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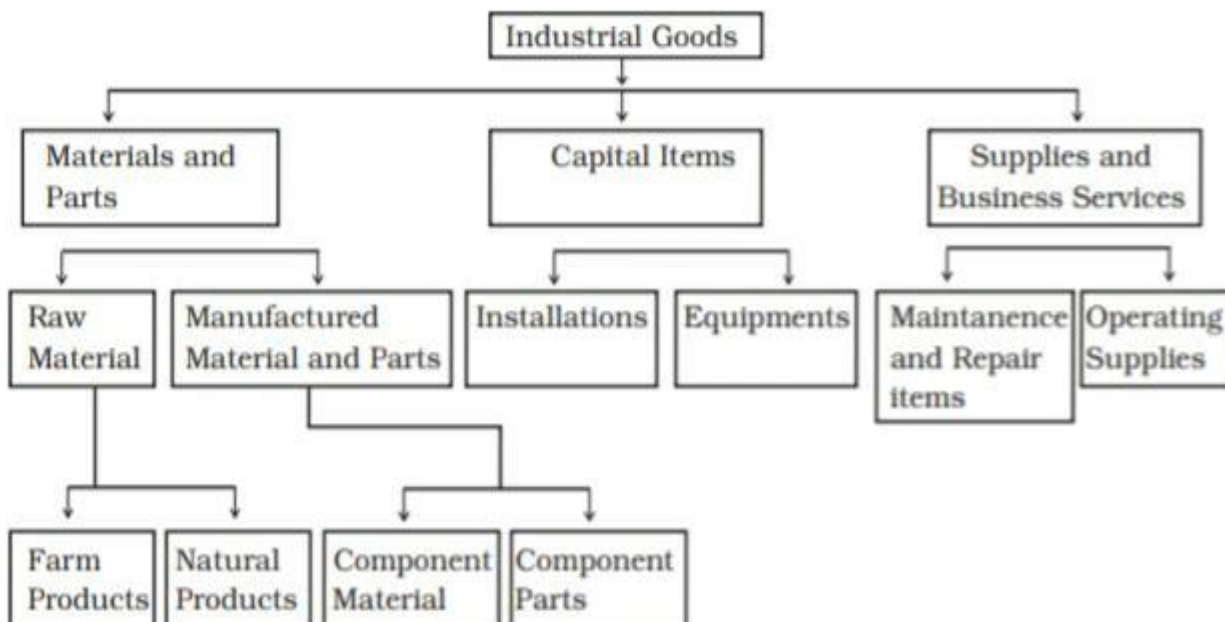
MARKETING

INDUSTRIAL PRODUCTS

Industrial products are those products, which are used as inputs in producing other products. The examples of such products are raw materials, engines, lubricants, machines, tools, etc. In other words, industrial products are meant for non- personal and business use for producing other products.

The market for industrial products consists of manufacturers, transport agencies, banks and insurance companies, mining companies and public utilities. The important characteristics of industrial products are given below:

- 1. Number of Buyers:** As compared to the consumer products, the numbers of buyers of industrial products are limited. For example, sugarcane is purchased by few producers of sugar, but sugar, which is a consumer product, is purchased by crores of people in our country.
- 2. Channel Levels:** Because of limited number of buyers, the sale of industrial products is generally made with the help of shorter channels of distribution, i.e., direct selling or one level channel.
- 3. Geographic Concentration:** Because of location of industries at certain points or regions, industrial markets are highly concentrated, geographically. For instance, the demand for power loom comes from Bombay, Sholapur, Bangalore, etc. where the textile industry is concentrated in our country.
- 4. Derived Demand:** The demand for industrial products is derived from the demand for consumer products. For example, the demand for leather will be derived from demand for shoes and other leather products in the market.



Classification of Industrial Goods

- 5. Role of Technical Considerations:** Technical considerations assume greater significance in the purchase of industrial products because these products are complex products, bought for use in business operations.

6. Reciprocal Buying: Some big companies from basic industries like oil, steel, rubber, and medicines resort to the practice of reciprocal buying. For example, Ashok Leyland may buy tyres and tubes from MRF, which in turn may buy trucks from Leyland, whenever it feels the need for the same.

7. Leasing Out: A growing trend in industrial product market is to lease out rather than to purchase the products on outright basis because of the heavy price of these products.