

B2B vs. B2C : A Comparative Analysis

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ABSTRACT

B2B(BusinesstoBusiness)referstobusinesstransactionsbetweenonebusinessenterprisewith another and B2C (Business to Consumer) refers to business dealings of a business enterprise with the consumers. B2B refers to the business transactions between the enterprises dealing in such business like it may be with manufacturers-wholesalers or wholesalers-retailers. B2C refers to the dealings related to enterprises dealing in such activities with the consumers who consume such goods and services.B2B and B2C activities related to marketing are making its growth at a rapid pace. There are several differences alongwithcertain similaritiesbetweenthesetwotypesofbusinessactivities.The pricing process of B2B and B2CaremuchdifferentalongwiththesupplychainofB2BandB2C.InAsiapacificregionthefuture of B2B and B2C market is promising but it comes along with certain present ongoing challenges with future problems that can come as challenge for them to combat all those prospects. If these challenges can be overcome then B2B and B2C will become the largest market in theworld.

Keywords: B2B, B2C, comparison, marketing.

1. INTRODUCTION

Business to Business which is abbreviated as B2B refers to the dealings of the business activities between one business enterprises with other .According to Sahaetal.(2014)the productsandservices involved in these types of marketing activities are specially meant for the further production related to goods and services. Under B2B, process related to buying and selling takes longer time to execute as the decision- making involved under this takes place at more than onelevel. As per the article Apex Two (2012) Whilst Business to Consumer also known as B2C refers to those business activities in which the purchaser is the end-user of the product. Retail stores, restaurants are commonlyknownexamplesofB2C.ThebusinesscycleisshorterinB2CascomparedtoB2B.Thetime involved in B2C is lesser as compared to B2B as purchasing is made on emotional basisalso.

2. B2B

B2B, or business-to-business, is based on the buying and selling of products and services from business to business, rather than business to consumer. Jahan (2014) says When a company manufactures a product, it involves a number of components, some parts of which is manufactured by company itself while some parts are to be purchased from other business houses which involves B2B activities.

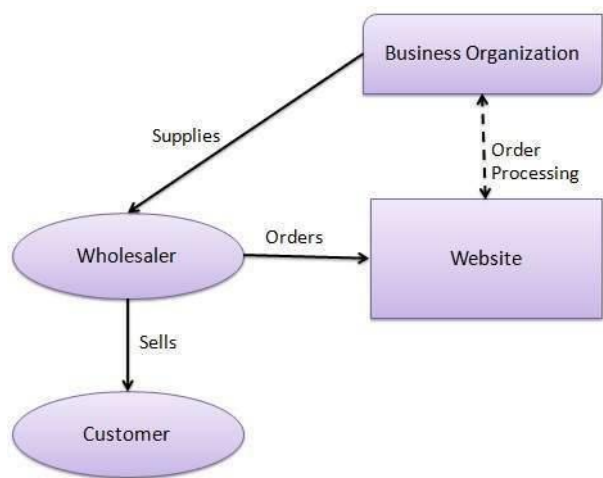


Figure 1: B2B flowchart

2.1 CHARACTERISTICS OF B2B:

- B2B sales volume is larger as compared to business to consumers sales.
- Buying process of B2B products is more risky and costly than B2C products purchase.
- The decision-making related to B2B involves a great care as further production related activities are based on this.
- Media involved is not as large as purchaser under this are mainly companies only.

3. B2C

According to Hom (2013) B2C, or Business-to-Consumer, is a business transaction activity in which business enterprises sell goods or services to consumers. At the initial stages, B2C means when the end user buys products from retail stores or have meal at restaurants but now in this technological world the consumer can purchase goods from different kinds of website also over the internet. For example, a website which follows the B2C business model is selling its goods directly to a customer. That customer can see the products displayed on the product's website. The customer may choose his favorite product to order. The company sends the consumer a confirmation message regarding the order via telephone number or/and e-mail provided by consumer while placing an order.

