COMPARATIVE ANALYSIS OF BUSINESS AND CONSUMER BUYING BEHAVIOUR AND DECISIONS: OPPORTUNITIES AND CHALLENGES IN NIGERIA

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ABSTRACT: Business markets and consumer markets are alike in some key ways. For example, both include people in buying roles whose purchased decision is to satisfy needs. But business markets also differ in many ways from consumer markets. For one thing, the business market is enormous, far larger than the consumer market. Within Nigeria and other sub-Saharan African countries the business market includes more than 13 million organizations that annually purchased trillions of Naira worth of goods and services. This paper also focused on the traditional tools and techniques employed in the marketing of goods and services to the business sector. Attempt was made to draw attention on the major differences between consumer and business markets - dissimilarities that, while using the same basic marketing tools and techniques, spelled the difference between success and failure in the contemporary business marketing environments.

KEYWORDS: comparative analysis, business, consumer, buying behaviour, opportunities, challenges, Nigeria

INTRODUCTION

Customer markets are broadly divided into two: The consumer markets and the business markets. The consumer markets consist of individuals and households that buy goods and services for personal consumption. The business markets on the other hand, buy goods and services for further processing or for use in their production process. Most non-marketing-minded people fail to see the distinction and differences between these two markets. These markets are quite distinct in terms of the characteristic and behaviour of their customer groups, buying processes, demand dynamics market/structure, and response to the marketing mix elements. Even though business markets are similar to consumer markets in some ways (for instance, both involve people who assume buying roles and make purchasing decisions to satisfy needs), the differences are such that they have great implication for the marketing mix strategies adopted and applied in both markets.

Furthermore, business marketing (often refer to as industrial marketing) does not receive the respect it deserves in Nigeria, as well as other sub-Saharan African countries. Business and industrial marketing drives domestic markets almost twice as large as the consumer variety. Business marketing can be more intellectually stimulating than working in consumer marketing. Unfortunately, in the opinion of Donath (1993:14-21), business marketing is not what most people think of when marketing is mentioned. Traditionally, business marketing has been a distant cousin of the mainstream of marketing thought. However, the employment opportunities, along with the growing importance of high-technology business products and success of foreign competition, have highlighted the need for increased business marketing study. Hence, this paper examines the differences between the business
marketing and consumer marketing (and by extension, the contrast between consumer buying and business/industrial buying behavior and processes).

**Consumer Buying Behaviour**

This refers to the buying behavior of final consumers; individuals, and households who buy goods and services for personal consumption. All of these final consumers combined make up the consumer market – the individuals and households who buy or acquire goods and services for personal consumption. For instance, the American consumer market consists of more than 267 million people who consume many trillions of dollars-worth of goods and services each year, making it one of the most attractive consumer markets in the world. The world consumer market consists of more than 5.8 billion people. At present growth rates the world population will exceed seven billion people by the end of 2017. For current population estimate see (the United State and world POP clocks at www.census.gov). It is worthy of note that consumers vary tremendously in age, income, education levels, and tastes. They also buy an incredible variety of goods and services. How these diverse consumers make their choices among various products embraces a fascinating array of factors such as culture, social, personal, and psychological factors, (Kotler and Armstrong, 1999).

**Model of Consumer Behaviours**

Consumers make many buying decisions every day. Most large companies research consumer buying decisions in great detail to discover what consumers buy, where they buy, how they buy, how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases, but learning about the whys of consumer buying behavior is not so easy—the answers are often locked deep within the consumer’s head. The central question for marketer is; how do consumers respond to various marketing efforts the company might use? The company that really understands how consumer will respond to different product features, prices, and advertising appeals has a great advantage over its competitors. The starting point is the stimulus – response model of buyer behavior.

