



## Tech product marketing in B2B small business with special reference to capital equipment

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### Abstract

Technology Product marketing in B2B small business has its own significance when it comes to marketing of a capital equipment. A capital equipment tech product marketing in B2B market is different from conventional marketing of other products in B2C. The marketing of capital equipment involves differentiated methods and practices to successfully market or sell these products in comparison to the marketing of other products like consumer durables or fast-moving consumer goods in B2C market. The study focusses on understanding the methods involved in marketing of tech capital equipment in the purview of its purchasing and sales processes inculcated in the B2B businesses. Also, the study establishes the methods involved in the marketing of tech-based capital equipment and strategies for successful marketing of tech capital equipment by small businesses in B2B market.

**Keywords:** marketing, B2B small business, tech-based capital equipment

### Introduction

A technology-based capital equipment is a product which is generally used or utilized in the companies or organizations for the purpose of production or operation. The capital equipment is considered as investment-based product because of its high-value in nature. This product comes under the category of capex (capital expenditure) for most of the companies. The budgets are allocated by the buying companies towards the procurements of such tech-based capital equipment/s along with financing of cost required for purchase of such goods. The examples of capital equipment to name a few are material handling equipment, special purpose equipment, DG Set, Chilling Plant etc., Marketing of tech-based capital equipment in B2B market is different from other products in B2C.

The tech-based capital equipment selling happens to limited market. Everyone is not a buyer in this market. Tech-based capital equipment will have target buyers and are limited in numbers. Since the buying value of the capital equipment is generally high and there is a risk involved for the buyer company or organization the marketing of tech-based capital equipment involves technical sales skills, long lead time for procurement, several stages of discussions, involvement of management people, lengthy process of decision making, financial allocations/budgets, Sanctions, Loans etc., when it comes to selling of these products. Selling is basically a lengthy process by and large for all the types of tech-based capital equipment/s.

Marketing of tech-based capital equipment is done with unique approaches and tactics. Here the marketing of these products generally involves pull-strategy. The marketer will reach buyers on a selective marketing platforms or tools. Since the buying happens only based on the requirements and the buyer is a company or an organization as a whole how a tech-based capital equipment is made available to the buyer whenever the company or an organizational is looking for the equipment is very crucial in the marketing of tech-based capital equipment. There are many factors which influence the buying of a tech-based capital equipment

which are discussed in details in this article. It is considered that the selling of a tech-based capital equipment is selling a relationship. The seller will be associated with the buyer in this market segment as long as the equipment lies with the buyer. There will several service needs attached with each sale viz., after sale service, repair, maintenance, upgradation etc.

### Understanding the process of buying and selling of tech-based capital equipment

#### Buying process

The process of buying a capital equipment in B2B involves many people and stages. Capital equipment is an investment-based product involving high procurement costs. The buying process of such capital equipment for a buyer depends on various factors viz., requirement, budget, finance, ROI etc., hence the buying process is divided into several stages during the procurement cycle of a tech-based capital equipment. Some of the key stages of purchasing a tech-based capital equipment adapted by the buyer companies are discussed below:

- a. **Identification of requirement:** In this stage the requirement of such tech-based capital equipment for a business as a requisite for generating profits is established. Because by and large the capital equipment is used for producing some output in the buyer company as investment in the business.
- b. **Description of requirement:** Once the requirement is established the description of the scope of requirement is drawn. The tech-based capital equipment will involve the user-group or a project group in the company to do this job of defining or describing the requirement meeting the operational needs.
- c. **Identifying the suppliers:** After the requirement specifications of the tech-based capital equipment is derived the procurement team will come into picture for identifying/finding the suppliers of such equipment.

