
Purchasing by Swedish Grocery Chains

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In this article, the results from a study of the purchasing procedures in the two largest companies in Swedish grocery distribution are presented. Comparisons with similar studies are interwoven throughout the text concerning distribution companies in the U. S. A., Canada, the U. K., Finland and Norway. A tentative conclusion from the comparisons is that there are some general differences in purchasing procedures between North America and Europe. Factors which could explain these differences are market size and the degree of concentration in the food distribution industry.

PURCHASING IN DISTRIBUTING COMPANIES AS A RESEARCH TOPIC

Research concerning purchasing in distributing companies has been quite limited. This is remarkable in that professional purchasing in other kinds of organizations has been studied quite extensively, especially research within the field of industrial purchasing, particularly in recent years.

There are at least two plausible reasons why researchers have had little interest in distributors' purchasing behavior. First, in the marketing textbooks trade has been regarded only as "distribution channels", designed to let the manufacturers' goods reach the market. Hence, marketing theory has been developed mainly from the producer's point of view; distributors historically have been small, passive and uncomplicated [16]. Second, trade has taken an uninterested and sometimes even hostile

attitude towards research. This is quite understandable in view of the fact that trade traditionally has had few academically educated officers.

Today, however, distributors are large and powerful organizations and no longer passive intermediary links between producers and markets. Their businesses are therefore quite interesting and problematic for several sectors in society, and hence purchasing procedures are becoming an even more important field of research. Also, as the distributing companies grow larger and their business becomes more complicated, the number of academically educated managers is increasing. Therefore, trade is not only getting more interesting from the researcher's perspective, but it will also be easier for the researcher to study distributing companies' business.

THE STUDY

The author of this article became aware of the deficiency of literature within the field of distributors' purchasing when he conducted a study of purchasing procedures in two Swedish grocery chains. This article is a presentation of the results from this project, with a comparison to what other studies have reported [21].

Since the topic is relatively uninvestigated, an exploratory research strategy was deemed appropriate for the study. The aim of the project was

to give a thorough scientific description and explanation of the purchase decision-making process and assortment policy of the food distributors, and thereby contribute to the knowledge of "how" and "why" the decisions concerning assortment composition are made.

A qualitative approach was chosen for collection and analysis of the data [22]. The dominant data collection technique was participant observations, implying observations of and informal discussions with the individuals under study. Similarly, the main technique for data analysis was the constant comparative method, as presented by Glaser and Strauss [4], and resulted in what these two authors call a "grounded theory".

Two of the three conglomerates that dominate food distribution in Sweden were studied. These were ICA, a voluntary chain of retailers, and KF, a union of consumer cooperatives, with market shares of 37% and 30% respectively. Swedish grocery trade is, hence, extremely concentrated, but it is also characterized by a very far reaching integration, both vertically and horizontally. It should be mentioned that only the wholesale level was studied, i.e., how the distributors make their purchases from suppliers and compose the wholesale assortments, out of which the store assortments are selected.

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BUYER'S INFORMATION GATHERING

Information Sources

The buyers are normally informed about the new products through personal visits by supplier representatives. The salesmen show filled-in "new item forms" and sample products to the buyers; in a few cases, the buyer might, at his own initiative, actively search for products to add to the presented assortment. However, lack of time and the multitude of offers from producers often counteract the buyers' propensity to take the initiative.

When the buyers have learned about the new products, they begin to gather information upon which the purchasing decisions can be based. This information comes from many sources:

- From the *supplier representatives*, the buyer receives information specifics about product characteristics, market development and similar facts.
- On the "*new item forms*", the supplier presents his prices, packaging sizes, date of market introduction, sales forecast, market plan and so on.
- The *distributor's computerized information system* supplies information on the sales development of existing items, the stock level and profitability figures.
- The buyer investigates the *product*, and tests it both on his own and together with colleagues, coworkers and family members.
- All new products are tested at KF by a consumer panel and the *test results* from this panel are of vital importance for the decisions.
- Similarly, a *laboratory* sometimes tests the chemical constitution and hygienic standards of new products.

These information channels supply the buyer with relevant data for the specific purchasing decisions. In addition, the buyer can obtain information of a more general character from other sources:

- The buyer often *visits the supplier companies* in order to study the production facilities and to broaden personal acquaintances.
- *Facts about the market and distribution* reach the buyer in different ways — through market research, contacts with the distributor's sales department and mass media. This kind of data is, however, normally not collected for

"Salesman's power to influence the buyer's decision is limited."

the specific purchasing decisions, but serves rather as background information.

