

# IRISH INDUSTRIAL BUYERS AND THEIR ATTITUDES TOWARDS INDUSTRIAL SALESMANSHIP AND MARKETING<sup>1</sup>

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## A Lesson from Consumer Marketing

Some authors have gone to great pains to point out the differences between industrial and consumer markets and products [Rodger, 1974; Kotler, 1972]. However, developing a clear dichotomy between industrial and consumer goods is not easy. What can be shown is that while particular behaviour in the marketing of some principal types of industrial goods can be identified, the approach to marketing of most consumer and industrial goods follows common basic principles [Christopher et al, 1980].

These principles present, as universal, the guidelines outlined below. Any company, no matter what it produces or to what market it directs its products, must base its marketing strategy upon a thorough understanding of customer needs and wants. It must also thoroughly familiarise itself with the buying process utilised by the customer and the factors that influence the customer in his/her choice. The difference between industrial and consumer goods and their respective markets does not invalidate the application of the marketing concept to industrial goods. Indeed, the importance of the marketing concept in the industrial context may be even greater than it is in the consumer context. The high value of unit sales and unit purchases of many industrial goods, the longer manufacturing cycle and high cost of building and maintaining stocks associated with a wide range of industrial goods, provide additional impetus to succeed in industrial markets through suitable marketing strategies. The consequences of being wrong through bad business and sales forecasting, faulty product planning, inadequate or inaccurate information, failure to identify, contact and follow-up sales prospects with well conceived sales promotional activity, can be an extremely costly experience in industrial markets.

The industrial businessman can learn a great deal by looking at his consumer counterpart and seeing if some of the skills used in solving

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consumer problems cannot equally be used in solving industrial selling problems. However, this is not to say that the marketing techniques developed and refined by consumer goods manufacturers are immediately transferrable to the industrial field. Much of the disillusionment among many industrial goods manufacturers with the so-called 'marketing concept' stems from the indiscriminate use of methods ill-adapted to deal with the peculiar problems found in industrial marketing, or which are applied in the wrong circumstances. Manufacturers of industrial goods have something to gain by taking a marketing perspective of their commercial operations, by looking at their businesses first of all in terms of customers and markets, rather than in terms of production engineering and industrial processes.

The first step in this process may be taken by identifying the key organisational elements in the industrial professional buying/selling chain. On the buying side, a complex series of influences can be observed, which comprise the activities of the buying centre and culminating in the purchasing decisions as made by the industrial buyer. To meet this force a myriad of facilitators on the supply side focus their actions through the industrial salesman. Both sides of the system are further influenced by external publics in the form of customers and prospects, employers and trade unions, shareholders and the "city", suppliers, local communities, opinion leaders, specialised facilitating agencies, government, local authorities and educational bodies. Some or all of these publics either directly or indirectly influence the buying process. The buyer and the salesman are the final link in the industrial buying/selling chain. It is through them that the direct buying/selling interface occurs. Figure 1 illustrates this situation. (see appendix).

### Research Objectives and Methods

Much of the research reported in this article builds on the pioneering work carried out by Benson (1976) and O'Farrell (1982) in the study of the Irish industrial buying/selling situation. Funded by the Irish Goods Council, the basic objectives of the study were:

- (i) to examine some aspects of industrial buying behaviour in the Republic of Ireland from the perspective of the purchasing manager;
- (ii) to elicit the attitudes of Irish industrial buyers to Irish industrial salesmanship and marketing;
- (iii) and to compare the performance of Irish suppliers to that of their overseas counterparts in the marketing of their goods and services in Ireland.

The General Industrial Classification of Economic Activities within the European Community was chosen as the initial source for the selection

of an industrial sector to study. From this list the metal manufacturer-mechanical, electrical and instrument engineering classification was chosen. From this classification 132 firms were selected and surveyed by mail questionnaire. The structured non-disguised questionnaire was designed to account for certain theoretical issues as described by industrial marketing theorists and for those identified by the author as a result of his experience as an industrial buyer for an American multinational company.

## Results

### *Buyer Profiles*

Forty-nine industrial buyers completed the questionnaire, a response rate of 37%. Profiles of these respondents are shown in Table 1.

*Table 1: Respondents Profile Information*

Aged between 26-45 years	76%
Average years experience	10 years
Educated to Leaving Certificate only	45%
Educated to third level	37%
Third level subject areas:	
— Business Studies	50%
— Engineering	50%
Irish educated	70%
Foreign educated	20%
not answered	10%
Formal training in purchasing (i.e. off-the-job).	53%

### *Communication Between Buyers*

The degree to which buyers communicated with each other, either directly or indirectly, is detailed in Table 2.

*Table 2: Buyer Communications*

Contact with other buyers:	
— Never	8%
— Rarely	63%
— Frequently	27%
— Not answered	2%
Membership of professional purchasing associations	53%
Subscribers to purchasing journals/ magazines	61%

A cross-tabulation of the data revealed the following:

*A: Trade relationships:* Members of purchasing associations were much more likely to subscribe to magazines/journals than were non-members (88% of subscribers were also members of associations); Association members were no more likely to have contact with other buyers than were non-members.