The marketer at this point wants to understand how the stimulus are changed into responses inside the consumer’s black box, which has two parts: Frist, the buyer’s characteristics influence how he or she perceives and reacts to stimuli; second, the buyers decision process itself affects the buyer’s behaviour, as seen in the model of buyers behavior on how marketing and other stimuli enter the consumer’s ‘black box’ and produce certain responses as detailed by (Schiffman and Kanuk, 1997:560-564). These marketing stimuli consist of the four Ps (product, price, place, and promotion). Other stimuli include major forces and events in the buyer’s environment; economic, technological, political, and cultural. All these inputs enters the buyers black box, where they are turned into a set of observable buyer responses; product choice, brand choice, dealers choice, purchase timing, and purchase amount.
Characteristics Affecting Consumer Behavior

Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics as shown in figure 2. For the most part, marketers cannot control such factors, but must take cognizance of their existence.

Cultural factors: Cultural factors which are a set of basic values, perceptions, wants, and behaviours learned by a member of society from family and other important institutions exert the broadest and deepest influence on consumer behaviour. The marketer needs to understand the role played by the buyer’s culture, subculture, and social class.

Social factors: A consumer’s behavior is also influenced by social factor – which is defined as two or more people who interact to accomplish individual or mutual goals, such as the consumer’s small groups, family, and social roles and status.

Personal factors: A buyer’s decisions can also be influenced by personal characteristics such as the buyer’s age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept.

Psychological factors: A person’s buying choice are further influenced by four major psychological factors namely; motivation, perception, learning, and beliefs and attitudes.

i. Motivation - A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. Most of these needs will not be strong enough to motivate the person to act at a given point in time until that need becomes a motive (drive) when it is aroused to a level of intensity that is sufficiently pressing to direct the person to seek satisfaction of the need.

ii. Perception - The process by which people select, organize, and interpret information to form a meaningful picture of the world is a motivation to a person who is ready to act. How the person acts is influenced by his or her perception of the situation. Two persons with the same motivation and in the same situation may act quite differently because they perceive the situation differently.

iii. Learning - When people act, they learn. Learning describes changes in an individual’s behaviour arising from experience. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

iv. Belief and attitude - Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A belief is a descriptive thought that a person holds about something. Marketers are interested in the beliefs that people formulates about specific products and services, because these beliefs make up product and brand images that affect buying behaviour. For...
instance, if some of the beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.

v. People have attitudes regarding religion, politics, clothings, music, food, and almost everything else in life. Attitudes describe a person’s relatively consistency, favourable or unfavourable evaluations, feelings, and tendencies toward an object or idea. Attitudes are difficult to change. A person’s attitudes fit into a pattern, and to change one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its products into existing attitudes rather than attempt to change attitudes.

Fig. 2: Factors influencing consumer behavior
Source: Kotler and Armstrong, (1999)

Consumer Buying Decision Process
For consumers to make buying decision there are processes and this process consisting of five stages; need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour. Clearly, the buying process starts long before actual purchase and continues long after. Marketer need to focus on the entire buying process rather than on just the purchase decision. The buyer decision process implies that consumers pass through all five stages with every purchase. But in more routine purchases, consumer often skips or reverses some of these stages. For example, somebody buying his/her regular brand of toothpaste would recognize the need and go right to the purchase decision, skipping information search and evaluation of alternatives. However, we use the model in the figure below because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

Fig. 3: Buyer decision process
Source: Kotler and Armstrong(1999:153)

(i) Need recognition: The buying process starts with need recognition. Here the buyer senses the difference between his or her actual state and desired state. The need can be triggered by internal stimuli when one of the person’s normal needs - hunger, thirst, sex, etc. rise to a level high enough to become a drive. At this stage, marketer should find out from the consumers what kinds of needs or
problems arise, what brought about these needs, and how these needs or problems led the consumer to this particular product.

(ii) **Information search:** At this stage of the buying decision process, the consumer is aroused to search for more information; the consumer may simply have heightened attention or may go into active information search. The amount of searching depend on; (a) the strength of the drive for a particular product, (b) the amount of information, (c) the ease of obtaining more information, (d) the value placed on additional information, and (e) the satisfaction gotten from searching.

(iii) **Evaluation alternatives:** The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set. How does the consumer choose among the alternative brands? The marketer needs to know about alternative evaluation—that is, how the consumer processes information to arrive at brand choices. Unfortunately, consumers do not use a simple and single evaluation process in all buying situation, instead, several evaluation processes are at work.