- The buyer can also obtain valuable information from his *colleagues*. This is mostly of a general character — concerning consumer behavior, physical distribution and tactical considerations. In addition, each buyer has his own stock of experience of what affects products, suppliers and markets.
- *Information about competing distributing companies* is less common. However, occasionally confidential information is obtained, mostly from producers supplying both companies.

Treatment of Information

Generalizing about *what importance different types of information may have for the decision-making* is very difficult. This is partly because the weighing of different data varies enormously depending upon which product is involved, which buyer makes the evaluation and what other circumstances exist. Second, the different factors are interrelated in a complex pattern.

On the other hand, those factors that have a general significance can be identified. It is interesting, therefore, to study why these are important and how they are used in the decision-making process.

The very fact that there are *formalized information systems*, which provide the buyers with certain facts, makes this particular information important. It should also be recognized that the information systems are built just to furnish the decision makers with the most pertinent data. The most important examples are the "new item forms", computer printouts with sales statistics, and, on KF's part, consumer panel test results. Also KF's "product fact sheets" should be mentioned—these are the forms on which the buyers summarize various facts about the offered products for the buying committee's information.

Other factors which influence what information is collected and taken into consideration are the *standards, rules and routines* that the company has developed for the purchasing procedure, as well as the personal opinions and assumptions that the buyer and his coworkers have. If *salesmen, colleagues or other persons from within or outside the company* point out certain product characteristics or market conditions as being particularly important, it is natural that these points have a high probability of being taken into account by the buyer.

The buyers' ideas of what it is important to consider are largely influenced by *what norms they perceive within the buying committees*. As the committees have the final say on the propositions from the buyers, it is natural that the buyers attempt to adjust their opinions to the committees' norms and reasoning. But at the same time, the committee members' opinions are influenced by the formalized information systems and by the buyers' reasoning.

Evaluating and weighing the collected information is another matter. The evaluation must to a great extent be based on certain heuristics, in combination with experience and judgement. For example, sales figures for a product are evaluated in comparison to competing brands; but because conditions vary from product to product, such comparisons are difficult to make. Because of this, the rate of rise or decline of the sales figures over time often tend to be a decisive measure. Another heuristic is that a low score for a product in KF's consumer panel test is bound to exclude this product from all further considerations.

One problem in the weighing and comparing of different factors is the limited capacity of the human brain. A decision maker can not grasp over more than five to ten variables simultaneously; because of this, heuristics and judgement are needed.

By using composite variables, it is possible to consider a larger number of variables at one time. Among several such composite variables are "consumer value", "product uniqueness" and "supplier reliability". There are other situations as well where the buyers try to combine the multitude of decision influencing variables. This can be seen when the buyers make their presentations before the buying committees. Because these presentations are a summary, it is only human to simplify, generalize and rationalize.

Importance of Information Sources

It is natural that the *producer representative* supplies the buyer with a lot of relevant information which affects his decisions. There are, however, several circumstances that reduce the salesman's possibilities to influence the buyer: (1) Producer's visits are short and formal. (2) Buyers seldom make notes during salesman's presentations. (3) The products are regularly not sampled by the buyer in the presence of the salesman. (4) Questions and discussions are not very abundant. (5) The buyer tends to give more weight to data from his other information gathering routines [2].

Two conclusions are that the salesman's power to influence the buyer's decision is limited, though it certainly exists to some degree, but "how" the supplier representative plans and conducts his presentation is not a critical factor.

One conclusion is that the salesman's power to influence the buyer's decision is limited, though it certainly exists to some degree. How the supplier representative plans and conducts his presentation is thus not a critical factor.

An interesting observation is that both salesmen and buyers resist discussing what the buying decision is going to be, even though the buyers have often made their decisions before the salesmen have presented their products. Also both parties apprehend that arguing over each single case might destroy the long-term business relation. Finally, it is common that the formal purchasing decisions in the distributing company are made by buying committees and not by the buyers themselves. This gives the buyer a reason and an excuse not to discuss the decision with the salesman [2, 18].

