

WHY

*Industrial Buyers
Purchase*

**An Analysis of the Buying
Motives for Industrial Goods**

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When jitney competition became severe, about 1915, the first move of the street rail-way companies was to seek protective legislation. They have discovered since then, however, that the solution of their problems is not to be found in tighter monopolistic control but in effective marketing of their services.

Instead of fighting against the use of jitneys and of the buses which have superseded them, many street railway companies themselves are now operating buses, as a means of serving territories which formerly they did not reach. The street railway companies also have learned that by providing comfortable seats, air-tight, easily-operated windows, attractive illumination for car interiors, accessible signal systems, clear destination signs, and smooth roadbeds, and by otherwise modernizing their equipment, they can attract patronage, stimulate friendly public relations, and lower operating costs.

This reflects a striking change in the point of view of the officials of those companies. Had the change occurred at an earlier date the companies as well as their patrons would have been the gainers. The change in attitude, furthermore, has opened new marketing possibilities to the manufacturers of street railway equipment.

Several steam railway companies, likewise, have forsaken decadent methods and have increased their business by improving their services and by featuring the operation of their trains and their scenic advantages. Electric power and light companies also have learned to depend on effective marketing rather than monopolistic control. They have, for instance, built up their loads by the sale of electric appliances and by cooperation with motor manufacturers in selling industrial electrification.

The experience of the public utilities points a lesson to manufacturers in many fields, where ineffective marketing has not even the excuse of monopolistic

control. This lesson is the need of conquering vicissitudes by constructive marketing methods instead of attempting to avert their effects by using negative defensive measures.

Many manufacturers and merchants look upon anyone who intrudes upon the established order with unorthodox methods of carrying on trade as a jitney competitor. When this sort of competition arises, a common practice of established firms is to attempt to stifle the jitney operators by boycotting or coercive measures. The more serious the jitney competition, the more vigorous usually are the efforts put forth to stifle it, but, when the competition is serious, those efforts never succeed. The competition of new methods of trade or of new types of services is serious to the existing order only when the new methods and services meet customers' needs and desires better than the old ones do.

For this reason, existing firms can meet jitney competition successfully only by securing a keener comprehension of customers' requirements, actual

and potential, and by adapting their products and services to meet those requirements. The importance of taking the customer's point of view is a commonplace in marketing, but, like a New Year's resolution, it is often forgotten in practice.

For alert marketing one of the key questions which the seller must keep constantly in mind is: "Why should merchants or users purchase my goods?" or, "Why should they patronize this company?"

In passing along a busy street a man may buy a pencil or a pair of shoe-strings from a blind beggar, but that is not business ; yet there are blind beggars in business who hold out their wares to passers-by without first having asked them- selves the questions: "What do the customers for such goods as I have to offer want?" "Why do they purchase?" or, in other words, "What are their buying motives?"

Industrial goods, unlike consumers' goods, are bought for business purposes. The industrial " buyer is not seeking to please his own fancy, but rather to

buy equipment and materials which will aid him in selling his goods at a profit or in reducing his operating costs. Since industrial goods are bought for business purposes, the buying motives are predominantly rational motives.

This affords a contrast to the market for consumers' goods, where emotional motives often predominate. It is true that emotional motives, as, for example, style preferences, have an influence on the market for industrial goods, but the industrial buyer recognizes the style factor and coolly calculates the style trend, whereas the individual consumer buys many articles on the impulse of his fancy.

The buying motives for industrial goods differ between products and also between segments of the market for a particular product. The difference in the buying motives of various segments of a market is illustrated by the accompanying chart, prepared by the McGraw-Hill Publishing Company, showing an analysis of the basic markets for welding and cutting equipment.

In the last column the keynote suggests the buying motive for each segment of the market for such equipment. This analysis indicates that in marketing any particular article effectively the seller must form a definite conception of the buying motives, not only for his market at large, but for each part of his market. Armed with such knowledge, the seller can address his sales message intelligently.

Enhancing Sale ability of Product. One of the strongest arguments that can now be presented for the purchase of street car equipment is that use of the equipment will stimulate patronage. That powerful buying motive operates not only among street railway companies but also in other industrial markets. Closely allied with that motive is another, namely, means of enhancing the sale ability of the goods which the purchaser is producing. That motive governs the purchases made by numerous manufacturers. Use of this motive is illustrated by the following statements quoted from industrial advertisements.

One company states :

"A prominent firm supply in& graphite to manufacturers of paints, lubricants, pencils, stove polish, packing, batteries and parting sands used in foundry work, eliminated the complaints from its customers of non-uniform fineness of product by installing Raymond Mills with Air Separation. Now the various degrees of fineness required by the different customers are easily and quickly met Satisfied customers are the result."

