



## Chapter 3

# Organizational Buying & Buying Behavior



DINH Tien Minh (Ph.D.)

## Objectives



- 01 Understand organizational buying objectives.
- 02 Gain knowledge organisational buying process including the types of buying situation.
- 03 Identify the members of decision making unit.
- 04 Understand some of models of organizational buying behavior.

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- 01 Purchasing Objectives
- 02 Organisational Buying Process
- 03 Types of Purchase or Buying Situations
- 04 The Buying Center
- 05 Models of Organisational Buying Behavior
- 06 Questions and Homework



## 1. Purchasing Objectives

01

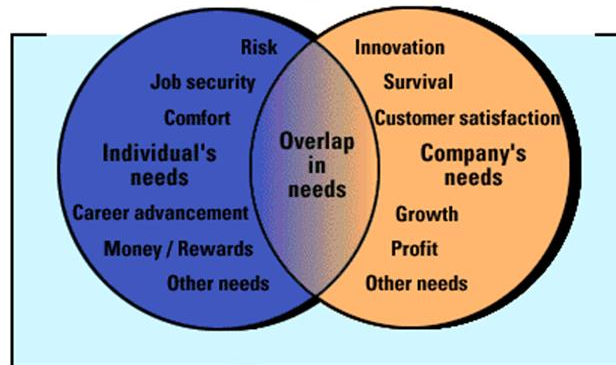
- ❖ Buying the right item in the right quantity, at the right price, for delivery at the right time and place.
- ❖ What's right for each dimension?



# 1. Purchasing Objectives

❖ The Firm and Personal objectives

**EXHIBIT 8-3** Overlapping Needs of Individual Influencers and the Customer Organization

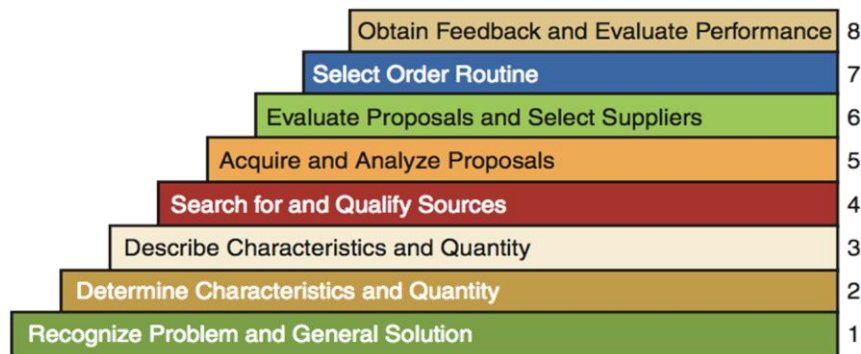


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# 2. Organisational Buying Process

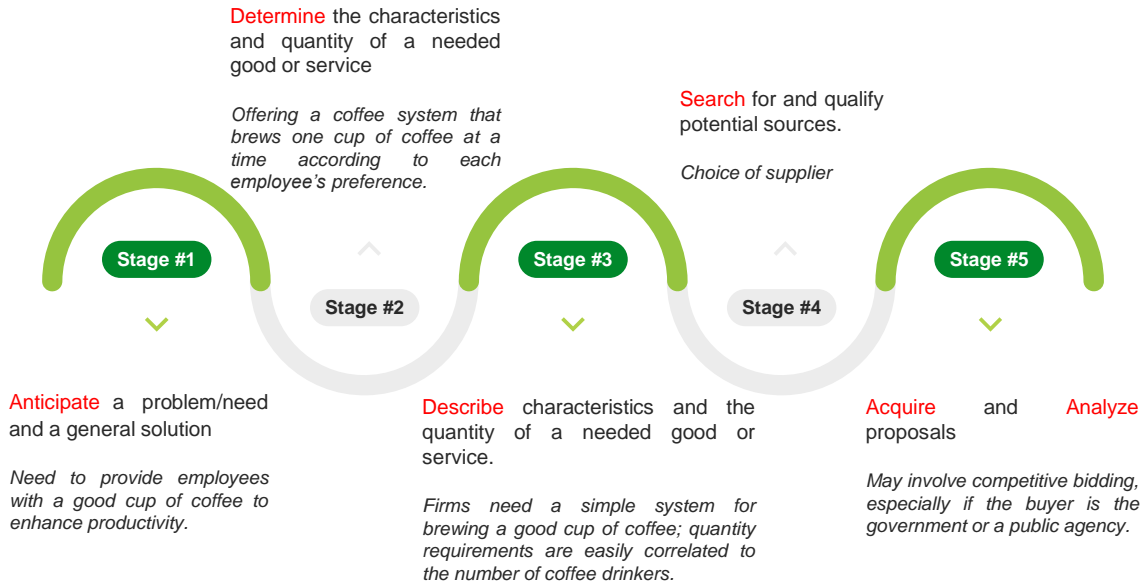
❖ **More complex** than the consumer decision process and takes place within formal organization's budget, cost, and profit considerations.