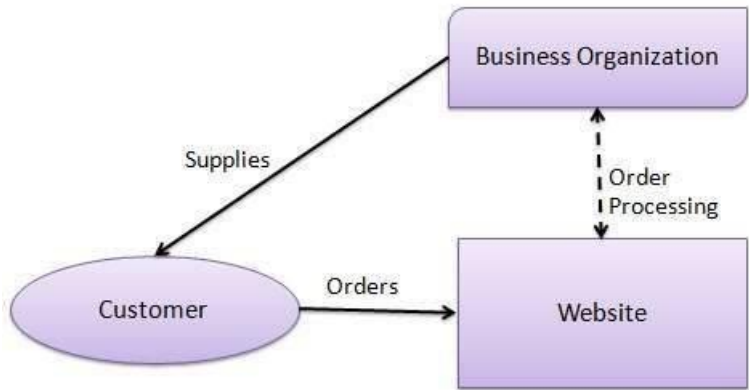


Figure 2: B2C flowchart

- The technology is simple in working and is cost-effective.
- More focus on branding and marketing.
- Minimal transaction cost.
- Makes it simple.
- Makes energy efficiency fun.
- Presence of social pressure. Williams (2010) Comparison of B2B and B2C based on their characteristics:

B2B MARKETING	B2C MARKETING
Large scale buying is made under B2B	The quantum is less as compared to B2B
More risk is involved in buying under B2B as these products are meant for further production.	The purchase of B2C products is made mainly by individuals so as less risky.
A group of persons are involved in decision making process.	Purchases are usually made by individuals which increases the scope of negotiations.
B2B companies do not need any media promotion at large scale.	Large scale promotion is needed under B2C
Single unit of product is not sold generally.	Single unit sale can be made.

4. SUPPLY CHAIN OF B2C AND B2B

B2C refers to transactions that take place with business households and end-users of the product. The focus of B2C is more on inducing prospects and converting them into customers. The goal is to change a customer into an aggressive buyer. Different online stores are examples of B2C type. According to Antony (2003) B2B commerce is a business with two business enterprises either with manufacturers and wholesalers or with wholesalers and retailers. It is mainly related with buying and selling of various products and services using internet or private networks which are shared among various business partners. Companies or enterprises which involve in product design, procurement, production planning, transportation planning, and marketing come under the scope of B2B. As per the article Study Mode (2007) B2B market is a more flexible, open, trustworthy, vastly available and scalable business environment. Basic understanding is required for the business activities involved in B2B activities.

5. TARGET AUDIENCES

The B2B market has smaller market which is to be targeted, whereas B2C works to attract a larger target audience. Under B2C, the companies mainly target individuals as they are the one who purchase goods and services for their final use. B2B can target anything to the entire committee who goes through all decisions a business makes, which equates to a larger audience that's more focused on how the organization as a whole can be benefited.

6. PURCHASING PROCESS

The process that is involved in B2B is more complex as compared to B2C. B2B purchasing process takes longer time which can go up to a month or a year also. While, in B2C, less time is involved in whole purchasing process, and moreover the whole process is simpler.

- B2B: the decision to buy a product or service which has commercial usage is to be taken, so the sale needs a rational analysis, a longer consideration time, and ongoing assistance by the seller. The decision involves a great task as it involves different aspects.
- B2C: Impulse buying is made and it does not generally focus on rational buying. The process is less time-consuming and decision-making power rests generally with individuals.

7. TRANSACTION PROCESS OF B2B AND B2C

Transaction processes are different in B2B and B2C; a lot of additional information is required under B2B activities, while the scenario is different in B2C; in B2C transaction is made immediately. When a customer purchases some products, some information like name of one merchant, amount data, date and time etc. is required and considered.

8. B2B AND B2C MARKETERS USE OF SOCIAL MEDIA

Cheng (2013) analyzed the marvelous growth of social channels and also discovered that social diversity was growing quickly. B2B and B2C marketers have affected by social media. The comparison between both is shown in following Venndiagrams.