Written information of various kinds is of vital importance for the buyer's decisions. This could consist of "new item forms", letters, pamphlets, or advertisement copies: especially common and

important are the "new item forms", i.e., forms drafted by the distributing company and filled in by the salesman [5, 6, 8, 11]. Several researchers criticize this written material: Borden [2] writes that supplier made information is poorly presented and that the "new item forms" have insufficient space. Johnson [14] reports that the letters, pamphlets and other written materials are not informative enough, but instead are often deceptive selling jargon.

Most distributing companies have a *computerized information system to record and store their statistics on sales and storage levels*. This information system provides buyers with quick, reliable and detailed data for decision-making. With this system it is easier to sort out old, poorly selling products. It also provides buyers with information superior to that of the supplier which places the buyer in a better negotiating position [8, 3, 9, 15].

It is quite remarkable that some of the buyers in Borden's study [2] did not always analyze the sales statistics in depth as they should have, but instead based their decisions on subjective evaluations and memories concerning the sales. Also Doyle and Weinberg [3] and Grashof [8] have a similar critical view of the buyers' use of the computer printouts.

None of the American studies report that the distributing companies are *testing the new products by consumer panels or in laboratories*. On the contrary Borden [2] writes explicitly that extensive tests of products hardly exist. Instead, suppliers are held responsible for and trusted in testing their products. Even more notable is the fact that not even buyers and buying committees are reported to sample every new item.

The European studies report different results in this respect. Within the British distributing companies there are tests of various kinds – thorough test routines, laboratory analyses and sampling by buyers and buying committees. The most common tests are, however, sampling by buyers and their families [14].

Three of the four companies that dominate the Finnish market have *every* new product tested by consumer panels and in laboratories. In one company, a voluntary chain, these tests are extremely extensive [15].

One of the largest Swedish food distributors, the consumers' cooperative chain, has test procedures on almost the same scale as the above mentioned

Finnish voluntary chain. Other companies on the Swedish market are also testing the new products fairly thoroughly, though some of these tests consist of sampling by buyers and buying committees.

BUYERS' ANALYSES

Factors Influencing Decisions

The problem most dealt with by researchers of purchasing in distributing companies is determining *what* factors influence the purchasing decisions. Consequently, large numbers of lists comprising such factors have been compiled by researchers. These lists differ widely, however, and it is therefore awkward to draw conclusions from them except on a very general level.

Thus, the ultimate criterion for the purchasing decision is the product's profitability and sales potential. This is often difficult to estimate; thus, other factors are used as substitutes. Hence, the buyer considers the supplier's identity to be related to the sales potential and also the amount of marketing support the product will get, what degree of newness the product has and what it offers to consumers.

In order to illustrate the diversity among the research results concerning decision influencing factors, five examples are presented.

1. Grashof [7] investigated the purchasing process in U.S. distributing companies using two alternative methods. He conducted three simulation experiments and also made a qualitative case study based on interviews with various decision makers within five chains. The following factors were found to be most important for the purchasing decisions:

- Movement
- Promotional program of the supplier
- Gross margin per cent of the item
- Introductory program (for the new items)
- Newness of the item (for the new items)
- Role of the item in the total mix of items carried by the chain.

2. Doyle and Weinberg [3] made a multiple regression analysis, based on the following factors. These resulted from a series of interviews with buyers within British distributors.

- Potential opportunities in relevant product class

- Marketing reputation of the manufacturer
- Price of the brand compared to competitors
- Quality of the brand compared to competitors
- Contribution margin
- Rating of proposed product launch
- Expected volume compared to others in product class
- Potential profitability to the supermarket if launch successful

3. Heeler, Kearny and Mehaffey [11] tested three variants of the Fishbein model, using the following factors as a basis. The factors were acquired from a Canadian food distributor. The first four were found to be most significant.

- Gross profit percentage
- Time of discount on payables (credit)
- Supplier advertising
- Number of competing items stocked (uniqueness)
- Cooperative advertising
- Number of competing chains carrying the product
- Introductory allowance
- Product velocity
- Percentage discount on payables
- Volume rebate
- Minimum order requirement
- Point-of-scale material
- Retail representatives in the area

4. In Lindqvist's study [15] of the purchasing process in Finnish distributing companies, the following factors can be identified. The first five are the most influential.