(iv) **Purchase decision:** This is the stage of the buyer decision process which the consumer actually buys the product, in evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, every consumer’s purchase decision will always be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision. The first factors are the attitude of others and the second one is unexpected situational factors.

(v) **Post purchase behavior:** The marketer’s job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. Hence, post purchase behavior is the stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction. Almost all major purchases result in cognitive dissonance which according to Festinger (1975) is buyer discomfort caused by post-purchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. Thus, consumer feels at least some post-purchase dissonance for every purchase.

**The Business Market**

Business marketing can be defined as “those activities that facilitate exchanges involving products and consumers in business markets”, (Bingham, 1997). While Ogbidi (2009) in his lecture note on business marketing system and theory defined business marketing as a “system that direct the flow of industrial products from the manufacturers to the industrial users, money from the industrial users to the manufacturers, and information in opposite direction”. It therefore means that a business marketing transaction takes place whenever a good or service is sold for any use other than personal consumption. Basically, the business market consists of individuals and organizations that acquire goods and services that enter into the production of other products and services that are sold, rented, or supplied to others. This market includes buyers from many types of industries: Manufacturing; construction; transportation; communication; banking, finance, and insurance; agriculture, forestry, fisheries; mining; and public utilities. The growing important of highly technical business products, the significant changes in the pattern of final demand, the rapid pace of technological innovation, the increasing size and complexity of the business firm and its customers, the growing impact of the computer and management services, and the success of foreign competition have all highlighted the
need for innovative business marketing strategies. All formal organizations; public or private, profit or none profit participate in the buying and selling of business products and services.

**Organization Buying Situations**
A buying situation occurs when organization discovered that it has a need for product that could be solved by buying a product. The question now arises, how do business buyers make their buying decisions? This puzzle of course can be solved by three major types of buying situations, (Robinson, Faris & Wind, 1987). These according to them, are; straight re-buy, modified re-buy, and new-task.

1. **Straight re-buy:** In this buying situation, the buyer records something without any modifications. It is usually handled on a routine basis by the purchasing department. Based on past buying satisfaction, the buyers simply choose from the various suppliers on its list. The ‘in suppliers’ try to maintain products and service quality. They often propose automatic re-ordering systems so that the purchasing will save reordering time. While the ‘out suppliers’ try to offer something new or exploit any dissatisfaction recorded by the in-suppliers so that the buyer will consider them. They try to get their foot in the door with a small order and then enlarge their purchase share over time.

2. **Modified re-buy:** Here the buyer wants to modify product specifications, prices, terms, or suppliers. This buying situation usually involves more decision participants than the straight rebuy. The ‘in-suppliers’ may become nervous because of pressure to put their best foot forward to protect an account. The ‘out supplier’ may see the modified rebuy situation as an opportunity to make a better offer and gain new business entrance.

3. **New-task buy:** A company buying a product or service for the first time faces a new-task situation. In this case, the greater the cost or risk, the larger the number of decision participants and the greater their efforts to collect information will be. This buying situation is the marketer's greatest opportunity and challenge. The marketer not only tries to reach as many key buying influences as possible, but also provides help and information. The business buyer makes the fewest decisions in the straight rebuy and the most in the new-task buy. In the new-task situation, the buyer must decide on product specification, suppliers, price, limits, payment terms, order quantities, delivery times, and service terms. The order of these decisions varies with each situation, and different decision participants influence each choice. According to Kotler and Armstrong, (1999), many business buyers prefer to buy a packaged solution to a problem from a single seller known as systems buying - it helps in avoiding all the desperate decisions involved in a complex buying situation. This practice began with government buying of major weapons and communication systems. For example, instead of buying and putting all the components together, the government asked for bids from suppliers who would supply the components and assemble the package or system.

**Organizational Buying Process**
This section lists the eight stages of the business buying process. Buyer who faces a new-task buying situation usually go through all stages of the buying process. Buyers making modified or straight rebuys may skip some of the stages. These stages according to Robinson, Faris, and Wind, (1987:14) are; problem recognition, general need description, product specification, supplier search, proposal solicitation, supplier selection, order-routine specification, and performance review.
Problem recognition - The first stage of the business buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service. It can result from internal or external stimuli. Internally, the company may decide to launch a new product that requires new production equipment and materials. Or a machine may break down and need new parts. Perhaps a purchasing manager is not happy with the current supplier's product quality, service, or prices. Externally, the business buyer may get some new ideas at a trade show, or receive a call from a sales person who offers a better product or a lower price. In fact, in their advertising, business marketers often alert customers to potential problems and then show how their products provide solutions.

