Learning Outcomes

1. Categorize primary types of buyers
2. Discuss the distinguishing characteristics of business markets
3. List the different steps in the business-to-business buying process
4. Discuss the different types of buyer needs
5. Describe how buyers evaluate suppliers and alternative sales offerings by using the multi-attribute model of evaluation
Learning Outcomes

6. Explain the two-factor model that buyers use to evaluate the performance of sales offerings and develop satisfaction.

7. Explain the different types of purchasing decisions.

8. Describe the four communication styles and how salespeople must adapt and flex their own styles to maximize communication.

9. Explain the concept of buying teams and specify the different member roles.

10. Understand means of engaging customers.
Buyers are classified according to their unique buying situations that influence their needs, motivations, and buying behavior.

The most common categorization splits buyers into either consumer markets or business markets.
TYPES OF BUYERS

Consumer market

• Consumers purchase goods and services for their use or consumption

Business market

• Business market acquire goods and services to use them as inputs into manufacturing, for use in the course of doing business, or for resale.
• Firms, institutions, and governments acquire goods and services for their own use or for resale to their customers

https://www.fundera.com/blog/most-profitable-industries
### CHARACTERISTICS OF BUSINESS MARKETS

Business markets have numerous characteristics that distinguish them from consumer markets. They tend to be more complex and possess several characteristics that are in sharp contrast to those of the consumer market.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description</th>
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</table>
| **Concentrated demand**                           | • High levels of concentration in which a small number of large buyers account for most of the purchases  
• Example: High grade industrial silicon for use in manufacturing computer chips have one – five dominant chip makers around the world |
| **Derived demand**                                | • Demand for business markets is closely associated with the demand for consumer goods  
• Example: when demand for electric cars increase, so does demand for batteries (inverse is true) |
| **Higher levels of demand fluctuation**           | • Acceleration Principle. As demand increases or decreases in the consumer market, the business market reacts by accelerating the buildup or reduction of inventories and increasing or decreasing plant capacity.  
• Example: Smartphones with big screens cause wholesale and retailers to increase inventories while decreasing of small screen phones |
| **Purchasing professionals**                      | • Process of identifying suppliers and sourcing goods and services results in a more professional and rational approach to purchasing. |
| **Multiple buying influences**                    | • Groups in business purchases work together as a buying team resulting in salespeople working simultaneously with several individuals during a sales call. |
| **Collaborative buyer-seller relationships**      | • Supply chain management – characterized by the strategic coordination and integration of purchasing with other functions within the organization as well as external organizations.  
• Sharing of information and coordinating activities to reduce risk |
STEPS IN THE BUYING PROCESS IN THE BUSINESS MARKETPLACE

- Recognition of the problem
- Determination and description of the characteristics of the item and the quantity needed
- Search for and qualification of potential sources
- Acquisition and analysis of proposals
- Evaluation of proposals and selection of suppliers
- Selection of an order routine
- Performance feedback and evaluation
COMPLEX MIX OF BUYER NEEDS
## TYPES OF BUYER NEEDS

<table>
<thead>
<tr>
<th>Types of Needs</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situational Needs</strong></td>
<td>I need a new cell phone now because mine is broken and I am heading out-of-town.</td>
</tr>
<tr>
<td><strong>Functional Needs</strong></td>
<td>I need a cell phone with a keyboard.</td>
</tr>
<tr>
<td><strong>Social Needs</strong></td>
<td>I need a state-of-the-art cell phone so I will be recognized as a technology-savvy person.</td>
</tr>
<tr>
<td><strong>Psychological Needs</strong></td>
<td>I need a cell phone with an extended warranty.</td>
</tr>
<tr>
<td><strong>Knowledge Needs</strong></td>
<td>I need comprehensive training on how to use a new cell phone.</td>
</tr>
</tbody>
</table>
1. Recognition of the problem
2. Determination and description of the characteristics of the item and the quantity needed
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7. Selection of an order routine
8. Performance feedback and evaluation

**Initiating Customer Relationships**
- Strategic prospecting
- Assessing prospect’s situation
- Discovering prospect’s needs
- Planning value-based sales dialogue and presentations
- Activating the buying process

**Developing Customer Relationships**
- Engaging prospects and customers through dialogue and presentations
- Co-creating and validating customer value
- Earning customer commitment

**Enhancing Customer Relationships**
- Building value through post-sale follow-up
- Assessing value and relationship performance
- Creating new value opportunities
- Increasing customer value through self-leadership and teamwork
Research shows that buyers evaluate their experience with a product purchase on the basis of product characteristics that fall into a two-factor model of evaluation

- **Functional attributes** are the more tangible characteristics of a market offering (features and characteristics)
  - Did the product do what it said it would do
  - Referred to as: **Must have attributes**

