

Consumer Behaviour

consumer and Organization Buying Behavior

Consumer Buying Behavior

Consumer buying behavior is the result of the attitudes, preferences, intentions and decisions made by the consumers in a market place before buying a product. The study of consumer buying behavior is an interdisciplinary subject area drawing widely from sociology, psychology, anthropology etc.

- **Standard Buying Process**

The buying behaviour can be broken down into a series of tasks.

1. Problem recognition:

During this stage, the consumer becomes aware of an unfulfilled need or want. For example, his old laptop may be broken and a need arises for a new laptop.

2. Information search:

in this stage, the consumer gathers information relevant to solving his problem. Example, collection of information about various laptop models.

3. Evaluation:

The various alternatives are evaluated against the consumer's wants needs, preferences, financial resources etc.

4. Purchase:

In this stage, the consumer will commit to a particular choice and make the final decision. The choice maybe influenced by price and availability.

5. Post purchase evaluation:

In this stage, the consumer evaluates whether the purchase actually satisfied her need or not.

Types of Buying Behaviour

1. Complex: High degree of consumer involvement with significant brand differences. Eg: – Cars.
2. Dissonance Reducing: High degree of involvement with little brand differences. Eg: – Carpeting
3. Habitual: Low involvement with little brand difference. Eg:- Salt
4. Variety seeking: Low involvement with significant perceived brand difference. Eg:-Chocolates

• **Organizational Buying Behavior**

Organization buying behavior is defined as the rational decision-making process in which organization buys goods and services when they have need of any goods or service for their organization. The purchased products and services get identified, evaluated, and chosen among alternative brands and suppliers. Organizational buying is similar to the consumer buyer behavior without any major differences. Organizations buy the products and services for the betterment of organizational objectives such as manufacture and deliver goods and services to members, customers or the community. Three types of buying situation have been distinguished: the straight rebuy, the modified rebuy, and the new task.

The straight rebuy:

It is the buying condition in which the buyers buy the product frequently. Buying of those products will be a routine task for the organization.

The modified rebuy:

A business buying condition in which the buyer wants to change the product specification, its price as well as terms or suppliers.

The new task:

When the organization buys any products or services for the first time then it is called new task. In this cases, the larger the cost, there will be more decision participants and also there will be more efforts for collecting information. The new task situation creates more opportunity as well as challenges.

Participants in the business buying process:

The buying center who actually participates in buying the products and services, their roles will play a significant role while making a decision to purchase any products for the organization.

- **Users:**

The members who uses the products or services. In various cases, users start off with buying proposal and also help in defining the product specification.

- **Influencer**

The people who affect the buying decision in an organization are called influencers. They help to define specifications and they also provide information for evaluating alternatives.

- **Buyers**

In organizational buying center, the person who actually purchases the goods and services are called buyers.

- **Decider**

The people who have formal or informal power in order to select or approve the final supplier in organizational buying center are called decider.

- **Gatekeepers**

The person who controls the flow of information to others in organizational buying is called gatekeepers.

Major influence on Organization Buyers

Business buyers are subject to many influences when they make their buying decisions. Some marketers assume that the major influences are economic. However, business buyers actually respond to both economic and personal factors.

1. **Environmental Factors:**

Business buyers are mostly influenced by the current economy and future economy of the state or the world while making any decision. Economic environment consists level of primary demand, the economic outlook and the cost of money. They are also affected by technological, political and competitive developments in the environment.

2. **Organizational factors:**

The major organizational factors like objectives, policies, procedures, structure and system must be understood well.

