

# **Buying Situations**

## **Meaning of Buying Situation**

It is considered as the paradigm of purchase which is measured through the quality of information and the amount of experience that the buyer exhibits related to the products and vendors available to in the markets.

Moreover, it highlights the level of efforts that are being opted to make the purchase for the business. It is essential to focus on 'buying situation' since buyers are encountered with multiple scenarios even if it's a regular purchase. The buying situation is very useful and requires market-awareness.

These are the major buying situations mentioned down below.

### **1. Straight Rebuy:**

The straight rebuy is considered as one of the most reliable and convenient buying situation which engages us in making the routine purchase for the business. It's done through a familiar supplier and no certain modifications are required at the time of ordering the products.

Example: Straight rebuy can be easily encountered at the stationary shops, a place where boxes of printing papers, pens and pencils are purchased repeatedly without making any amendments in the order.

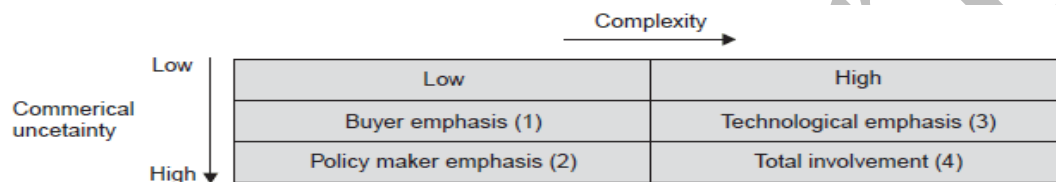
### **2. Modified rebuy situations:**

Buyers may change or modify the product according to the situation, *e.g.*, nylon rope for ordinary rope. Plastic washers in place of steel or brass washers, aluminium instead of copper, hydraulic in place of mechanical. This may be done for economic consideration, or for the ease of procurement, or to modify or change the product. The change may also be due to external or internal environmental changes.

### **3. New task:**

When a task is performed, items may be bought without previous experience and for the first time. These could be new machines like computer or Fax machines. The need for such a product may not have occurred previously. For a new task, a new set up and new items are necessary, which may not have been purchased before.

Fisher gave a model and identified two factors for buying decisions. These are product complexity and, commercial uncertainty. This gives a combination of four situations as shown: The four quadrants shown above require different emphasis as shown:



Fisher's model

Product complexity and commercial uncertainty can further be shown as under:

<i>Product complexity low</i>	<i>High product complexity</i>	<i>Low commercial uncertainty</i>	<i>High commercial uncertainty</i>
Standard product Technically simple Established product  Previously purchased Easy to install No after sales service	Different product Technically complicated New product  Not purchased previously Difficult to install After sales service required frequently	Low investment Small order Short term commitment Small effect on profitability Easy to forecast	High investment Large order Long term commitment Consequential adjustments required Large effect on profitability Hard to forecast

- In quadrant (No.1): There is low complexity and low uncertainty, in such a situation Buyer emphasis must be given.
- In quadrant (No. 2): There is high uncertainty and low complexity, in such a situation policy makers emphasis is required.
- In quadrant (No. 3): There is low uncertainty and high complexity, in such a situation there should be technological emphasis.
- In quadrant (No. 4): When both uncertainty and complexity is high, there should be emphasis on total involvement with the product.

- **Selection of a supplier**

In industrial buying, there are many considerations for selecting a supplier. Some suppliers are old suppliers and already listed and registered with the establishment. Other suppliers are also considered. They are considered on a number of criteria. These are:

- a) Price.
- b) Reliability of delivery dates.
- c) Quality of the product and maintenance of quality.
- d) Suppliers reputation in the market.
- e) Quick response to the needs of the customer.
- f) Capability of the supplier to supply regularly on increase on demand.
- g) Supplier's flexibility.
- h) Consistency in dealing with supplies.
- i) Rejection rates.

All these attributes are considered and the supplier is very carefully chosen. If the supplies are delayed the business fails, which is not tolerated by any organization.

## **Sales Process**

Sales are the lifeblood of every organization. Without them, well, eventually your company would cease to exist. Whether you have one member on your sales team, one hundred, or more, it's important to have a sales process for your reps to follow.

A sales process is a repeatable sequence of stages, each including a set of actions that your sales reps perform to convert a potential customer from a lead to a paying customer. It acts as a roadmap to keep your team members on track so they always know what to do next without hesitation.

This process may include anywhere from three to ten steps, depending on your product or service and who you're selling to. And, it should mirror the process that your customers actually use when buying, also known as the buyer's journey. Here we'll review the 7 step sales process.

**The stages of the 7 step sales process are:**

### **1. Prospecting**

The first of the seven steps in the sales process is prospecting. In this stage, you find potential customers and determine whether they have a need for your product or service—and whether they can afford what you offer. Evaluating whether the customers need your product or service and can afford it is known as qualifying.

### **2. Preparation**

The second stage has you in preparation for initial contact with a potential customer, researching the market and collecting all relevant information regarding your product or service. At this point, you develop your sales presentation and tailor it to your potential client's particular needs.

### **3. Approach**

In the approach stage, you make first contact with your client. Sometimes this is a face-to-face meeting, sometimes it's over the phone. There are three common approach methods.

