

Organisation Buying Behaviour



- 1. Problem Recognition

- 2. General Description of Need

- 3. Product Specifications

- 4. Supplier Search

- **Organizational Buying Process**

- 5. Acquisition and Analysis of Proposals

- 6. Supplier Selection

- 7. Selection of Order Routine

- 8. Performance Review

- **Three Buying Situations**

1. New task

2. Modified rebuy

3. Straight rebuy

- **Three Buying Situations**1. New Task

- **New task**—the problem or need is totally different from previous experiences.
 - Significant amount of information is required.
 - Buyers operate in the extensive problem solving stage.
 - Buyers lack well defined criteria.
 - Lack strong predispositions toward a solution.

- **Three Buying Situations**
 - 2. **Modified Rebuy**

- **Modified rebuy**—decision makers feel there are benefits to be derived by re-evaluating alternatives.
 - Most likely to occur when displeased with the performance of current supplier.
 - Buyers operate in the limited problem solving stage.
 - Buyers have well defined criteria.

- **Three Buying Situations****3. Straight Rebuy**

- **Straight rebuy**—the problem or need is a recurring or continuing situation.
 - Buyers have experience in the area in question.
 - Require little or no new information.
 - Buyers operate in the routine problem solving stage.

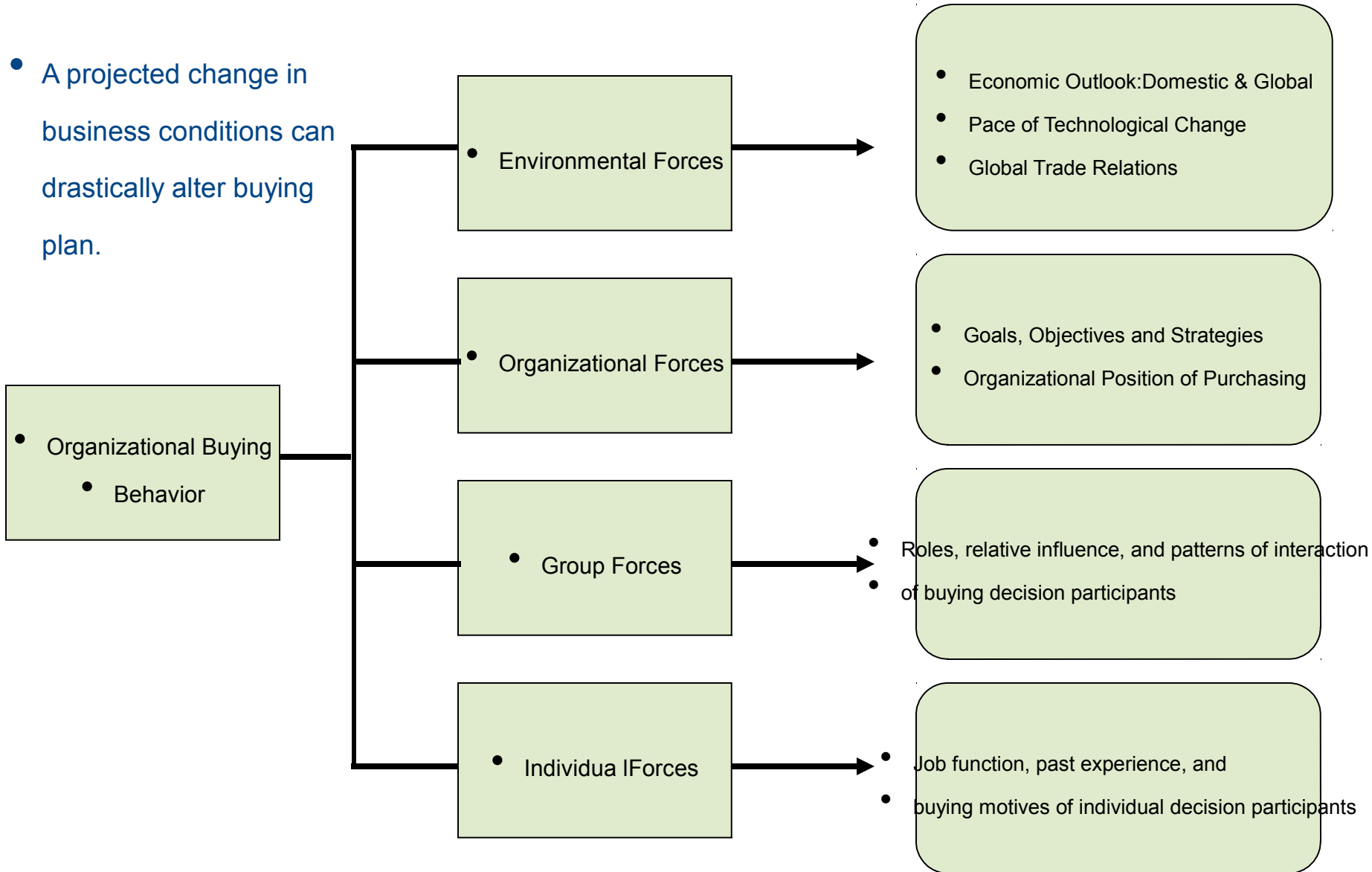
• Buying Decision Approaches

- Causal purchases...involve no information search or analysis.

- Routine low priority...decisions are more important and involve a moderate amount of analysis.

• Forces Influencing Organizational Buying Behavior

• A projected change in business conditions can drastically alter buying plan.



- **The Buygrid Framework for Organizational Buying Situations**

Buying Stages	Buying Situations		
	New Task	Modified Rebuy	Straight Rebuy
1. Problem Recognition			
2. Determination of characteristics and quantity of needed item			
3. Description of characteristics and quantity of needed item			
4. Search for and qualification of potential suppliers			
5. Acquisition and analysis of proposals			
6. Evaluation of proposals and selection of supplier(s)			
7. Selection of an order routine			
8. Performance review			