General need description - This is a stage in the business buying process in which the company describes the general characteristics and quality of a needed item. For standard items, this process presents few problems. For complex items, however, the buyer may have to work with others - engineers, users, consultants, etc., to define the item. In this phase, the alert business marketer can help the buyers define their needs and provide information about the value of different product characteristics.

Product specification - It is the stage of the business buying process in which the buying organization decides on and specifies the best technical product characteristics for a needed item. This is often done with the help of a value analysis engineering team. Value analysis is an approach to cost reduction in which components are studied carefully to determine if the can be redesigned, standardized, or made by less costly methods of production. Sellers too can use value analysis as a tool to help secure a new account by showing buyers a better way to make an object, outside sellers can turn straight rebuy situation into new-task situations that give them a chance to obtain new business.

Supplier search - The stage of the business buying process in which the buyer tries to find the best vendors. The buyer can compile a list of qualified suppliers by reviewing trade directories, doing a computer search, or phoning other companies for recommendations. The newer the buying task, and the more complex and costly the item, the greater the amount of time the buyer will spend searching for suppliers.

Proposal solicitation - At this stage, after getting a list of qualified suppliers, the business buyer will invites the qualified suppliers to submit proposals. In response, some suppliers will send only a catalog or a sales person. However, when the item is complex or expensive, the buyer will usually require detailed written proposals or formal presentation from each potential supplier.

Supplier selection - The stage of the business buying process in which the buyer reviews proposals and selects a supplier(s). Business buyers may attempt to negotiate with preferred suppliers for better prices and terms before making the final selection. In the end, they may select a single supplier or a few suppliers.

Order-routine specification - Once the supplier is chosen, the buyer now prepares an order-routine specification. This is the stage of the business buying process in which the buyer writes the final order with the chosen supplier(s), listing the technical specifications, quantity needed, and expected time of delivery, return policies, and warranties. In the case of maintenance, repairs, and operating items, buyers may use blanket contracts rather than periodic purchase orders. Blanket contracting leads to more single-source buying and to buying more items from that source. It also
creates a long-term relationship in which the supplier promises to resupply the buyer as needed at agreed prices for a set time period.

**Performance review** - It is at this point that the buyer review supplier performance. The performance review may lead the buyer to rate its satisfaction with suppliers, deciding whether to continue, modify, or drop the arrangement. The seller's job is to monitor the same factors used by the buyer to make sure that the seller is given the expected satisfaction.

### Table 1: Major stages of the business process in relation to major buying situations

<table>
<thead>
<tr>
<th>Stages of the buying process</th>
<th>New task</th>
<th>Modified re-buy</th>
<th>Straight re-buy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Problem recognition</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>2. General need description</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>3. Product specification</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Supplier search</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>5. Proposal solicitation</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>6. Supplier selection</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>7. Order-routine specification</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>8. Performance review</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Source:** Adapted from Robinson, Faris and Wind (1987).

### Characteristics of Business Demand

Business demand can be described as being derived, inelastic, and fluctuating in nature. There is even joint demand for some business goods. These characteristics are different from consumer product demand, and each is discussed as follows:

**Derived demand:** All demand for business goods is derived from the demand for consumer goods and services. It can be defined as "the demand for a business product that is linked to demand for a consumer good", (Bishop, Graham & Jones, 1984:95). The marketer must close monitor the buying patterns of the final consumer and those environmental factors that affect them. In the long run no business demand is totally unrelated to the demand for consumer goods.