- **Premium approach:** Presenting your potential client with a gift at the beginning of your interaction
- **Question approach:** Asking a question to get the prospect interested
- **Product approach:** Giving the prospect a sample or a free trial to review and evaluate your service

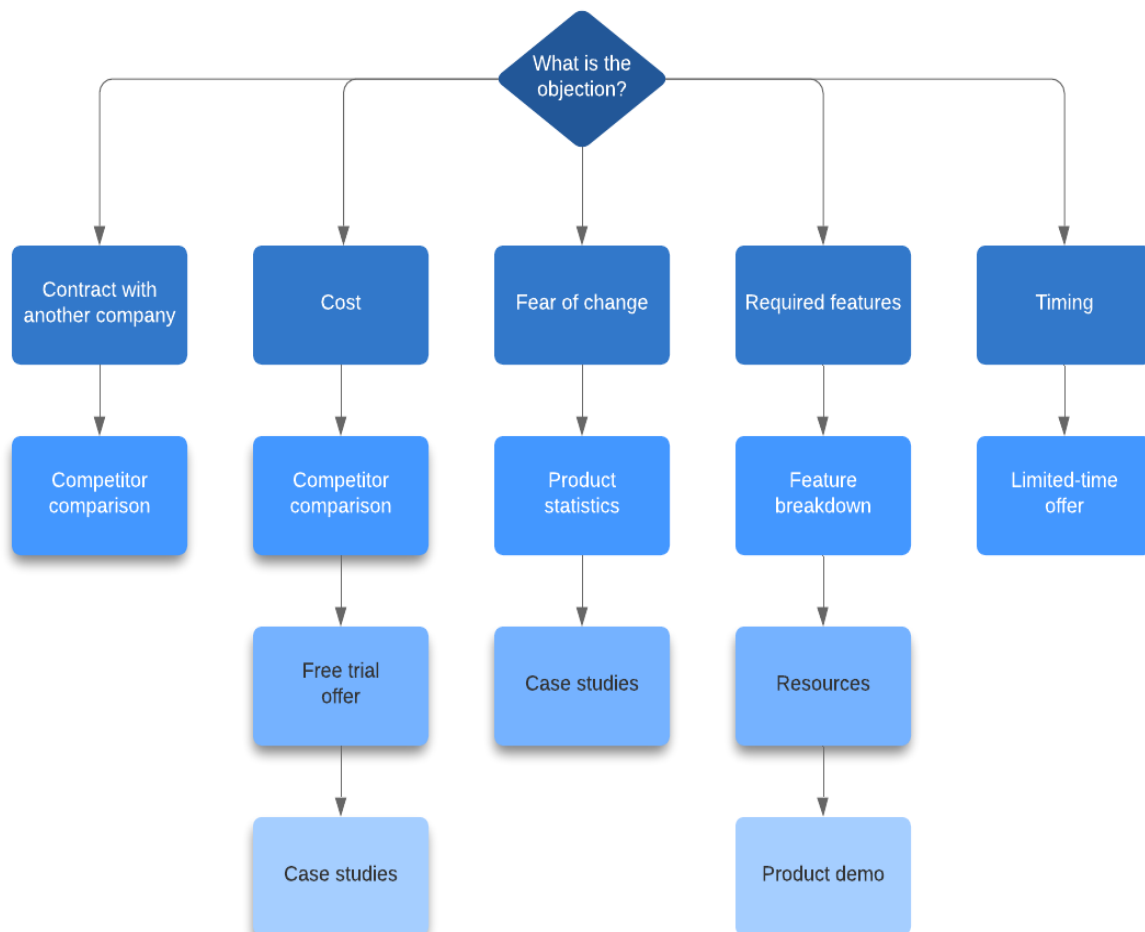
### **4. Presentation**

In the presentation phase, you actively demonstrate how your product or service meets the needs of your potential customer. The word presentation implies using PowerPoint and giving a salesy

spiel, but it doesn't always have to be that way—you should actively listen to your customer's needs and then act and react accordingly.

## 5. Handling objections

Perhaps the most underrated of the seven steps of a sales process is handling objections. This is where you listen to your prospect's concerns and address them. It's also where many unsuccessful salespeople drop out of the process—44% of salespeople abandoning pursuit after one rejection, 22% after two rejections, 14% after three, and 12% after four, even though 80% of sales require at least five follow-ups to convert. Successfully handling objections and alleviating concerns separates good salespeople from bad and great from good.



## 6. Closing

In the closing stage, you get the decision from the client to move forward. Depending on your business, you might try one of these three closing strategies.

- **Alternative choice close:** Assuming the sale and offering the prospect a choice, where both options close the sale—for example, “Will you be paying the whole fee up front or in installments?” or “Will that be cash or charge?”
- **Extra inducement close:** Offering something extra to get the prospect to close, such as a free month of service or a discount
- **Standing room only close:** Creating urgency by expressing that time is of the essence—for example, “The price will be going up after this month” or “We only have six spots left”

## 7. Follow-up

Once you have closed the sale, your job is not done. The follow-up stage keeps you in contact with customers you have closed, not only for potential repeat business but for referrals as well. And since retaining current customers is six to seven times less costly than acquiring new ones, maintaining relationships is key.