

CASE D-4

Pivot Marketing: Not Just Organizing Events, but Creating Experiences

These teaching notes were prepared by Marcellian Arlany and Lau Geok Theng.

Case Objectives

- To understand the concepts of business markets (buying behavior, buying center, buying motives and buying roles).
- To explore effective marketing strategies for business customers.

Case Synopsis

- Pivot Marketing was founded in 2004 by Emmeline Yuen and Rachel Ee-Heileman of two varying backgrounds and businesses. This Shanghai-based company custom-designs its services with and for the clients. The company offers services such as corporate, marketing and business events also consultations for companies sponsoring third-party events.
- Pivot Marketing adopts different sets of buying process and marketing efforts in order to penetrate into the business market more effectively. These differences are influenced by multiple buying decisions and the nature of business buying behavior in the market. Therefore, marketers provide more customized services and place their company's advertisement in strategic channels where to reach their target markets directly, lastly they organize and/or sponsor social events to widen their network.
- Pivot Marketing's main target markets are large corporations operating worldwide like Morgan Stanley or Shanghai Volkswagen. The growth in the number of Shanghai-based foreign institutions and the percentage of service sector may represent a bigger market for Pivot Marketing.

Case Questions and Answers

Question 1

How are buying decisions by a company different from buying decisions by individual consumers or households? How are these differences illustrated by a company making decision on which event companies to use?

- The main differences are influenced by multiply buying influences and the different characteristics of business buying behavior. The multiple buying influences from individuals in buying center result in a different buying process for companies.

Buying process is a decision-making process that both individuals and companies go through before acquiring products or services.

- The first difference occurs in the second stage of buying process – information search. While individuals uncover important product attributes and alternatives by searching personal information internally and externally, companies’ information search involve a few people in their buying centre. For instance, the engineers from production side will come up with a list of important machine attributes and the purchasing department will then identify potential suppliers.
- The second difference occurs in third and fourth stage – alternatives evaluation and purchase decisions. Individuals personally evaluate their evoked set by comparing alternatives based on their own buying criteria, however comparisons are made by few people in business. Purchase decisions are much simpler for individuals too. Before awarding contract to selected supplier, the purchasing manager has to first negotiate terms then sign the contract. In short, companies’ buying decisions are made more carefully and thoroughly as purchases usually involve high ticket products or are bought in large quantity.
- Another factor that influences the difference in companies’ buying decisions will be the characteristics of buying behaviors.

Differences	Company’ buying behavior	Individual’s buying behavior
<i>Demand characteristics</i>	Dependent demand	Independent demand
<i>No. of potential buyers</i>	Few	Many
<i>Size of orders</i>	Large	Small
<i>Level of expertise</i>	High	Low
<i>Buyer-seller relationships</i>	Close	Vary

- As shown above, companies purchases tend to be in larger quantity than consumers’ purchases and thus it is likely that they will base on professional’s expertise to assess products/services attributes and suppliers, particularly if purchases involve high cost. With greater level of expertise on the companies’ sides, marketers should then possess good product knowledge in order to satisfy any enquires or doubts being raised.
- There are very few impulsive purchases in the business market as buyers of a company have to adhere to purchasing policies and be accountable for their purchase decisions, therefore being able to assure them by providing relevant and accurate product information is just as important.
- Closer relationship between companies and suppliers are also expected as buying process in business market usually more complex, need more involvement and take longer time to close as services are often highly customized. Reciprocal agreements and long-term business relationship are also expected. Such relationship may lead to

- supply partnership where both parties adopt mutually beneficial objectives, policies and procedures to offer higher value of products and services to ultimate consumers.
- Considering the above differences, a company making decision on which event company to use will be illustrated in buying process below.
 - *Stage 1: Problem recognition*
The company decides to acquire external service to plan its marketing event, for instance product launch, due to restricted resources available or any other reasons. Here, company will see the need to source for a suitable vendor for its event.
 - *Stage 2: Information search*
Relevant departments, in this case the marketing or event department who are acting as the influencers in buying centre, will move on to specifying the important attributes they look for in an event company. After which, purchasing department as the buyer will source for potential vendors.
 - *Stage 3: Alternative evaluation*
In this stage, vice president or the manager of marketing or event manager – the deciders in buying centre will evaluate the selected potential vendors attributes based on buying criteria set. Buying criteria may include vendor's price, technical capacity or expertise to fulfill the company's requirements, idea creativity and feasibility, and past performances.
 - *Stage 4: Purchase decision*
When one or two vendors have been shortlisted, purchasing department will request for proposals from them. After which, negotiation of terms and signing of contract will take place and the product launch project will kick start.
 - *Stage 5: Post-purchase behavior*
The company will evaluate the performance of the event company. Evaluation can be based on various factors such as the success of the product launch, compliments from ultimate consumer, checklist, or any other feedback on the event. Company will then decide to continue using this event company or terminate service if results were unsatisfactory.