**Inelastic demand:** Because of the derived demand for business products, there is less opportunity for business marketers to stimulate primary demand (demand for a particular product category) through price cut than there is for consumer goods marketers. Therefore, the primary demand for business products is more price inelastic than that for consumer products. For example, automobile manufacturers purchase headlights as component parts for automobiles. If the price of headlights goes down, the automobile manufacturers are not very likely to greatly increase their purchase of headlights. If, however, they expect the decrease to be temporary, they may do some stockpiling; but this action actually results in a change in the timing of orders and not an increase in the long-run purchase volume. The cost of headlights accounts for a very small part of the total cost of manufacturing an automobile, and a reduction of a few Naira in the selling price of cars is unlikely to stimulate new-car sales. Also, the price of headlights could increase significantly before it would have much impact on the sale of automobiles, (Bishop, Graham, and Jones, 1984:178).

**Fluctuating demand:** The demand for business goods and services tends to be more volatile than the demand for consumer goods and services. This is especially true of the demand for new products and equipment. A given percentage increase in consumers demand can lead to a much large percentage increase in the demand for plant and equipment necessary to produce the additional
output. This phenomenon is often referred to as the 'acceleration principle'. An increase in consumer demand of only 10 percent can result in as much as a 200 per cent rise in business demand in the next period; and a 10 percent decrease in consumer demand can cause a total collapse in the demand for business goods. This demand volatility has caused many business marketers to diversify their product lines and markets in order to achieve more balance sales over the business cycle.

Joint demand: The demand for a number of business products such as raw materials and component parts is affected by joint demand. Joint demand occurs when two or more items are used in combination to produce a product. For instance, a firm that manufactures axe needs the same number of handles as it does the axe heads; these two products are demanded jointly. If the supplier of handles cannot furnish the required number, and the axe producer cannot obtain them elsewhere, the producer will stop buying axe heads.

The Nature of Business Buying Behaviour
According to Bunn (1994:160), much research has been devoted to organizational buying. Unfortunately, few studies focus on the development of specific measures of organizational buying behavior. On the whole, it is generally thought that business buyers tend to be more cautious than final consumers. They generally make a conscious and deliberate effort to act rationally and to do what is best for their companies. But from the outcome of the research, it has been proven that business buyers, however, are not totally rational in their buying behaviour. In fact, according to many marketing practitioners, selling to business buyers is very frequently a personality-oriented sales situation, as is typically the case in final consumer transactions. Though it is true that the demand or need for business products is usually economically motivated and rational, this should not be confused with the actions taken to satisfy that need or the behavioural aspects of the business purchaser.

In order to succeed in business-to-business (B2B) markets, selling firms must possess an understanding of customer firms' buying behaviour. However, such an understanding may be difficult to achieve because organizational buying behaviour is often a multiphase, multi-person, multi--departmental, and multi-objective process. This dynamic and intricate process frequently presents sellers with a complex set of issues and situational factors that directly or indirectly influence buying firm behavior, (Johnson and Lewin, 1996:160). In the opinion of Penn, and Mougel (1983:51), most business marketers and sales managers go to great length to differentiate their products or services. Yet no matter how favourably they may present their offering, unless the buyer is convinced of the integrity of the seller and of the adequacy of post-sale support, it is unlikely that the purchase will be made from that seller. This convincingly is largely subjective in nature, and subjective judgements are seldom entirely rational in the economic sense.

A Classification of Business Goods and Services
Business goods and services can be classified in a variety of ways. Business goods are generally classified according to tax treatment and end use. In order to appreciate the differences in demand represented by different types of products, a useful scheme for classifying business products might include at least the following: Major equipment; accessory equipment; fabricated and component part; process materials; maintenance, repair, and operating supplies (MRO); raw materials; and business services (Schoell, 1985:642).
Business Customers

According to Pride and Ferrel (2014), business customers are classified into three types of commercial enterprises; each of these three types of customers buys goods and services differently, thus requiring a thorough understanding of how marketing strategy differs with the customer type being pursued. Business customers are usually classified into the following three types: (i) commercial enterprises, (ii) governmental organizations, and (iii) institutions.

1. **Commercial enterprises** - This include; indirect channel members, original equipment manufacturers (OEMs), and user customers.

   - **Indirect channel enterprises**: This consists of firms that are engaged in reselling business goods in basically the same form to commercial, governmental, or institutional markets. Some most notably business distributors and dealers take title to the goods.
   