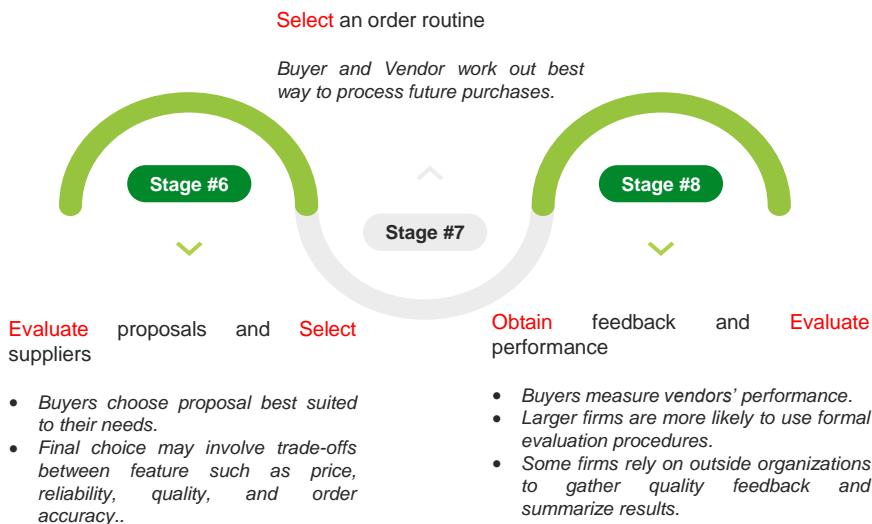
Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition.



## 2. Organisational Buying Process



## 2. Organisational Buying Process



## 2. Organisational Buying Process

02

Method: A Supplier Evaluation System

<i>Attribute (or Factor)</i>	<i>Weight (Important)</i>	<i>Supplier Performance*</i>	<i>Supplier Rating (or Score)</i>
Quality	30	0.8	$30 \times 0.8 = 24$
Delivery	25	0.4	$25 \times 0.4 = 10$
Price	15	0.6	$15 \times 0.6 = 09$
Service	20	0.6	$20 \times 0.6 = 12$
Flexibility	10	0.2	$10 \times 0.2 = 02$
<b>Total</b>	<b>100</b>		<b>57</b>

\* The information on the existing supplier's performance is obtained from departments.



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Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p42.



## 2. Organisational Buying Process

02

### Thảo luận:

Một công ty X chuyên sản xuất ô tô vận tải hành khách có ba nhà cung ứng thép lạnh cuộn đã mua hàng lâu năm. Theo chính sách công ty X, mỗi đơn hàng mua vật tư không được quá ba nhà cung ứng. Công ty chúng ta đang là nhà cung ứng tiềm năng và muốn tham gia cung ứng cho công ty X. Là nhà Marketing công nghiệp, bạn sẽ làm gì?

Source: B2B book – India version – Q1, p59



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## 2. Organisational Buying Process

### Thảo luận:

Một số lượng lớn các máy tính cá nhân được mua bởi Tổ chức giáo dục Ấn Độ cho sinh viên của họ. Xác định các yếu tố hoặc tiêu chuẩn mà có thể được sử dụng để đánh giá và lựa chọn nhà cung cấp. Bạn sẽ đề nghị kỹ thuật đánh giá nhà cung cấp nào và tại sao?

*Source: B2B book – India version – Q2, p59*



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## 2. Organisational Buying Process

### Tình huống:

Một công ty sản xuất sơn quốc tế đang chuẩn bị xây dựng nhà máy mới ở gần Mumbai, Ấn Độ. Công ty muốn mua lần đầu vật tư xây dựng nhà kho để chứa nguyên vật liệu, bán thành phẩm và thành phẩm. Công ty chọn một công ty tư vấn kỹ thuật. Tổng trị giá đơn hàng ước tính khoảng 5 triệu Rubes. Giả sử bạn là người quản lý chi nhánh của một trong ba nhà cung cấp chính cho thiết bị trên. Bạn đang quan tâm để có được hợp đồng này, và bạn muốn áp dụng các khái niệm và kỹ thuật mà bạn đã được học. Bạn nên làm gì lúc này và tại sao?

