

Business Markets and Business Buyer Behavior

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Objectives

- ✦ We focus on six 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 buying process?
 - What are the major influences on organizational buyers?
 - How do business buyers make their decisions?
 - How do institutions and government agencies do their buying?

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What is a Business Market?

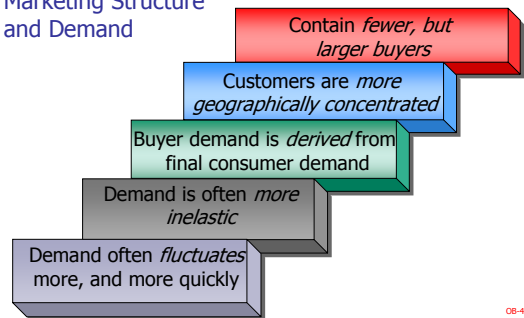
- ✦ A business market comprises all the organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others.
- ✦ The business market is huge and involves many more dollars and goods than do consumer markets.

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Characteristics of Business Markets

Marketing Structure and Demand



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Characteristics of Business Markets



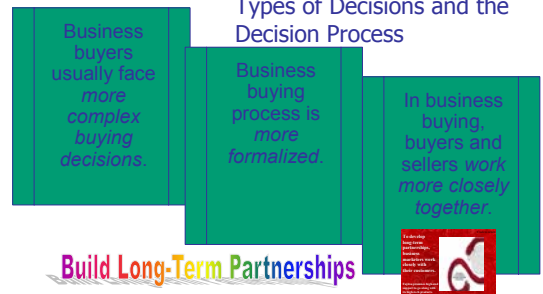
- ✦ Nature of the Buying Unit
 - Business purchases involve more buyers.
 - Business buying involves a more professional purchasing effort.

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Characteristics of Business Markets

Types of Decisions and the Decision Process



Build Long-Term Partnerships



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Model of Business Buyer Behavior



The Environment

Marketing Stimuli:

- Product
- Price
- Place
- Promotion

Other Stimuli:

- Economic
- Technological
- Political
- Cultural
- Competitive

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The Buying Organization

The buying center

Buying decision process

(Interpersonal and individual influences)

(Organizational Influences)

Buyer Responses

Product or service choice

Supplier Choice

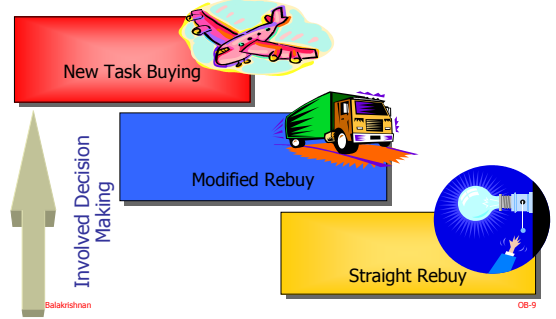
Order Quantities

Delivery terms and times

Service terms

Payment

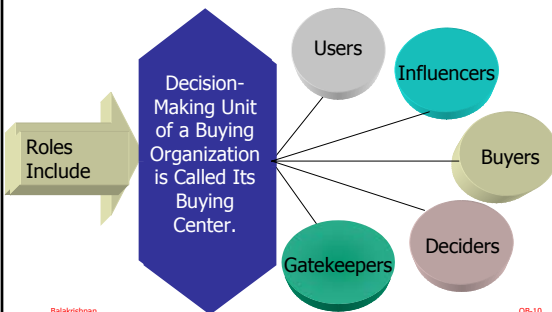
Major Types of Buying Situations



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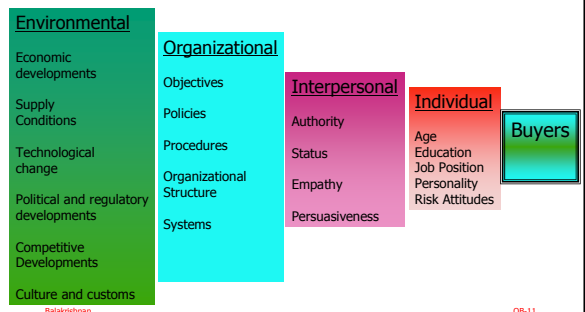
Participants in the Business Buying Process



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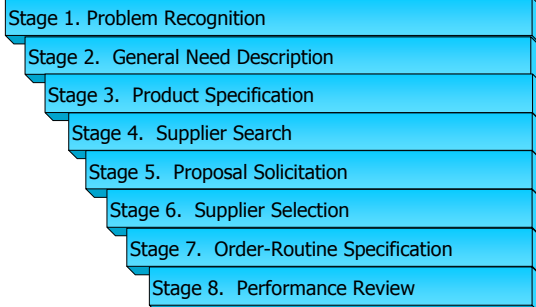
Major Influences on Business Buyer Behavior



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The Business Buying Process



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An Example of Vendor Analysis

Attributes	Rating Scale				
	Importanc Weights	Poor (1)	Fair (2)	Good (3)	Excellent (4)
Price	.30				x
Supplier reputation	.20			x	
Product reliability	.30				x
Service reliability	.10		x		
Supplier Flexibility	.10			x	
Total score: $.30(4) + .20(3) + .30(4) + .10(2) + .10(3) = 3.5$					

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Business Buying on the Internet

- ✦ Business buyers may purchase electronically by:
 - Electronic data interchange links (EDI)
 - The Internet
- ✦ Connecting to customers to:
 - Share marketing information,
 - Sell products & services,
 - Provide customer support, and'
 - Maintain on-going relationships.



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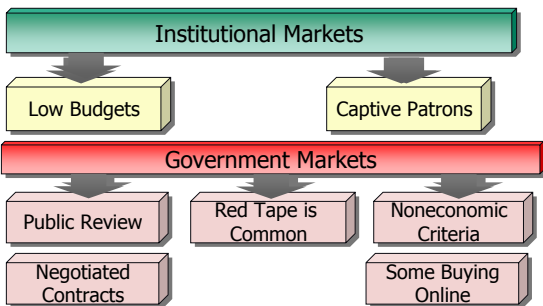
Benefits and Problems of Buying on the Internet

- ✦ **Benefits:**
 - Shave transaction costs
 - Reduce time between order and delivery
 - Create more efficient purchasing systems
 - Forge more intimate relationships
 - Level the playing field
- ✦ **Problems:**
 - Cut purchasing jobs
 - Erode supplier-buyer loyalty
 - Create potential security disasters

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Institutional and Government Markets



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Review of Concepts

- ✦ Define the business market and explain how business markets differ from consumer markets.
- ✦ Identify the major factors that influence business buyer behavior.
- ✦ List and define the steps in the business buying decision process.
- ✦ Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

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