- Product quality
- Product's demonstrated sales potential
- Supplier's price policy
- Supplier's marketing support
- Supplier's delivery reliability
- Supplier's market share
- Supplier's cooperativeness
- Supplier's overall reliability
- Product consumer value
- Product sales forecast
- Existence of private brands
- Product's origin (Finnish or foreign)
- Possibility for reciprocal purchases
- Buying conditions
- Product image

- Supplier's sales face
- Tactical considerations

5. A lot of decision influencing factors are identified in *the author's study*. These can be summarized as:

- Profitability and sales
- Assortment
- Consumer value
- Introductory marketing
- Supplier characteristics
- Tactical considerations
- Prices and economic conditions
- Distribution channel requirements

As can be concluded from these five lists, it is impossible to construct an all encompassing and general list of factors. Instead, it is more interesting to compare the various findings and to try to find some explanations for the differences. This is done in the following sections. The text is then structured according to these categories of factors. First, however, the way in which the factors are interrelated is explained.

The most determinative criteria are *profitability and sales potential*, but these are dependent on several other factors. Not only must the sales potential of an individual product be assessed, but it is also necessary to estimate *how related products may be affected*. The sales volume is determined by *consumer demand*, which is, in turn, influenced by how the *marketing campaign* is conducted, and by the manufacturer's market position. But also other *supplier characteristics* are important, partly because these affect the power relation between distributor and supplier. For the distributor, it is of vital importance to maintain independence, and, therefore, *tactical considerations* often play an important role in the choice of supplier. Finally, profitability is affected by *prices, contracts, and other economic conditions*, as well as the structure of costs. These, in turn, are partly influenced by *physical distribution factors*.

Profitability and Sales

The entire purchasing process can be seen as an effort to increase the distributor's total *sales volume*. New products with good sales forecasts are accepted and those that do not sell well are eliminated.

Many researchers emphasize that the ultimate criteria for distributor's purchasing decisions are

profitability and sales. All the other factors — price, marketing, etc. — are said to be considered only as indicators of how well these criteria are met [12, 5, 8, 23, 14]. There are, though, a few authors who do not mention at all the concept of profitability, but treat the other factors as having importance in themselves.

Judging the sales of products already in the assortment is considerably easier than estimating the future sales of a new product. From the computer print-out, the buyer receives exact and detailed sales statistics regarding the existing products. Thus, for deletion decisions, sales performance is the totally dominating argument, while decisions concerning new items are often based on a multitude of other variables which are assumed to affect demand [5, 8].

The most reliable and desirable measure of a new product's sales potential is results from sales tests. Furthermore, trade often interpretes the fact that the supplier is conducting sales tests as evidence that the supplier himself believes strongly in the new product. This latter function of the sales tests could be of great importance for the decision [14].

A frequently applied method to forecast the demand for a new product is to base the estimation for other items in the product class on sales volumes. The forecast can also emanate from the supplier's own assessment or the buyer's personal judgement of product characteristics, marketing program, etc. [8].

Assortment

When the *assortment* of a new product is expanded, the sales of the existing products within the same product category are normally reduced. This leads to higher distribution costs and a poorer economic agreement with the supplier. There are also costs associated with the incorporation of new items into the assortment as well as the elimination of old ones. This all leads to a general critical attitude towards accepting new products, especially if these would expand the assortment.

Some studies mention the fact that the width of the assortment could be a problem for the distributor and that efforts to keep the assortment within a reasonable size could influence the purchasing decisions. There are, however, remarkably few American studies who take up this aspect, while most of the European do [12].

In Sweden, Norway and the U. K. distributors are working actively to reduce the assortments. There are, however, strong forces working in the opposite direction – producer's strategies for marketing and product development, consumers' and retailers' demand for variation, etc. The prime motives for these efforts to limit the assortments are cost and lack of space [9, 14].

In order to control the size of the assortment, certain heuristics are applied. A widely used heuristic is the principle of "one-in, one-out". In other words, when a new product is accepted, another one is most often deleted. Priority is also given to those articles already within the assortment, except when the sales forecast of the new one is definitely higher. Furthermore, special "assortment reviews" are often conducted in an attempt to find products which sell poorly and which should therefore be deleted [5, 12, 9, 14].

Assortment reviews with succeeding deletion decisions occur most frequently in connection with new product deliberations. As new items are analysed, the buyer often becomes aware of the existence of old and badly selling products. But the buyer also sometimes conducts more systematic assortment reviews, especially if he has got a computerized information system that can easily supply him with detailed sales statistics [14].