3. **Interpersonal factors:**

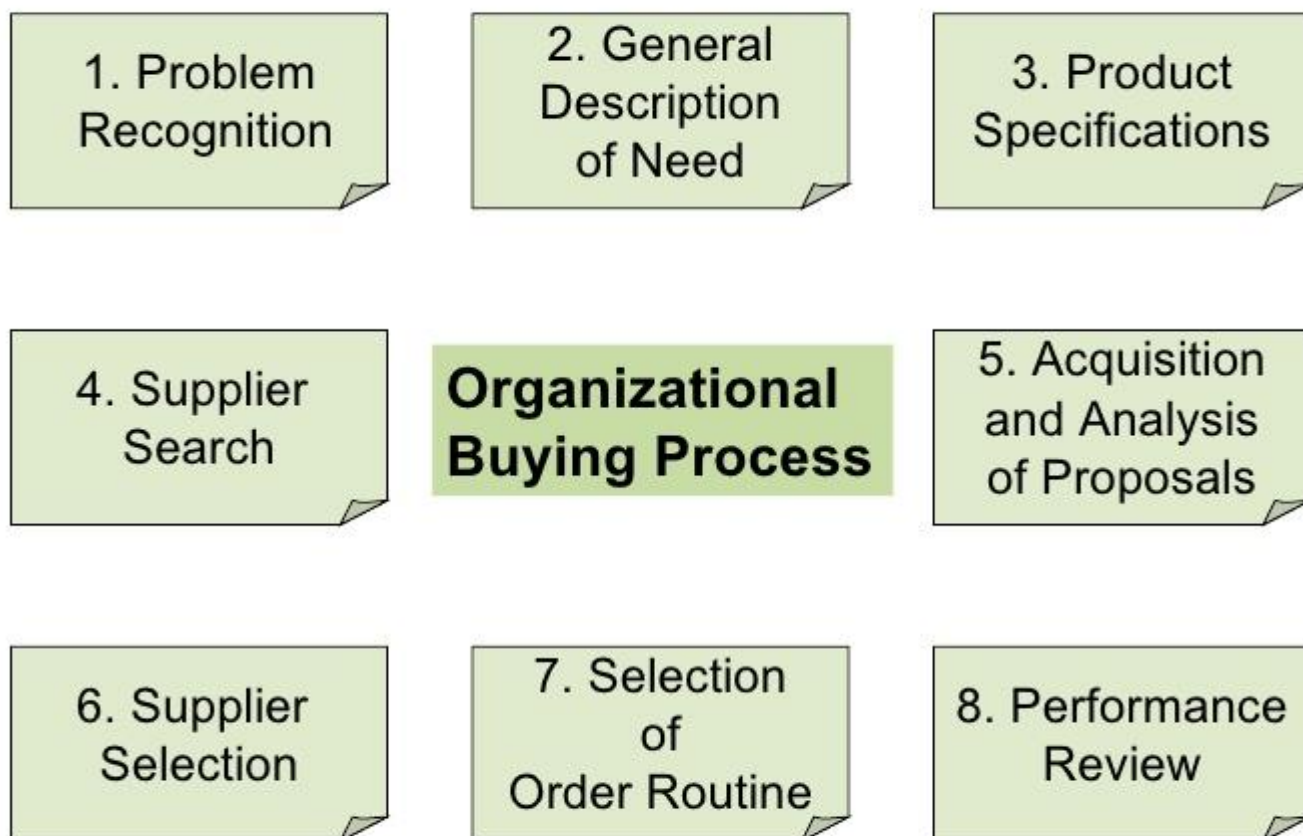
There are many participants who influence each other so interpersonal skills also matter in the business buying process. However, it will be difficult to implement such interpersonal factors and group dynamics.

4. **Individual factors**

The people who participate in business buying decision process bring in personal motives, perceptions, and preferences. These individual factors are affected by individual characteristics such as age, income, education, professional identification, personality and attitudes towards risk.

The Organization buying process:

There are total eight stages and by going through these stages an organization will be able to make a rational decision. If the desired result is not achieved then the steps will be repeated again until they meet their goals and objectives.



- **Problem Recognition:**

The first stage of the business buying process in which people identify the need of the organization which will be met by purchasing any goods or services. Problem recognition can result from internal or external stimuli. Internally, the company may take a decision to launch a new product that requires new production equipment and materials. Or, a machine may break down and need another new part. Externally, the buyer gets some new ideas at a trade show, see an ad, or receive a call from a seller who offers best products at low price.

- **General Need Description:**

After the need is recognized, the buyers prepare a general need description which reports both characteristics and quantity needed and item for the organization. For standard items, this process presents very few problems but for complex problems the buyer needs to work with the other engineers, users, consultants in order to define the item.

- **Product Specification:**

In this stage, the buying organization decides and specifies the technical product features for the needed item. Product value analysis is the approach that helps to reduce the cost in which the components are studied. After studying it carefully they can be redesigned, standardized or made by fewer cost methods of production. The team will decide best product features and specifies them accordingly.

- **Supplier Search:**

In this stage, the buyer conducts supplier search to find the best sellers. The buyer can assemble a list of qualified suppliers by analyzing trade directories, doing computer searches or contacting other companies for recommendation letters.

- **Proposal Solicitation:**

The stage of the business buying in which the buyer ask qualified suppliers to submit proposals is called proposal solicitation. After this supplier will send only a catalogue or a salesperson. However, when

the item is complex or expensive, the buyer ask for the detailed written proposals or formal presentations for each potential supplier.

- **Supplier Selection:**

In this stage, the buyer reviews proposals and choose a supplier or suppliers. During supplier selection, the buying center often will prepare up a list of the desired supplier trait and their relative importance. Such trait includes product and service quality, reputation, on-time delivery, ethical corporate behavior, honest communication and competitive prices.

- **Order- Routine Specification:**

This is the stage of buying process in which the buyer choose the final supplier by listing various things like technical specifications, quantity needed, expected time of delivery, return policies, and warranties.

- **Performance Review:**

The stage of buying process in which the buyer analyze the supplier's performance on the basis of different criteria and decides to continue, modify or drop the arrangement. The seller's job is to observe and examine the same factors used by the buyer to make sure that the seller is giving the expected satisfaction.