- **Psychological attributes** are primarily composed of the interpersonal behaviors and activities between the buyer and seller.
  - The psychological attributes have been repeatedly found to have higher levels of influence than functional attributes on customer satisfaction and repeat purchase.
  - Total marketing offerings that go above and beyond buyer expectations and have a significant positive impact on customer satisfaction **Delighter attributes**
THREE TYPES OF BUYING DECISIONS

- Buyer behavior and purchase decisions are based on knowledge that the buyer has accumulated from multiple sources to assist them

  - **Internally** – buyers reflect on past experiences as guides for purchase decisions
  
  - **External** sources – used when sufficient knowledge from past experiences is not available (trade journals, product test reports, white papers, advertising) and other individuals the buyer perceives as being trustworthy and knowledgeable

- Level of experience and knowledge a buyer possesses is the primary determinant of the time and resources the buyer will allocate that purchase decision
THREE TYPES OF BUYING DECISIONS

- straight rebuys
- modified rebuys
- new tasks

<table>
<thead>
<tr>
<th>Decision Type</th>
<th>Straight Rebuy</th>
<th>Modified Rebuy</th>
<th>New Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newness of problem or need</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Information requirements</td>
<td>Minimal</td>
<td>Moderate</td>
<td>Maximum</td>
</tr>
<tr>
<td>Information search</td>
<td>Minimal</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
<tr>
<td>Consideration of new alternatives</td>
<td>None</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
<tr>
<td>Multiple buying influences</td>
<td>Very small</td>
<td>Moderate</td>
<td>Large</td>
</tr>
<tr>
<td>Financial risk</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>
Continuum of Types of Buying Decisions

- Straight Rebuy
- Modified Rebuy
- New Task

Habitual and Routine Decision Making

Extensive Consideration and Decision Making
UNDERSTANDING COMMUNICATION STYLES

- Verbal and nonverbal messages provide salespeople with important cues regarding buyers’ personalities and communication styles.
  - Experience salespeople know how to read and respond to consumer communication styles
  - Effectively sensing and interpreting buyers’ communications style
    - Allows for salesperson to use their own interaction style to facilitate communication and enhance relationships
  - Two-two matrix for categorizing communication styles

1. Assertiveness
2. Responsiveness
**Assertiveness** - the degree to which a person holds opinions about issues and attempts to dominate or control situations by directing the thoughts and actions of others

- Highly assertive
- Low assertive

**Responsiveness** – The level of feelings and sociability an individual openly displays

- Low responsiveness
- High responsiveness

The actual levels of assertiveness and responsiveness vary from individual to individual on a continuum ranging from low to high.
Overlaying the assertiveness and responsiveness dimensions produces a four-quadrant matrix which characterizes an individual as exhibiting one of four different communication styles based on his or her levels of assertiveness or responsiveness.
AMIABLE – LET’S DO IT THE EASY WAY

**Personality Strengths:**
- Very Loyal & Team Player
- Friendly / Cares for People
- Very Balanced
- Cooperative
- Strong-Willed / Efficient
- Organized
- Great Negotiators
- Voice of Reason
- Great Listener
- Very Supportive

**Personality Traits:**
- Want Acceptance
- Relationship Oriented
- “People” Persons
- Yields to others Viewpoints
- Likes being told what to do
- Like Rules / Processes
- Likes to Help / Assist / Join
- Likes Consensus
- Egotistical / Emotional
- Avoids Conflict
HOW TO SPOT AN AMICABLE

☐ Their Function – HR, Admin, Processors, Help Desk, Trainer…
☐ They are usually on time, have a loose agenda and always run over
☐ Their office is a somewhat neat with a lot of Personal Effects (Family / Animal pictures, Stuff from their Kid's) and Awards
☐ They are dressed neat whether casual or formal to conform
☐ Like to be trendy – need to express themselves within guidelines
☐ Somewhat on a plan – but question line can go astray
☐ Smile and laugh a lot – they want you to be friends with them
☐ “Small Talk” can consist of any non-business topic
☐ Asks questions and you can ask questions back – this is definitely a two-way conversation – loves to hear about personal triumphs

*These people are your HR, Admin, Invoice / Credit Processors, Client Service, Help Desk, or Trainers - the people that are the glue that keep it all together When you meet one of these types think of: Oprah Winfrey*
HOW TO ANSWER AN AMICABLE DURING AN INTERVIEW - LET’S GET THIS DONE TOGETHER

- Answer – “I Like…..”
- Answer the questions, but explain how you personally instituted a result that led to quantifiable outcome in 1:00 to 2:00 minutes max!
- Let them follow up, but back up your answers with examples on how the results reduced effort, improved a process, lowered costs, increased revenue in quantifiable terms – Problem-Action-Results
- They like to hear what you do outside of work or your team-work
- Smile / Laugh a lot show your personality with “The Amiable”
- If you are Curt, Analytical, or Talk about future…..Bye Bye Birdie!
EXPRESSIVES – LET’S DO IT THE FUN WAY

