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POLYTECHNIC

INTERNATIONAL BUSINESS

FINAL THESIS

**ORGANIZATIONAL BUYING BEHAVIOUR  
IN BUSINESS-TO-BUSINESS MARKETS,  
CASE HYMAT OY**

**Marika Holvitie**

Bachelor of Business Administration  
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Thesis tutor: Marita Tuomala

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**Author:** Marika Holvitie

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## **ABSTRACT**

This thesis was made for Hymat Oy. The main goal of the research was to find out the factors affecting on the buyers purchasing decisions in the field of business-to-business markets. Other subjects to explore were company and product image, marketing, customer satisfaction, competitors and demand, and to present development suggestions to the company based on the results.

Theoretical part of this thesis introduces the basics of organizational buying, an understanding of which is fundamental in business-to-business marketing. This part begins by looking at the organizational buying behaviour process and a number of models in the process. Continuing by investigating the factors influencing organizational buying behaviour, and buying decision criterion emphasis in buying process. Theoretical part concludes with a role of marketing mix and exploring the importance company identity and image.

Present situation in the company and description of the research process are explained in own section in the thesis. Research process will give detailed information about the marketing research that is intended to provide objective information about marketing phenomena to reduce uncertainty and lead to more rational and effective decisions.

In the research results and conclusions chapter, the results are shown and conclusions among the development suggestions are made based on the questionnaire. For the Hymat Oy there will be different report of the results found, and more specific development suggestions given because of the confidentiality and business reasons.

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**Key words:** Organizational buying, marketing mix, company identity and image.

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# 1. Introduction

## 1.1. Background

Organizational buying behaviour is a very complex area and understanding of the key factors is fundamental to marketing strategy and thus an organization's ability to compete effectively in the market place.

Organizational markets consist of producer, reseller, government, and institutional markets. Business-to-business markets refer to both producer markets and reseller markets. Organizational transactions differ from consumer transactions in several ways. Organizational transactions tend to be larger, and frequently involve more than one person or department in the purchase, and purchases occur as a result of derived demand. They may also involve reciprocity. Organizational customers are usually better informed than ultimate consumers and are more likely to seek information about a product's features and technical specifications.

When purchasing products, organizational customers are particularly concerned about quality, service, and price. To achieve an exact level of quality, organizations often buy products on the basis of a set of expressed characteristics, called specifications. Because services have such a direct influence on a firm's costs, sales, and profits, such matters as market information, on-time delivery, and availability of parts are crucial to an organizational buyer. Although organizational customers do not depend solely on price to decide which products to buy, price is of prime concern because it directly influences profitability.

Organizational buyers use several purchasing methods, including description, inspection, sampling, and negotiation. Most organizational purchases are new-task purchases, straight re-buy purchases, or modified re-buy purchases. Organizational purchase decisions are made through a buying centre, which includes users, influencers, buyers, deciders, initiators, and gatekeepers. The whole buying centre for organizational markets engages in organizational buying behaviour.

The subject of the thesis was given by Jukka Kivipuro, Area Manager in Hymat Oy Workshop in Tampere. The aim for the research was to answer questions related to organizational buying process in business-to-business markets and specifically what do the customers value when making a buying decision, as well as to suit my field of study and interests. I had previous knowledge of Hymat Workshop since I was working there 5 months before starting the thesis. The primary research was made by telephone surveys called from the employer's office.

### **1.3. Research Problem and Thesis Objectives**

The aim of the thesis is to find out the factors that affects on the buyers purchasing behaviour in organizational markets. Other subjects to explore were who is making what decisions based on which criteria, and what is awareness and image of the company and its products.

Sub-problems to evaluate were customer satisfaction, marketing and marketing communication, positioning comparing to the competitors, demand and needs, and what are the requirements to have an effective co-operation now and in the future (appendix II).

The questions are of interest to company and relevant to the aims of the research.

### **1.4. Research Method**

The focus on the thesis is a questionnaire and presented development suggestions based on the questionnaire. Target group was defined by Hymat Oy and it contains 16 different sizes of mobile machine factories in Finland, which operates European or global markets. Method for gathering primary quantitative material was questionnaire made by phone interview. The research questionnaire was made and interviewed in finish (appendix I).

Marketing research focuses and organizes marketing information. It ensures that such information is timely correct and permits Hymat Oy to reduce business risks, spot current and upcoming problems in the current market, identify sales opportunities and develop plans of action.

## 2. The Company Overview

### 2.1. Hymat Oy



**Hymat Oy** is a Finnish company specialised in the marketing and sales of hydraulic products and industrial hoses and fittings. The production program consists of hose and pipe assemblies, power packs and integrated circuits. Hymat Oy was founded in 1979 and has developed from a small entrepreneurial company into a considerable supplier of hydraulic products for the mobile machine industry (Hymat Internet, 2006).

Especially during the latest years both the own production and the sales of the imported products have grown considerably (Hymat Internet, 2006).

Since 1998, Hymat Oy has been a part of Specma Hydraulic AB. The Specma group is the biggest contract supplier of hose and pipe assemblies in the Nordic countries. The co-operation over the borders enabled Hymat Oy to develop its business supplying hydraulic products to global customers. Hymat Oy has become a significant Finnish supplier in its business (Hymat Internet, 2006).

Hymat Oy owns premises in Espoo, Tampere, Turku and Jyväskylä. Due to the experienced and competent personnel, the quality certificate was granted in 1995 and its strong background Hymat Oy can commit itself to widespread and long-term systems and subcontracting contracts (Hymat Internet, 2006).

#### 2.1.1. Specma Hydraulic AB



Hymat Oy is a part of **Specma Hydraulic AB** that has a turn over of 800 million SEK and is a market leader in the Nordic area. They are a part of the Swedish Latour group (Specma Hydraulic Internet, 2006).

Specma Hydraulic AB is a complete supplier of hydraulics. They manufacture and design fittings, pipes and hose assemblies for hydraulics. Specma Hydraulic AB has their own manufacturing of pipes and fittings, and they are able to offer the market special pipe/hose/fitting combinations (Specma Hydraulic Internet, 2006).

Specma Hydraulic AB is certified according to ISO 9001/9002 and ISO 14001 (Specma Hydraulic Internet, 2006).

### 2.1.2. Investment AB Latour

**Investment AB Latour** is a mixed investment company. It has an investment portfolio of quoted securities with a current market value of around SEK 8 billion, and its own wholly-owned industrial and trading operations with a total turnover of around SEK 4.5 billion. These wholly-owned subsidiaries are organized in eight Business Areas (Figure 1): Automotive, Filters, Hand tools, Hydraulics, Air Treatment, Machinery trading, Textiles and Engineering Technology (Latour Internet, 2006).

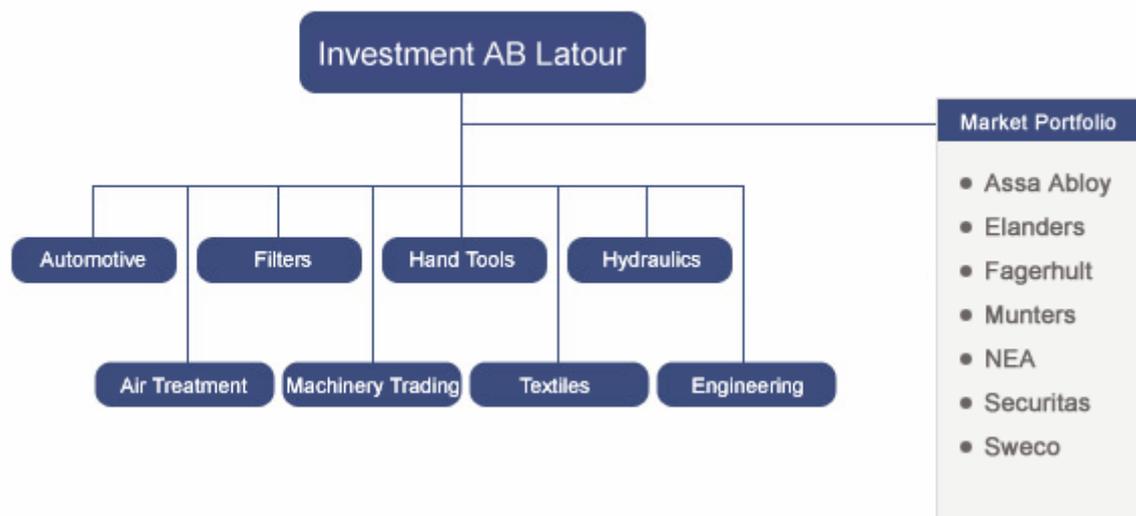


Figure 1. Latour Structure (Latour Internet, 2006)

## 3. Theoretical Background

### 3.1. Organizational Buying

The need for an understanding of the organizational buying process has grown due to the many competitive challenges presented in business-to-business markets. There have been a number of key changes in this area, including the growth of outsourcing, the increasing power enjoyed by purchasing departments, and the importance given to developing partnerships with suppliers.

According to Rope (1998: 17), basis in business-to-business marketing is organizational buying because marketing solutions should always be made through purchase operations. The better the marketer knows the clientele and their purchase behaviour, the better footing it has for successful marketing.

Even though organizational purchasing has some incorporating factors, there are also notable differences in multiplicity purchasing and it is dissimilarity in every case. Figure 2 shows that this is attributable to the fact that there are several factors affecting in organizational marketing and for implementing the buying decision, such as:

1. Product that is offered
2. Companies and competitors in markets
3. Buying organization
4. Purchase situation (Rope 1998: 17-18).

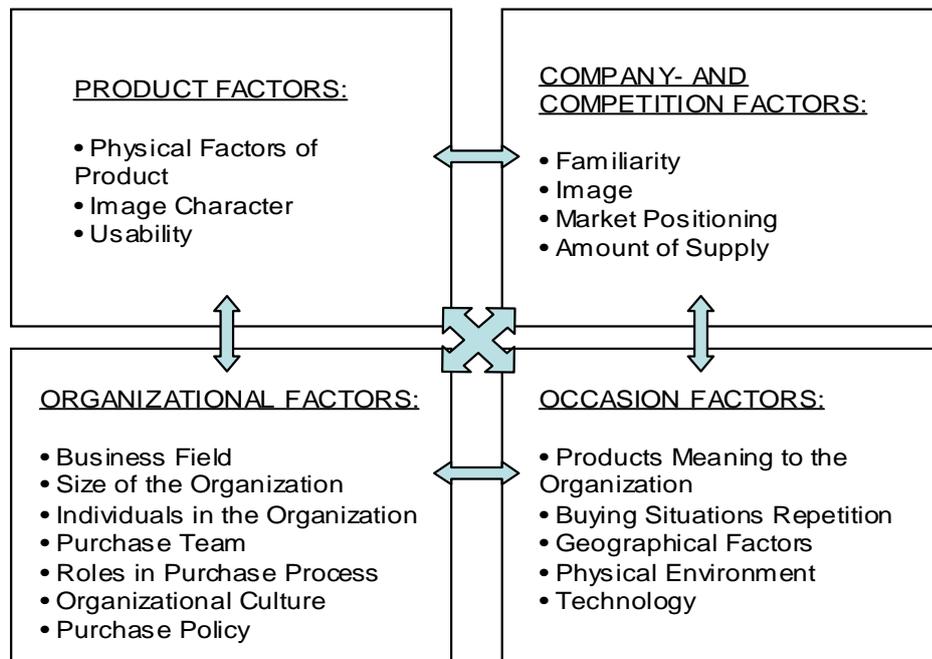


Figure 2. Factors Effecting on Buying Decision (Rope 1998: 18)

### **3.1.1. Business-to-Business Marketing**

In business-to-business marketing, the buyer is organizational company, institution or fellowship that the marketing is aimed for. In business-to-business marketing, it is important to notice that the buying organization themselves are not buying anything and never will, but the person is. Depending if the person is representing organization or is he a consumer on the market reflects only a certain frame on his actions. One of the basic perceptions in business-to-business marketing is that the target group is not the organization but the people that work in organization (Rope 1998: 10).