   - **Original equipment manufacturers** (OEMs): This group of buyers typically buys business goods, which, in turn, are incorporated into the products that they produce for eventual sales to either the business or customer market. Thus, a tyre producer such as Dunlop Goodyear, or Michelin that sells tyre to Ford Motor Company would consider Ford as an OEM.
   
   - **User-customers**: They generally buy products to support a manufacturing facility. Ford Motor Company would buy stamping equipment to form auto parts made from metal, plastics-injection molding machines to produce parts made from plastic, and milling machines to produce precision tooling for use in conjunction with the metal-stamping operation. These purchases do not become part of the finished product; they only help to produce it.

   - **Overlap of categories**: The preceding classifications centre on how products are used by the business customer. A manufacturer can be a user, purchasing goods to support a manufacturing process; or an OEM, purchasing goods for inclusion into a manufactured product. A manufacturer of machinery can be a user purchasing raw material to support a production process; or an OEM purchasing gear assemblies to incorporate into the machinery being manufactured. Again, the classification would depend on product use or intended purpose.

2. **Governmental organizations** - This according to Bacon (1987) includes thousands of federal, states, and local buying units which account for about 20” per cent of our gross national product (GNP). All levels of governments in the United States as well as Nigeria comprise of what is considered to be the largest single markets for goods and services in the world, (Cleveland, 1991). Much government procurement is done on bid basis with the government advertising for bids, stating product specifications, and accepting the lowest bid that meet these specifications. Such a procedure sometimes results in the rejection of the lowest bids. Although the government market could be lucrative market for some astutebusiness marketers, many make no real effort to sell to the government, not wanting to boarder with the red tape involved. Dealing with the government to any significant extent usually requires specialized marketing techniques and information (Suss, 1984:136; Gumpert, and Timmons, 1982:14).

3. **Institution**

   This potentially lucrative market includes such diverse institutions as colleges and universities museums, hospitals, labour unions, charitable organizations, and churches. These organizations have real marketing problems and spend billions of Naira buying products and services to run their organizations. So attention is now being shifted to this multibillion Naira markets consisting of ‘non-business or not-for-profit institutions’.

   Accordingly, Thorelli and Glowacka (1995:21-30) postulated that business marketers who desire to sell to the institutional market must be aware of the diversity of this market and tailor their
marketing programs to meet the particular needs and wants of prospective customers. For instance, suppose that Okon Foods- a small food products marketer want to market its products to hospitals and nursing homes in smaller communities. Okon's primary focus would more likely be on the Chief diet dietitian, who must approve food products before the hospital or nursing homes purchasing director can contract for their purchase.

How the Business Market Differs from the Consumer Market
Marketing generally is the same but the strategies are different. While business marketing deals with organizations and individuals that buys product for further purposes other than consumption, consumer marketing deals with individuals or final consumer who buys goods for personal consumption rather than for business use. According to Kurtz and Boone (1987:248), many differences can be found between the marketing of business goods and the marketing of consumer goods. In the opinion of Fern and Brown (1984:68-77), business markets have specific characteristics that differ significantly from consumer markets. These characteristics are discussed below and are summarized thus:

Table 2: Characteristics of business markets as compared to consumer markets

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Business market</th>
<th>Consumer market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volume</td>
<td>Greater</td>
<td>Smaller</td>
</tr>
<tr>
<td>Purchase volume</td>
<td>Larger</td>
<td>Smaller</td>
</tr>
<tr>
<td>Number of buyers</td>
<td>Fewer</td>
<td>Many</td>
</tr>
<tr>
<td>Size of individual buyers</td>
<td>Larger</td>
<td>Smaller</td>
</tr>
<tr>
<td>Location of buyers</td>
<td>Geographically concentrated</td>
<td>Diffuse</td>
</tr>
<tr>
<td>Buyer-seller relationship</td>
<td>Closer</td>
<td>More impersonal</td>
</tr>
<tr>
<td>Nature of channel</td>
<td>More direct</td>
<td>More indirect</td>
</tr>
<tr>
<td>Nature of buying</td>
<td>More professional</td>
<td>More personal</td>
</tr>
<tr>
<td>Nature of buying influence</td>
<td>Multiple</td>
<td>Single</td>
</tr>
<tr>
<td>Type of negotiations</td>
<td>More complex</td>
<td>Simple</td>
</tr>
<tr>
<td>Use of reciprocity</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Use of leasing</td>
<td>Greater</td>
<td>Smaller</td>
</tr>
<tr>
<td>Primary promotional method</td>
<td>Personal selling</td>
<td>Advertising</td>
</tr>
</tbody>
</table>


