

Understanding Business buyer behavior

Business Buyer Behavior refers to the buying behavior of 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 buying process of companies and organizations is formal, extensive, and complex and it varies across industries and companies. In order to provide the most effective service, the steps and procedures through which the industrial customer makes his decision, implements it and follows it up must identified.

TYPES OF ORGANISATIONAL/BUSINESS MARKETS

- **Industrial markets**- these are organisations that buy goods and service for the production of other products and services that are sold, rented, or supplied to other organisations and final consumers.
- **Reseller markets**- Individuals and organisation (retailers, wholesalers, and industrial distributors) that buy goods to resell or rent to other organisations and final consumers.
- **Government markets**- federal, state, and local government units that buy goods and services for conducting the functions of governments.
- **Non-profit markets**- Organisations such as public and private universities, colleges hospitals, nursing homes, prisons, and charitable institutions that buy goods and service for carrying out their functions.

Difference between consumer and business markets

- In contrast to consumer buying, organizational purchasing often entails a greater number of decision-makers and a more formalized purchasing process. Business purchases are frequently conducted by skilled purchasing agents who dedicate their careers to mastering the art of procurement.
- The greater the complexity of the purchase, the higher the likelihood that many individuals would engage in the decision-making process. Purchasing committees consisting of technical specialists and senior management are prevalent in the acquisition of significant items.

Difference between consumer and business markets

Furthermore, B-to-B marketers are now confronted with a new class of more sophisticated and well-trained supply managers. Consequently, organizations employ proficient marketers and sales personnel to engage with these knowledgeable consumers.

- The main differences are in market structure and demand, the nature of the buying unit and the types of decisions and the decision process involved.

CHARACTERISTICS OF BUSINESS MARKETS

- Professional purchasing
- Derived demand
- Geographical concentration
- Limited number of customers
- Close supplier – customer relationship
- Purchase in large quantities

The nature of the buying unit

- The Decision Making Unit is made up of a group of people who are responsible for purchasing. **It is important to gain a deep knowledge of who participates in the buying decision process because different people from different functional areas of the buying organization have different needs, motivations and beliefs which affect the buying decision making process.**
- The decision making unit consists of: Initiator, Users, Influencers, Buyers, Deciders, Gatekeepers.

The types of decisions

Organisational buying situations

- New task buying situations.
- Modified rebuy
- Straight rebuy

The Decision Making process involved.

- Problem recognition
- General Need Description
- Product Specification
- Supplier Search
- Proposal Solicitation
- Supplier Selection and Order Routine Specification
- Performance Review