*B: Qualifications:* When Irish owned and multi-national companies were compared the following findings emerged:

- Irish owned companies are just as likely as multi-nationals to give their buyers training;
- Buyers in multi-national firms have more formal educational qualifications;
- 25% of buyers employed in multi-nationals were educated abroad as compared with a figure of 10% in Irish companies;
- Buyers working in Irish owned companies are older than those working in multi-nationals.

### *Purchasing Policy*

In total, 75% of companies preferred to buy Irish made goods whenever possible. However, marketing, and in particular product quality, in Irish made goods fell below that of foreign goods in the eyes of many buyers. Overall, buyers indicated that they would be willing to more than double their purchases of Irish-made goods, from 22% to 50% in terms of expenditure, if improvements could be made in the marketing area.

Other purchasing policies included sourcing from the home country, from subsidiaries, from the parent company and from the European Economic Community. Eight per cent of companies had no specific policy in this area.

### *The Search Process*

The following sources of information were identified in the rank order below as being most important in the search process.

- 1 trade literature and catalogues;
- 2 trade directories;
- 3 sales representatives;
- 4 golden pages;
- 5 information from other industrial buyers;
- 6 trade exhibitions;
- 7 semi-state bodies (Irish Goods Council, I.D.A.);
- 8 direct mail shots.

Other lesser used sources included approved vendor lists, parent/associate companies, commodity managers, embassies, purchasing associations

and current suppliers of similar items.

Trained buyers tended to use trade directories and trade exhibitions to a greater extent than did their untrained colleagues. Assuming that the trend towards increased management training equally applies to industrial purchasers, trade directors and trade exhibitions will continue to increase in importance as sources of information in the industrial buying process.

### *Supplier Selection Criteria*

The following criteria were identified by buyers in order of their importance in the supplier selection process.

- 1 quality;
- 2 price;
- 3 delivery;
- 4 reputation;
- 5 after-sales service;
- 6 Irish;
- 7 location;
- 8 promotion/contact.

Quality, price and delivery remain as the top three selection criteria and these findings are consistent with those of Benson (1976) and O'Farrell (1982). The relationship between these criteria is expressed in ratio form,<sup>2</sup> and compared with those produced by Benson in 1976, and set out in Table 3. These findings indicate that in these times of increased cost control the buyer is placing more emphasis on price as a selection criterion.

*Table 3: Selection Criteria— Ratios*

Study	Quality	Price	Delivery
Benson	1.13	1.05	1
Glynn	1.09	1.05	1

### *Attributes of the Effective Sales Representatives*

When asked to identify the attributes of the good sales representative, technical product knowledge, ability to guarantee and carry out promises and the provision of clear unambiguous information, catalogues, price lists, etc., emerged as the top three attributes. A comparison of Irish sales representatives and their foreign counterparts showed:

- (i) Irish industrial salespeople performing on a par with their foreign counterparts in the areas of traceability/contactability/sourcability, looking for business and appearance.

- (ii) Irish industrial salespeople falling below their foreign counterparts on the following points (listed in order of magnitude of difference): product knowledge, ability to guarantee and carry out promises, keeping in contact, ability to provide clear/unambiguous information, catalogues, price lists, etc., response to queries/order follow-ups after purchase order placement, willingness/ability to work with technical people, amount of background information on the buying company and its production process, awareness of customer needs, response to queries prior to purchase order placement, and efforts to service customers' particular needs (i.e. flexibility). Respondents perceived the overall performance of Irish sales representatives as falling below those of foreign sales representatives to the extent of almost 25%.<sup>3</sup>

### *The Irish Sales Agent*

Finally, buyers were asked to compare three groups of suppliers; Irish agents selling foreign produce, Irish sales representatives selling Irish products and foreign sales representatives selling foreign products. The groups were compared on the basis of overall performance with respect to their application of the marketing mix variables. In all cases the foreign sales representative came out on top followed by the Irish sales representative and then the Irish agent. Several explanations for these findings are suggested:

- (i) foreign manufacturers tend to market their biggest selling products themselves in order to avoid middle-man profit taking and thus agents are offered agencies on less profitable products;
- (ii) agents tend to put more effort into selling a small percentage of their most profitable lines and less effort into selling the more numerous but less profitable lines. It follows that buyers interested in the less profitable lines will judge the lack of concern shown by the agent to be his normal selling approach;
- (iii) Irish agents selling products manufactured overseas are unlikely to have a detailed technical knowledge of the product or the methods and standards of its manufacture.

Many Irish industrial sales representatives are employed by agents selling foreign goods and may thus appear inferior to foreign sales representatives and Irish sales representatives selling Irish made products. These findings suggest that further research needs to be carried out to compare the performance of Irish sales representatives and agents separately from that of their foreign counterparts.