As Rope states, to realize person's individual behaviour and what his blueprint as a part of the organization is, is very important in business-to-business marketing. Frame of reference in so-called modern, all-inclusive marketing thinking.

According to Vitale and Giglierano (2002: 5), the aim in business marketing is to create value for both organizations by matching and combining the capabilities of the supplier with the desired outcomes of the customer.

#### **3.1.1.1. Business-to-Business Markets**

Business markets present different types of challenges and opportunities than consumer markets. As Vitale and Giglierano states (2002: 5), business markets consist of all organizations that purchase goods and services to use in the creation of their own good and services, which then are offered to their customers. Generally, business markets consist of fewer but larger customers than consumer markets and are involved in purchases of significantly large value having complex economic, technical and financial considerations.

According to Rope (1998: 13), business-to-business marketing combines the fact that the buyer is either a company or another organization. The clientele that belong to the organizational marketing can be classified as following:

1. Commercial organizations such as industrial enterprises, service enterprises, and wholesale- and retail business.
2. Public organizations such as government and municipality agencies, and community service institutions like hospitals, schools etc.
3. Non-profit organizations like fellowships, unions, and event organizations like Savonlinna's opera festival.

A customer can be all of these stated above but the main impact that combines all business-to-business marketing is that the product purchased is not for the individual use but the organizational demand. This means that the basis for making procurement decisions comes from the person's individual

experience, organizational operations and from the functions that are related to the organizations actions (Rope 1998: 13-14).

### 3.1.2. Corporate Marketing Characteristics

It is crucial to understand the context of business marketing. Vitale and Giglierano (2002: 9-13) has described business-to-business marketing characteristics as following:

The *Market Structure* in corporate market is geographically concentrated and has relatively fewer buyers than is consumer markets. It also has oligopolistic competition, which means a competitive structure where a few sellers control the supply of a large proportion of a product.

*Products* can be technically complex and are customized to user preference. Service, delivery, and availability are very important factors concerning products. In business-to-business, marketing products are purchased for other than personal use.

*Buyer Behaviour* in business marketing includes functional involvements at many levels, personnel are more professionally trained in purchasing, and task motivates to predominate.

*Buyer-Seller Relationships* are interpersonal in business markets. Significant info is exchanged between participants on a personal level, and stable, long-term relationships encourage loyalty. Technical expertise is considered as an asset.

*Channels* in corporate marketing are shorter and more direct compared to consumer marketing.

*Promotions* emphasis is on personal selling.

*Price* is either competitive bidding or the result of a complex purchase process.

The nature of *demand* is very important in business marketing. Derived demand is a characteristic of business demand that arises because industrial demand stems from the demand for consumer products. According to Vitale and Giglierano (2002: 11), “derived demand is the demand experienced by the chain of suppliers and producers that contribute to the creation of a total offering. Without initial consumer demand, there is no demand on the chain of suppliers”.

Inelastic demand is a type of demand where a price increase or decrease will not significantly affect the quantity demanded. Demand in business markets is also discontinuous and volatile (leveraged) because of the greater swings occurring than in a consumer markets.

### 3.2. The Organizational Buying Behaviour Process

The organizational buying behaviour process is documented with many models depicting the various phases, the members involved, and the decisions made in each phase.

The basic phases of organizational buying behaviour process proceeds on following:

1. The buying process starts by *specifying the demand* that is associated with organizational need
2. *Finding out alternative solutions* includes searching for such approaches that gives a solution for the need
3. *Searching for suppliers* contains information retrieval from the suppliers that will offer products or services that will give a functional solution for the company's demand
4. *Evaluation offers*. The buying organization seeks the solution that will be entirely the best choice from the alternative suppliers based on the demand criterions
5. *Purchasing phase* is composed from the choice of the supplier and from the purchasing
6. *Experiment phase* follows these steps and is telling how the product is working within expectations that the buying was made. Essential in marketing is that the purchase process is positive because it effects to the image that spreads to markets, and offers the possibility to sale more for the same customer (Rope 1998: 20-25).

In organizational markets, it is crucial to assure the positive buying experience because the markets are:

1. Internally compact. Markets are like small circle where people know each other and the word goes through the organizations very fast.
2. Limited, which means that not every customer that has been lost can be replaced with the new one.
3. Customer loyal. When marketer has been able to create a functional, deep and personal relationship to the buying organizations key person, it is hard to break up only with replacing the product (Rope 1998: 20-25).

One essential emphasis in business-to-business marketing is the customer maintenance and so-called nursing period that ensure the customer satisfaction and continuing relationships.

As Rope states (1998: 20-25) the mission that business-to-business marketing has could be described as following: creation of the business relationship, ensure the function of the relationship, and deepen and maintenance of the relationship.

*The purchasing function* is of great importance because its actions will affect directly on the organization's profitability. Purchasing strategy aims to evaluate and classify the various items purchased in order to be able to choose and manage suppliers accordingly. Classification is along two dimensions: importance of items purchased and characteristics of the supply market. Actions can be taken to influence the supply market. Based on the type of items purchased and on its position in the buying matrix, a company will develop different relationships with suppliers depending upon the number of suppliers, the supplier's share, characteristics of selected suppliers, and the nature of customer-supplier relationships. The degree of centralization of buying activities, and the missions and status of the buying function can help support purchasing strategy. The company will adapt its procedures to the type of items purchased, which in turn will influence relationships with suppliers (Hutt & Speh 1998: 79-80).

Lyson and Farrington (2006: 425) have described some strategic considerations that should be determined when choosing the supply source that would offer the best competitive advantage from the standpoints of: price, differentiation of product, security of supplies and reliability of delivery, quality, added value in terms of specialization, production facilities, packaging, transportation, after-sales services and so on.

### **3.3. Factors Influencing Organizational Buying Behaviour**

According to Hutt and Speh (1998: 76-93), forces that influence organizational buying behaviour are environmental, organizational, group and individual factors.

As Lyson and Farrington states (2006: 422), *environmental factors* are normally outside the buyer's control and include level of demand, economic outlook, interest rates, technological change, political factors, government regulations, and competitive development.

Hutt and Speh (1998: 76-93) has described *organizational factors* such as, strategic priorities, strategic role of purchasing, and strategic trends of purchasing. Buying decisions are affected by the organization's system of reward, authority, status and communication, including organizational objectives, policies, procedures, and structures (Lyson & Farrington 2006: 422).

As Lyson and Farrington states *Group factors – Interpersonal factors* involves the interaction of several people of different status, authority, empathy and persuasiveness who comprise the buying centre (figure 3). For example in purchase roles: buyer, decider, influencer, user, initiator and gatekeeper.

*Individual factors.* Buying decisions are related to how individual participants in the buying process from their preference for products and suppliers, involving the person's age, professional identification, personality and attitude towards the risk involved in their buying behaviour (Lyson and Farrington 2006: 422). Individual factor forms are differing evaluative criteria, info processing, and risk-reduction strategies (Hutt & Speh 1998: 76-93).

### **3.3.1. Risk and Uncertainty**

The level of risk depends upon the characteristics of the buying situation faced. The supplier can influence the degree of perceived uncertainty by the buyer and cause certain desired behavioural reactions by the use of information and the implementation of certain actions. The risks perceived by the customer can result from a combination of the characteristics of various factors: the transaction involved, the relationship with the supplier, and his position vis-à-vis the supply market (Vitale & Giglierano 2002: 60-63).

Information is concerned with the role of risk or uncertainty on buying behaviour. The marketing manager needs timely, systematically gathered information about the organizations customers, environment, and marketing activities. Without these, the marketing manager has no accurate basis on which to make decisions. Information reduces uncertainty and helps to define problems and identify opportunities (Zikmund & d'Amico 2001: 124).

### **3.3.2. Organizational Buying Situations**

Zikmund and d'Amico (2001: 189-191) has described organizational buying behaviour as a multistage decision-making process. However, the amount of time and effort devoted to each of the stages or buy phases depends on a number of factors such as the nature of the product, the costs involved, and the experience of the organization in buying the needed goods or services. The three basic organizational buying situations are the straight rebuy, the modified rebuy, and the new task purchase.

The straight rebuy requires no review of products or suppliers; materials are reordered automatically when the need arises. The modified rebuy occurs when buyers are discontent with current products or supplier performance and investigate alternative sources. The new task purchase involves evaluating product specifications and reviewing possible vendors in a purchase situation new to the organization (Zikmund & d'Amico 2001: 189-191).

### 3.3.3. The Buying Centre

According to Rope, Lyson and Farrington, the buying centre consists of those people in the organization that are involved directly or indirectly in the buying process, i.e. the user, buyer influencer, decider, initiator and gatekeeper. The buyers in the process are subject to a wide variety and complexity of buying motives and rules of selection that figure 3 will demonstrate.

- Buyer is responsible for dealing with suppliers and placing orders (for example purchasing agent). Buyer can also help to determine specifications, but their main role is to select vendors and negotiate within purchase constraints.
- Decider has either formal or informal power to make the final purchase decision (for example CEO).
- Influencer has the ability to affect directly or indirectly what is ordered such as setting order specifications (for instance engineers, researchers, and product managers).
- Users are those who will actually use the product or service when it is received, and often initiate the purchase and specify what is bought.
- Initiator is any buying centre member who is the first to determine that a need exists.
- Gatekeeper is anyone who controls access to other buying centre members like preventing salespeople from seeing users or deciders, and controls the flow of information to others, such as buyers. Gatekeeper can be for example administrative assistant.

(Rope 1998: 42, Lyson and Farrington 2006: 422-423).

In a buying centre, a group of employees are responsible for purchasing an item for the organization. They participate in the purchasing decision process and share some common goals and the risks arising from the decision. In a business setting, major purchases typically require input from various parts of the organization including finance, accounting, purchasing, information technology management, and senior management (Lyson and Farrington 2006: 422).



Figure 3. Person in Organizational Markets (Rope 1998: 42)

### 3.4. Buying Decision Criterion Emphasis in Buying Process

Essential in the business-to-business markets purchase process is that the purchase criterion is not only one decision but also a chain of decisions. In the decision line where the selections are made between offerings, Rope (1998: 44) has describing these steps as following:

When considering a known organizations or products in a market, the first selection is made from competing offerings or alternative products. The second selection is made from the offerings left seeking for the best choice, and from where the purchasing decision is made to buy the best product.

According to Rope (1998: 44-45) in buying decision process there are two stages where choosing the product from the market. An invitation of bids is the first phase and the amount of bids claimed depends on following:

- The stage of the competition
- Amount of people participating in the buying process and their knowledge about markets
- Buying process
- Buying organization
- Organizations buying policy

In this phase there are no useless bids, all the offerings are possible purchase targets. There are prerequisite factors that the company and the product must

fulfil, such as: operating capacity, delivery reliability, quality standards, equal quality products or services, organizations solvency, maintenance reliability, and price (Rope 1998: 45-46).

For the marketer besides products recognition it is equally important to be able to make a certain image for the product that fulfils the prerequisite factors. With these factors buyers raise company's products as one potential buying target, which the final buying criteria is made from. In this final stage following criterions are been emphasized:

- a. Profitableness
- b. Factors effecting products quality (products stability, minor need for service, superior technology)
- c. Image. Image factors can be supported by market share, sales statistics, positive feedback from customers, and reference lists. All these combined with good overall image create a foundation for a buying decision.
- d. Personal relationships. Often final decision is made based on these personal relationships. It can be based on acquaintance or long-term customer relationship. Importance of these personal relationships is emphasized when it is hard to discover clear functional differences between supplies (Rope 1998: 46-48).