**Personality Strengths:**
- Thinks outside of the box
- Independent
- Very Personable
- Can talk about anything
- Strong-Willed / Efficient
- Decide without information
- Idea People /Creative
- Dependable – Team Player
- Pragmatic
- Persistent

**Personality Traits:**
- Want Recognition / Applause
- Very Competitive
- Intuition Oriented / Impulsive
- Expressive
- Hates being told what to do
- Hates Rules / Big Risk Taker
- Very Opinionated
- Likes to “Tell”
- Egotistical / Emotional
- Very Confrontational
HOW TO SPOT AN EXPRESSIVE

- Their Function – Sales, Marketing, Promotions, Advertising…
- They are late, have no agenda and usually run over
- Their office is a mess, a lot “Stuff” / Awards / Trophies / Pictures a lot of Personal Effects (Family, Friends, Places Pictures, Coffee Mugs, Hats) and Vendor free-bees
- They are dressed in whatever they feel like – non-conforming
- Very flamboyant – need to express themselves
- Never on a plan – questions can go over all over the place ☐ Smile and laugh a lot – you can be friends with them
- “Small Talk” can consist of some “thing” they are interested in
- Asks questions – loves ideas / achievements / awards you got

These people are your Sales, Marketing, Promotions, Advertising, Think Tank, or Creative - the people that are the straw that stirs the drink When you meet one of these types think of: Steve Martin & Dan Aykroyd “Two Wild and Crazy Guys”
HOW TO ANSWER AN EXPRESSIVE DURING AN INTERVIEW
- I FEEL...

- Answer the questions, but explain how the effect of the result led to a positive outcome for the FUTURE in 1:00 to 1:30 minutes max!
- Let them follow up but back up yours answers with how the results took the Company, Product, Department to the Next Level
- Use examples to show how your Ideas/Creativity led to success
- Smile a lot and use it to drive your points home
- You can be friends and get friendly with “The expressive”
- If are Curt, Analytical, need Plans/Rules……You’re History!
DRIVERS – LET’S DO IT MY WAY

**Personality Strengths:**
- Strong-Willed
- Pragmatic
- Quickly takes charge
- Decision Makers
- Goal / Action oriented
- Over achievers
- Natural Leaders
- Risk Takers
- Not easily discouraged

**Personality Traits:**
- Results & Performance Matter
- Tasks get accomplished
- Take Action
- Does not listen well
- Hard to Accept other’s Ideas
- Demanding / Impatient
- Controlling
- Orders or Tells
- Confronts others / Likes Conflict
HOW TO SPOT A DRIVER

☐ Their Title – CEO, CFO, CIO, VP, Director, SR. Manager etc.
☐ They are on a clock or look at their watch a lot
☐ Their office is ornate but clean and orderly, very little personal effects (Family Pictures, Boat or Golf items, no papers / mess)
☐ They are dressed neater - more business like than other people
☐ No flamboyancy – or individuality
☐ Arrive on time and end on time
☐ May or may not smile a lot – tend to be serious but pleasant ☐ Very little “Small Talk”
☐ Asks direct questions – may dive deeper to test your validity

The Driver These people are your CEO, CIO, VP, Director and Management types – the movers and Shakers
When you meet one of these types think of: Jeff Bezos or Elon Musk
HOW TO ANSWER A DRIVER (DURING AN INTERVIEW) – JUST THE FACTS...

☐ Answer – “I know.....”
☐ Answer the questions short and to the point 30 to 60 seconds max!
☐ Let them follow up and then answer again if THEY want to
☐ Examples to answers should be goals / results / achievements
☐ Show how you led, took charge, made the decision, delivered ☐ Smile enough to keep a friendly business persona
☐ Do not try to be friends or get friendly with “The Driver”
☐ If you babble on, are indecisive, show weakness, too analytical, too Expressive or use a lot of non-words......You’re Dead Meat!
ANALYTICAL – LET’S DO IT THE RIGHT WAY

Strengths:
- Smart - Learners
- Planners – long range goals
- Logical – Problem solvers
- Very Organized
- Not a Decision Maker
- Systematic – sense of Duty
- Precise
- Dependable – Team Player
- Not a Risk Taker - Ethical
- Not easily discouraged

Personality Traits:
- Process / Information Oriented
- Need to evaluate – never a snap decision
- Tend to Over Analyze
- Need to be told what to do
- Can be distracted
- Hard to Accept other’s Ideas
- Delays decisions / Cautious
- Controls emotions
- Non-Confrontational
HOW TO SPOT AN ANALYTICAL

