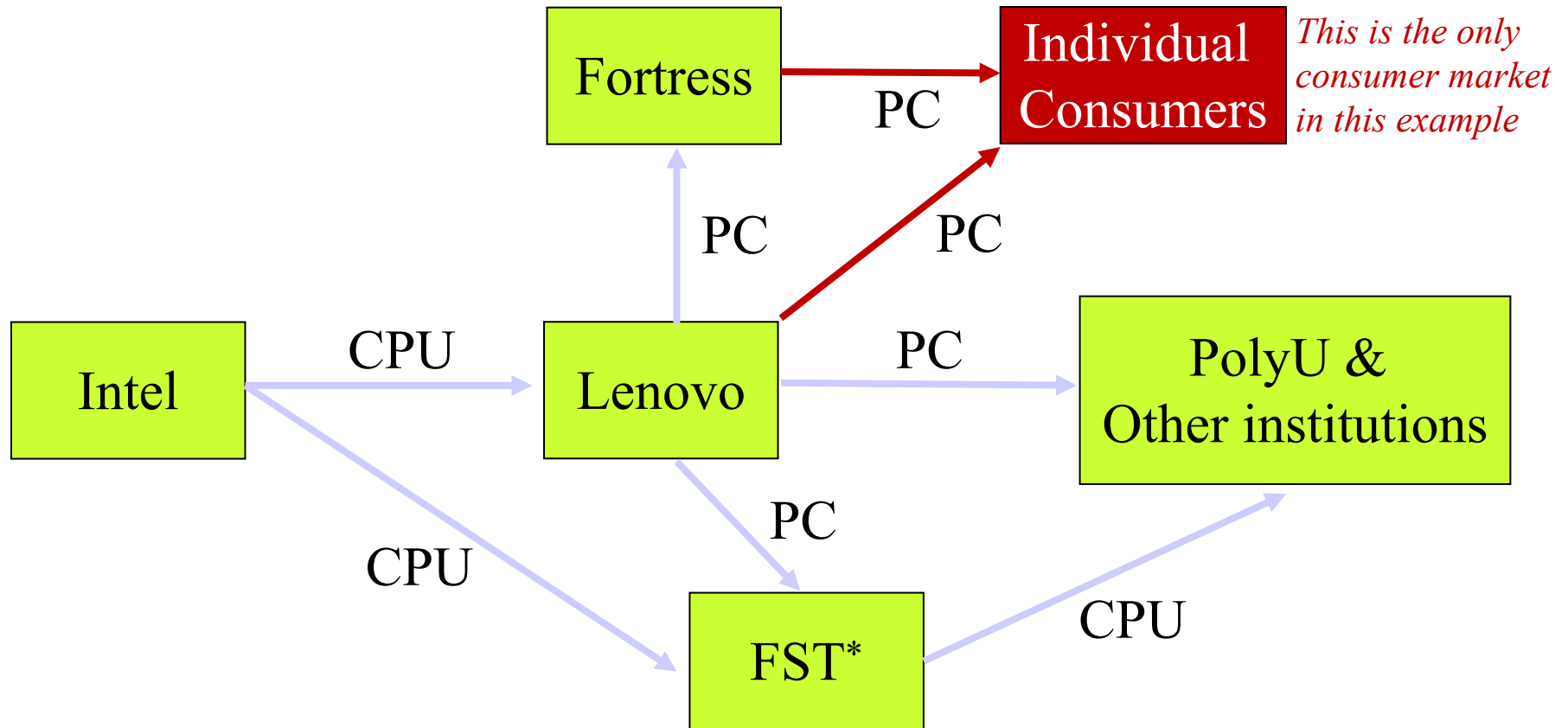


Business Market

1. Business markets have different features from consumer markets
2. Buying center

Business vs. Consumer Markets: Illustration



* Located in Hong Kong, FST (Fortune Success Technology Co. Ltd.) is an IT distributor, carrying a wide range of products such as Memory Modules, SSD, CPU, Memory Cards & USB Flash Drive.

Characteristics of Business Market Demand: An Example

Singapore Airlines Purchased 20 Boeing 777 and 19 Boeing 787 for \$13.8 Billion in Feb. 2017.

- **The demand is derived** from the demand for air travel in Asia, a hot travel market
- **Demand is widely fluctuating:** a large order that eventually can amount to 51 planes. Airbus got nothing.
- **Buyers are well informed:** only two potential suppliers, Boeing and Airbus; the negotiations went on for years.
- **Demand is less elastic to price change (?)**

Differences: B2B vs. B2C

Characteristic	Business Market	Consumer Market
<i>Demand</i>	Organizational	Individual
<i>Volume</i>	Larger	Smaller
<i># of Customers</i>	Fewer	Many
<i>Location</i>	Concentrated	Dispersed
<i>Distribution</i>	More Direct	More Indirect
<i>Nature of Buying</i>	More Professional	More Personal
<i>Buy Influence</i>	Multiple	Single
<i>Negotiations</i>	More Complex	Simpler
<i>Reciprocity</i>	Yes	No
<i>Leasing</i>	Greater	Lesser
<i>Promotion</i>	Personal Selling	Advertising