*Source: B2B book – India version – Q3, p59*

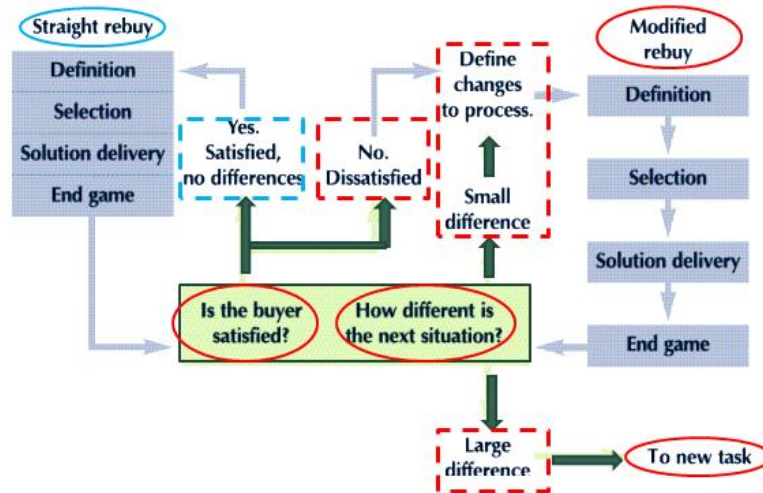


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### 3. Types of Purchase or Buying Situations

03



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition.



### 3. Types of Purchase or Buying Situations

03

#### Classifying buying situations:

The buying behavior involves degree of effort involved in the decision and the levels within the organization in which these decisions are made

#### 1. Straight Rebuying

- A recurring purchase decision in which a customer reorders a product that has satisfied needs in the past.
- Marketers maintaining **good relationships** with customers can go a long way toward ensuring straight re-buy (High-quality products, superior service, prompt delivery).

#### 2. Modified Rebuying

- May occur if supplier has let a rebuy circumstance deteriorate because of poor service or delivery performance.

#### 3. New-Task Buying

- First-time or unique purchase situations that require considerable effort by the decision makers.
- Often requires purchaser to consider alternative offerings and vendors.

### 3. Types of Purchase or Buying Situations

03

#### The Buygrid Framework for Organisational Buying Situations:

Buy phases (Phases in Buying Process)	Buying Situations		
	New Task	Modified Rebuy	Straight Rebuy
1. Problem recognition	Yes	Maybe	No
2. Characteristics and quantity of needed item	Yes	Maybe	No
3. Description or specification of needed item	Yes	Maybe	No
4. Search for and qualifications of potential suppliers	Yes	Yes	No
5. Obtaining and analyzing supplier proposals	Yes	Yes	Maybe
6. Evaluation of proposals and selection of suppliers	Yes	Yes	No
7. Selection of an order routine	Yes	Yes	Maybe
8. Performance feedback and evaluation	Yes	Yes	Yes



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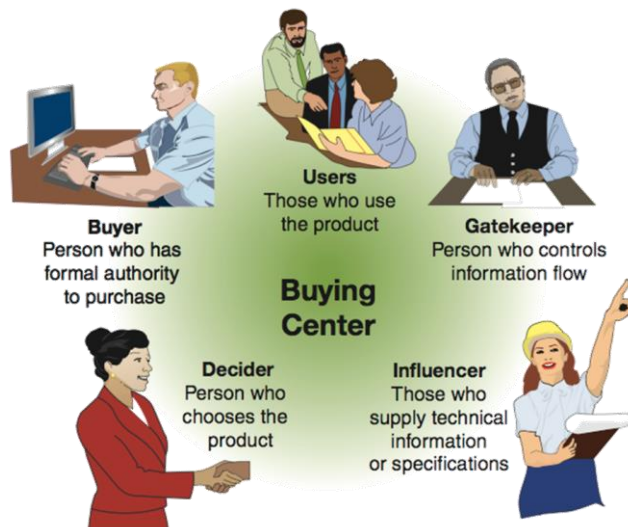
Krishna K Havaldar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p46.



### 4. The Buying Center

04

- ❖ The organizational buying process is typically influenced by many individuals.
- ❖ The degree of involvement of individuals varies for different buying situations.



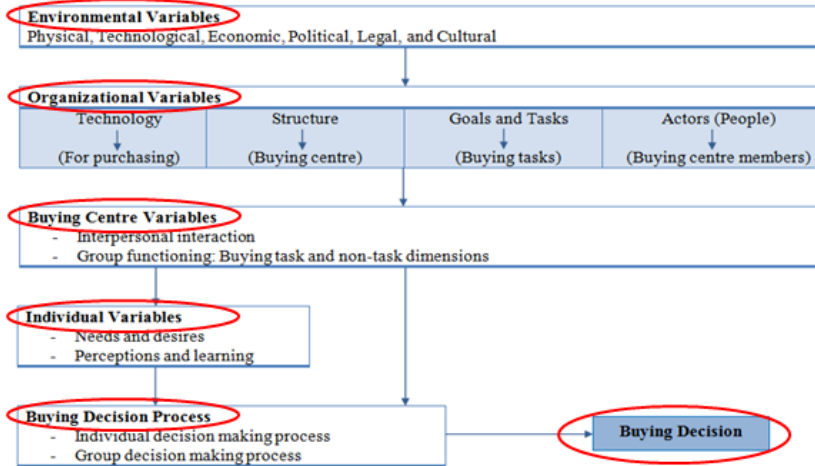
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## 5. Models of Organisational Buying Behavior