☐ Their Function – IT, Accounting, Finance, Engineer, Data…
☐ They are on a plan or look at the agenda and heed the time
☐ Their office is organized, a lot of manuals / regulatory books, very little personal effects (Family Pictures, Gadgets, a lot of papers but not messy – everything has it’s proper place)
☐ They are dressed neatly– company or vendor logo shirts
☐ No flamboyancy – need to conform
☐ Arrive on time but can go over if the subject holds their interest
☐ May or may not smile a lot
☐ “Small Talk” can consist of some “thing” they use to do their job
☐ Asks questions – but loves approaches / analysis / planning
HOW TO ANSWER AN ANALYTICAL (DURING AN INTERVIEW) - SHOW ME

☐ Answer – “I Think…..”

☐ Answer the questions but explain the steps you took to do it in 60 to 90 seconds max! – These types love examples

☐ Let them follow up and then answer again in MORE Detail

☐ Examples to answers should be Processes / Planning = Results

☐ Show how you Planned, Analyzed, Offered Choices, Monitored

☐ Smile enough as you describe how the steps you took built…..

☐ Can be somewhat friendly with these types in a Professional way

☐ If you babble on, are too direct, or too independent…You’re Toast!
COMMUNICATION STYLE FLEXING

The process by which the salesperson adjusts his/her communication style to fit that of the customers in order to facilitate effective communication.
Salespeople need to adapt to the style of the buyer to enhance communication.

Positively impacts:
- Salespeople’s performance
- Quality of buyer-seller relationships

Mismatched styles between a seller and buyer can be dysfunctional in terms of effective collaboration and present significant barriers for information exchange and relationship building.

Differences in styles manifest themselves in the form of differences in preferred priorities (relationships versus task orientation) and favored pace (fast versus slow) of information exchange, socialization, and decision making.

To minimize potential communication difficulties stemming from mismatched styles, salespeople should flex their personal styles to better fit the preferred priorities and pace of the buyer.
BUYING TEAMS

- Incorporate the expertise and multiple buying influences of people from different departments throughout the organization.
  - Xerox – average of four customer employees in every Xerox sale
- The organization size and nature and volume of the products being purchased will influence number and makeup of the buying team
BUYING TEAMS (BUYING CENTERS)

Combine the expertise and multiple buying influences of people from different departments throughout the organization

Roles
- Initiators
- Influencers
- Users
- Gatekeepers
- Deciders
- Purchasers
ENGAGING CUSTOMERS

- Role of information technology
  - Business-to-business e-commerce
  - Internet-enabled programs
  - Customer relationship management systems
  - Social networking technologies

- Buyers demand for relevant information
  - Seek information through laptops, desktops, iPads, and smartphones
    - Companies should offer information to targeted customers through social media
• Consumer and business markets vary based on their different characteristics
  • *Buyers in the business marketplace undergo conscious and logical processes in making purchase decisions*
• Buyer needs - Situational, functional, social, psychological, and knowledge
• Two-factor model of evaluation helps the buyer evaluate satisfaction obtained on a product purchase
Bob Labels is a sales representative for a firm that manufactures and sells various packaging machines. Bob is meeting with a prospect, Andrew Ale, who is a purchaser for a midsized beer manufacturer looking to expand its business. Thus, the company is in need of an additional bottle labeler. The bottle labeler currently used by the company was bought at auction several years ago. Having found Bob’s company on the Internet, Andrew contacted Bob and they set up a meeting at Andrew’s office. Upon assessing Andrew’s needs, Bob determined that Andrew was looking for a roll-fed bottle labeler capable of labeling up to 1,200 bottles per minute. This concerned Bob because the fastest bottler he carried was capable of labeling only up to 1,000 bottles per minute. Currently, Andrew’s company was not running at full capacity, but he felt he would need this capability in the near future to meet expected demand. While Bob knew his labeler would work fine for the near future, he also knew that given Andrew’s future needs, a faster bottler would actually be the most beneficial purchase. Bob really wanted to make this sale as it would be instrumental in him achieving a bonus. The bonus would be particularly useful to help Bob pay the hospital bills associated with his wife's cancer. Bob believes that he could work with Andrew to get him to reassess his needs and convince him that the machine he has to offer will be quick enough to meet production needs now and in the future, particularly given that there is no guarantee of an expected growth in sales. Bob surmises that if Andrew’s company outgrew this labeler, they could always purchase an additional labeler from him down the road.

What should Bob do?

a) Try to convince Andrew that he does not need a labeler that does 1,200 labels per minute.

b) Suggest an alternate label machine supplier and ask Andrew to keep him in mind for additional packaging machinery needs.

c) Refer to his company’s code of conduct and/or contact his sales manager and ask for advice.