

Session 4

Business Buying Behavior

Text: Chapter 6



- I. Characteristics of Business Markets**
- II. Model of Business Buying Behavior**
- III. Business Buying Situations and Process**
- IV. Value Building and Relationship Marketing**
- V. Internal Marketing**

I. Characteristics of Business Markets

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- **Market Structure and Demand**
- **Nature of Buying Unit**
- **Types of Decisions and Decision Process**
- **Other Characteristics**

Institutional and Government Markets

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Institutional Markets

Low Budgets

Captive Patrons

Government Markets

Centralized Buying

Public Review

Outside Publics

Submit Bids

Noneconomic Criteria



Major Influences on Business Buying

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Environmental

Organizational

Interpersonal

Individual

Buyers



II. A Model of Business Buying Behavior

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The Environment



The Buying Organizational

The Buying Centre

Buying
Decision
Process



Buyer's Response

III. Business Buying Situations

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Types of Business Buying Situations

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



Comparison of business & consumer buying situations

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BUYING STEP

	INDUSTRIAL	CONSUMER
1 Need or problem recognition	Anticipates	Reacts
2 General need description	Extensive	Limited
3 Product specification	Precise / technical	Benefits
4 Information / supplier search	Extensive	Limited
5 Proposal solicitation	Formal	Verbal
6 Supplier selection	Extensive	Limited analysis
7 Order-routine specification	Calculated re-order	Not routinised
8 Post-purchase performance review	Extensive comparisons and benchmarking	Little comparison



Buying Centers

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



Stages in the Business Buying Process

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Problem Recognition

General Need Description

Product Specification

Supplier Search

Proposal Solicitation

Supplier Selection

Order Routine Specification

Performance Review



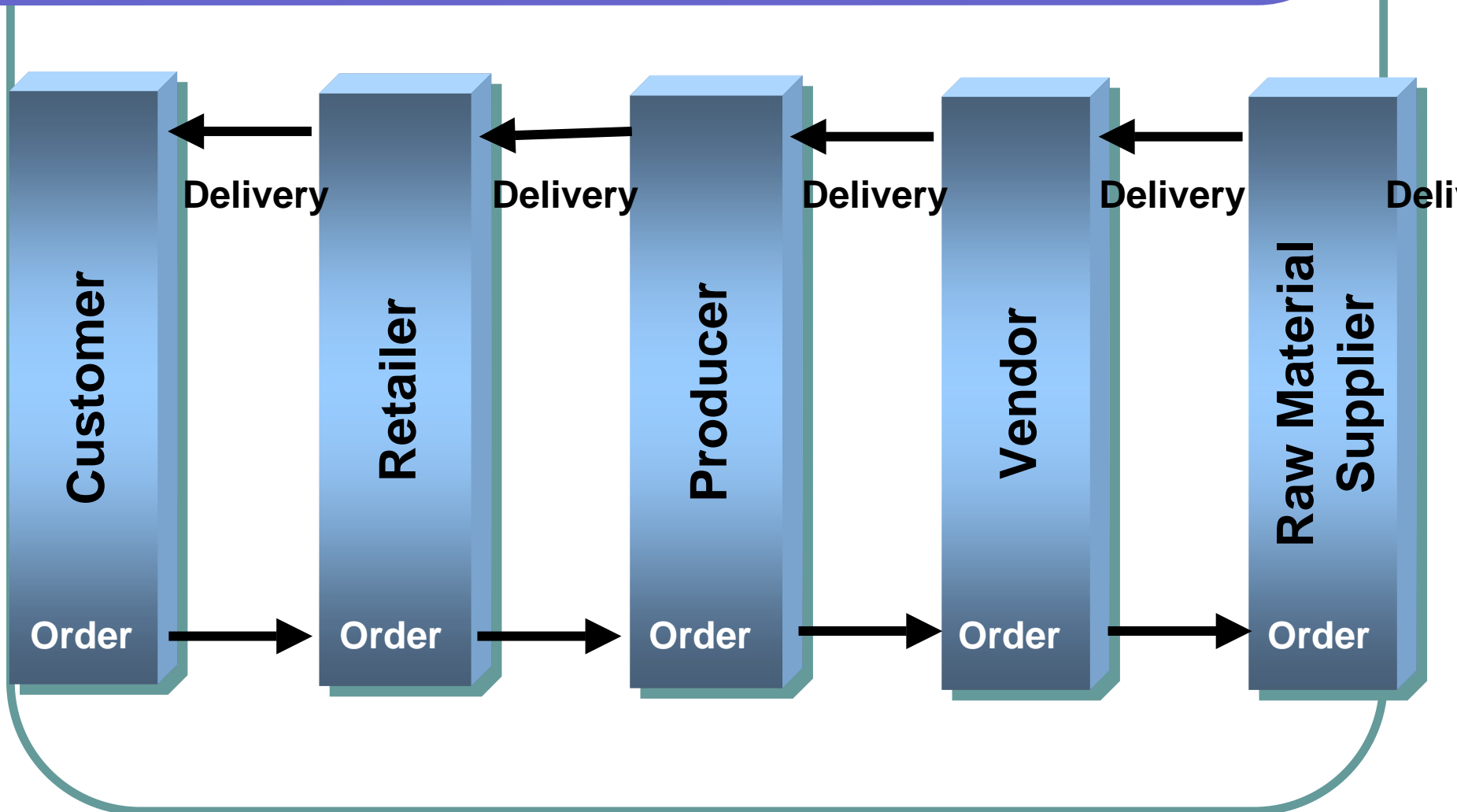
IV. Value Building and Relationship Marketing

