

Management & Consumer Behavior

Session – 34

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Learning Objectives:

After completion of this session, the learner will be able to know:

- What is organizational buying behavior?
- How it is different from consumer buying behavior?

Organizational Buying Behavior

Topics to be Covered:

- Characteristics
- Pattern & Factors Influencing Organizational Buying Behavior
- Organizational Buying Roles & Decision Process

What is organizational buying behavior?

The behavior of an organization shown in buying goods or services is called organizational buying behavior. The organizations buy goods or services for business use, resale, produce other goods or provide services.

 30%  30%

Business and industrial organizations buy goods to use in business or produce other goods. Resellers buy goods for reselling them at profitable price. Similarly, government bodies buy goods for office and conducting development program. Non-governmental organizations, hospitals, educational institutes, social organizations, religious organizations etc. buy goods to provide services to their followers or customers.



Features of Organizational Buying Behavior

Few Buyers

As organization itself become buyer, organizational buyers are few in number. But they buy in huge quantity.
Organization buyers live scattered in different places.

Close Relationships

Organizational buyers and suppliers have close relations. It may be long lasting. Such relation has positive effect on future buying. Generally all organizational buyer and suppliers have close relation.

Rational Buyers

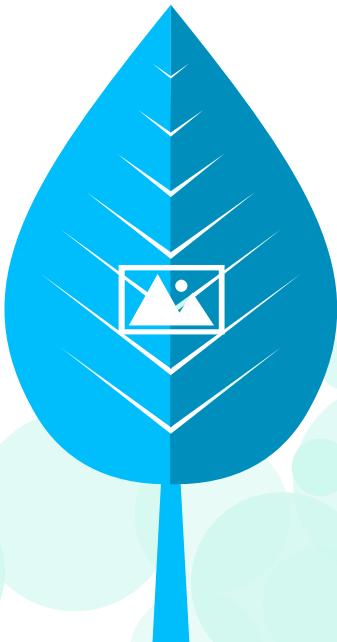
Buyer becomes rational in organizational buying. Professional and trained buyers are involved in buying. So, buying decision becomes rational.

Direct Channel

As organizational buyers buy a huge quantity, they buy goods directly from producer. So, marketing channel becomes direct. But some organizations buy goods through intermediaries or agencies.

Purchase Policy

The buying method of organization and persons become different. Organization makes certain policies for buying and buys goods according to the policy. Buying through quotation, buying through tender, buying through contract are the major buying policies of organizations.



Organizational Buying Process



What is organizational buying process?

Organizational buying has certain process. The following figure shows organizational buying process. There are eight stages. An organization may pass through all of these stages as following or it may skip some of them or change some of them. This depends on buying quantity, buying price, nature of goods and buying frequency.



Steps in Organizational Buying Process



Need Recognition

Organizational buying process starts from need recognition. In an organization, a certain person recognizes need of certain goods and after buying the needed goods, need is fulfilled.

Need Description

After the need is recognized, the buyers should describe need. This task is completed in the second stage of organizational buying process.

Product Specification

The task of preparing specific description of goods is the third stage of organizational buying process.

Supplier Search

At this stage of organizational buying process, the buyer searches proper suppliers or sellers.

Proposal Solicitation

Proposal solicitation is the fifth stage of organizational buying process. At this stage, buyer calls best suppliers for submitting proposal.

Supplier Selection

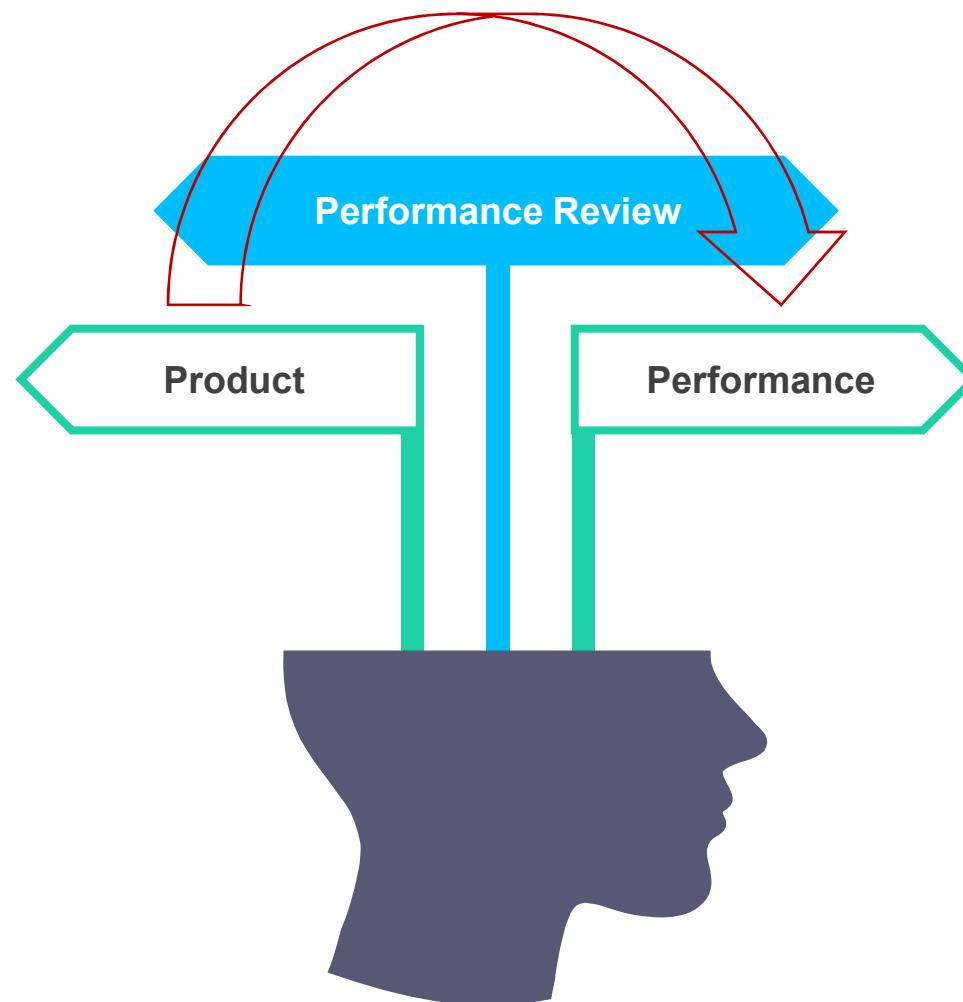
At the sixth stage of organizational buying process, buyers assess the proposal and select one or more suppliers.



Purchase & Post Purchase

Order Routine Specification

After the best suppliers have been selected, the buyer prepares final order. In this order, all the matters such as attribute of goods, quantity, specification, time for supply, warranty, method of payment, service after sale etc. should be clearly mentioned.



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Thank You

My Curiosity is all yours !

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