Chapter 6
Analyzing Business Markets

Organizational Buying
Decision-making process by which formal organizations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers

Organizational Buying
- Fewer buyers
- Larger buyers
- Geographically concentrated buyers
- Closer relationships with suppliers
- Closer relationships with customers

Organizational Buying
- Fluctuating demand
- Inelastic demand
- Leasing
- Professional purchasing
- Direct purchasing
- Multiple buying influences
- Multiple sales calls
- Derived demand
- Reciprocity

Organizational Buying
Buying Situations
- Straight rebuy
- Modified rebuy
- New task
- Routine reorders from approved vendor list
- Low involvement, minimal time commitment
- Example: copier paper

Chapter Questions
- What is the business market, and how does it differ from the consumer market?
- What buying situations do organizational buyers face?
- Who participates in the business-to-business buying process, and how are buying decisions made?
- How can marketers build strong relationships with business customers?
Organizational Buying

Buying Situations
- Straight rebuy
- Modified rebuy
- New task

• Specifications, prices, delivery terms, or other aspects require modification
• Moderate level of involvement and time commitment
• Example: desktop computers

Organizational Buying

Buying Situations
- Straight rebuy
- Modified rebuy
- New task

• Purchasing a product or service for the first time
• High level of involvement and time commitment; multiple influences
• Example: selecting a website design firm or consultant

Systems Buying and Selling

• Turnkey solution desired: bids solicited
• Prime contractors
• Second-tier contractors
• System subcomponents assembled

The Buying Center

- Initiators
- Users
- Influencers
- Deciders
- Approvers
- Buyers
- Gatekeepers

Types of Business Customers

• Price-oriented
• Solution-oriented
• Gold-standard
• Strategic-value

Handling Price-oriented Customers

• Limit quantity purchased
• Allow no refunds
• Make no adjustments
• Provide no services
Solution Selling

- Solutions to enhance customer revenues
- Solutions to decrease customer risks
- Solutions to reduce customer costs

Buyphases: Stages in the Business Buying Process

- Problem recognition
- General need description
- Product specification
- Supplier search
- Proposal solicitation
- Supplier selection
- Order-routine specification
- Performance review

Order Routine Specification

- Stockless purchase plans
- Vendor-managed inventory
- Continuous replenishment

Establishing Corporate Credibility

- Expertise
- Trustworthiness
- Likability

Factors Affecting Buyer-Supplier Relationships

- Availability of alternatives
- Importance of supply
- Complexity of supply
- Supply market dynamism

Opportunism

Some form of cheating or undersupply relative to an implicit or explicit contract