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- **Value Delivery System**
- **Retaining Customers**
- **Relationship Marketing**
- **Value Building Approaches**

Value Delivery System

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Retaining Customers

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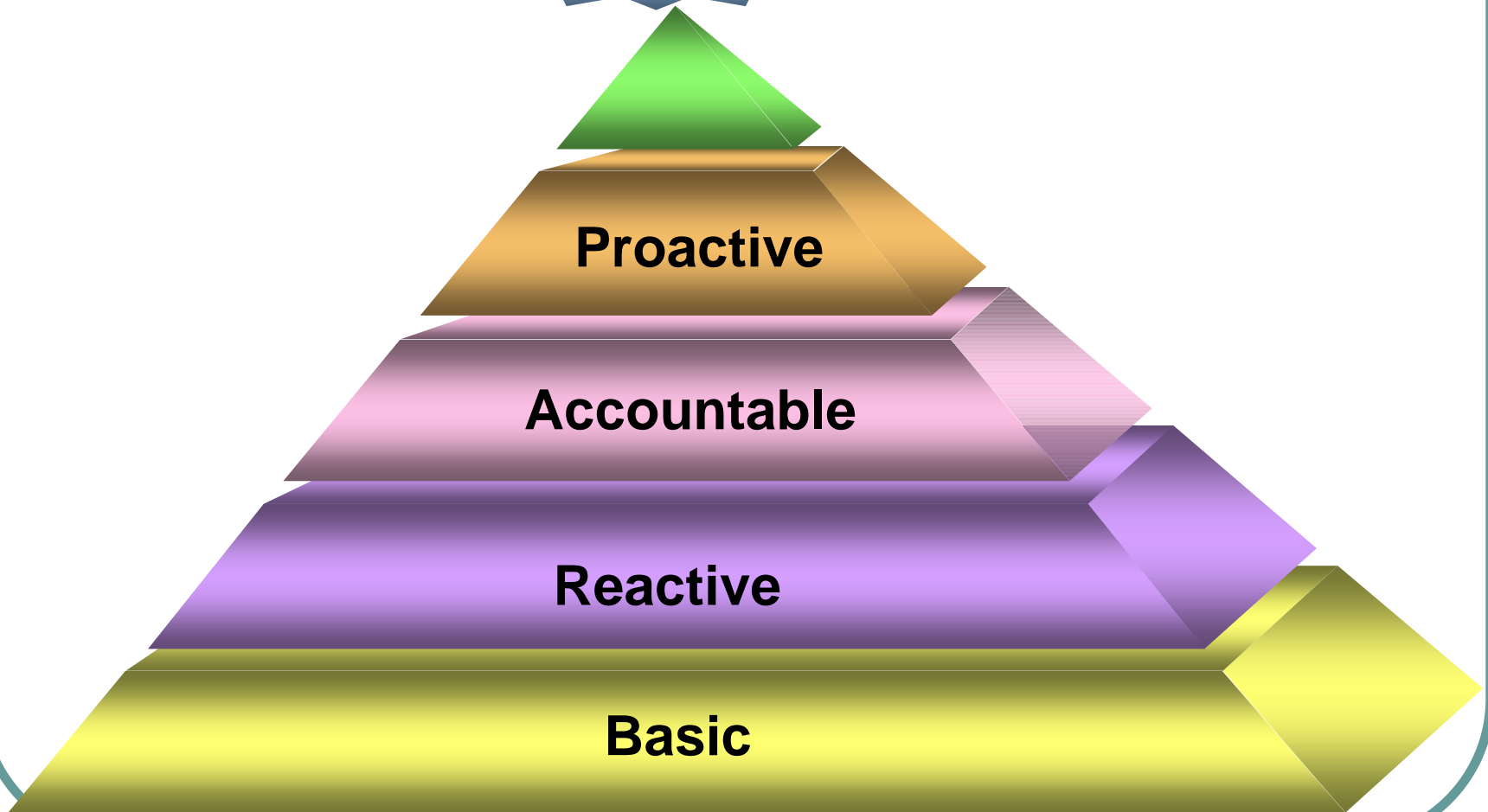
- **New Customer Costs**
- **Lost Customer Costs**
- **Customer Lifetime Value**