This is from other company:

"Because of elimination of practically all magnetic and mechanical vibrations which cause noise. Century Repulsion-start Induction Single-phase Motors are conspicuously quiet in operation. This fact is largely responsible for the widespread demand for Century-equipped household refrigerators, oil burners, pumps, and similar apparatus."

A manufacturer of pipe threading and cutting machines says:

"Till- rake or cutting angle may be ground to suit the material. This means good threads, no rejections, and satisfied.

" Another advertisement reads:

"Appearance is not only a factor, but often it is the deciding factor in a customer's decision as to which article he, or she will buy. When the quality appearance of a product reflects its intrinsic merit, sales are more quickly and easily made and selling costs are lower. Manufacturers of all sorts of articles, from fountain pens to electric irons, from switch plates to radio receivers, have found that there is a sales lure in the beauty of Bakelite that is a decided factor in increasing sales volume and lowering sales costs."

I have cited these examples of the use of this buying motive at length because, although it is a strong motive, it frequently is neglected. The probable effect on the sale ability of the product controls the purchase of many fabricating materials. The shoe manufacturer, for example, purchases fancy leather

of the type that he expects will increase the demand for his shoes. The clothing manufacturer purchases worsted cloth of the type that he thinks will be popular.

This buying motive likewise influences the purchase of many process materials. The most notable recognition of this motive has been in the marketing of fabricating parts, such as automobile bodies and shoe welts, where advertising has been used to influence consumers and thereby stimulate sales to fabricators.

Economy in Use. The effect which a particular purchase will have on his operating costs looms large in the industrial buyer's mind. Consequently, the group of buying motives which relate to economies in operation are predominant in industrial marketing. When reference is made to economy in operation, emphasis is not placed, however, primarily upon price. Nothing is bought merely because it is cheap.

A contractor does not buy a steam shovel solely because the price is low; he is interested not so much in first cost as in operating cost. Price always enters into the calculations, to be sure, and other things being equal, price will determine the purchase of a particular make of article; but effective marketing stresses price only when there is nothing else to stress, and a business which is built on a price appeal alone is precarious.

When industrial buyers are disposed to govern their purchases by the savings which can be effected from the use of a particular article, it is incumbent upon the seller to indicate clearly the means of economy and, so far as it is possible, the amount of the savings to be expected.

A company selling spray painting equipment presents its case in part as follows:

"When you brighten up the interior of your plant building: this spring and give the outside a new and protective 'dress -up'. paint the De Vilbiss way and cut labor costs eighty per cent. One man painting

with De Vilbiss spraying equipment doe? the work of five painters with brush and pail."

Another company makes the following statement:

"Actual tests of the ' Spiral Drive Vertical Turret Lathe show an increase of feed on identical work of twenty-two per cent. The smoother action also eliminates the back- lash, and, therefore, reduces the breakage of tools. Timing work done by the ' New Era' Type, Vertical Turret Lathe, the in- creased performance reduces the production time thirty-seven per cent.

" Still another example is given:

"The Bradley Automatic Density Valve saves the cost of the manual control of densities of pulp, mash, clay mixtures, heavy fuel and Diesel engine oils, slimes, cyanide solutions, etc."

Protection against Loss. The examples just quoted illustrate sales appeals on the grounds of positive savings to be effected. A contrasting situation exists

among manufacturers of such equipment as sprinklers, safes, and fences, who cannot promise definite savings, but rather protection against potential loss from uncontrollable elements, such as fire, flood, and the activities of marauders.

Durability. Durability is a buying motive in this group to which appeal is made by some manufacturers of industrial goods. The chief gain that comes from buying a durable product is the lowering of depreciation costs. For example:

"Lawtonite. Although more expensive than other kinds of refractory brick is less costly in the long run, because it lasts several times as long and insures more heat-hours,

" Another example:

"Authentic statistics show .Southern Yellow Pine forty-four per cent stronger than the nearest other pole species. This great strength is lasting. Properly Creosoted Pine Poles, and International poles are properly creosoted, retain their original strength during long service.

" Facilitating Plant Operations. When a plant operates smoothly, it usually operates economically and the company also gains a sales advantage in being able to make deliveries on schedule. In addition to the economy in production and the sales advantage gained from the smooth operation of the plant, the executives are relieved of the worry that they experience when things go wrong.

One of the reasons why industrial buyers purchase particular products, therefore, is the fact that those products facilitate plant operations. Dependability in Use. Plant operations are facilitated by dependability in use. A machine, for example, that can be depended upon to perform its operations regularly is preferred to a cheaper machine that is less dependable.