Above-mentioned selection factors does not shut one another out but rather support each other. For example, a good product quality gives a company a good image that marketing can successfully through customer relationship utilize and furthermore make deeper. Although selection criteria vary in business-to-business markets different ways in different situations, the basic rule of marketer according to Rope (1998: 48-50) is that

*EVERYTHING IS SOLD BY FEELING.*

Buyer needs to be able to reason the decision to him and to other involved. This means that even though the decision is basically emotional (based on relationship- or image factors), the buyer should be able to use rational factors when needed (such as quality factors) for argument to his decisions acceptability (Rope 1998: 48-50).

In marketing, it is very important to separate those factors, which are said to be the arguments for making a buying decision from those that are the real reasons to buy. To make this kind of observation following factors need to be considered:

1. Person tells only those things for selection criteria that he considers being selection criteria as in cognitive level. Respectively he cannot say those subconscious factors that guide his actions.
2. Person tells from cognitive decision criteria only those that hold out rational observation. Those factors that person recognize in himself but which are based on feeling are not recognized as a selection criteria

because un-rational behaviour is not considered acceptable in western society's set of values. (Rope 1998: 48-50).

### **3.5. The Marketing Mix**

The marketing mix is probably the most famous phrase in marketing. The elements are the marketing 'tactics'. Also known as the 'four Ps', the marketing mix elements are product, price, place and promotion.

Marketing is the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment. Organizations focus their marketing efforts on a target market. Marketing involves developing and managing a product that will satisfy customer needs, making the product available in the right place and at a price that will be acceptable to buyers, and communicating information that will help customers determine if the product will satisfy their needs. This is a process known as developing a marketing mix. Before marketers can develop a marketing mix, they must collect in-depth, up-to-date information about customer needs (Pride & Ferrell Marketing 2000e, 2006).

#### **3.5.1. Product**

Business-to-business product also preferred as *total offering* will provide a complete solution to the buyer's needs. This may include financing, delivery, service, or based on the buyer's preference only the core product. Because business-to-business products are often incorporated into the buyer's offering to their own customers, they are often defined and created by a partnership between the buying organization and the marketing organization. This process produces a product that is specific to the buying unit's needs while maximizing the value creation capabilities of the marketer. Some examples of the product decision to be made are brand name, functionality, styling, quality, safety, packaging, repairs and support, warranty, and accessories and services (Vitale & Giglierano 2002: 5-9).

As Rope has defined (1998: 84-85) the basic alternatives for building a competitive advantage are price and processing strategy. When focusing in quality the natural goal is to ensure fulfilling qualitative condition factors, and to create competition advantage so the buying criterion would be more than just price.

In the basis of buying decision, only with clear value added factors or competitive factors can be separated from the dominating position of the price, for example ISO 9000, the international quality standard.

### **3.5.1.1. ISO 9000 and 14000 Family**

ISO (International Organization for Standardization) is the world's largest developer of standards. Although ISO's principal activity is the development of technical standards, ISO standards also have important economic and social repercussions. ISO standards contribute to making the development, manufacturing and supply of products and services more efficient, safer and cleaner (ISO.org, 2006).

For businesses, the widespread adoption of International Standards means that suppliers can base the development of their products and services on specifications that have wide acceptance in their sectors. This means that businesses using International Standards are increasingly free to compete on many more markets around the world. International Standards provide a reference framework, or a common technological language, between suppliers and their customers, which facilitates trade and the transfer of technology (ISO.org, 2006).

ISO 9000 and ISO 14000 standards are most widely known standards. The ISO 9000 family is primarily concerned with quality management requirements in business-to-business dealings. This means what the organization does to fulfil the customer's quality requirements, and applicable regulatory requirements while aiming to enhance customer satisfaction, and to achieve continual improvement of its performance in pursuit of these objectives. The ISO 14000 family is primarily concerned with environmental management. This means what the organization does to minimize harmful effects on the environment caused by its activities, and to achieve continual improvement of its environmental performance (ISO.org, 2006).

### **3.5.1.2. Product Related Services**

As Zikmund and d'Amico has stated (2001: 196-197), service is an important variable in organizational purchasing. Before a sale is completed, the marketer may have to demonstrate the ability to provide rapid delivery, shelving service, repair service, or technical support. After the sale, the supplier need to be able to deliver the promised services, because waiting costs money and may be a great source of frustration for the buyer.

Customers often expect more from an organization than a simple, tangible product, the task of marketing management is to provide a complete offering, a total product, that includes not only the basic good or service but also the "extras" that go with it (Zikmund & d'Amico 2001: 9).

In business-to-business marketing, relationship marketing often means effectively being part of a collaborator's organization. By providing extra

services is a vital aspect of marketing efforts for maintaining and enhancing relationship with customers (Zikmund & d'Amico 2001: 196-197).

### **3.5.2. Price**

Price is a key element in the marketing mix because it relates directly to the generation of total revenue. Usually price is viewed as a flexible marketing mix variable in that it can be adjusted quickly and easily to respond to changes in the external environment (Pride & Ferrell Marketing 2000e, 2006).

Price is a measure of value exchanged and it is determined by the market. In business-to-business markets, price determination can be the final step in a complex design, development, and negotiation (Vitale & Giglierano 2002: 5-9).

The most fundamental pricing objective is the organization's survival. Price often can be adjusted to increase sales volume or to combat competition so that the organization can stay alive. Many factors affect pricing decisions, including organizational and marketing objectives, pricing objectives, costs, other marketing mix variables, channel member expectations, customer interpretation and response, competition, and legal and regulatory issues. Because of the interrelation of the marketing mix variables, price can affect product, promotion, and distribution decisions (Pride & Ferrell Marketing 2000e, 2006).

Pricing for business customers often varies from fixed price, includes far more special discounts and allowances, and involves complex financing. Business pricing may also involve other forms than a one-time price payment of fee, such as commissions or profit sharing. Examples of different price decisions can be pricing strategy, volume discounts, bundling, and price flexibility (Vitale & Giglierano 2002: 5-9).

### **3.5.3. Place**

Place or distribution is the element of the marketing mix that encompasses all aspects to assure that products are available at the right place. Transportation, storage, materials handling, and so on are physical distribution activities. Channel of distribution is the sequence of marketing organizations involved in bringing a product from the producer to the customer (Zikmund & d'Amico 2001: 11).

Economic utility is a necessary part of the concept of value in business-to-business markets, which often takes the form of supply chain management, inventory services, and material resource planning. Businesses design their marketing channels to provide maximum value to their customers while

minimizing costs associated with the creation of economic utility. The quantities purchased in business-to-business marketing are substantially larger with timing of delivery a critical factor, leading to direct relationships between manufacturer and customer and eliminating channel intermediaries (Vitale & Giglierano 2002: 5-9).

### **3.5.4. Promotion**

In the context of the marketing mix, promotion represents the various aspects of marketing communication about the product with the goal of generating a positive customer response. Including promotional strategy, advertising, personal selling and sales force, sales promotions, public relations and publicity, and marketing communications budget (Vitale & Giglierano 2002: 5-9).

In business-to-business markets, personal selling is the most used and effective type of promotion. Personal selling allows rapid and accurate feedback to the marketer. Products in business-to-business marketing are often the result of collaboration between the supplier and the customer. This collaboration requires the building of relationships between individuals in their respective organizations, necessitating a strong personal selling effort (Vitale & Giglierano 2002: 5-9).

According to Rope (1998: 145), businesses need advertising for the following four main reasons:

- To raise customer awareness
- To remind customers about existing facilities
- To persuade customers to switch from rival businesses
- To improve and maintain the image of the business

The ultimate aim of these points is to attract more customers. The places where the business will advertise from depend on three things: its audience, the size of their market, and the size of their advertising budget.

## **3.6. Positioning and Competition**

According to Zikmund and d'Amico (2001: 45), positioning strategy is the basis for marketing mix decisions. Positioning relates to the way consumers think about all the competitors in a market. After a target market has been selected, marketing managers choose the position they hope the brand will occupy in that market. A market positioning, or competitive position, represents how consumers perceive a brand relative to its competition.

Each brand appealing to a given market segment has a position in the consumer's mind. The purpose of a positioning strategy is to identify a product's or brand's competitive advantage and to stress relevant product

characteristics or consumer benefits that differentiate the product or brand from those of competitors (Zikmund & d'Amico 2001: 233-235).

As Zikmund and d'Amico stated, the target market strategy and the positioning strategy provide the framework for the development of the marketing mix. Thus, target marketing, positioning, and the marketing mix are interdependent.

As Zikmund and d'Amico stated (2001: 96), *competitors* are rival companies engaged in the same business. One of the fundamental marketing tasks is identifying and understanding the competition. The marketer does this by analyzing product classes, product categories, and brands. Product categories are subsets of a product class containing products of a certain type. Product class is a broad group of products that differ somewhat but perform similar functions or provide similar benefits.

There are four *general types of competition*: price, quality, time, and location (Zikmund & d'Amico 2001: 97-98). Competition based on price is especially important in the marketing of products that are not distinctive, such as raw materials. Price competition is associated with possession utility. Quality based competition is associated with form utility. Competition based on providing time utility by delivering a product when the consumer wants it, and competition based on providing place utility by delivering a product where the consumer wants it.

A company strives to obtain an edge, or competitive advantage, over industry competitors. To establish and maintain a competitive advantage means to be superior to or different from competitors along some dimension important to the market. This means to be superior in terms of price, quality, time, or location (Zikmund & d'Amico 2001: 97-98).

## **3.7. Image and Identity**

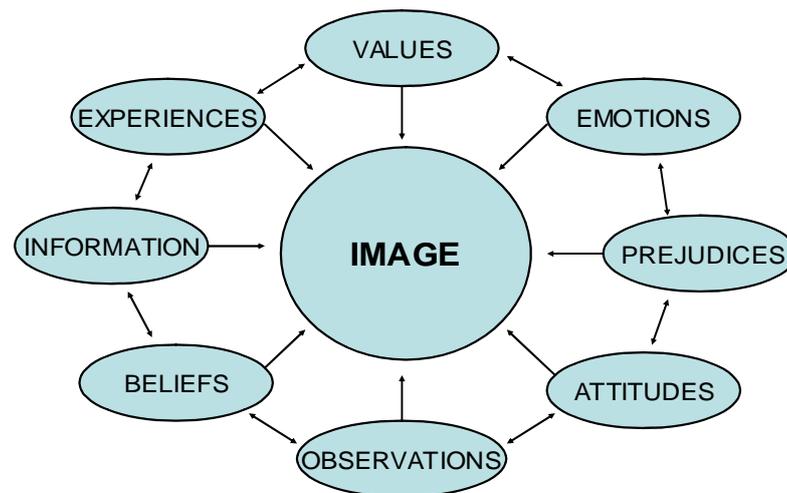
*Image marketing* is connected to the company's business idea, which makes it one of the essential operating arenas in marketing. Image marketing's purpose is create such image from the company's operations to the different interest groups that it will further the company for its aims (Rope & Vahvaselkä 1997: 62).

### **3.7.1. Image**

As Rope and Vahvaselkä states (1997: 63), image is person's subjective impression/opinion of the matter. The image will develop from the person's knowledge, experience, attitude, and feelings on the matter examined (see also figure 4). According to this, the image from the company creates

corporate image and the image developed from the product creates product image. If image consists from corporate image and product image, the images are deeply in interaction with each other.

There are many psychological factors that create the image. The image that person has developed is the base of corporate image in business-to-business markets. According to Rope and Vahvaselkä (1997: 67-68) we could say that the image is prejudiced, feeling based, possibly fictional, subjective, and sincere based on own values and therefore doesn't need any explanation.