- With rising competitive pressures managers are using rigorous cost modeling approaches to identify factors that drive the cost of purchased goods and services.

NOTE: The most complex buying situations occur in the upper left portion of the buygrid framework and involve the largest number of decision makers and buying influences.

SOURCE: Adapted from the Marketing Science Institute Series, *Industrial Buying and Creative Marketing*, by Patrick J. Robinson, Charles W. Faris, and Yoram Wind. Copyright 1967 by Allyn and Bacon, Inc., Boston.

- **Marketer should try to know:**

- Which member takes part in the buying process?
- What is each members relative influence in the decision?
- What criteria is important to members in the evaluation process?

- **Members of the buying center assume different roles throughout the procurement process.**

- Clues for Identifying Powerful Buying Center Members

- *Isolate the personal stakeholders.* Those individuals who have an important personal stake in the decision will exert more influence than other members of the buying center. For example, the selection of production equipment for a new plant will spawn the active involvement of manufacturing executives.
- *Follow the information flow.* Influential members of the buying center are central to the information flow that surrounds the buying decision. Other organizational members will direct information to them.
- *Identify the experts.* Expert power is an important determinant of influence in the buying center. Those buying center members who possess the most knowledge—and ask the most probing questions to the salesperson—are often influential.
- *Trace the connections to the top.* Powerful buying center members often have direct access to the top-management team. This direct link to valuable information and resources enhances the status and influence of the buying center members.
- *Understand purchasing's role.* Purchasing is dominant in repetitive buying situations by virtue of technical expertise, knowledge of the dynamics of the supplying industry, and close working relationships with individual suppliers.

SOURCE: Adapted from John R. Ronchetto, Michael D. Hutt, and Peter H. Reingen, "Embedded Influence Patterns in Organizational Buying Systems," *Journal of Marketing* 53 (October 1989), pp. 51–62.