The following quotations illustrate appeals to this buying motive:

1. *"Gridley Multiples consistently maintain 'Top-notch' production that passes inspection."*

2. *"Piping is easier now! Many material and process schedules can all be taken care of now in Sugar Mills and Refineries. Pipe lines have a busy time in Sugar Mills and Refineries. Failure of schedule at any point would seriously affect production: therefore, processes and equipment are developed to a high state of efficiency. Merco [plug valves] insures against failure."*
3. *"No Acid Shutdowns — Valves need cause no worry or trouble on your pipelines. 'United' Acid Valves — Hard Leadlined by the 'United' method have proved this to the satisfaction of almost number- less plants concerned with the handling of Sulphuric Acid. Sulphurous acid, and other exceedingly corrosive solutions."*
4. *"Making money in the contracting game depends mostly on keeping things moving. CP-114s won't let you down."*

" Dependability in Quality. Dependability in use is a motive which applies particularly to installations and accessory equipment. For materials, dependability in quality has much the same appeal

to industrial buyers. Materials which are of uniform quality aid in economical production, assist in turning out products that are acceptable to customers, and facilitate the smooth operation of a plant.

A company which buys rivets in large quantities desires that the rivets should be of uniform quality. A textile mill purchasing rayon yarn is influenced in its selection of the source of its purchases by the assurance of uniformity in quality. A company which uses lime in its chemical processes requires dependability in quality for safety, efficiency, and economy.

Other motives which are concerned with the facilitating of plant operations are flexibility in use, simplicity, handiness, facility of installation, facility of repairs, and facility in executive control.

If a machine not only is economical in its operation, but also simple in construction, it is preferred by the buyer to an equally economical but more

complicated device. Equipment that is easily installed is preferred to equipment more difficult of installation. Likewise, equipment that is easy to repair or that aids the executives in control of the business is preferred to equipment or devices which produce the same result but which are more difficult of repair or less suitable to the system of executive control which is in use.

Welfare of Employees. The employer's interest in the health and comfort of his employees influences his selection of such equipment as wash bowls and other toilet facilities. To protect employees against injuries, safety devices of various sorts are purchased. One of the reasons for supplanting hand trucks by electric trucks in some factories is that the electric trucks can be operated with less strain upon the workmen. Portable power saws, likewise, relieve workmen of some of the drudgery that is endured in hand sawing.

The foregoing examples show concretely how definite recognition of the buying motives which

influence purchase are useful in the effective marketing of industrial goods.

Those examples illustrate the answers which various companies have found to the question:

Why do buyers purchase?

Even when a company can advance no satisfactory reason as to why buyers should prefer its equipment or materials to those produced by another, it may be able to stimulate sales by advancing reasons why buyers should prefer to patronize it rather than its competitors. In other words, when no effective reason can be found for advocating the purchase of one make of material as against another, it is incumbent upon the producer of such material to individualize his organization and his service so that buyers will prefer to deal with him.

Punctuality in Delivery. With some types of products punctuality in delivery is an important consideration leading buyers to prefer one producer to another. A

contractor, for example, who is engaged on a large construction job must be assured that the source from which he buys his material will deliver punctually on schedule. This punctuality in delivery often is more effective in securing patronage than a concession in price would be.

Promptness in Delivery. Promptness in delivery is another factor which induces industrial buyers under some circumstances to purchase from one firm rather than from another. A steel jobber, for example, who carries a variety of shapes and sizes of steel in stock and is organized to make prompt deliveries, depends for his patronage primarily upon his ability to render that service. Under current conditions of hand-to-mouth buying, their ability to make prompt delivery is swinging many orders to certain manufacturers, even though their prices are higher than those of competitors.

Punctuality in delivery and promptness in delivery both are dependent upon the methods of organization and control which the selling company

institutes. They cannot be secured under conditions of slip-shod control.

Reputation — Special Service. For numerous types of industrial goods, both standard and non-standard, the reputation which a company attains or the service that it renders often enables it to secure orders which, in the absence of the reputation or service, would go to competitors.

For example, a company manufacturing refrigerating equipment for use in the process industries features as a selling point the fact that its products are "built by a financially strong, experienced company."

In the purchasing of fabricating parts and fabricating materials the exactness with which specifications will be filled usually has a strong influence on the choice of the sources from which to purchase. In other instances, the engineering service which a company offers, particularly for installations and the more elaborate sorts of accessory

equipment, is valued by industrial buyers and determines the source of their purchase.

The right point of view for one who has something to sell is the buyer's point of view. To get that point of view the seller must ask himself why his potential customers may be willing to purchase his goods. Selling is most effective when done in terms of buyers' needs.

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