- d. **Evaluation of suppliers:** After the suppliers are short-listed there will be an evaluation process of suppliers in terms of background of the company, reputation, customer feedback/reviews, quality, performance, number of installations, price, after-sale-support/service, maintenance etc.,
- e. **Decision making:** The decision-making process with the short-listed supplier who has been selected for placing an order involves different stages of decision makers or approvers in the buyer company as the decision involves high cost and budget allocation.
- f. **Negotiation:** The capital equipment purchases are planned as Capex budget during financial year by the buyer company and accordingly procurement personnel will adhere to the budget limitations during the negotiation process with the supplier/s. Since the cost involved is high usually there will be multiple stages of negotiations with the supplier in order to establish the agreement with commercial terms of supply such as price discount, credit payment terms, lead time discussion, P&F, freight/transportation, insurance etc.,
- g. **Order placement:** This will be final stage of purchase cycle wherein the Purchase Order or Work Order is made according to the price and supply terms mutually agreed by the supplier and buyer and purchase order is placed on a supplier for its acceptance and execution.
- b. **Understanding the lead or exploring the lead:** In this stage after the lead is generated sales team will try to understand the requirement and explore the details with the buyers with required discussions with the end-users. Generally, in a tech-based capital equipment selling the lead exploration involves the technical discussions with the users of buying company to understand the requirement and freeze the requirement before making a suitable offer or quotation.
- c. **Making an offer / quotation:** Making an offer for a tech-based capital equipment involves price estimations according to requirements especially when it is customized according to the requirement. Arriving at appropriate price, terms and conditions of the offer is an important stage because the price and supply terms offered decides the profit margins, cash-flow etc., of the company. The price estimate is crucial because it involves not only the BOM (bill of material) but it also involves the overheads like labour, incidental charges, warranty cost etc., a wrong estimate may sometime cost high for a company. Similarly, along with commercial offer there is a technical offer (technical specification) which is made to the buyer at this stage which defines or describes the scope of supply. This is also an important document because this is the reference document for all other future activities of the company in terms of design and construction scope of the equipment and supply in case the order is awarded.

### Sales process

Sales cycle of a tech-based capital equipment like the buying process involves a long-time for closure of sale. Since it involves high-value buying the completion of sales cycle varies from many days to months. Also, the process of sales of each tech-based capital equipment involves many stages and people for closure of sales. Some of the key stages of sales cycle of a capital equipment employed by a small business in the process of selling its tech-based capital equipment are hereby discussed.

- a. **Lead or enquiry generation:** For any business lead or enquiry is the starting point for business. This acts as an ingredient to run or succeed in business. No business can exist without sales. When it comes to generation of leads for tech-based capital equipment it requires strategic approach to pull the buyers to your business. Sometime it is very tricky to drive the buyers for contacting you. Whether it is offline or online lead generation in B2B market is different from B2C. Since the market is limited, identifying target buyer group before the seller company plan its lead generation strategy is essential. There is a need to combine all the possibilities of generating a lead to your business whether it is personal sales, direct marketing, print media advertisement, exhibitions, referrals or online marketing involving the usage of various e-marketing tools like e-mail, B2B portals, SEO/SEM, Blog, Video etc., the objective of a seller company should be to target and capture every requirement arising out of various markets for time to time. Because the number of leads generated decides the volume and growth of B2B business.
- d. **Follow-up stage:** Follow up stage for sales personnel involved in follow-up of quotations or offers is very uncertain in terms of projecting the orders receivable because the closure of sales depends on various parameters of selection at the buyer's end. A buyer always expects a cheap and best option and of course there is something called a quality for which buyer has to pay a premium. But as a buyer it is quite natural in business that the company will try to finalize on a supplier on the basis of quality of the equipment as well as the competitiveness in price. Hence it is challenging for the sales team of Seller Company to convince the buyer on both. Many a times in the race to win the order there are instances that seller may tend to lose the profit margins or loose against quality competition with competitors. It's quite a challenging scenario especially for a small B2B business when the tech-based capital equipment is sold. The winning of an order is like a celebration of its own. It takes many things in the process to convince a buyer in terms of quality, performance, customer feedback, reputation, price, commitment on after sale service etc.,
- e. **Sales closure stage:** Usually for a tech-based capital equipment closure of sales happens after different levels of discussion with the buyer company. Seller company has to be prepared for all the types offerings which it can offer to win the deal. However, due to competition and commitment on the values and quality of products sometimes seller may have to lose the order. It all depends on how to balance both in winning an order. A closure of sales involves many tactful approaches on how a seller company presents itself to a buyer in convincing with right information and

facilitates the decision maker to take a decision on buying their product. Negotiation skills really matter in closing a deal in such high value capital equipment sale. Hence, in the majority of small B2B companies the owner of the company is usually involved in final negotiation with the buyer which makes it better for closure of sales with instant decisions on price and other terms of supply before somebody else takes away the order with better offerings.

