed that you need, their willingness to give you that kind of time and that kind of access become very important.

And therefore, again and again, I have to stress the importance of building relationship and trust so that you can truly engage with the customer's decision-making unit as a co-developer. Then we look at, say, competition. This, again, is a little bit more complex compared to consumer market competition analysis.

Six Sources of Competition



Because we are looking at not only our customers, but we have to also look at our customer's customers. So we are looking at our own competition, the competitive perspectives of our customers and competitive perspectives of our customer's customers. Then in our own industry, we have to understand our current partners because they may become our tomorrow's competitors. Because what happens is that many suppliers who are supplying subsystems today or maybe major components today may actually create

competitive forces, may decide to go forward and integrate and may become a new competitor. This has emerged, for example, in television industry. Some of the manufacturers of the LEDs or flexible electronics screens are also becoming manufacturers of TVs. And yet, they may be supplying a particular screen maker, maybe making TV themselves, but may also be supplying to competitors. So, there is a new terminology which is called co-opetition or collaborative competition because your main competitors may also be your key supplier of a significant component.

For example, Intel is a major supplier of microchips to computer makers like HP. But Intel for their own market growth also actively promotes companies who can make computers and offer significant competition to people like HP or Dell. So, your upstream suppliers, even your downstream customers can sometimes become your competitors because they may decide that, okay, we can buy those major subsystems and we will assemble it ourselves. And therefore, it happens in, for example, in mining and mineral beneficiation industry that sometimes they decide to get their equipment made by using smaller subcontractors instead of buying it from a major Finished product supplier.

And then we have always the threat of new entrants from the adjacent industries and sometimes from completely new industries. As we discussed in an earlier session that the computer makers started or already they are sensing some prospect of competition from manufacturers of entertainment devices like televisions because the smart televisions may actually start introducing with the combination of a smartphone many of the functionalities earlier offered by a desktop computer.

So, it is a, you have to watch the competition coming from your own currently defined industry. You may also have to always look out for competition coming from adjacent industries, supplier industries, customer industries and so on. So direct competition of today and emerging competition of tomorrow both need to be studied in the B2B market.

Information to Collect on Competitors



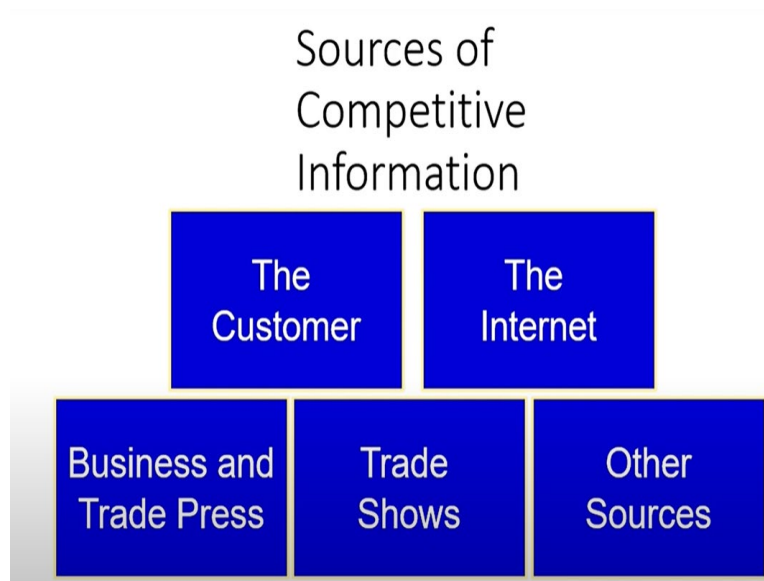
So, we have to, when we collect information on competitors, we have to collect that different, what level of performance that a competitor wants to achieve. What are their currently addressed market segments and what are our currently addressed market segments. So these are when you study some high-tech products which are used both in the industry as well as in B2B and sometimes as a high value consumer durable, these complexities that are on your screen now will become clearer.

So, if you take for example the tablet, tablets are often communication devices, tablets are often image capturing devices, tablets are often information processing appliances. So, tablets are used by retailers, tablets are used by the supply chain partners of the retailers, tablets are used by wholesalers, tablets are also used by consumers. And so what level of performance that is needed at each type of use through what kind of competition, competitive product these performances are offered in different packages.

