

# **THE BUYING BEHAVIOR OF ORGANIZATIONS**

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## **Abstract:**

The nature of industrial products, their value, the heterogeneity of industrial clients, have a great impact on the buying act. Under the impact of all the systems that give particularities to the demand, the offer, the products' nature or to the participants of market transactions, the buying process in the industrial field has a particular structure. The behavior of the organizational consumer is influenced by a series of factors, which have a major impact on the purchase decisions. Specialists in the field have identified four groups of factors: environment factors, organizational factors, interpersonal factors, personal factors. Also, it is very important to say that the particularities of the industrial marketing mix have a major impact on the behavior of the organizational consumer.

**Key words:** industrial marketing, the buying process, the organizational consumer

**JEL Classification:** M21, M31

## **1. Particularities of industrial marketing**

The market of productive utility goods and other associated goods is different from the market of individual consumption goods, especially because of the way in which the demand and offer are manifested and the manner in which exchange acts are realized. Such particularities have determined the delimitation, within the marketing practices and concept, of a distinct domain – industrial marketing – which contains the marketing research and policy promoted in enterprises that produce goods and services meant for productive consumption.

The nature of industrial products, their value, the heterogeneity of industrial clients, have a great impact on the buying act, giving the entire system of relations which intervene among partners its particularities and implicitly to the buying behavior. The most relevant marketing policies, among the main differentiation elements, in comparison with the marketing of wide consumption goods, are the following:

- ♦ industrial buyers are specialized professionals with high qualification, generally knowing very well the products, they are well informed regarding everything that is proposed by the competition in the respective field and they are capable of making a choice out of the possible alternatives, on the basis of certain pre-established norms, with consequences in the sale domain;

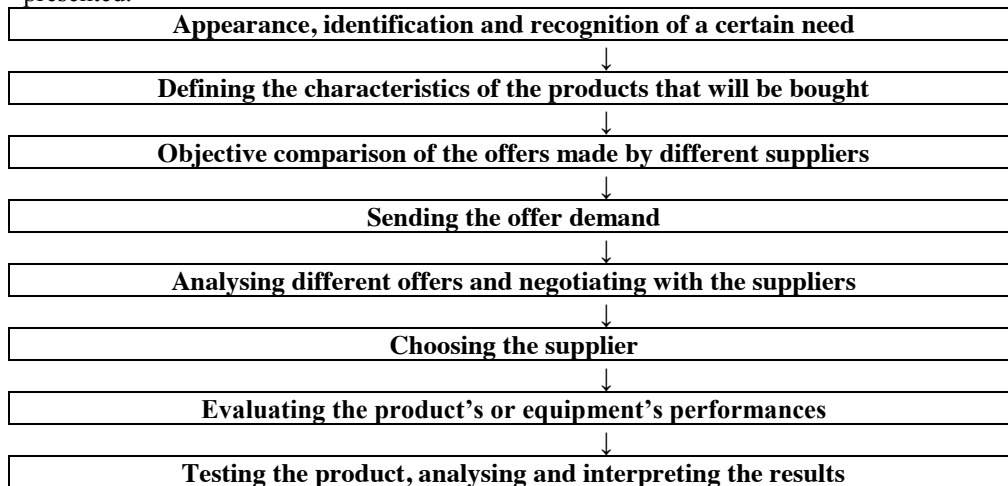
- ♦ the buying decision is made starting from an objective study of the offers, depending on the price, the price – quality report, the contributions and facilities offered in the use process, the maintenance costs, the payment conditions, the given service, the profitability;
- ♦ the necessity, in some cases, of the writing of an agreement previous to the actual negotiations concerning a series of important demands, especially when they involve unique items – equipment goods, goods with special technical parameters, etc;
- ♦ important goods are the subject of certain long term negotiations, in some situations, in order to have a balance of the partners’ economic interests and which take the form of detailed contractual clauses.

## 2. The buying process of industrial products

Under the impact of all the systems that give particularities to the demand, the offer, the products’ nature or to the participants of market transactions, the buying process in the industrial field has the following structure:

- ~ appearance, identification and recognition of a certain need;
- ~ defining the characteristics of the products that will be purchased in order to satisfy the identified needs;
- ~ the research of the technological parametres, prices, use conditions, maintenance costs, general costs, etc. and the objective comparison of different suppliers that can answer the enterprise’s requests;
- ~ making the offer demand – a phase which is typical of the buying process in the industrial field;
- ~ analysing different offers and negotiating with suppliers whose propositions were taken into consideration when they sent an offer;
- ~ choosing the supplier in order to negotiate and put down the delivery contracts;
- ~ evaluating the performances of the chosen product or equipment, depending on the positive or negative answer given to the need which generated the purchase act;
- ~ testing the product, analysing and interpreting the results, taking into account the entire structure of the actions that launched the buying process, according to the previously presented asignments.

In the following tabel, the phases of the buying process in the industrial field are presented.



### 3. Factors which influence the behavior of the organizational consumer

The behavior of the organizational consumer is influenced by a series of factors, which have a major impact on the purchase decisions. Specialists in the field have identified four groups of factors: environment factors, organizational factors, interpersonal factors, personal factors.