There are, as mentioned previously, also factors encouraging expansion of the assortment. For example, variation in consumer demand must be met. Often distributors buy similar products from different suppliers, which also leads to a wider assortment. One motive for this is that a single manufacturer might not have enough capacity, and another is that the distributor tries to avoid being dependent upon the large producers. New items, which have very promising sales forecasts, must be allowed to expand the assortment. Finally, in order to meet competition from other distributors, the assortment must be wide.

Consumer Value

The critical determinant for what demand a product faces is how *consumers* evaluate it. The buyers, therefore, try to weigh the different product attributes – price, taste, packaging, etc. – in order to get an estimate of the product's value for the consumer. For this evaluation, the consumer panel test results are of immense importance to the KF buyers.

When the buyers try to appraise the value of a product from the consumer's perspective, they also consider emotional motives to a certain extent, such as image, design and fashion. Dominating, however, are more rational motives such as price, quality, etc. [14].

According to Borden [2], American buyers most often do not analyse the product's role and value to the consumers. Instead, they try, on an intuitive basis, to estimate to what extent the consumers might buy the item.

Also, most other American studies report that the products' characteristics from a consumer perspective is of minor importance to the buyers. Only a few authors write that the products' consumer value belongs to the most critical factors. Hence, Hix [13] considers "consumer satisfaction" to be the most vital criteria for men's wear buyers, and Arora [1] ranks "potential value to consumers compared to similar products" as number five.

The results from the European studies, i.e., concerning the U.K. and Finland, give however quite a different picture. Johnson [14] points out that products not giving consumers a benefit in comparison to existing products are resisted. Lindqvist [15] says that quality and price, as seen in the consumers' eyes, are the most important decision criteria.

Introductory Marketing

Demand is also influenced by the marketing done by the suppliers in connection with the market introduction of the products. The *introductory marketing* is, though, of limited importance for the Swedish buyer's deliberations. What is important is the long-term sales, while the introductory campaigns have effect only in a short perspective. Consequently, it is more important how the consumers evaluate the products and how the manufacturer's marketing activities will influence long-term demand.

Introductory marketing can be significant in the sense that consumers are persuaded to try a new product, and then they buy it again if the test result is positive. Thus, an introductory campaign can not guarantee a trade acceptance of a new item. If it is omitted, however, then, from the buyer's point of view, the product will not have a chance to get a foothold on the market.

These findings are, however, contradicted by several other studies, especially the American. Some

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U.S. authors even consider the supplier's marketing program to be the most important criterion [12, 2, 6, 8, 17]. But there are also American studies where the introductory campaigns are found to have minor influence [5, 10].

In Britain the marketing programs are also of limited significance, according to Johnson [14] and Doyle and Weinberg [3]. The marketing program could be important only under certain conditions – if the marketing effort is extremely heavy or if other factors are not decisive. Further, the introductory campaign is said to influence the buyer in two ways – it indicates the supplier's own confidence in the product and it stimulates the consumers to try the product.

Yet most studies are consistent in several other respects. First, detailed analyses of the various elements in the introductory campaign and their effectiveness are not made by the buyers. They usually only note whether the introduction is supported by a marketing program and, if so, what size it has [2, 14].

Second, it is not unusual that buyers feel forced to accept new offers with extensive introductory campaigns. They do not dare to let the stores go without the product when the marketing has raised a strong demand for it. But the buyers hate to be forced in this way. Johnson also says that such compelling marketing programs could be determinantal to the relation between buyer and supplier [2, 14].

Supplier Characteristics

Several authors mention that the purchasing decisions are influenced by what supplier is offering the new item, and some even consider this factor to be the most important [12, 9, 15].

The relationship between distributor and supplier in Sweden is usually one of long-term cooperation,

based on mutual trust. It is therefore understandable that *supplier reliability* is an important criterion in the buyer's choice of manufacturer. There is no simple definition of reliability, but it seems to be closely connected to the amount of trouble that the producer might cause the buyer, or more accurately, how trouble-free the cooperation will be. Hence, the concept is associated with the manufacturer's product quality, market analysis capacity, marketing skills, administrative routines, staff of salesmen, and so on.

The supplier reliability is related to the size of the manufacturer. Larger companies can also, as a rule, offer a wider range of products and they have the capacity to deliver larger volumes. As a result the buyers do not have to depend on so many suppliers, which saves expenses. Also, the market position of the manufacturer is associated with the scale of business. All this means is that larger suppliers have better odds at getting their products accepted by the trade [2, 14].