## Discussion

In addition to the above, many respondents provided constructive suggestions as to how Irish industrial sales and marketing management could improve on their performance in the market-place. These are now summarised:

- industrial sales organisations should club together and issue a comprehensive trade directory detailing exactly what Irish companies have to offer. They also suggested that this directory should take the form of a regular bulletin with updates, or be issued on a twice yearly basis;
- sales representatives should call on the buyer more often. It was also suggested that the salesperson should be more willing to supply information about the *full* range of products on offer and not just those products believed to be of particular interest to the buyer;
- the sales representative should be equipped with a full range of clear catalogues and price lists;
- the sales representative should have the support of a co-ordinated advertising campaign;
- the sales representative must be fully cognisant of the product(s)/service(s) on offer and be capable of answering most, if not all, technically detailed questions asked by buying centre members;
- the sales representative should be supported by a sales/marketing team capable of immediate response to any queries the buyer may have which cannot be answered by the representative. Comments from buyers in this regard included: "I am often left waiting for urgently required samples". Another buyer mentioned that he receives, on average, a 50% response rate to queries he places with Irish industrial sellers;
- the sales representative should be supplied with a comprehensive "sales package", i.e., a full range of samples, current inventory information, information on quality control techniques and standards practiced by his company.

Buyers working in multi-national companies suggested that the supplier should cater for the special needs of the multi-national. However, they did not mention what these "special needs" were.

Comments and opinions on areas, other than those of supply, are summarised below:

- 60% of buyers who commented saw product knowledge as the major area for improvement in Irish industrial salesmanship and marketing. In particular, a technical product knowledge is required, i.e. a detailed technical knowledge of the product, its

functions, and the methods and standards used in its manufacture. One respondent blamed the lack of technical product knowledge on the tendency for Irish manufacturers to depend on agents to sell their products. These agents usually are unfamiliar with both the technical details of the product and/or the methods and standards used in its manufacture. A number of other comments on product knowledge included the following: "Many Irish salespeople arrive with a catalogue under their arm and think that that is all they need to know about the product"; "Irish salespeople should make the buyer aware of the Irish made products in their range"; "It is possible to find a salesperson selling electronics one week and office stationery the next".

- the lack of ability to guarantee and follow-up on delivery dates was considered a major fault of Irish industrial salesmanship and marketing. Respondents suggested that the salesperson should keep in contact with the buyer after the placement of the order and make sure the transfer of goods takes place smoothly;
- sales representatives tend to change jobs quite often and thus ruin any working relationship that may have established between the buyer and the sales representative;
- the sales representative is often left without any support service from sales-office staff.
- Irish sales representatives are not in a position to bargain with the buyer. Any diversion from the normal terms proves to be a major problem, requiring senior sales management interventions. This is not the case with foreign sales representatives;
- a need for logical preparation of price lists, catalogues and technical product data.
- Irish industrial sales representatives tend to "drop in" without making an appointment. The buyer usually is too busy to see them even if he would otherwise be interested in their product ranges. They must make appointments before calling.
- Irish industrial suppliers tend to be too inflexible with their terms of trade. If they are beaten by a foreign competitor they just accept the fact and give up without a fight;
- Irish sales representatives are often ill-informed as to the needs of the customer or his production process. They tend to treat industrial customers in groups and not separately. They should fully research the potential customer's requirements before making their sales approach on an individual account basis.

## Conclusions

The following comments made by buyers during the course of this study adequately sum-up the overall findings:

"Many Irish companies may have the machinery, manpower and talent but lack the right attitude and miserably fail at servicing new customers' needs. These companies, generally small ones, need some form of training and education at the professional end of the business of selling and servicing the customer. Perhaps the I.D.A. or the Goods Council could help out here with the right kind of advice."

"Irish industry and buyers cannot afford to tolerate the lackadaisical selling/marketing methods of some companies with their misleading information, irregular visits and half-hearted servicing, even if the product/component is cheap and/or of good quality (although a rarity with this image)."

As regards ways to improve Irish industrial salesmanship and marketing one buyer suggested the following:

"... there is no secret to these methods either, it is a case of regular visits, issuing of updated marketing and technical information, after sales service, problem solving, good purchasing facilities, streamlined production methods, competent sales office staff and so on. Aforementioned not in order of priority. There are such companies in Ireland."

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## NOTES

1. The research referred to in this article is based on work carried out by the author in the preparation of a dissertation entitled "Irish Industrial Buyers and their attitudes to Irish Industrial Salesmanship and Marketing", as part of the requirement for the Degree of Master of Business Studies (Marketing), University College Dublin, September 1982.
2. Buyers were asked to rank their supplier criteria in descending order of importance. Each criterion ranked first was awarded '8' points, the second placed criterion received '7' points, and so on down to '1' point for the criterion ranked eighth. The absolute rank frequencies were then totalled for the 49 respondents and were expressed in terms of ratios. These calculations were then applied to Benson's data and comparisons were made.
3. Buyers were asked to score the performance of Irish sales representatives and their foreign counterparts against a number of salesmanship attributes on a scale of 1 to 10. The overall scores were then compared. The total Irish score was 25 percentage points below that of the foreign score.

## APPENDIX

Figure 1: *The Professional Buying/Selling Chain*