

## **Chapter 3: Answers to Questions for Review and Discussion**

2. What is a buying center?

*Not a place! A buying center in organizational purchasing is a collection of people with a stake in the buying process and who contribute to the purchase decision; these individuals will have specialties related to their professional discipline and purchase function in products, components, organizational needs and the firm's culture.*

3. What organizations or departments are usually considered to be in a buying center?

*Short answer – any entity with a stake in the decision.*

*Within a buying center, organizations typically will include technology, product design, legal, financial, accounting, production/manufacturing, marketing and service, either directly or within a less-formal relationship. Stakeholders in the buying center may also be internal and/or external to the buying organization and located across several physical as well as organizational locations. Depending on the complexity and nature of the buying decision, external publics may feel they have a stake in the process*

4. How does the buying center change for different types of purchases (straight rebuy, modified rebuy, new task)?

*Straight re-buys require a simpler ordering/delivery process typically from existing vendors while modified rebuys begin to enter a process where new specifications are included in previous purchases. New tasks will include the full gamut of considerations from specifying to bidding to evaluating to in-use capability measures. When the buying situation is closer to the new task end of the spectrum, the buying center will tend to have more people involved from a wider range of functions within the firm. When the situation is a straight rebuy, only professional procurement/purchasing individuals are involved, often purchasing from a predetermined list of approved suppliers.*

5. Relate the value chain discussed in Chapter 2 with the buying center. How can they be intertwined to provide value for the customer?

*Different elements of the supplier value network contribute specific pieces of the offering. These pieces are perceived by different members of the customer buying center as having value based on the members' professional role in the customer organization. The three types of needs to satisfy – the needs of the organization/job function – the individual's needs stemming from their role in the organization – and personal needs, act upon the decision maker. See Exhibit 1-3. The Value Chain (VC) implies that all parts of the supplying organization, direct and indirect, contribute to the total offering - value as defined by the customer. Each part of the VC may contribute its professional expertise directly in the creation of the offering. The buying center perceives the offering from the view of each buying center member's profession. The VC elements may work directly with customer complementary counterparts in the buying center to custom tailor the offering to the customer needs.*

9. Relate the buying process model to organizational and individual needs. How do they change through the process?

*Throughout the buying decision process, the organization's needs are for efficiency and effectiveness in reaching the desired outcome. Along the way, the process must provide assurances to the organization that the purchase will be successfully completed. Individual needs throughout the buying process involve needs related to the individuals' roles and personal needs. Role needs concern the individual's performance in his or her job. Personal needs relate to the individual's career and emotional health. The astute marketer works to be aware of both organizational needs and the needs of those individuals in the corporation.*

10. Under what type of purchase decision is an existing supplier at the greatest risk – new task; modified rebuy; or routine purchase?

*Existing/defending suppliers are at the greatest risk in a modified rebuy. In a straight rebuy, the motivation may not be present to change something that is working, though not working well. Additionally, there may be no budget or time to investigate alternatives. In a new task, all alternatives are on the table. In a modified rebuy, an existing supplier that has not continuously "resold the job" may not be aware of any difficulties with the process. The change in the buy, though not a complete new task, gives the customer the opportunity to "fix" any existing frustrations.*