

# Organizational Buying Behaviour

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# Organizational Buying Behaviour

- Organizational buying behaviour is displayed while searching for, purchasing, consuming and disposing of products/services for organizational purposes.
- It involves purchase of products/ services for the purpose of production of other products; reselling; or used for management of organizational operations.

# Consumer V/s Organizational Buying Behaviour

Consumer Buying	Organizational Buying
Self consumption by end user	For institutional/industrial consumption – production, reselling or organizational operations
Bought in smaller quantities	Bought in large quantities, bulk buying
Individuals or family members	involvement of experts, departments, committees
Purchased on emotional and rational criteria	Purchased primarily on rational / performance basis
Less Technical Expertise	Greater Technical Expertise
No or Moderate Relationship between buyer and seller	Strong and stable between Relationship between buyer and seller

# Consumer V/s Organizational Buying Behaviour

Consumer Buying	Organizational Buying
Decisions are Simple	Decisions are complicated
Buying process is short and less time consuming	Buying process is lengthy and time consuming
Influenced by personal, social, cultural, psychological factors	Influenced by environmental – technological, economical, legal-political; and organizational factors
Terms and Conditions are moderately relevant	Terms and Conditions are extremely relevant – quality, quantity, delivery, service, payments etc.
Prices – MRP or List Price or Promotional Prices	Prices – Negotiated or Competitive Tenders or Bidding

# Factors Influencing Organizational Buying Behaviour

- Organizational:
  - Objectives; organizational structure; products; technology; purchasing policies and procedures; product evaluation; centralization vs decentralization
- Environmental
  - Technological, Economical, Political and Legal, Trade Unions; Competitive Practices; Suppliers/Vendors; customer demands
- Buying Centre
  - Number of members, authority, relationships, influencers
- Individual Characteristics
  - Position, personal goals/ambitions, education, knowledge, expertise, experience, values,

# Organizational Buying Situations

**Straight Rebuy** – routine decisions, repetitive process (energy, office supplies, raw materials, parts etc),  
Eg.: component suppliers for the automotive industry

**Modified Rebuy** – more complicated but less repetitive  
It involves search for new material, new supplier, modified designs or parts and components

**New task** – calls for thorough research  
Eg.: setting up a new industrial plant or designing new products. Strategic new tasks are of extreme strategic and financial importance

# Decision Making - Buying Centre

- Group of people involved in the buying process – buying center
- It consists of members from top management, technical, finance, research, production, purchase and material and other departments
- They play 5 different roles
  - Buyer
  - User
  - Initiator
  - Gatekeeper
  - Influencer

# Organizational Buying Process Stages

- Problem recognition (need for products/services)
- General need description (type, quantity, timing)
- Product specification (technical details)
- Supplier search
- Inviting Proposal
- Supplier selection
- Order routine specification
- Performance review (delivery, quality, payments)