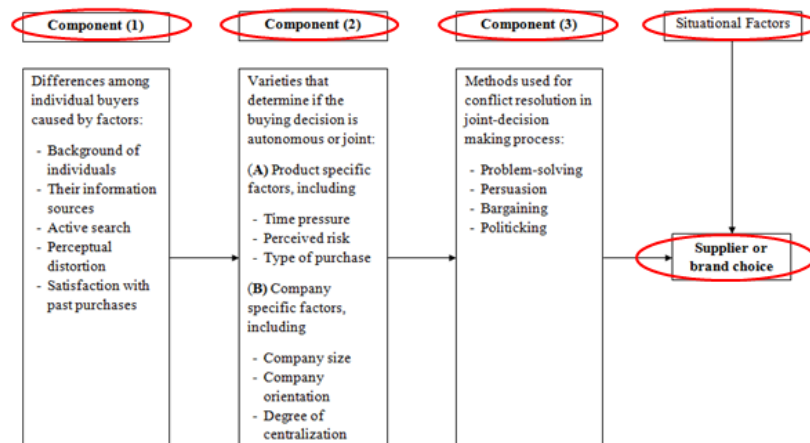
The Webster and Wind Model of Organizational Buying Behaviour



Nguồn: Adapted from F.E. Webster, Jr and Y. Wind, "A General Model of Organisational Buying Behaviour", *Journal of Marketing*, 36, 2 (April, 1972), 12-19.

## 5. Models of Organisational Buying Behavior

The Sheth Model of Industrial Buyer Behavior

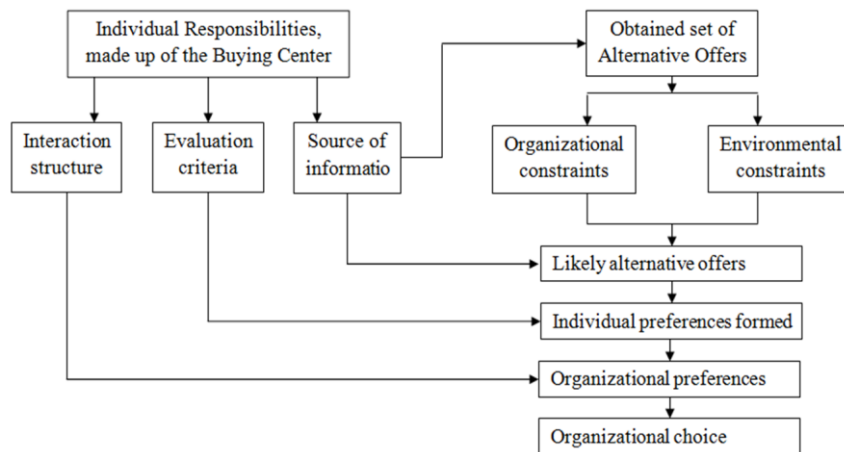


Nguồn: Adapted from Jagdish N. Sheth, "A Model of Industrial Buying Behaviour", *Journal of Marketing*, 37, Oct, 1973, 50-56.

## 5. Models of Organisational Buying Behavior

05

The Choffray and Lilien Model of Organizational Buying Behavior



Nguồn: Jean Mary Choffray & Gary L. Lilien, "Assessing response to Industrial Marketing strategy", *Journal of Marketing*, 42, April 1978, 22.



## 6. Questions and Homework

06

1. At what phase(s) of the industrial buying process the business marketer should get involved and why?
2. Is the organizational buying process for services the same as that for physical products? Explain.
3. Describe any one of the techniques used by customer organizations for evaluating performances of suppliers? Why is it importance for the sales person or the supplier firm to understand clearly the supplier evaluation system followed by the customer organization?



## 6. Questions and Homework

06

A business marketer (who is out or potential supplier) is keen to supply cold-rolled (CR) steel coils to a major passenger car manufacturer, who has been buying the same material from three other suppliers on regular basis for the past few years. As per the purchase policy, the car manufacturer can not buy any material from more than three suppliers. What should the business marketer do to supply CR steel coils to the major passenger car manufacturer?


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