**Figure 4. Psychological Factors Influencing Image (Rope & Vahvaselkä 1997: 66)**

*Corporate image* is the carrying force of the company and logo the pillar of the image. Good logo makes image from the company and its products. Well-groomed corporate image gives a trustworthy and professional picture from the whole company.

Corporate image is not only the picture that company has created to their customers to purchase their products or services. Corporate image is the key card that helps the customer to make the buying decision, to get the service offered or product manufactured, and prefer the company from the competitors. In the present-day people work more and more in the image world; products are almost identical from the part of technology and the compositional capacity reminds one another, perhaps the image or extra functions can solve the deal (DesNetti, 2006).

Good corporate image supports marketing, protects the company when small failures occurs, indirectly enhances customer contentment, improves

personnel's motivation and commitment, and raises confidence in interest groups (Taloustutkimus, 2006).

Bad corporate image respectively slows down the growth of the company, complicates the creation of permanent customers, and can be an obstacle in recruiting capable personnel (Taloustutkimus, 2006).

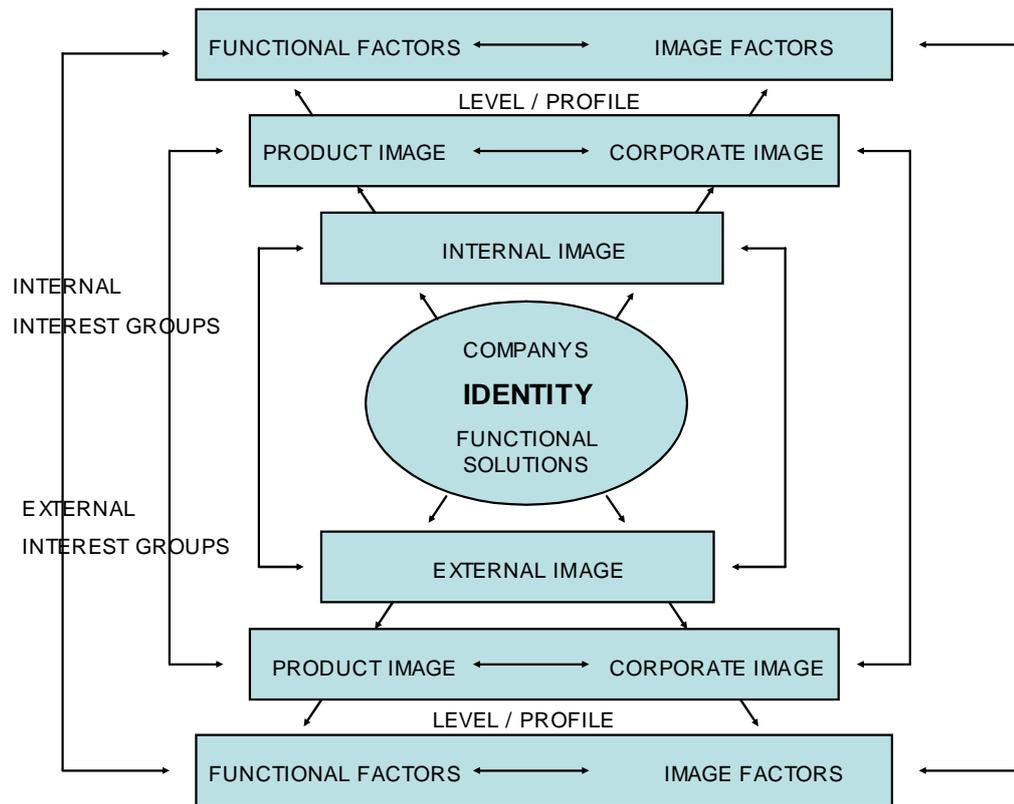
### 3.7.2. Identity

Identity means all the methods which company uses to make it well known to others (Figure 5). Identity provides information, which customers use as a base to determine the nature of the company. It is essential for the company to be able to create visible elements for its identity. Idea of the identity itself creates the image. Company's *functional solutions* that are related to the company's identity create foundation for the company's internal and external image (Rope & Vahvaselkä 1997: 64).

According to Rope and Vahvaselkä (1997: 64-65) in figure 5, *the level of image* tells average value of positive characteristics connected to image. The level does not inform what are the possible strengths and weaknesses in image. *Image profile* tells what kind of the image is: what are the factors and in what way are the images strong or weak sides.

*Internal image* means organizations internal target groups (such as personnel, management) image of the company or its products. *External image* means organizations external target groups (usually customers) image of the company or its products. Internal and external image interact with each other (Rope & Vahvaselkä 1997: 64-65).

As Rope and Vahvaselkä states, *functional factors* such as price, quality, delivery reliability, services, assortments etc. are related to image and influence on what kind of image target group will have about the organization. *Image factors* like traditional, internationality, efficiency, cheerfulness, sporty etc. are related to the image about the organizations or products personality. Functional and image factors combination forms the level and profile of the image.



**Figure 5. Image Marketing (Rope & Vahvaselkä 1997: 63)**

## 4. Present Situation in the Company and Description of the Research Process

### 4.1. Present Situation

Hymat Oy is specialised in the marketing and sales of hydraulic products and industrial hoses and fittings. The production program consists of hose and pipe assemblies, power packs and integrated circuits.

- Hydraulic hoses, fittings and hose assemblies
- Piping
- Hydraulic pumps and motors
- Valves
- Cylinders
- Hydraulic units
- Filters and system accessories
- Accessories
- Industrial and fuel hoses and fittings
- Assembly machinery

Hymat Oy has Quality certificate since 1995. Specma Hydraulic AB that Hymat Oy is part of and they do co-operation with, is certified according to ISO 9001/9002 (quality management requirements) and ISO 14001 (environmental management requirements).



Hymat Oy offer logistics services, training services, designing services, and testing services for hoses.

Hymat Oy's competitors mainly in this field are Dunlop Hiflex Oy, Hytar Oy, Parker Hannifin Oy, Hydros cand, Nestepaine Oy, and Hytaflex Oy.

### 4.2. Target Group Definition

The target group in the research contains 16 different sizes of mobile machine factories in Finland, which operates European or global markets.

These companies are not mentioned in this research by names but as a target group. This group was divided into three groups based on current business situation with Hymat, and are analysed by using following names: Group 1, Group 2, and Group 3.

### 4.3. Research Process

The scope of this research was to improve Hymat Oy's ability to compete effectively in the marketplace. In order to achieve this objective it was necessary to define and study current process related to organizational buying in the business markets, analyse answers and sources from the research made from different perspectives concerning different groups, and to present development suggestions and measures in order to reduce business risks in Hymat Oy.

Research structure is composed from following headings:

- Products, such as hose and pipe assemblies, pipe accessories and hydraulic components
- Services, like logistics-, designers and mechanic training-, hydraulic hose and pipe designing- and testing services for hoses
- Marketing communication and factors that affect on the buying decision
- Competitors and demand

Method for gathering primary quantitative material was questionnaire made by phone interview. The research questionnaire was made and interviewed in finish (appendix I). Survey composed from open questions and questions that were scaled from one to five. Open questions turned out to be good to view the respondent's opinions in own words.

Contact persons were named and informed about the interview by Hymat Oy. All contacted persons were involved in making purchase decision. For them having an extremely busy schedule, time was reserved one and a half week to finish all interviews. The interview itself took time approximately 15 minutes.

Interviews went excellent and the reception was good. Questionnaire proved to be naturally forward going. Before the actual interviews, the questionnaire was rehearsed inside the company for improving and developing questionnaire more customer oriented.

As states before, this thesis will not have target companies names published. For the Hymat Oy there will be different report from the result found, and more specific development suggestions given because of the confidentiality and business reasons.

## 5. Research Results and Analysis

In each section of the questionnaire, the results are shown in group order, analysed, and compared similarities and differences between the groups.

Questionnaire (appendix I and II) starts with *products* following by *services*. Next title will be *marketing communication and factors effecting buying decision*, dealing with different marketing alternatives and questions related to Hymat's marketing. Factors affecting buying decision include two very important questions concerning the outcome of this research. Last heading for this questionnaire is *competitors and demand*, which will give a positioning about Hymat Oy and its competitors, and demand part will show needs and future sight. Due to the business reasons, answers concerning demand are not shown in this thesis.

### 5.1. Products

Questions related to products are evaluated from scale 1 to 5, where one stands for poor and five excellent.

Matters asked includes product image, quality of the product, manufacturing quality, delivery ability of the product concerning flexibility and capacity, the range of products, the level of technology, estimation about products price-quality ratio, personnel's competence in Hymat Oy according to hose assemblies, and products competitiveness comparing the competitors' product.

#### 5.1.1. Hose Assemblies

As shown in figure 6, customers in the group nr. 1 seem to consider product range and personnel's competence more than good (4,4). Respectively weaker factors are finding to be technology level in hose assemblies and competitiveness which are rated 3,6. However, this is still considered almost as good in the scale.

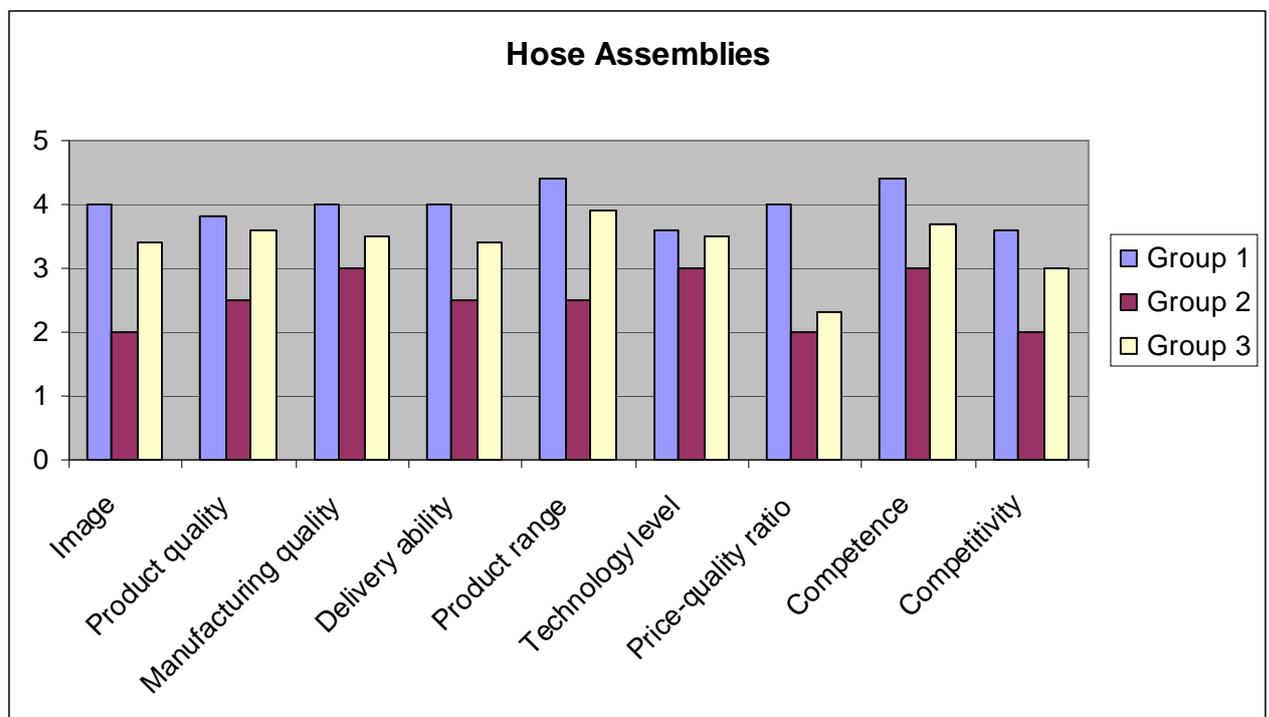
Group nr. 2. Figure 6 shows that manufacturing quality, level of technology and competence are considered as average in hose assemblies. In this group, price-quality ratio among the image and competitiveness are fair. These last three could be considered as a chain of actions. When price-quality ratio is weak, that will have an influence on competitiveness, and the product image is also affected as an outcome of these.