### Off-line methods of marketing tech-based capital equipment

Certain widely used offline marketing methods adapted by small-scale tech-based capital equipment manufacturers/sellers in B2B business are discussed below:

- a. **Personal selling:** Personal selling has been traditionally followed over the years and even till date it is believed that it is one of the most effective sales approaches. Traditionally it is believed that personal sales help in building a personal relationship with the customers whereby bonding is developed with the customer. Even now the personal sale or involvement especially in the sales process of a high value capital equipment in B2B business is essential because it involves top management in the decision-making process. Although personal selling has its own advantages there are also a limitation in terms of the costs involved towards having in-house sales personnel for doing personal selling.
- b. **Direct marketing:** Due to the high-cost involved in personal selling direct-marketing is considered to be the best off-line marketing method for tech-based capital equipment to replace in person sales activities with alternative ways and means to contact and communicate with prospects. This method is cost-effective compare to conventional personal selling. Some of the direct marketing methods are mass mailing of company profiles to target prospects, tele-marketing etc., However, the direct marketing also has its own limitations in giving the expected results because of spending time in making unnecessary cold calls by the sales team.
- c. **Trade-show/exhibition/conferences/customer meets:** Exhibitions or Trade Shows or Conferences or Customer Meets relevant to the product or business are one of the main methods of promotion of capital equipment for selling companies. The trade-shows or exhibitions or Conferences / Customer Meets gives an opportunity for the sellers of tech-based capital equipment to show-case or demonstrate the product to the target buyers during such events which gives an opportunity to meet many buyer prospects at the same time to promote the products or bring awareness among the target buyers/visitors of these trade shows or exhibitions or conferences or customer meets.
- d. **Dealership/distributorship networks:** Before the advent of internet usage in sales and marketing of tech-based capital equipment there was an immense need of dealers/distributors within India. Though the concept of dealership within the domestic market is reducing now a days the distribution in the international market is still a need. The representation of company product through

a dealer or a distributor gives the confidence to the buyer that locally there is someone who can support them for all their needs. The buyers prefer a local representative of the selling company whenever they plan to buy a high-cost equipment so that they can reach a representative easily whenever they require a service. This kind of arrangement of selling through a local representative makes it easy for the seller to build confidence in the buyers. Also, the dealership or a distributorship is essential for a seller or a manufacturer to reach out to different markets using the presence of dealers as an extending marketing arm. Having a dealer or a distributor has many benefits for a seller in terms of administrative savings, customer exposure, market research, expansion, customer service etc.,

- e. **Advertisement in print media:** The tech-based capital equipment manufacturers generally advertise the product in industrial magazines which are relevant to the target industry. There are many industrial magazines pertaining to various industries. The tech-based manufacturer should ensure that the advertisement is given in a relevant industrial magazine which reaches the target audience. However, there is a slag in the magazine readers in the recent years and also the life of the print advertisement is very short.
- f. **Referrals:** One of the last but not the least method of generating offline leads is through referrals. If an existing customer refers the name of the tech-based capital equipment manufacturing company who is already using the product of the manufacturing/seller company gives a strong confidence to the new buyer for taking a decision to go-ahead with purchase of said equipment from the seller. Reference always has its own weightage in converting the decision of a buyer into a positive action of buying.

### On-line methods of marketing tech-based capital equipment

- a. **Website:** Creation of a website for a B2B small business manufacturing tech-based capital equipment is like creating a virtual platform or show-room of its products/services. Website helps in furnishing all the details about the business to the outside world. It acts as a 24x7 showcase for the business. Especially the interactive website helps the business to stay in touch with the prospective buyers to negotiate the business opportunities. The website has an access to the prospects from any corner of the world. Anybody at any time can get in touch with the B2B small business manufacturing tech-based capital equipment to know more about the company and products.
- b. **E-mail marketing:** E-mail marketing has become one of the primary communication modes in the B2B business today. Unlike the conventional or traditional way of communication through the letters, fax etc., the e-mail communication acts as an instant delivery of messages and is available for interacting with the prospects or customers 24x7. Especially for a B2B small business manufacturing a tech-based capital equipment the e-mail plays a vital role in sufficing the extensive communication needs. Especially in the B2B

business of tech-based capital equipment it so happens that, there will be an innumerable communications cycles during the buy-purchase period involving many rounds of discussions and decision making. Since the closure period of any capital equipment usually involves lengthy sales cycles e-mail communication has greatly helping the buyer-seller organizations to exchange any amount of information between them during the sales process. Also, the e-mail communication avoids the bundles of paper work which is otherwise in practice for B2B businesses over the years and indirectly helps to organizations to go paperless and environmental free.