Tactical Considerations

There are also factors operating against the choice of large manufacturers. It is desirable for the distributor to have independence and freedom of action in its relation to the suppliers, and this is more difficult to attain when dealing with large producers. Independence means the freedom to select the most favorable manufacturers and it also provides a better position for negotiation. Consequently in the choice of supplier, *tactical considerations* must be taken into account in order not to be dominated by powerful manufacturers.

For distributors, competition among the producers is highly desirable. The distributor has certain methods at his disposal to encourage such competition: by spreading its purchases to several suppliers or by producing in their own industries. But

there are factors complicating such endeavors. The distributor must be careful not to allow small producers to become dependent upon them, since they will then be morally dependent upon these small firms. Large producers can also often have a market position which makes them indispensable for the distributor. Furthermore, having many suppliers, as well as exchanging suppliers, is costly. Finally, the number of alternative producers is quite small in many Swedish markets thus reducing the buyers opportunity to choose.

Tactical considerations are very rarely discussed in the literature. The only study where they have been more deeply investigated is the Finnish one. This is understandable, as the amount of tactics in purchasing is intimately related to the degree of concentration in the trade industry, and Finland is the only country where the food distribution is as concentrated as it is in Sweden; four conglomerates account for 95% of the Finnish market, while three distributors control 90% of the market in Sweden [15].

Hence, Lindqvist describes how a relatively big supplier was boycotted by a distributor after a conflict concerning economic conditions was not resolved. He also tells how distributors shift from one supplier to another in different years in order to get higher discounts.

Prices and Economic Conditions

Purchasing prices may, in many cases, be the final factor in deciding whether an offer should be accepted or not. High prices, in particular, may exclude products from all further considerations. Low prices, on the other hand, make the products very attractive, though they could not be solely conclusive [14].

The prices can influence profitability and, thus, the buyers' evaluation in two ways. Low prices may mean either that margins could be higher or that consumer prices could be reduced, resulting in more sales. The latter principle is the one most widely applied by the Swedish buyers.

It is natural that the price of a new product is compared to prices of existing ones. Furthermore, the European studies report that prices are also related to what the product offers to consumers [2, 14].

In the attempt to get low purchasing prices, the Swedish buyers follow different lines. First, they just simply negotiate with the suppliers to

get more favorable conditions. Second, they search for manufacturers with lower priced products. Third, they try to carry through efficiency raising measures in the chain of distribution, including some within the producing companies. Gains thus won may lower prices. Fourth, they take over functions, traditionally conducted by other intermediaries or by the suppliers.

Discounts and other economic conditions have in general no great importance for the purchasing decisions, neither in America nor in Europe. Such conditions play a role only if they differ remarkably from what is usual, but, high discounts, etc., can not out balance high prices, bad quality and other negative factors [2, 14].

Distribution Channel Requirements

In the buyer's evaluation, there are occasionally also certain circumstances to be considered concerning the *physical distribution system*. Examples are limited storage space in stocks and stores, dimensions of the store shelves and transportation schedules.

In general, these factors do not influence the decisions very much. Among the few studies where distribution channel requirements are treated is that of Grashof [8]. He found that terms of delivery and wholesale packaging are considered by the buyers only to a minor extent.

DECISION-MAKING

Organizational Issues

The principle of having buying committees make the formal purchasing decisions is, according to several studies, commonplace everywhere—in the U.S., in the U.K., in Finland, in Norway and in Sweden. Between 70% and 90% of the American companies are said to have buying committees. All the Swedish distributors have them, and about half of the Finnish and Norwegian do [5, 18, 19, 9, 15, 14].

The most common alternative to a buying committee is to let the buyers decide completely by themselves. There exist other principles also, which could be regarded as intermediary forms. For example, in some of the British companies, buyers prepare the cases and hand them over to their subordinates who make the decisions [14].

Even if there is a buying committee in the dis-

tributing company it is the individual buyers who have the largest influence on what the decisions will be. The committees seldom reject the buyers' proposals. This is natural as the buyers have expert knowledge, have access to superior information, have prepared the cases, etc. [2, 1, 14].

This finding is supported by most authors. Yet it is contradicted by Gordon [5]. He holds the opinion that the buyer could often be nothing but a passive intermediary link between the supplier and the decision-making committee.