Figure 6 demonstrates that the best mean value in the group nr. 3 came for product range and it was graded to be good (3,9). That follows personnel's competence (3,7) and product quality (3,6). All the others are scaled between

average and good, except price-quality ratio that is surprisingly low, graded near fair (2,3). This shows that even though the product is good, the price effect company's capability to compete effectively on the markets and specially in this group it will have a great importance.

Other issue to be note is delivery ability. Three companies prefer not to answer to this question because of the lack of their knowledge. Here might be one matter to be observed when approaching this group.

As a result, all three groups considered manufacturing quality, level of technology and competence most evenly between average and good. Largest gaps in opinions came among the image, product range, and price-quality ratio. Group nr. 2 stand out giving the lowest ratings regarding the questions.



**Figure 6. Hose Assemblies**

### 5.1.2. Pipe Assemblies

Because of the hose assemblies being the main products in Hymat Oy, number of companies involved in pipe assemblies is smaller.

Question concerning pipe assemblies are about image, product quality, delivery ability, personnel's competence relate to the product, and price-quality ratio. Scale is from 1 to 5, where one stands for poor and five excellent.

Group nr. 1. As shown in figure 7, delivery ability is almost excellent (4,7) following by product quality and competence. According to this it seems that Hymat Oy has overall good situation in pipe assemblies.

Group nr. 2 has no knowledge concerning Hymat's pipe assemblies, pipe accessories and components so they are not deal with.

Companies from the group nr. 3 had the delivery ability and personnel's competence valued as most. All companies valued delivery ability high, correspondingly evaluation of competence varied highly between companies. Pipe assemblies' quality was rated average or good (figure 7).

According to results, it seems that delivery ability in pipe assemblies is working in Hymat Oy. Actually there are no complains about these products and all questions are rated average, good or more but this doesn't mean that there wouldn't be something to improve specially in group nr. 3.

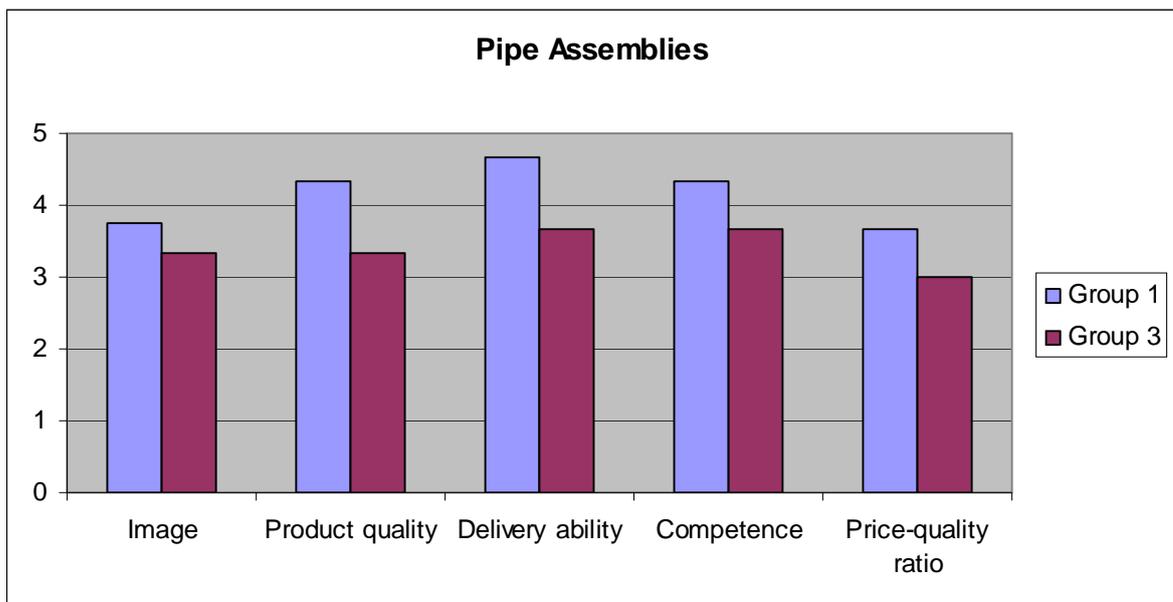


Figure 7. Pipe Assemblies

### 5.1.3. Pipe Accessories and Components

Questions related to pipe accessories (ball valves, adapters, pipe clamps) and components (pumps and valves) are put in the same figure 8. First are asked pipe accessories image, quality, range of products, and price-quality ratio, then hydraulic components image and product range.

Group nr. 1. It can be seen that the pipe accessories average value in product quality and product range is 3,6, rated almost as a good. Hydraulic components product ranges is average 2,7 (figure 8).

According to the results, companies in the group nr. 3 values most product quality which is near good (3,8). Hydraulic components image is more than average, and product range is considered as average among the respondents in the group nr. 3.

Figure 8 demonstrates that among the respondents from different groups, pipe accessories product quality is rated as highest (3,6 and 3,8) from these alternatives. Hydraulic components are rated on both sides of average, above and below. Components are not valued as high as pipe accessories and this result might be due from the target groups needs.

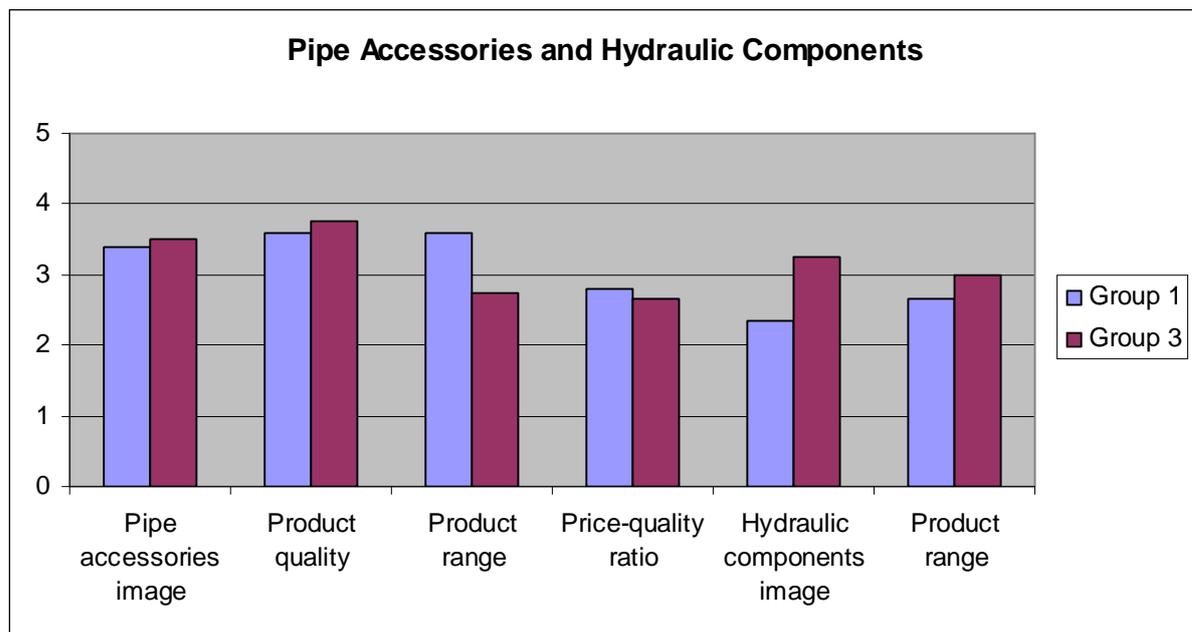


Figure 8. Pipe Accessories and Hydraulic Components

## 5.2. Services

Service questions include logistics services, designers and mechanic training services, hydraulic hose and pipe designing services, and testing services for hoses. Evaluation scale for services is from 1 to 5, where one is not important, and five means significant.

When the target group was asked how important they consider *logistic services* like purchasing action, storage, collecting, package, delivery, and shelving services, the answers were from important to significant. Group nr. 3 had the most value in these services and group nr. 2 considered them as important. This indicates that these services have the needed demand.

Some of the respondents from the target group were consider paying from 3 % to 15 % from the products price for these services.

*Training service* appears to be between average or important in all three groups. According to the results, nowadays training service is considered to be a part of the product, delivery or marketing, and respondents are not ready to pay from it. This deals with the fact discussed in chapter 3.5.1.2 where product related services are getting more and more important in organizational purchasing.

If there will be held a training course then the average cost per day would be around 500€ to 1000€

It seems according to the questionnaire that the importance of *designing* the hydraulic pipes and hoses are graded as average. In the group nr. 3 was noted a difference between pipes and hoses. Pipe designing was needed more than hose designing. For the price of this kind of designing came approximately 30-40€/per hour.

Asking about *testing service* for hoses, all the respondents considered it as important but only two of the companies were considering for paying it. Again, one example from total offering or total product that was discussed in chapters 3.5.1 Product, and 3.5.1.2. Product related services.

It appears that the *24h delivery service* was considered as average for the group nr. 1 and 3, and not important for the group nr. 2. Only one of the group nr. 3 was willing to pay from the 24 hours delivery service, others expect it to include to the overall product.

Personnel's salesmanship gain approval answers. The respondents in groups 1 and 3 answered mainly yes because of the wide range of products. Components knowledge was mentioned lacking in some parts. Group nr. 2 was bipartite, depending on the sales person if his sales skills are sufficiently comprehensive.

Hymat Oy's strengths in services were considered good quality proportion, independence from the manufacturers, flexibility and location near the customer. Hymat Oy is good logistics supplier that has the needed know-how to run logistic service.

When knowing the strengths and needed demand, it appears that the focus should be developing more existing strengths concerning services to gain differentiation, which will give a competitive advantage. Price then should not be an issue if the differentiation is made with clear value added factors or competition factors.

Also, possible weak factors that effects on the corporate image should be raised to the same level as competitors.

## **5.3. Marketing Communication and Factors Affecting Buying Decision**

### **5.3.1. Means of Marketing Communication**

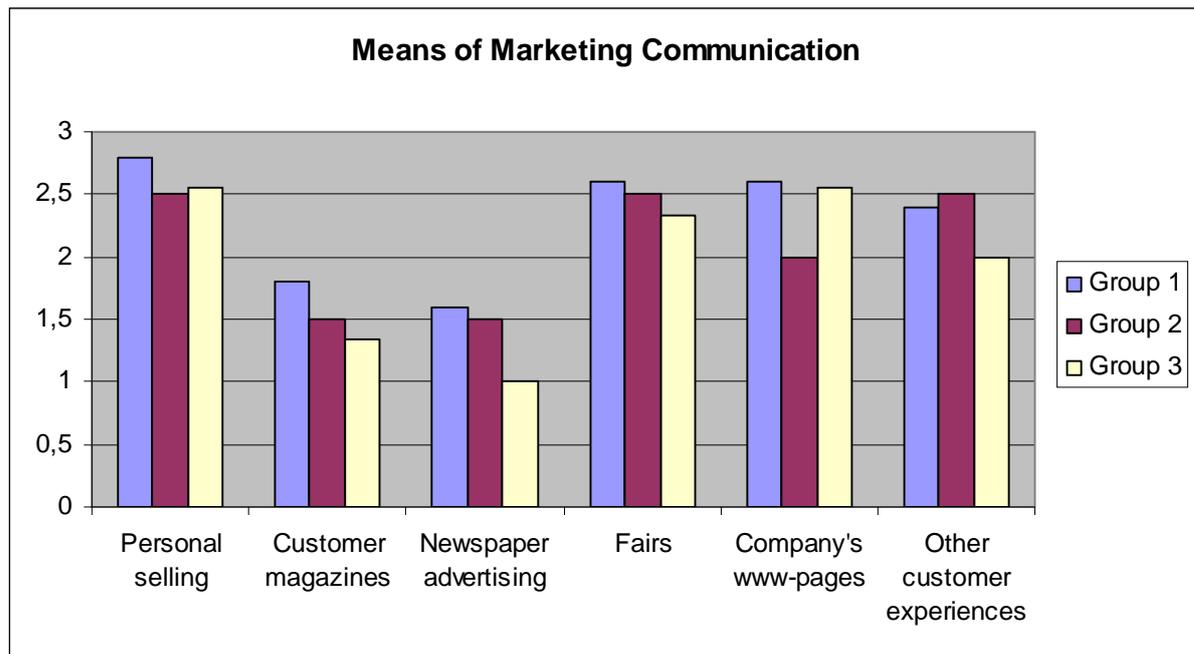
Different marketing communication alternatives such as personal selling, customer magazine, newspaper advertising, fairs, company's www – pages, and other customers experiences was interviewed from the target group (figure 9). The aim was to find out if these groups value the same alternatives, and what do they value the most.