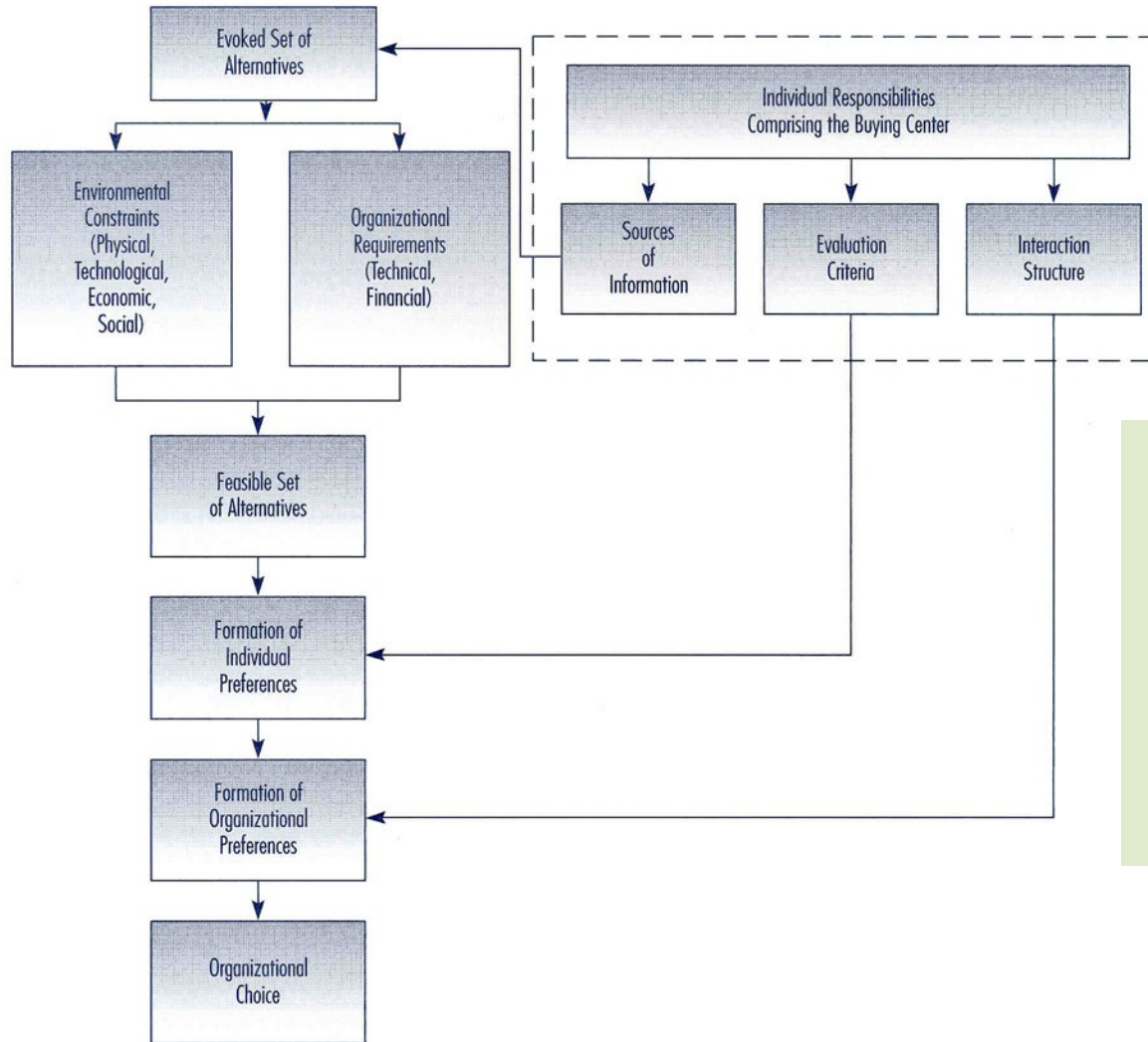
- **Perceived Risk Components**



1. Uncertainty about the outcomes of a decision.

1. The magnitude of consequences associated with making the wrong selection.

• Major Elements of Organizational Buying Behavior



- The behavior of organizational buyers is influenced by environmental, organizational, group, and individual factors.