Greater total sales volume: Total Naira sales in the business market are greater than total Naira sales in the consumer market, even though there are far fewer business buyers than final consumers. Let’s consider automobile market; an automobile bought by a final consumer is viewed as one sale in the consumer markets. However, numerous sales transactions occurred in the process of manufacturing that automobile. Iron ore was mined and sold to a steel producer whoin turn, sold steel to the automobile manufacturer. A great many other business transactions also occurred before the automobile came off of the assembly plant.

Larger-volume purchases: Business marketers also sell to customers who buy in larger quantities than do final consumers. While consumers buy new sets of tyres for their cars, Ford Motor Company buys several hundred thousand tyres from several motor tyre manufacturers. Additionally, while consumers buy diesel by the gallon for their home use in the generating set, a manufacturing firm buys thousands of barrels (approximately 42 gallons per barrel) under a long-term contract with the distributor.
Fewer buyers: A business marketer generally deals with far fewer buyers than does the consumer marketer. New approaches are being developed to manage a clearly structured network of suppliers and subcontractors with an emphasis on trust and cooperation, says (Biemans, 1996:29-39). Firms that sell to manufacturers usually have less difficulty identifying prospective customers than do firms that sell to final consumers. For example, Allegheny International sells its specialty metals and electronics for jets engines to a very few airplane manufacturers, while its Oster and Sunbeam divisions sell appliances for the consumer market through thousands of distributors and retail stores.

Larger buyers: Unlike final consumer market, a few buyers account for most of the purchasing in many business markets. The top four manufacturers account for over 70 per cent of total production.

Geographically concentrated buyers: Business buyers are geographically concentrated, whereas final consumers are found virtually everywhere. Example, the textile industry is concentrated in the Northern parts of the country, while tyre manufacturing firms are located in and around the Eastern part. Most agricultural output also comes from relatively few states.

Close supplier-customer relationship: There is a close relationship between sellers and customers in business markets because of the smaller customer base, the greater volume and cost of the average sale, and the importance and power of the larger customers over the suppliers. A very curious development is reshaping the competitive business marketplace; a trend to increase buyer-seller cooperation, affirmed (Yavorich, 1991:42). Relationship marketing is establishing, developing, and maintaining successful relational exchanges- constitutes a major shift in marketing theory and practice, (Morgan and Hunt, 1994:20). But according to O'Neal (2014), sales are typically made by those suppliers who closely cooperate with the buyer on technical specifications and delivery requirements. An increasing number of manufacturers and suppliers are moving from adversarial to cooperative exchange attitudes that focus on long-term relationships. The just-in-time (JIT) supplier-customer exchange concept is a recent operational philosophy thought to epitomize the relational model. As world markets become increasingly competitive, firms have discovered that close partnership relationships with important suppliers can produce managerial, technological, and financial benefits (Ehram, 1991:2-8).

More direct channels of distribution: In consumer markets, the great majority of goods are sold through a complex structure of wholesalers and retailers who serve as intermediaries between the producers and consumers. Frozen foods, for example, are sold to several types of wholesalers or food brokers. In turn, these distributors will sell the frozen foods to supermarkets and institutional users. In the majority of business market, however, sellers and buyers are more directly linked. When dealing with very large purchasers, marketers can make direct sales rather than go through industrial distributors or other intermediaries. However, some products sold to business buyers are commonly sold through one or more levels of wholesalers.

Professional buying: Business buyers normally take a more formalized approach to buying than do final consumer. For instance, a sales person who is selling Android phone in a Slot store in Calabar generally deals with only one prospect at a time; yet an IBM computer salesperson may have to give product demonstrations to a firm’s purchasing manager, office manager, and secretaries. The professional training of purchasing personnel has resulted in a professional certificate program whereby the individual earns the designation of Certified Purchasing Manager (CPM). This distinction comes after several years in the discipline, or a degree from a recognized
college or university, in addition to three years of vocational training. Such individuals must then pass a series of examinations before they can place CPM after their names. Business buyers are professional buyers and selling to them requires professional salespeople. Successful salespeople keep a vast inventory of information on their customers (Goldberg, 1998:103).