Group nr. 1. From the marketing alternatives, personal selling appears to be the main marketing communication tool (2,8). Company's www-pages (2,6) and fairs (2,6) also seem to have a big influence for people (figure 9).

Group nr. 2, according to the questionnaire has emphasis on personal selling, fairs and other customers' experiences exactly on the same level of importance (2,5).

Group nr. 3 has personal selling and company's www-pages on the most important marketing alternatives (2,6). Fairs come as a third place (2,3). According to the results from the interview, some respondents mentioned product brochures and merit lists to be very important for them.

Based on these three groups can be demonstrate that most important marketing communication alternative is considered personal selling (figure 9). This proves that it is very important to have an intensive collaboration between the supplier and the customer. The second alternative is fairs, third is interestingly company's www-pages, and the fourth is other customers experiences. According to expectations, the influence of newspaper advertising and customer magazines doesn't affect much.



**Figure 9. Means of Marketing Communication**

### 5.3.2. Improvement Suggestions to Hymat's Marketing

Question concerning Hymat Oy's marketing gave results toward customer oriented marketing. Focus should be in active, systematic and mutual interest co-operations. Some of the interviewees told that marketing concerning Hymat's visibility is lacking in some aspects. Marketing involves developing and maintaining a product that will satisfy customer needs, making the product available in the right place and at a price that will be acceptable to buyers. Communication information will help customers to determine if the product will satisfy their needs.

Customer service in sales and marketing needs to be more active, and needs improvement concerning the attitude toward customer. In addition, when launching a new product, more activeness and product knowledge is needed. This indicates, according to the results, that to be able to success in organizational marketing it's crucial to create close relationship between the supplier and customer as is stated in chapter 3.2.

### 5.3.3. Factors Influencing Buying Decision

Different factors such as price, quality, delivery reliability, personnel relationship, reference, warranty, test results, image, product range (hoses, pipes and adapters from the same supplier), and emotions (is the decision emotion based) were asked from the target groups. The main object in this question was to know who is making what decisions based on which criteria,

and to see if there will be variation among the answers from the different groups. Scale is from not important to very important.

*Quality and delivery reliability.* It seems according to all three groups that the product quality and delivery reliability are the most important factors for people when making buying decisions. It can be seen that the warranty and product range has also more value in buying decisions than the price has because it comes on fifth, see figures 10, 11, and 12.

According to the questionnaire, emotions affecting on the buying decision are not easily graded on the high place. Several respondents prefer relationships. Especially in the organizational markets, the decisions based on emotions are easily denied even thou emotions has an enormous influence as discussed in chapter 3.4.

Most important factor that affects purchase decision based on the questionnaire was product quality. These results prove that company has to different itself from the competitors. Only by differentiation, company can create the competitive advantage. Competitive advantage needs to be build from the needed characters that are valued by potential customers. Respect from the customer and company's own expertise are the basis for building a competitive advantage. Competitor's strengths and weaknesses are also important factors to internalize.

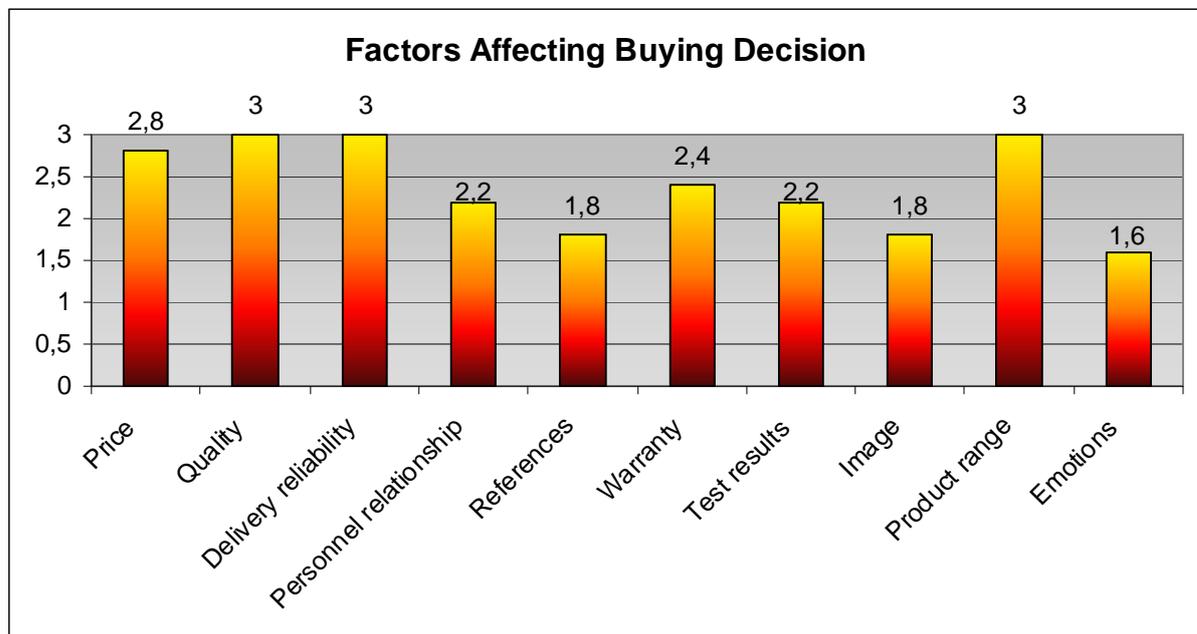


Figure 10. Factors Affecting Buying Decision, group nr. 1

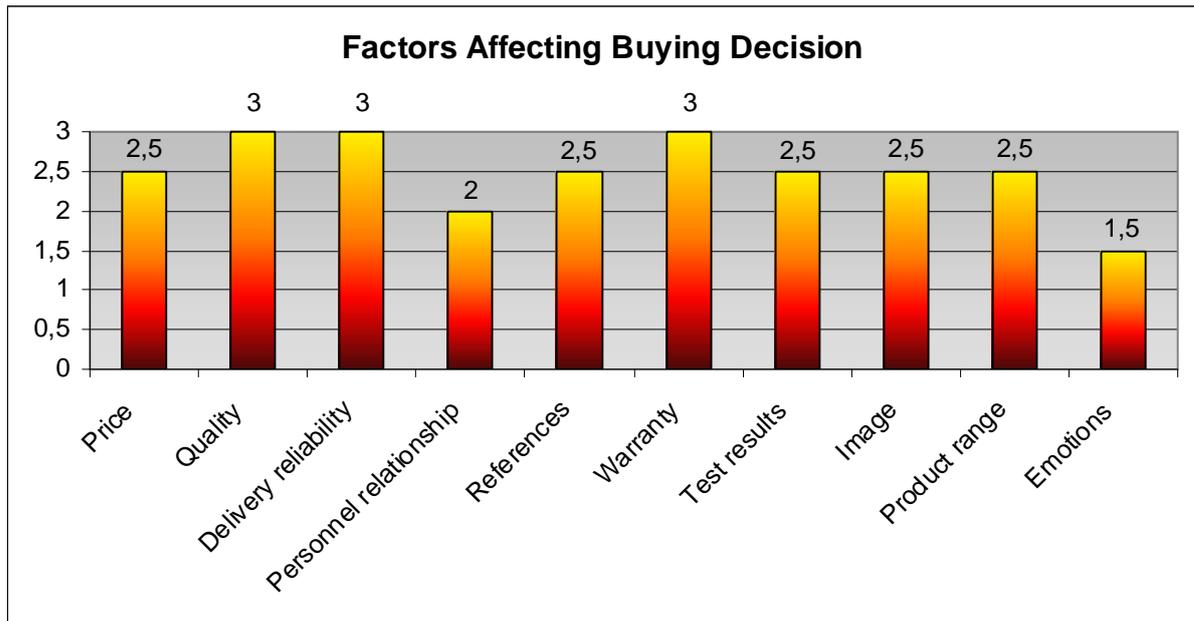


Figure 11. Factors Affecting Buying Decision, group nr. 2

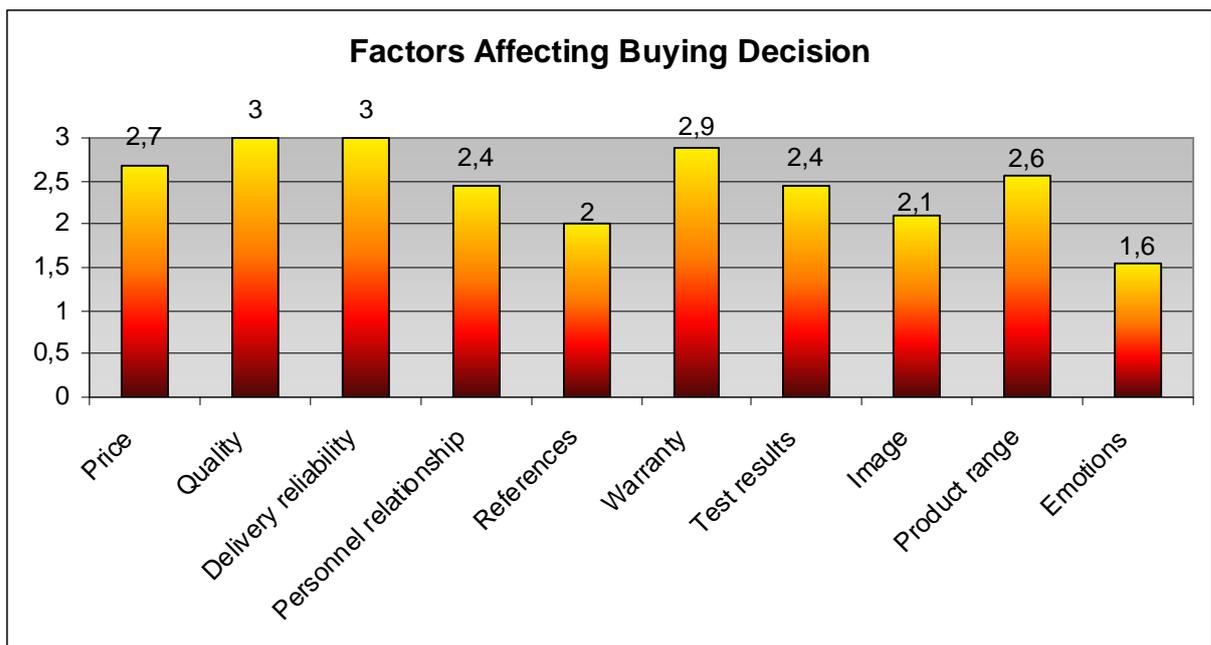


Figure 12. Factors Affecting Buying Decision, group nr. 3

### 5.3.4. Choosing the Supplier

Respondents were asked when choosing the supplier how important they consider products quality, company's operational quality (certified quality system), delivery ability, price level, customer service, marketing, location of the company, and internationality. Scale is from not important to very important.

