

Organizational Buying Behavior- Review of literature

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ABSTRACT

Organizational buying behavior refers to buying behavior of organizations that buy products for business use, resell or to make other products. Organizational buying is the decision-making process by which formal organizations establish the need for purchased products and services and identify, evaluate, and choose among alternative brands and suppliers. It is a set of complex events which depends upon level of experience the firm has in purchasing that goods or services.

Key words:- Organizational buying behavior, Industrial buying behavior, Business to business buying behavior.

Introduction

Organizational buying behavior refers to the buying behavior of organizations that buy products for business use, resell or to make other products. Organizations consist of business, industries, retailers, government, and non-government organizations.

Organizational buying behavior is also known as industrial buying behavior, business buying behavior and business to business buying behavior. Organizational buyers make buying decisions for their organizations and purchase products and services professionally. This type of buyer tends to be more knowledgeable than normal consumers. These decisions are taken by buying center.

The work of Robinson, Faris, and Wind(RFW)(1967),Sheth (1973) and Webster and Wind(WW) done essential frame work for the field of Organizational buying. These three laid a foundation for Organizational buying behavior.

Objectives

To study the research carried out under the head Organizational buying behavior.

Methodology

The study is based on secondary data. In this regard various libraries were visited and some online journals and articles were reviewed by the researcher.

Review of literature

Vani, U., &Janani, P. (2016)¹ focuses on potential industrial buyer's behaviour who are buying from readymade garment industries, mainly knitted garments in Tirupur of Tamil Nadu. Though there are many domestic buyers in this trade, the study approaches the behavior of entirely overseas buyers. Industrial buyers are not the end users. The study includes the

statement of problem, objective, Research methodology and limitation of buyer's behaviour. The data has been widely collected applying questionnaire method from 50 overseas buyers of few garment companies through several communications. The tools used in this analysis are Percentage testing method and Average rank analysis method. The study provides buyer's perception towards supplier and manufacturer of garment industries in Tirupur ds supplier and manufacturer of garment industries in Tirupur.

Rossomme (2003)² also provides a model based on different dimensions, but with different labelling. The author divides the customer satisfaction of industrial customer into four different dimensions, information satisfaction, performance satisfaction, attribute satisfaction and personal satisfaction.

Homburg and Rudolph (2001)³ propose a model where satisfaction of industrial customers is measured by seven different dimensions such as satisfaction with product, salespeople, product-related information, order handling, technical services, internal personnel and complaint handling. The model was tested and supported in different industries consisting of suppliers of goods sold to industrial customers

Blois (2000)⁴ understanding of a business buyers' behavior is a key element in an organization's ability to compete and develop marketing strategy. Companies try to recognize business buyers' behavior and buyer characteristics and affect them.

Johnston and Lewin (1996)⁵ consider the models of RFW, Sheth, and WW to develop an integrated model of organizational buying behavior. In their conceptualization, two new constructs are added; these are "decision rules" and "role stress." These concepts were chosen because they appear frequently in conceptual and empirical studies.

Wilson(1995)⁶ There is an active research focus on the buyer-seller relationship .The theoretical frame work has expanded from a buying-side-only perspective to a dyadic perspective. A possible explanation for this transition is that the environment of the business market has changed. As the field of business marketing in general continues to evolve, the next theory transition may be to view buying and selling relationships between firms from a systems perspective.

Bunn (1993)⁷ developed a taxonomy that categorizes buying decisions into six groups from casual purchase to a strategic new task purchase. The use of a particular buying approach depends on four situational variables: purchase importance, task uncertainty, extensiveness of choice, and perceived buyer power. This work offers process-oriented insight for buyers and segmentation/adaptive selling insight for marketers.

Swindley (1992)⁸ in industrial buying the decision is often influenced by engineers or production people; in retail, the decision is influenced by marketing, logistics and merchandising.

Senge(1990)⁹ comments for organizational learning and thinking may also be applied to theory development in organizational buying. "Systems thinking is a discipline for seeing wholes. It is a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static 'snapshots' . Owing to logistical necessity in implementing research, studies are often done as static snapshots from the buying side or the selling side. Thus, a key question at this point in the development of the domain of organizational buying is "can we view

organizational buying and selling relationships in a systems perspective?" This is may be the next logical direction for the field given the movement toward a relationship perspective.

Johnston and Spekman (1987)¹⁰ their perspective is unique because it moves us toward the recognition of the buyer and seller as parts of a system; most organizational buying studies focus on the purchasing agent or buying centre as the unit of analysis with the supplier considered as a choice outcome. The organization is recognized as having a buying, manufacturing, and selling function but outside suppliers are not directly recognized as crossing the "organizational boundary."

Vyas and Woodside (1984)¹¹ use a qualitative case approach to describe buying decision rules. They develop flow diagrams in a very similar manner to RFW's diagrams of the straight re - buy, modified re buy, and new task buy.

Anita M. Kennedy, (1982)¹² made attempts have been made to advance knowledge on industrial buying behaviour as the basis for marketing strategy decisions. In spite of the recent proliferation of research interests in this area, there remains limited information on questions such as the locus of buying responsibility and the nature of the buying process within potential customer organization.

Johnston and Bonoma (1981)¹³ have suggested that systems theory may offer a useful approach to understand the complex interactions taking place in organizational buying. In this view, the organization is composed of subsystems (functional areas or processes) that have some degree of structure and are bounded by the environment. "An 'open' system view sees the organization as exchanging information and other resources (in the form of inputs and outputs) with its environment" In such a system, inputs (resources and information) are taken from the environment, processed, and returned to the environment in the form of output.

Choffray and Lilien (1978)¹⁴ propose a sequential process of individual decision making, followed by formation of organizational preferences, resulting in supplier choice.

Sheth (1973)¹⁵, **Webster and Wind (WW) (1972)**¹⁶, **Faris et al. (1967)**¹⁷ had a substantial impact on the field of organizational buying behavior; these were the first deductively based, middle range theoretical models dedicated to this particular phenomenon. " Together, these three works laid the conceptual foundation for the study of organizational buying behaviour".

Conclusion

The Organizational buying concept has multiple transitions since its inception. Due to globalisation and proliferating manufacturing units in each sector understands the importance to do research in Organizational Buying.

The drastic change in organizational buying happened on account of four reasons,

1. Due to the global competitiveness especially in manufacturing sector especially process machinery, auto mobile and heavy engineering.
2. Owing to the concept of "reverse marketing" by the commencement of TQM philosophy moved backward into procurement processes and practices, leads into reduced cycle times and zero inventory.

3. Industry restructuring through mergers and acquisitions on global basis has reorganised the procurement function from a decentralised administrative function into centralised strategic function.

4. Development of information technology.

Thus Organizational buying behaviour leads repositioning of procurement practice from traditional administrative function into strategic function leads good opportunity for innovation and research.

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