All those will need to be studied when we are collecting information on competitors. And so a manufacturer who makes these tablet-like devices only for the supply chain applications may be sometimes disadvantaged from a much larger manufacturer who can supply not only to that kind of application, but also supplies to the consumer market application. So, they may have a much larger volume and therefore they may have a bigger economic and R&D capability. Therefore, when you are looking at your own targeted and narrower segment as a supplier of tablet-like devices to the supply chain

industry only, you have to move, you have to be very agile to come up with features which are so endearing to your target customers that they will ignore maybe sometimes cheaper alternatives available from the general purpose manufacturers.

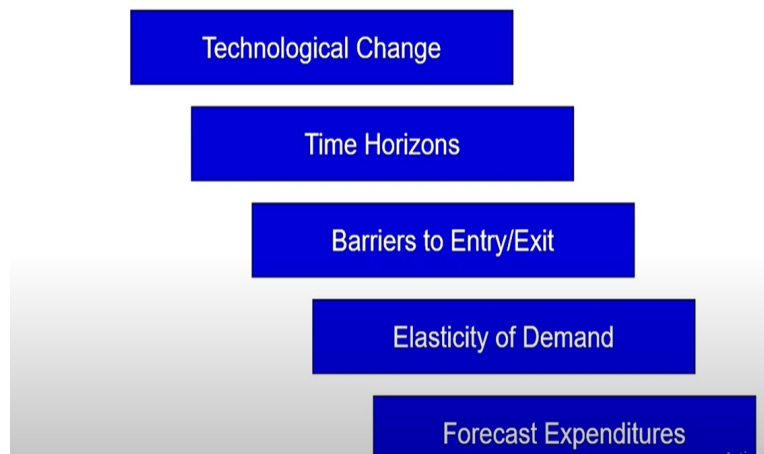
So, competitive information can be gathered from, of course, from the business and trade exhibitions, trade shows, by direct observation of the competitor products. A lot of inputs can be taken from the customers.



A lot of inputs may be available from the electronic media like different kind of internet search engines and so on. So, important issue here is that because in B2B, we have to be concerned about our customers, our customer's customers, our customer's markets, our customer's competitors, as well as their customer's customers and their competitors.

So, a gear manufacturer will need to be concerned about the competition from the gear-making companies, the competitive requirements of manufacturers of say cement kilns or crushing crushers or different other kinds of mechanical applications and therefore the competitive study or competitive intelligence gathering will have to be again an integration of multiple perspectives because we have to ably forecast the trend of the market, the trend of the competition, the volume that can emerge tomorrow you have to understand all the different kinds of technological changes that are going on in your own industry as well as in the industry of your customers industry.

Forecasting Factors



So, the time horizons therefore will have to be always something that is immediately to be done and something which is a kind of a mid-range projection and something that is a what we call a blue horizon or long-range projection.

All those will need to be integrated when we try to forecast the market or we want to estimate the future demand as well as the current with respect to the current demand. So, of course, the elasticity of demand will play. But, fortunately in many B2B cases, particularly when the product is an established product, the elasticity, the demand is not very elastic. So therefore, there is more stability in this market, even though there may be rapid changes. So, forecasting therefore, is at multiple level and that is to be done by the market researcher that is of strategic level and operations level and sales level.

Marketing Operations Forecasts

- An MOF should answer “How much?”
 - ... **will the customer buy?**
 - ... **will they be willing to pay?**
- An MOF should answer “When will...?”
 - ... **customers buy the noted volume?**
 - ... **customer’s purchases peak?**
 - ... **customers consider new technology?**
 - ... **customers buy new technology?**
 - ... **customers stop buying existing products?**

So to conclude, I would say that the forecast or market researcher projection is not a marketing projection, but more like a marketing operations projection.

That means the marketing and the operations needs are to be integrated when we give the final report. That means not only we need to buy whether that will the customers buy this product for a new innovation, but we also need to determine that will the customers buy the kind of volume which we are asking our production department to produce. So what kind of demand cycle are the market will represent that the marketer will have to give to the production input as well. In case of automotive industries, this kind of integrated forecasts are very prevalent.

In fact, all the other issues like with respect to technological changes, technological demands, new kinds of materials becoming available, all these are important considerations in case of the market researcher, market forecaster involved as an automotive component manufacturer in the larger automotive industry.

So, that kind of brings us to the conclusion of this session. We will consider some more issues for this market study. Particularly we will look at the issues involved in converting the inputs coming from different experts in the making unit of the customer, that means this multi-perspective voice of the customer, how that will be converted into design

decisions or product feature decisions, we will study in some coming sessions. Thank you.