According to the results, group nr. 1 valued most delivery ability when choosing the supplier, graded as very important. Product quality came second, and third place was divided among the company's operational quality, price level, and customer service (figure 13).

As seen in figure 14, group nr 2 rated product quality, company's operational quality, delivery ability, customer service, and internationality all as very important.

Product quality and delivery ability in group nr 3 are considered very important factors effecting when choosing the supplier. Company's operational quality follows these two and is rated near very important as seen in figure 15.

It can be seen that the marketing in all groups are least valued as in influencing on the selection of the supplier. Internationality has little better stage from these alternatives and the company location has the third less meaning when choosing the supplier.

Delivery ability is most important factor considered in all three groups among the respondents, followed by product quality.

When choosing the supplier, there are prerequisite factors that the company and the product are expected to fulfil such as operating capacity, delivery reliability, quality standards, equal quality products and services, organizational solvency, maintenance reliability, and price.

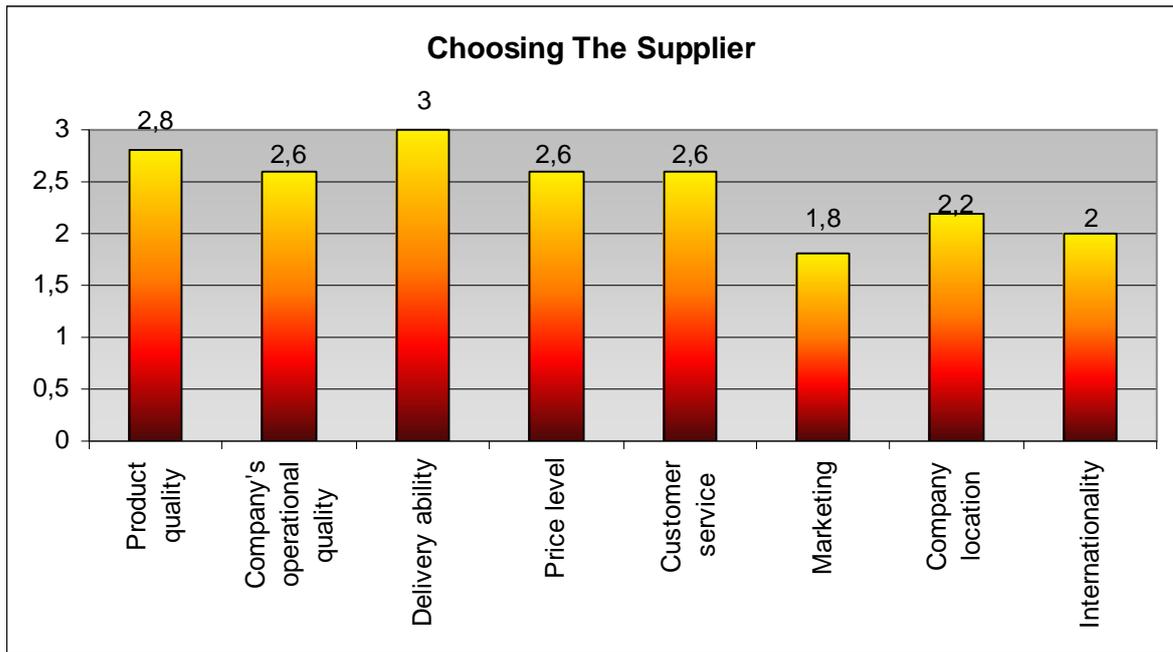


Figure 13. Choosing The Supplier, group nr. 1

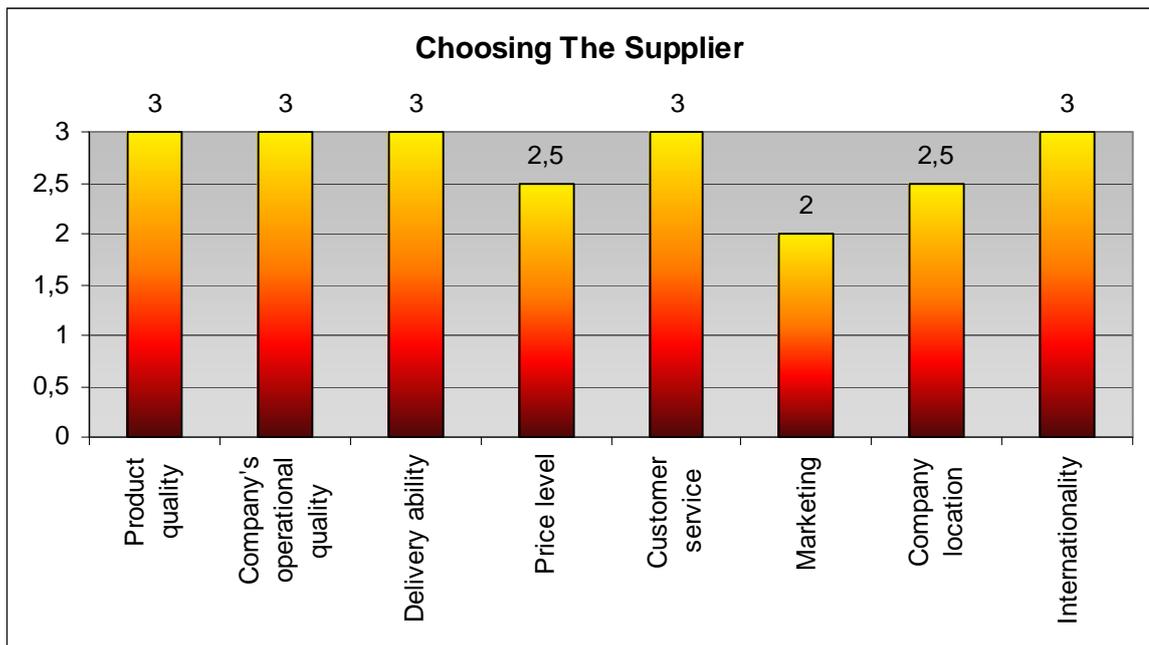


Figure 14. Choosing The Supplier, group nr. 2

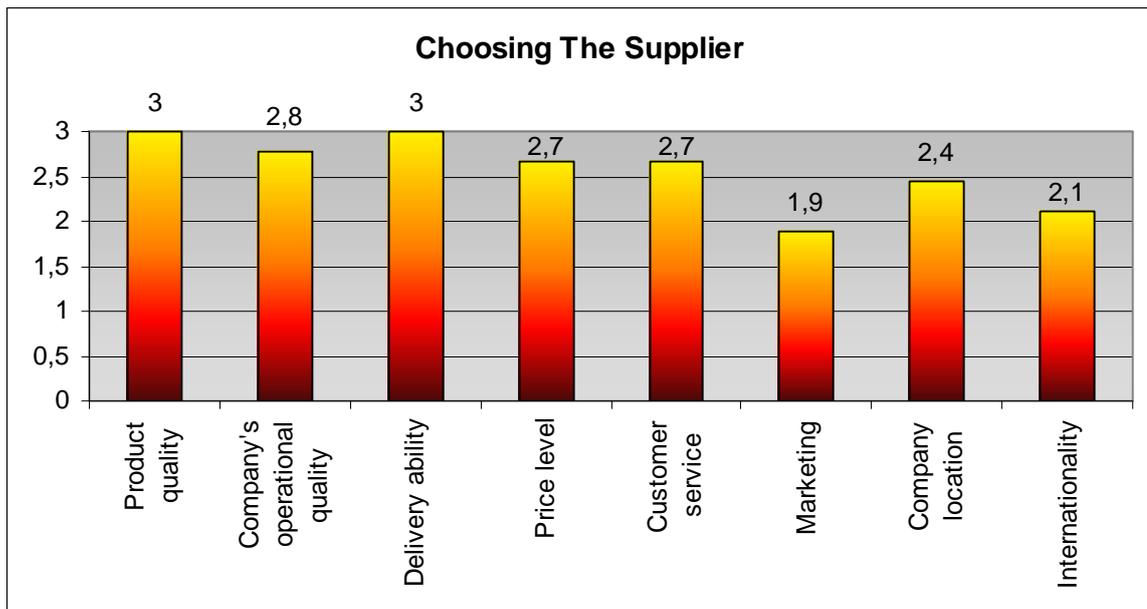


Figure 15. Choosing The Supplier, group nr. 3

## 5.4. Competition

As stated earlier in chapter 4.1, Hymat Oy's competitors mainly in this field is Dunlop Hiflex Oy, Hytar Oy, Parker Hannifin Oy, Hydroscand Oy, Nestepaine Oy, and Hytaflex Oy.

The first question concerning competitors gives an idea of the competition in current markets and identifies what are competitor's strengths. A second question according to results was able to give Hymat and its competitors a positioning from the interviewees. Clearly, this is a small overview on the results investigated in this thesis. Hymat Oy will have more detailed information on the competitors and positioning.

## 6. Conclusion

Hymat Oy is notable mobile hose and pipe assembly manufacturer and hydraulic supplier. Hymat has developed its operations towards product processing. Customers demand defines how the assemblies, projects and collecting will be made for their customers. Considerable part of Hymat's actions is to operate as a logistic supplier to its customers. Hymat is a part of a major Nordic group and the co-operation has enabled developing towards global supplier.

The focus on the thesis was a questionnaire and presented development suggestions based on the questionnaire. Target group was defined by Hymat Oy and it contained 16 different sizes of mobile machine factories in Finland, which operates in European or global markets. All interviewed persons were involved in making purchase decision.

Method for gathering primary quantitative material was questionnaire made by phone interview. The research questionnaire was made and interviewed in finish, and the structure was composed from the questions about products, services, means of marketing communication, what factors affect on buying decisions and for choosing the supplier. Survey concludes to the competitors and demand section.

Theoretic part of the thesis includes all the important aspects of organizational buying and the whole process that leads to the decision making. Using the knowledge and information gathered to the theory, the research questionnaire was developed and presented to minimize all the unnecessary risks and identifying opportunities.

Marketing mix, positioning, image, and identity is also vitally important to further examine for recognizing what is truly necessary in organizational business and what is not.

Based on the research it was possible to gain important and current information about the target groups. As the questionnaire was made by third party, it can be assumed that the respondents were able to answer for the questions easier and tell their view on the matters asked.

Research questionnaire composed from open questions and questions that were scaled from one to five. Open questions turned out to be good to view the respondent's opinions.

The questionnaire was extensive including several subjects and three different target groups, which were divided based on current business situation with Hymat. Questionnaire and theory goes together covering the topics supporting each other. Clarifying problems was succeed according to expectations and targets were reached.

The main object of this research was to clarify the factors that affect on the buyers purchasing decisions in organizational markets. Product quality was most important factor following by delivery reliability. Warranty and product range was before price, which demonstrates the importance of competitive advantage where the focus is to ensure fulfilling qualitative condition factors and the buying criterion will be more than price.

Hymat was receiving positive feedback from logistic service, about their location and flexibility. In services, Hymat has good quality proportion and are considered as independent from the manufacturers.

When knowing the strengths and needed demand, it appears that the focus should be developing more existing strengths concerning services to gain differentiation, which will give a competitive advantage. Price then should not be an issue if the differentiation is made with clear value added factors or competition factors.

Some of the results turned out to be as expected, such as the answers from questions concerning means of marketing communication where customer selling was scaled as most important alternative. However, the company's www-pages were surprisingly high valued.