Decision-Making

Formally, the decision-making concerning assortments lies in the hands of buying committees at both ICA and KF. The buyers' role is only to present proposals for decisions. It is, therefore, more correct to say that the buyers are working out arguments for, instead of making, decisions. Still, the buyer must decide what to present to the buying committee.

Several of KF's buying departments have so called "preparatory buying committees" which consist of the department's buyers and, in some instances, other executives. In these preparatory committees, the proposals to be presented before the major buying committee in KF are thoroughly scrutinized.

It is impossible to specify at what stage in the decision-making process the buyers take their final position. It seems, on the whole, rather meaningless to talk about stages in this process. Instead, the decision-making is a continual process, characterized by a growth of certainty as more information is gathered and evaluated.

According to Borden [2], American buyers' decisions are based on a minimum of analyses and deliberations. The buyer often decides immediately, when the salesman makes his presentation, although he does not inform the salesman. This decision-making procedure is common also in Great Britain, even though there are also some companies who make their decision after more thorough deliberation [14]. This is in strong contrast to the findings concerning the Swedish distributors and also to what the Finnish study reports. Here the buyers make extensive analyses of each product's market potential, introductory campaign, etc.

CONCLUSIONS

Similarities and Differences

As can be seen from this presentation, the various studies are consonant in most respects, but in some important aspects they differ greatly. Explaining the differences should be a matter of great concern, and an attempt to do so is made here.

It is, however, for several reasons, impossible to give very deep and reliable explanations. First, the studies have different approaches, different focuses, different methodologies, all of which is bound to lead to differing and sometimes uncomparable findings. Second, some studies have unsatisfactory validity and, hence misleading results. Third, there are inevitably great variations between the different objects of study – buyers, companies, countries – and thus hard to determine what material in the results is specific for these and what is of general relevance.

Several studies, most of them American, report that the *decisions* are made very fast, based on little analysis and often almost intuitively. Similarly, the buyers gather and utilize information to a relatively small extent. These findings are contrasted by those from most of the European studies. In the U.K., in Finland and in Sweden the offers are on the average analysed in greater detail and in a few companies very thoroughly.

Except for this difference, the various studies are consonant in most *organizational and behavioral variables*. For example, the relationship between the buyer and the salesman is normally formal and professional; the buyer tries to surpress his personal attitudes towards the salesman and the products; complicated decision situations are often generalized, rationalized and simplified; the committee accepts as a rule the buyers' propositions.

There are both agreements and differences between the various research findings on what affects the *decision influencing factors*. The major divergencies are considerations of assortment, consumer value, introductory marketing and tactics.

Attempts at Explanation

The main borderline seems to go between the results of the American studies and those of the European. Among the conceivable reasons for this

could be the size of the market, degree of concentration in the food distribution industry, functioning of business life, and cultural and historical backgrounds.

The size and the dynamics of American business foster a considerably higher rate of new products than is the case in Europe. A food distributor is often presented some 6000 new items annually, but only a small fraction of these could be accepted. Analyzing each offer thoroughly would require an enormous and costly procedure. Furthermore, the American company has often only two or three buyers, which means that each buyer has to consider two or three thousand items per year and more than fifty per week [2].

In comparison it should be mentioned that the Swedish distributor gets about a thousand new offers each year and that the individual buyer has, at the most, a few hundred items to consider per year.

Hence, it is understandable that the American distributors prefer to have a simple decision-making procedure. The risk for erroneous decisions is instead reduced by attempting to take corrective measures quickly and by accepting a greater number of items than the European buyers do. In other words, the American buyers do not care so much about the extensiveness of the assortment.

Cultural differences might also have importance. For example, it sounds possible that the doctrine of "consumer sovereignty" is stronger in the U.S. than in Europe, implying that the assortment decisions should not be made within the distributing companies but by the consumers.

What has been mentioned previously might also explain why different studies report different factors to be significant for the purchasing decisions. When the buyer is making little analyses of the offer, it is natural that the data he has easy access to becomes most important for him. Such data are, for example, the supplier's characteristics and the introductory program. It is much more difficult to estimate the consumer value of a product and similar vague factors.

It is also possible that culture and tradition affect this. Thus, advertising and other marketing measures probably have a stronger position in the U.S. than in Europe, and especially in Sweden and Finland.

Tactical considerations are important for the

purchasing processes only in Finland and Sweden due to the fact that their food distribution industries are extremely concentrated. When the trade consists of a larger number of companies, each company has neither reason nor possibility to act tactically towards the supplier.

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