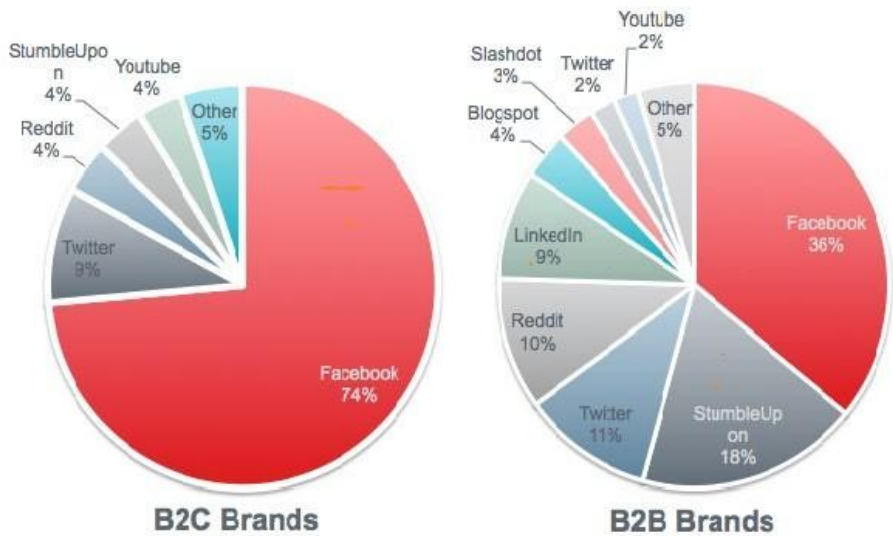


Figure 3: B2B AND B2C MARKETERS USE OF SOCIAL MEDIA

9. PAYMENT PROCESS

According to Goswami (2014) in B2C, uniform price system prevails; every customer has to pay the same price as other customers. While in B2B, negotiable price policy prevails that means different prices prevail for different classes and types of customers. Customers who place high quantity orders will have to pay lesser price than the other customers. Mode of payment also differs in both of these types. In B2C, merchants allow and offer different mode of payment facilities like through debit and credit cards, net-banking facilities and other modes, some merchants also give cash on delivery service. While in B2B, Customers need not to pay immediately when order is placed, but customer receives an invoice with agreed payment terms and conditions.

10. DISTRIBUTION CHANNELS OF B2B & B2C

Distribution channels of B2B (Business to Business) are different from B2C. In B2B, manufacturer is the product producer. There are three types of distribution ways. First, end customer can acquire the product directly from manufacturer, another way is through agent and very last way is through agent as well as distributor.

In Business to consumer market, they sell goods and services from business to end consumer. Businessman sells the products to consumers at a higher price than his purchasing price or cost of production so he can earn profit.

11. B2B AND B2C BUYERS' BEHAVIOR

Rational buying system is there in B2B while a number of factors are there in B2C. Lynch and de Chernatony (2004), Merle et al. (2010) say that under B2B, purchasing is only done when there is a need of it as it involves a huge amount and those goods are meant for further use in production processes while in B2C, emotional aspects of customers play a major role in buying decision.

12. Email Marketing Objectives

Comparison of B2B and B2C with respect to email marketing objects is shown in figure as below. This comparison is based on the survey of 293 marketers for different objectives: generating revenue, communicating with customers, building brand awareness, communicating with prospects, capturing data on subscribers and rest other objectives.

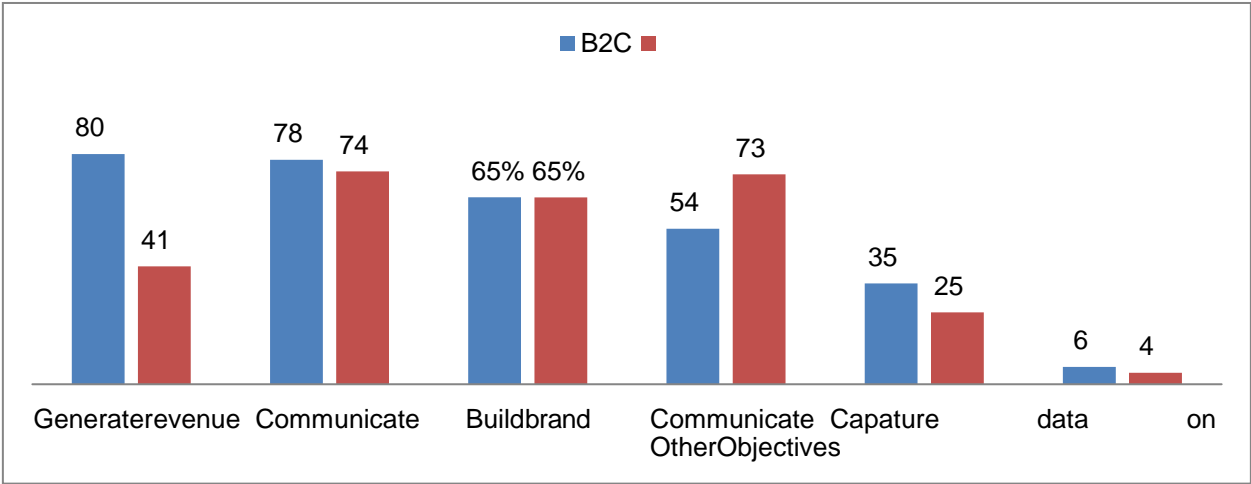


Figure 4: EMAIL MARKETING OBJECTIVES OF B2B AND B2C

13. CONCLUSION

B2B and B2C have become essential not only in India but in whole world. B2B marketing is more complicated than B2C for purchasing products. Marketing strategies of the both concepts are moreover similar, but marketing activities are not. In B2B, the marketing efforts lay focus on value of one business to another thus its scope is limited. However, in B2C marketing area of market is large, and so it has a shorter process of buying and selling.

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