The difference between the groups mainly came to forth in the questions concerning hose assemblies. As a result, all three groups considered manufacturing quality, level of technology and personnel's competence most evenly between average and good. Largest gaps in opinions came among the image, product range, and price-quality ratio. Group nr two stood out giving the lowest ratings regarding the questions. Also inside the group nr two was noted great differences in opinions.

Some results could be considered as a chain of actions. Even though the product was valued as good, price-quality ratio among the image and competitiveness was fair. When price-quality ratio is weak, that will have an influence to the products image and those will have an affect on company's capability to compete effectively on the markets. However, the solution is not that simple, we need to see the overall supply, "total offering", that is not seen in this question or in the answers. Based on the results, factors that affects on the purchasing decision are considered product quality, delivery reliability, warranty and product range, and as a fifth comes price. Price is not only a matter of negotiation; it is based on existing expenses and profit objectives.

Certain limitations according to the final thesis were confidentiality about target groups and part of the answers which are not shown in this public thesis. The aim was to have this thesis public and cause of that a specific version about results including development suggestions are presented only to Hymat Oy in different work.

Company has used the information gathered from the interviews, and the results have shown the certain demand and challenges concerning future. Research shown to be meaningful and useful for opening the questions related target groups.

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## Appendix

### Appendix i: Research Questionnaire in Finnish (2)

Oletteko Hymat Oy:n asiakas?

- Kyllä. Mitä tuotteita tai palveluja ostate?
- Ei. Tunnetteko Hymatin tuotteita tai palveluja?

Tuotteet:

Arvioikaa kysymykset asteikolla 1 – 5,

1=Huono, 2=Välttävä, 3=Keskinkertainen, 4=Hyvä, 5=Erinomainen.

#### 1. *Letkuasennelmat*

- Millainen mielikuva teillä on Hymatin letkuasennelmista?
- Miten arvioisitte tuotteen laatua?
- Entä valmistuksen laatua?
- Millainen on tuotteen toimituskyky? (kapasiteetti ja joustavuus)
- Entä valikoiman laajuus?
- Teknologian taso?
- Miten arvioisitte tuotteen hinta-laatu suhdetta?
- Millainen on Hymatin asiantuntemus letkuasennelmien osalta?
- Miten arvioisitte tuotetta kilpailijoihin verraten?

#### 2. *Putkiasennelmat*

- Millainen mielikuva teillä on Hymatin putkiasennelmista?
- Miten arvioisitte niiden laatua?
- Entä toimituskykyä?
- Millainen on Hymatin asiantuntemus putkiasennelmien osalta?
- Miten arvioisitte tuotteen hinta-laatu suhdetta?

#### 3. *Putkistotarvikkeet (pallohanat, nipat, putken kiinnittimet) / Komponentit (pumput, venttiilit)*

- Millainen mielikuva teillä on Hymatin putkistotarvikkeista?
- Miten arvioisitte niiden laatua?
- Entä valikoiman laajuutta?
- Miten arvioisitte putkistotarvikkeiden hinta-laatu suhdetta?
- Millainen mielikuva teillä on Hymatin hydraulikomponenteista?
- Miten hydraulikomponentit kattavat teidän tarpeenne?

Palvelut: (*Logistiikka-, koulutus-, suunnittelu- ja testauspalvelut*)

Asteikolla 1-5, 1=Ei tärkeä, 2=Hieman tärkeä, 3=Keskiverto, 4=Tärkeä, 5=Erittäin tärkeä.

1. Miten tärkeänä pidätte logistiikkapalveluja, kuten: ostotoimintaa, varastointia, keräilyä, pakkaus-, toimitus-, ja hyllytys palveluja?
  - 1.1. Mitä olette valmiit maksamaan tällaisesta palvelusta?: prosenttia tuotteen hinnasta
2. Miten tärkeänä pidätte koulutuspalvelua? (as.)
  - 2.1. Mitä olette valmiita maksamaan koulutuksesta?: euroa/päivä
3. Miten tärkeänä pidätte hydrauliputkistojen suunnittelua? (koskee letku- ja putkiasennelmia).
  - 3.1. Mitä olette valmiita maksamaan suunnittelusta?: euroa/tunti
4. Kuinka tärkeänä pidätte letkuasennelmien testauspalvelua?
  - 4.1. Oletteko valmiita maksamaan letkuasennelmien testauspalvelusta?: Kyllä / Ei

Contd

5. Miten tärkeänä pidätte 24h toimituspalvelua?
  - 5.1. Mitä olette valmiit maksamaan 24h toimituspalvelusta?: prosenttia tuotteen hinnasta tai euroa/tilaus
6. Onko Hymatin myyntihenkilökunta kertonut näistä palveluista? \_\_\_\_\_
7. Mitä muita palveluja haluaisitte Hymatin tarjoavan? \_\_\_\_\_
8. Onko Hymatin myyntihenkilökunnan myyntitaidot mielestänne tarpeeksi kattavat? \_\_\_\_\_
9. Mitkä ovat mielestänne Hymatin vahvuudet ja heikkoudet palvelujen suhteen? \_\_\_\_\_

#### Markkinointiviestintä ja ostopäätökseen vaikuttavat tekijät:

1. Markkinointivaihtoehdot. Asteikolla: Ei tärkeä, Jonkin verran tärkeä ja Erittäin tärkeä. Miten tärkeänä pidätte:
  - Asiakaskäynnit,
  - Asiakaslehdet,
  - Lehtimainonta,
  - Alan messut,
  - Yrityksen www – sivut,
  - Muiden asiakkaiden kokemukset.
2. Onko Hymatin markkinoinnissa jotain parannettavaa, jos on niin mitä? \_\_\_\_\_
3. Ostopäätökseen vaikuttavat tekijät. Asteikolla: Ei tärkeä, Jonkin verran tärkeä ja Erittäin tärkeä. Tehdessänne ostopäätöstä, miten tärkeänä pidätte: Erittäin tärkeä → Tärkeysjärjestykseen.
  - Hinta
  - Laatu
  - Toimitusvarmuus
  - Henkilösuhteet
  - Referenssit
  - Takuu
  - Testitulokset
  - Imago
  - Tarjonnan laajuus (letkut, putket, nipat samalta toimittajalta)
  - Tunteet (onko päätös tunnepohjainen)
4. Tavarantoimittajan valinta. Asteikolla: Ei tärkeä, Jonkin verran tärkeä ja Erittäin tärkeä. Valitessanne tavarantoimittajaa, miten tärkeänä pidätte:
  - Tuotteen laatu
  - Yrityksen toiminnan laatu → sertifioitu laatujärjestelmä
  - Toimituskyky
  - Hintataso
  - Asiakaspalvelu
  - Markkinointi
  - Toimipisteen sijainti
  - Kansainvälisyys

#### Kilpailijat ja kysyntä:

1. Nimeä 3 merkittävintä Hymat Oy:n kilpailijaa jonka kanssa asioitte ja mitkä ovat heidän vahvuudet?
2. Mitkä seuraavista yrityksistä täyttää yrityksenne tarpeet parhaiten, nimeä 3.  
**Hymat**, Dunlop Hiflex, Hytar, Parker Hannifin, Hydroscand, Nestepaine, Hytaflex.
3. Kunnioituksella yritystänne kohtaan ja luottamuksellisesti; Mikä on teidän suurin haasteenne nykyteollisuudessa minkä kohtaatte?
4. Miten Hymat Oy voisi auttaa teitä tässä haasteessa?

## Appendix ii: Research Questionnaire in English (2)

Are you a customer of Hymat Oy?

- Yes. What products or services you buy?
- No. Are you familiar with Hymat's products or services?

### Products:

Evaluate the questions in the scale from 1 to 5,  
1 = Poor, 2 = Fair, 3 = Average, 4 = Good, 5 = Excellent.

#### 1. *Hose assemblies*

- 1.1. What kind of image you have on Hymat's hose assemblies?
- 1.2. How would you estimate the quality of the product?
- 1.3. The manufacturing quality?
- 1.4. What is a delivery ability of the product? (flexibility and capacity)
- 1.5. The range of products?
- 1.6. Level of technology?
- 1.7. How would you estimate the price-quality ratio of the product?
- 1.8. What kind of competence Hymat Oy has in hose assemblies?
- 1.9. How would you estimate the product comparing the competitors' product?

#### 2. *Pipe assemblies*

- 2.1. What kind of image you have on Hymat's pipe assemblies?
- 2.2. How would you estimate their quality?
- 2.3. And delivery ability?
- 2.4. What kind of competence Hymat Oy has in pipe assemblies?
- 2.5. How would you estimate the products price-quality ratio?

#### 3. *Pipe accessories (ball valves, adapters, pipe clamps) / Components (pumps, valves)*

- 3.1. What kind of image you have on Hymat's pipe accessories?
- 3.2. How would you estimate their quality?
- 3.3. The range of products?
- 3.4. How would you estimate pipe accessories price-quality ratio?
- 3.5. What kind of image you have on Hymat's hydraulic components?
- 3.6. How do hydraulic components meet your company's needs?

Services: (Logistics-, designers and mechanic training-, hydraulic hose and pipe designing- and testing services for hoses)

Scale: 1-5, 1 = Not important, 2 = Slightly Important, 3 = Average, 4 = Important, 5 = Significant.

1. How important you consider logistic services like: purchasing action, storage-, collecting-, package-, delivery-, and shelving services?
  - 1.1. What are you willing to pay this sort of services?: percentage from the products price
2. How important you consider training services?
  - 2.1. What are you willing to pay for training?: euro/day
3. How important you consider designing of the hydraulic pipes and hoses?
  - 3.1. What are you willing to pay from designing?: €/hour
4. How important you consider testing service of the hoses?
  - 4.1. Are you willing to pay from testing hoses?: Yes / No.
5. How important you consider 24h delivery service?

Contd

- 5.1. What are you ready to pay from 24h delivery service?: percentage from product price or euro/order
6. Has the personnel in Hymat Oy told you about these services? \_\_\_\_\_
7. What other services you wish Hymat Oy to offer/serve? \_\_\_\_\_
8. Do you consider the personnel's salesmanship to be sufficiently comprehensive? \_\_\_\_\_
9. What would be the strengths and weaknesses considering services? \_\_\_\_\_

#### Marketing communication + Factors Effecting on the Buying Decision:

1. Marketing alternatives: Scale: Not important, slightly important and very important. How important you consider:
  - Customer call,
  - Customer magazine,
  - Newspaper advertising,
  - Fairs,
  - Company's www – pages,
  - Other customers experiences
2. Is there something to be improved in Hymat's marketing, if yes, what? \_\_\_\_\_
3. Factors influencing on the buying decision. Scale: Not important, slightly important and very important. Making the buying decision how important you consider: (Very important → Priority list).
  - Price
  - Quality
  - Delivery reliability
  - Person relationship
  - Reference
  - Warranty
  - Test results
  - Image
  - Supply scope (hoses, pipes and adapters from the same supplier)
  - Emotions (is the decision based on emotions)
4. Choosing the supplier. Scale: Not important, slightly important and very important. When choosing the supplier how important you consider:
  - Products quality
  - Company's operational quality (certified quality system)
  - Delivery ability
  - Price level
  - Customer service
  - Marketing
  - Locations of the company
  - Internationality

#### Competitors + Demand:

1. Who are Hymat Oy's three considerable competitors you do business with, and what are their strengths?
2. Which of the following companies fulfils your company's needs best? Name three.  
**Hymat**, Dunlop Hiflex, Hytar, Parker Hannifin, Hydroscand, Nestepaine, Hytaflex.
3. With respect towards your company and confidentially; what is the biggest challenge you face in modern industry?
4. How Hymat Oy could help you in this challenge?