**Multiple buying influences:** According to Hindin, (1984:20); and American Salesman (1994:11), more people typically influence business buying decisions than consumer buying decisions. A centre for Advanced Purchasing Studies (CAPS) survey confirmed the facts that; buying committees composed of technical experts and senior management are common in the purchase of major goods. This phenomenon, coupled with the cross-functional nature of these influences, complicates the marketing communications process. Therefore, business marketers must employ well-trained sales representatives, and marketers often use sales teams to deal with highly skilled buyers.

**Complex negotiation:** Although there are a few consumer goods such as automobiles and real estate in which negotiation commonly takes place, considerable buyer - seller negotiation exists in the purchase and sale of more expensive business products. In many cases, buyer representatives will meet with seller representatives several times to negotiate sales contracts, and this process may continue over and over again for months.

**Reciprocity:** According to a Journal of American Salesman (1994:25), business buyers often choose suppliers who also purchase from them. Reciprocity is one of the toughest roadblocks to overcome in business selling, and it is more common among bigger companies. For instance, a paper manufacturer may buy the chemical for its production process from a chemical company that buys a large amount of its paper. General Motors buys engines for use in its automobiles and trucks from Borg Warner, which in turn, buys many of the automobiles and trucks it needs from GM. Flour Mills in Calabar buys bread, cakes, pastries, etc., for parties and entertainment of their quest from High Quality bakery which in turn, buys flour from Flour Mills for production, (Ogbidi, 2009).

Reciprocity is considered to be illegal if there is a coercive use of pressure by one of the parties that results in reduced competition. Non-coercive reciprocity is legal, provided it is supported by elaborate records of purchases and sales to and from other parties. Government investigations are currently being conducted into the possibility of illegal influence in procurement in governmental organization (Stern, and Eovaldi, 1984).

**Leasing:** Many business buyers lease their equipment rather than buy it. Businesses may find that leasing equipment offers several advantages. Leasing allows for greater use of capital. Lease payments are entered on the books as current operating expenses rather than as liabilities; as such, they do not reduce a company's credit line or ability to borrow. The major advantages of leasing are decreased capital outflow, easier cost forecasting, and protection against equipment obsolescence. Example, according to Endicott (1989:25-28) in a study by the Gallup Organization for the American Association of Equipment Lessors reports, 7 of 10 companies lease equipment and 48 percent of those that do not lease have considered doing so. Computers, packaging equipment, heavy-construction equipment, machine tools, and sales-force automobile serve as examples of this phenomenon. Here, the lessee is able to conserve capital, acquire the seller's latest products, receive better servicing, and gain tax advantages. The lessor often receives a larger net income and has the opportunity to sell to those customers who could not afford to purchase the equipment outright (Hindin, 1984:20-25).
Emphasis on personal selling: Because of each of the characteristics discussed above, business marketers emphasize personal selling more than advertising in designing and implementing their marketing mixes. A good sales person can tailor presentations and highlight different product features for those individuals involved in the product purchase. The cost of a business sales call can be justified because of the size, complexity, and sales volume per account of most business products, as compared to a typical consumer product. The use of personal selling, in contrast to advertising provides immediate customer feedback, and business sales representatives can adjust their promotional message on the spot.

CONCLUSION

Companies that sell to other organizations must do their best to understand organizational buying behaviour and the needs, resources, motivations, and buying processes that shape such behavior. According to Winokur and Venkitarman (1991) business marketing must be tailored to meet diverse needs that can vary enormously from one market segment to another. In addition to understanding the business buyer and the related buying process, the marketer must have a firm grasp of how some of the traditional marketing tools and techniques studied, used, and written about for many years present major opportunities and challenges in business and consumer marketing environment.

REFERENCES

American Salesman (1994). I think you have a great product, but it's not my decision. No. 4(1), 1-13.