#### ■ *Environment factors*

Among these factors we encounter elements of an economical, political and technological nature, but also competition or laws which influence the buying decisions of organizations. For instance, in the case of economical factors, the consumption costs, the production or investment volume can play an important role. The general economical climate can stimulate the buying process or, on the contrary, it can determine a distant attitude in the market.

#### ■ *Organizational factors*

The success of marketing activities on the business market depends on how well are known the organizations, their structure, policy or purchase system. A company with a centralized system needs a different approach in comparison with another one which has delegated certain buying decisions to regional divisions or units. The attempt to sell to a division its own product can be a waste of effort if the buying decision is typical of the mother company.

#### ■ *Interpersonal factors*

Making an acquisition can be hard if the approval is necessary and each person has his/her own interests. Generally, from organizational buyers is expected that they always act in the company's interest and not in their personal interest. However, often immoral practices appear, such as bribery or extremely expensive gifts, which leads to deontological problems for marketers. More often than not, the buyers have the tendency to avoid sales agents who don't have an ethical behavior.

#### ■ *Personal factors*

Each participant in the buying process has motivations, perception and personal preferences, which are determined by age, income, education, professional training, culture and attitude towards risk. Each buyer has a different purchase style. That's why adapting to the business style of the host country is highly recommended for the marketer's success. In the international business environment, cultural influences are of great importance because culture establishes the values of a society. In the following table we briefly present the main factors which influence the buying behavior of the organizational consumer<sup>9</sup>.

<b>Factors which influence the buying behavior of the organizational consumer</b>			
<b>Environment factors</b>	<b>Organizational factors</b>	<b>Interpersonal factors</b>	<b>Personal factors</b>
- the level of the demand - economic climate - the interest rate - the rhythm of technological innovation - legislation - competition - social responsibility aspects	- purpose, objectives, mission and vision - policies - procedures - the structure of the organization - management systems	- personal and group interests - decisional authority - the status within the organization - empathy - persuasion	- age - income - education - the position within the organization - personality - attitude towards risk

<sup>9</sup> Ph. Kotler, *Managementul marketingului* (traducere), Ed. Teora, București, 2000.

#### **4. Aspects regarding the marketing mix**

The particularities of the industrial marketing mix have a major impact on the behavior of the organizational consumer. Concerning the product, through their policies, the enterprises should capitalize on a series of actions, sustained by technological innovation, on providing a well coordinated service which should ensure the products' instalment, on training the users regarding the exploitation of certain tools and their maintenance, on rationalising the exploitation costs and so on. In terms of price policies, marketing is particularised by the fact that, through the action in a well structured and competitive market, the price position of the enterprise that makes the offer plays, more often than not, an important role in ensuring a certain position on the market for the respective enterprise. In order to establish prices, the enterprise which makes the offer should make a pertinent analysis of the costs and profitability, from its potential buyers' perspective and not just depending on its own costs. The price policy is adapted, in many cases, to the demand offer made by different important buyers from the industrial market. Regarding the distribution policy, we emphasize the fact that the major particularities refer to: the relatively high frequency of the direct sale methods, the great importance of the sale forces, the wide variety of tasks given to the personnel of the sales department. The communication policy gives the industrial marketing its particularities through the following elements:

- the advertising objectives are generally modest and refer to the increase of the enterprise's fame or of its products, as well as to the enterprise's overall image, which should be favorable;
- the communications budgets are smaller in comparison with those of the enterprises which create products for the general public;
- within promotional actions, institutional publicity is preferred instead of the product publicity;
- in structuring the available communications media, the balance leans more towards "relational media" – public relations, expositions, conferences, forums, sale forces, etc. – than towards impersonal media, such as advertising;
- publicity media, if they are used, represent specialised media – technical or economic magazines, professional publications, management publications;
- regarding the content of the messages, the most important element is the technical and economic argumentation.

#### **5. Conclusions**

Determining the reasons and attitudes of the organizational buyers is of major importance for establishing an appropriate production and sale policy, but also for the promotional argumentation, in order to give the proper attention to the created products which are sent on the market.

The industrial buyer is represented by a group that has a certain economic vocation, unified in order to achieve a well established goal. Each member has his/her own personality and this is why it's important to know the aspects which compose the respective personality, in order to understand and adopt an appropriate marketing policy. At the same time, it is necessary to decide whether the respective personality, in its different forms, can be synthetised in a few major segments or attitude types frequently encountered within human groups.

Regarding the tendencies of the general behavior of industrial buyers, we notice:

□ a conservative tendency – in the case of establishing favorable business relations, there is the tendency to maintain them in the long run and, therefore, it is difficult for others who have offers to conquer that client or that market segment;

□ an innovative tendency – this refers to the need to use products and services which facilitate the buyer's activity, on the one hand, or allow obtaining other products and better services in short time, on the other hand;

□ a moderate tendency – manifested in the fact that the object which will be acquired is bought for objective reasons, which impose a complete analysis of its characteristics and a bigger period of time in order to make a decision.

There is a series of elements which compose acquisition habits and the most relevant are:

- the preference for direct purchase;
- purchase has an irregular frequency;
- the users' tendency to buy, except for the main item, other similar goods – the so-called multiple purchase;
- the existence of a certain reciprocity in sale-purchase relations or, in other words, the tendency to sell to the person from whom you buy certain products of your own;
- the actual purchase is preceded by a relatively long period of negotiations;
- the purchase act is, usually, based on the analysis of certain catalogues or other documentation.

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