Closer supplier-customer relationship in B2B than in B2C

Factors Influencing Business Buying Process

BUYING MOTIVES

- *Organizational*
- *Personal*

BUYING CENTRE

- *Users*
- *Influencers*
- *Deciders*
- *Gatekeepers*
- *Buyers*

TYPES OF DECISIONS

- *New Task*
- *Straight Rebuy*
- *Modified Rebuy*

BUYER-SELLER RELATIONSHIP

- *Value chain*
- *Loyalty*

BUSINESS BUYING -DECISION PROCESS

Need recognition

Identification of alternatives

Evaluation of alternatives

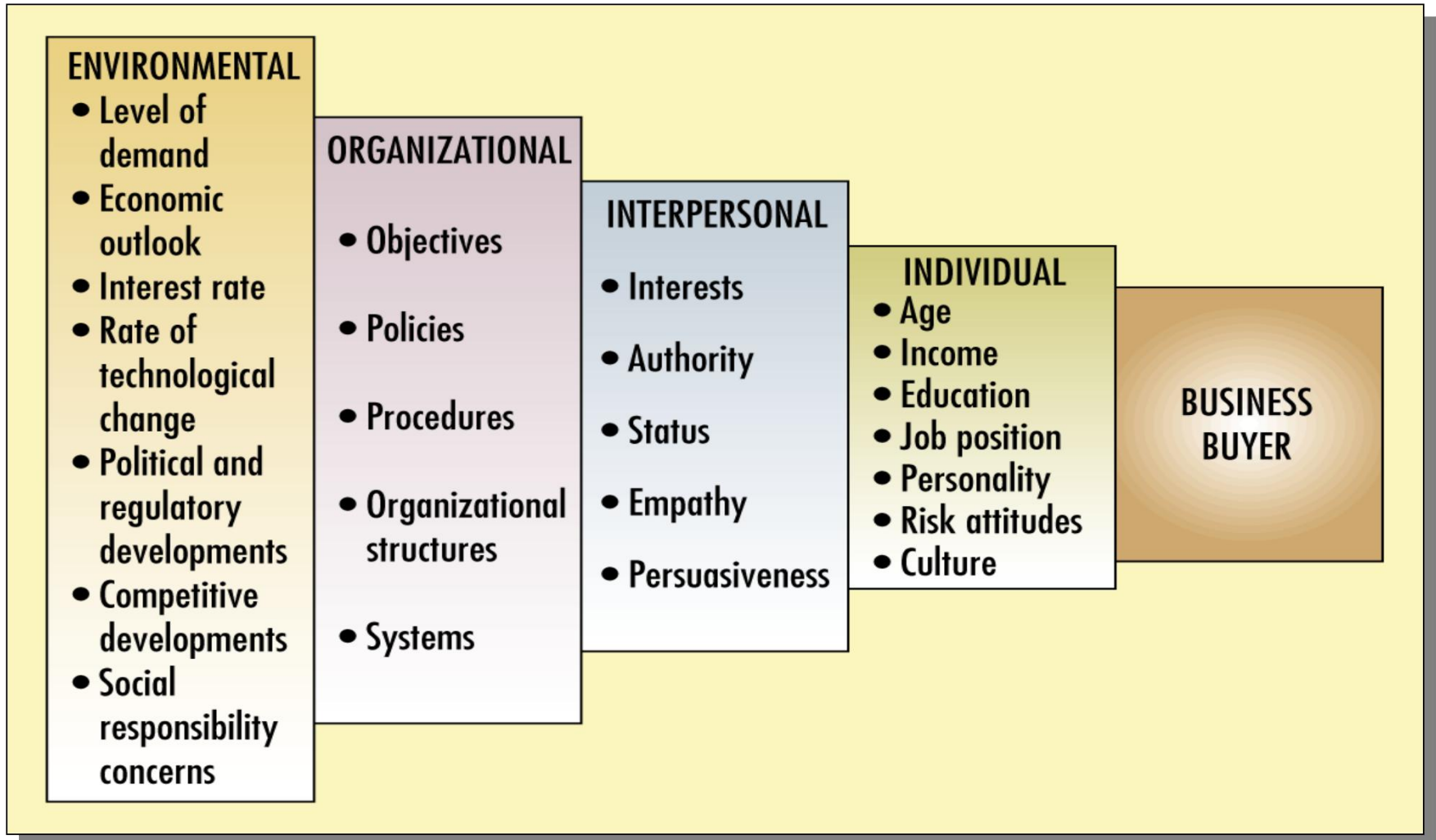
Purchase & related decisions

Post-purchase behavior

BUYING PATTERNS

- *Direct*
- *Frequency*
- *Order Size*
- *Negotiation*
- *Reciprocity*
- *Service*
- *Leasing*

Factors Influencing Industrial Buyer



Buying Center

A number of people involve in most business buying decisions. They play the following roles:

- **users**: those who will use the product/service
- **influencers**: often set specifications to follow
- **deciders**: make the actual decision to buy
- **gatekeepers**: control the flow of information
- **buyers**: actually process the purchase order

In a Buying Center

- Several people may play the same role or the same person may occupy more than one role.
- The size and composition of a buying centre will vary among businesses.
- Trying to determine who does what in a buying centre is very important but can also be very difficult.
- The challenges in a business buying-decision process suggest that coordination of the buying and selling activities would be beneficial to both firms.

Questions

1. *Are there buying centers in your organization? Who are the users, influencers, deciders, gatekeepers and buyers when it comes to the purchase of computers (infrequent purchases) or packs of copy papers (frequent purchases)?*
2. *Buying centers are common in a business market. Can you find their counterparts in consumer markets? Examples?*