Question 2

Explain the concepts of the buying center, buying motives, and buying roles. What is the buying center for a firm's decision to engage an event company like Pivot Marketing? What are the buying motives of different members of such a buying center?

- Buying center comprises of a group of individuals who share common goals, risks and knowledge important to a purchase decision. Individuals typically involved in buying centre are purchasing manager (department) and other individuals from

departments who have the technical expertise or knowledge relevant to the products or services acquired. The size of buying centre varies with the company's buying situations. In cases where big purchases are made, the vice president or CEO may become part of the buying centre too.

- Buying motives are needs that direct the purchase behavior of business users. These needs are influenced by both organizational and personal goals. For instance, organizational goals may refer to cost-savings or quality improvements, while personal goals may refer to protecting or furthering one's position. Hence, even when they share common organizational goals, individuals in buying center have conflicting personal goals that may affect the ultimate purchase decisions.
- Five different roles identified in buying center are users, influencers, buyers, deciders and gatekeepers.
 - *Users* are the people in the company who usually use the product or service, for example the engineers who use the machine.
 - *Influencers* are the people who affect buying decision by defining specifications of product or service acquired, for example the factory manager.
 - *Buyers* are the people who have the responsibility to select supplier and negotiate terms of the contract, for example the purchasing manager.
 - *Deciders* are the people who have formal or informal power to select or approve the supplier or vendor that receives the contract. Deciders may be the purchasing manager himself, manager from the quality control department, R&D or even the CEO. It all depends on the importance of the purchase decisions.
 - *Gatekeepers* are the people who control the flow of information in the buying center. They may be the purchasing personnel or technical expertise who keeps salesperson or information from reaching other members of the buying centre.
- Individuals who are involved in this firm's buying centre are the users, influencers, deciders, buyer and gatekeepers.
 - Users refer to the general public or the firm's employees. It depends on the types of marketing event carried out.
 - Influencers refer to the marketing or event departments who define specifications of the service expected from the event company.
 - Deciders refer to the vice president, marketing or public relation or event manager who compare and contrast selected vendors based on buying criteria set.

- Buyer refers to the purchasing manager who sources and negotiates terms of contracts with suppliers. When deciders have chosen the event company they want to work with, purchasing manager will make this purchase decision on behalf the company.
- Gatekeepers refer to secretary or any other personnel who may keep certain information away from the other members in the buying center.
- Buying motives of these members are:
 - Influencers: they wish to engage the best event company who can best fulfill all the specifications defined.
 - Deciders: they wish to engage an event company who can work within the company's budget yet is qualified to perform service required for the company's events.
 - Buyers: they wish to engage an event company who is easy to work or negotiate with and who can easily pass all the purchase policies or procedures. It will be best if the event company can offer buyers with the best price compared to all.

Question 3

How can Pivot Marketing effectively market itself to its business customers? How will its strategies and marketing activities be different from a company marketing products and services to household and individuals?

- Since there are fewer potential buyers in business market, marketers should engage in more personalized marketing effort as to build stronger relationship with business customers. This can be done through direct selling to prospect companies. Being physically there is also important to encourage two-way or more impromptu communications between parties.
- Another form of marketing can be done is advertising Pivot Marketing services. For business customers, especially if products or services involved complex technical terms, the company and product/service related information should be reflected in print advertising. This way, customers can also keep it for references for future purposes. Information in this print media shall include technical parts of the product or service, testimonials from other customers, or a list of prominent customers who used the company's service. Advertisements can also adopt other mediums where its target market is, for instance advertising it in the business magazines.
- Other marketing factors will be tapping on Pivot Marketing current customers' network by encouraging referrals and word of mouth among other business customers. Also, the company can organize social or networking events like the ones

they have - Pivot Business Leader Golf Championship and Shanghai Singapore Business Association to open up its gate to a wider market and lift up the company's image and name.

- The main differences in marketing strategies between these two different categories of customers will be the level of personalization of marketing efforts, the type of advertising tools used, the commitment level and ultimately the objectives and sharing of load between the customers and providers.
- In business markets, more personalized marketing effort is needed and therefore direct marketing is considered to be one of the most practiced and effective marketing efforts. This is unlikely to happen in consumer market as it may be considered too expensive as the ultimate purchases made by consumer buyers may not be as large as business buyers and purchases are generally more generic.
- Advertising is skewed to print media where more technical information is presented to customers. As purchases usually involve high cost or more complex than in consumer markets, more detailed information is expected by business customers. On the contrary, advertisement made for consumer buyers are typically short and sweet, and focus more on branding and product/service positioning to build up brand preference.
- In business markets, network and word of mouth may be the few most effective marketing tools that a company can use to attract business customers.
- Commitment and corporation levels are expected to be higher between service providers or suppliers and business customers due to more complex buying process and negotiations made between both parties. Higher commitment level and involvement of marketers will promote better and closer relationship between parties. This may even lead to supplier partnership where they both adopt the mutually beneficial arrangements to increase higher value for ultimate consumers.