

# Buying behaviour analysis essay



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## INDUSTRIAL, INSTITUTIONAL, AND CONSUMER BUYING BEHAVIOUR BUSINESS

**BUYING BEHAVIOR AND BUYING PROCESS** Buying behavior can be defined as the activities and decision process that involves in choosing between alternatives, procuring and using products and services. The behavior of buyers is broadly categorized into two types: 1) Endogenous factors (These influence are need and motives, learning, attitude, personality and self-concept). 2) Exogenous factors (These factors are culture, reference group, family, social status, etc). Organizational decision making unit

Organizational buying decisions are mostly like to be made by a committee of group of people that wholly by an individual. According to WEBSTER and WIND there are five units in organizational buying unit. \* User: The individual most likely to be final user of the product. They are the one who initiate the buying process, they are the need recognizer \* Influencer \* Decider \* Approver \* Buyer \* Gate keeper Case study – A car manufacturing unit.

**Introduction** The company is a 1000 worker company producing cars. They are high value added company. Their departments are operations, marketing, finance, HR, technology, purchase departments.

**BUYING PROCESS IN CAR INDUSTRY** Demand analysis Most demand in organization buying is derived demand so the company's most purchase depends upon order procured by the organization. To fulfill the orders the company purchase raw material, semi-finished goods, components and services as input to the production of other goods and services Demand from the operation department As the marketing department brings new order and does the demand forecasting it process the information to the operation

department. The operation department makes the design and process the buying requirement to the purchase department.

#### Feature Article –Holiday Decision Making Process

#### STAGES OF BUSINESS BUYING PROCESS IN THE ORGANIZATION 1) Need

recognition The need is recognized for the product , as in my example the demand for the car is a derived demand, the company would not have that need if it has not received any order to manufacture the new design 2)

General need description As the operation department analyzed the material like steel, aluminum, iron, plastics, leather, rubber, glass, fibers, tyre type, colour, electronics, and spare parts requirement according to the specification of the design, it order the procurement bill to the purchase department which is responsible for the purchase in the organization.

In its procurement it will specify what it will require and how much it will require. 3) Product specification The operation department is specialist in material selection; they will specify each and every detail like steel requirement in terms of tons, components required to assemble the car like engine parts, suspensions & breaking parts, drive transmission and steering parts seats, body and exterior, , doors, windows, audio and video device, electrical systems, sensors, etc. 4) Supplier search

Once the order is approved, the purchase department will search for the suitable supplier in the market like, Material processing industry: Tata steel, Steel Authority of India (SAIL), Bharat aluminum corporation (BALCO), MALCO, and so on Manufacturing of parts and assembly: Bharat forge, sundaram Clayton, semi-conductor of India limited, GEC, L&T, TVS Sudaram,  
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MRF, JK tyres, good years etc are some amongst a very large number of parts and assembly manufacturing catering to a variety of needs.

Electrical and electronics: Exide, bose, daewoo, kenwood , greaves ltd, etc.

5) Proposal solicitation A few numbers of component suppliers are selected, a bid request is send to them so that they can apply for the orders 6)

Supplier selection Once the Proposal solicitation is over the supplier or set of supplier are chosen to fulfill the requirement of the company 7) Order

routine specification This stage is involved in machinery maintenance and other continuous purchase like stationary etc. ) Performance review This is more important in business buying decision making then consumer buying decision as the organization has to keep on needing the same product time and time again. In face positive performance review leads to successful re-ordering and building a strong business relation CONCLUSION Business buying department is a lot different than consumer buying decision as it is demand driven market with less price elasticity. The market structure and duration of decision is also different.

Business purchase involves more buyer in the decision making process and the purchase effort are under taken by professional buyer which makes the whole process complex. While as mostly consumer buying behavior is one time deal, business buying is a continuous endeavor to build long term relationship. Awhile researching out the business buying with car manufacturing that it is more often than not taken by a committee in the organization rather than an individual.

The whole decision making process starting from recognition of need to general need description to product specification to supplier search to proposal solicitation to supplier selection to order routine specification and finally to performance review is influenced by various decision making units. The decision making units are categorized into six ways – the user, influencer, decision maker, approver, buyer and gatekeeper. One or more persons can play these roles and these roles can overlap as in the case of buying a computer for the finance department.

In this above car manufacturing operation department will be influencer, technology and purchase could be the decision maker while the finance department could be approver and the purchase department can be buyer. Here the purchase department played a role in both decision making and buying. Total words: 880

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