- c. **B2B portals:** There are leading B2B portals in India like IndiaMart, TradeIndia, Sulekha, JustDial, ExportersIndia etc., providing services of generating leads for the B2B businesses. These B2B Portals enables the buyers and sellers to meet on a common online platform to do business. A small B2B business in manufacturing of capital equipment cannot afford to have in-house sales personnel to generate leads as it costs heavily without any guaranteed returns. Whereas becoming a paid member in the leading B2B portals provides them a guaranteed return on investment by availing valuable business leads which they can convert in the orders later. B2B portals also offer free membership to businesses thereby creating an opportunity for B2B small businesses to be in the online world.
- d. **Blog marketing:** Having a blog for a small business B2B manufacturing tech-based capital equipment company has many benefits. Blog is like having another website for the business. The advantage of blog is that business can post the content about its product, events, achievements etc., to promote the content which in turn helps as a content marketing for SEO (search engine marketing). B2B business possess the ownership of the blog and it is in the control of the B2B business which owns this blog unlike posting a content on a third-party social media sites or business portals. Usage of blog is very easy and user-friendly and apt for small businesses.
- e. **Search engine optimization (SEO):** When a small business who is into manufacturing of tech-based capital equipment has first of all limitations in terms market size and number of buyers. A capital equipment is by and large is not repetitively purchased. It is mostly a one-time sale for the B2B business as it is an investment-based product for a buyer company. When this is the case, it becomes important for the seller company manufacturing these kinds of tech-based capital equipment to expand its markets. This can happen only when the company has widened its reach using a powerful tool like SEO (search engine optimization) to increase its visibility for the prospective buyers whenever they are looking for such tech-based capital equipment online through a search engine like google, yahoo, bing etc., It becomes important for a seller to increase its visibility to reach the buyers at the right time whenever they search through the search engines and drive the traffic

successfully to visit their website for enquiring about the products. The SEO helps the seller companies to increase the visibility and search results of the search engines organically whenever the prospects are looking for a supplier for their requirements. If the supplier details are not appearing in the first pages of search results of search engines it means that the suppliers lose an opportunity of business whenever prospects are looking for them or their products. Search Engine Marketing techniques like PPC (pay per click) ensures a guaranteed ROI by bringing a warm business leads to the company. It is worth sometimes for a small company to spend a reasonable amount on these tools like SEO or SEM to bring big results to their business in capturing the right prospect at the right time which is very crucial for a product like tech-based capital equipment which is considered as one-time buy or sale for buyer or seller.

- f. **Social media marketing:** Social Media Marketing for a small business in the B2B with specialized product like tech-based capital equipment may not find a target audience in the social media platforms like Facebook, Twitter, Instagram etc., as these platforms are highly effective for B2C market. However social media platform like LinkedIn may help the business in building networks and references. However, having a presence in social media platforms will greatly help the business in bringing a consistent awareness and brand building of the business in particular in the long run.
- g. **Video marketing:** Video marketing greatly helps the small business in B2B manufacturing a tech-based capital equipment by practically demonstrating the running or operation of the equipment in the video form. Videos of equipment showing all its parts or sub-systems and features greatly help in passing a real-time experience to the prospective buyers about the equipment. It becomes difficult for a small business to bring the buyer to the place where the equipment is manufacturing from all the places. Whereas the video of an equipment fills this gap to demonstrate about the equipment and its features online to a buyer whereby convincing a buyer about its quality and features.

## Conclusion

Marketing of Tech-based capital equipment for a small company is always challenging as the seller or a manufacturer has to connect the customer requirement to the product specifications. Tech-based capital equipment marketing in B2B is distinctive compare to marketing the products in B2C because of its typical high cost and technical contents involving several value-based features the tech-based capital equipment is categorised as Capex items or investment-based items. The process of marketing a tech-based capital equipment has its own distinctive methods to generate business from the prospective customers. Since the market as well as the target customer group is limited, there are specialized ways to market or sell the capital equipment either through off-line or on-line modes. Sales cycles are usually extensive varying from one month the several months. Given the level of its high-cost the buying process of a tech-based capital equipment requires justification of its spending by the buyer and hence decision levels involved in

purchasing a tech-based capital equipment involves multiple stages involving end user to management level people. In a nutshell the marketing of tech-based capital equipment by a small company is challenging in many aspects because of its high cost in nature, technological, capex, investment-based, high financing etc., attributes and moreover these products are by and large sold to large professionally run businesses and the decision makers are managerial or management personnel. There is a need for successful blend of technological, process oriented and marketing strategies to effectively grow in this market segment. Selling of a capital equipment is like selling a relationship.

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