Relationship Marketing

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Partnership



Relationship Marketing

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		PROFIT MARGINS		
		HIGH	MEDIUM	LOW
NUMBER OF CUSTOMERS	MANY	Accountable	Reactive	Basic
	MEDIUM	Proactive	Accountable	Basic
	FEW	Partnership	Accountable	Reactive



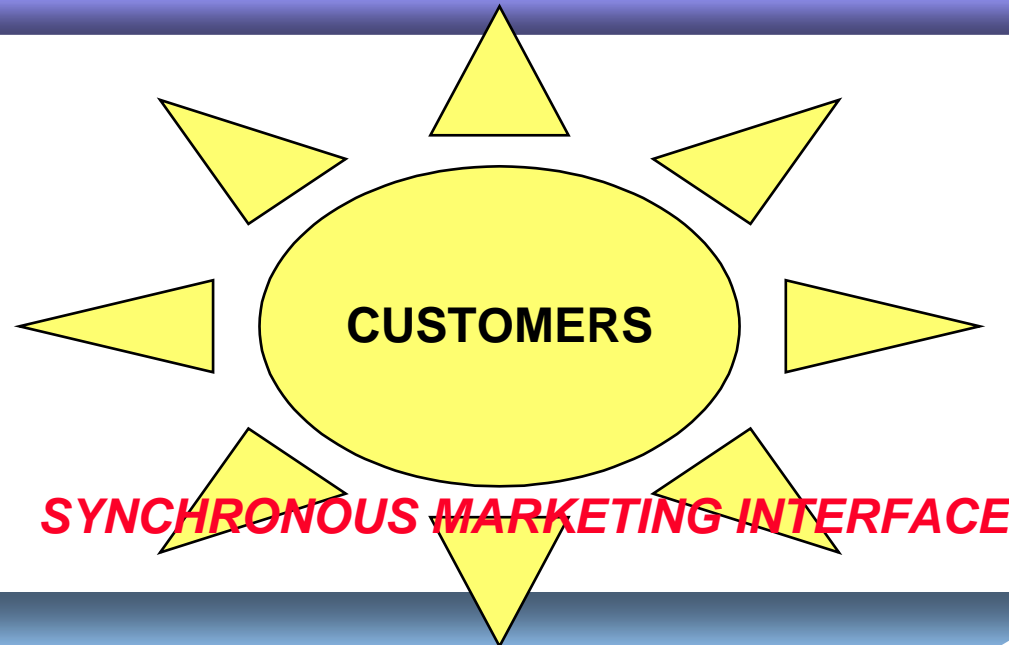
Three Value-Building Approaches

- **Financial Benefits**
- **Social Benefits**
- **Structural Ties**

V. Internal Marketing

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External Marketing



MARKETING ORGANISATION



Questions

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- 1. Why is relationship marketing more important to the B2B than to the B2C players?**
- 2. What's the business model of Alibaba.com?**
- 3. How come Alibaba has succeeded in its e-hub?**