

Chapter 6

Business Markets and Business Buyer Behavior

Multiple Choice

1. Business buyers tend to be more rational and _____ than consumer buyers.
 - a. orderly
 - b. objective
 - c. subjective
 - d. team-oriented(b; Easy; p. 215)

2. Each party in the buying process has subtle _____ and _____.
 - a. expectations; needs
 - b. behavior; procedures
 - c. roles; needs
 - d. guidelines; roles(c; Moderate; p. 213)

3. In one way or another, most large companies sell to _____.
 - a. consumers
 - b. other organizations
 - c. employees
 - d. not-for-profit organizations(b; Moderate; p. 214)

4. As a purchasing agent, Benni Lopez buys goods and services for use in the production of other products and services that are sold and supplied to others. Benni is involved in _____.
 - a. consumer buying behavior
 - b. corporate buying behavior
 - c. reseller buying behavior
 - d. business buying behavior(d; Easy; p. 214)

5. Annie Laurie works for Arrow Star, a wholesaler and retailer of outdoor furniture. Her job is to acquire goods to resell and rent to other retailers and consumers at a profit. Annie is involved in _____.
 - a. consumer buying behavior
 - b. corporate buying behavior
 - c. reseller buying behavior
 - d. business buying behavior(d; Challenging; p. 214)

6. What can we say about the size of the business market compared to consumer markets?
- It is approximately the same.
 - It is smaller.
 - It is huge.
 - There is no need to compare them.
- (c; Easy; p. 215)
7. All of the following are differences between business and consumer markets except one. Which is it?
- market structure and demand
 - nature of the buying unit
 - type of credit extended
 - types of decisions and the decision process involved
- (c; Challenging; pp. 215-216)
8. You have just realized after talking to a marketing analyst that many sets of _____ purchases were made for only one set of _____ purchases.
- consumer; business
 - inexpensive; business
 - expensive; consumer
 - business; consumer
- (d; Challenging; p. 215)
9. What can we say about business purchasers compared to the consumer purchasers?
- They deal with far fewer but far larger buyers.
 - They are paid and the consumer is not paid for buying.
 - Business buyers almost always work in committees.
 - None of the above
- (a; Moderate; p. 215)
10. Adirondack Industries sells industrial supplies to markets in six states. The markets are in major cities because the buyers tend to be geographically _____.
- dispersed
 - concentrated
 - homogeneous
 - equidistant
- (b; Moderate; p. 215)
11. You now understand that business demand is ultimately derived from the demand for consumer goods and is therefore called _____.
- elastic demand
 - fluctuating demand
 - derived demand
 - joint demand
- (c; Easy; p. 215)

12. Kroger buys a lot of cranberry products at Christmas due to high consumer demand. This is an example of _____ demand.
- a. joint
 - b. derived
 - c. elastic
 - d. fluctuating
- (b; Moderate; p. 215)
13. Bartholomew Pharmacies sell certain prescription drugs that are not affected much by price changes, especially in the short run. We say these products have what type of demand?
- a. joint
 - b. derived
 - c. inelastic
 - d. elastic
- (c; Moderate; p. 215)
14. It is because of _____ demand that many business goods and services tend to change more – and more quickly – than the demand for consumer goods and services.
- a. fluctuating
 - b. derived
 - c. inelastic
 - d. elastic
- (a; Easy; p. 215)
15. Compared with consumer purchases, a business purchase usually involves _____ decision participants.
- a. better-trained
 - b. more professional
 - c. more
 - d. all of the above
- (d; Moderate; p. 215)
16. What generally causes several people to become involved in a business purchase decision? It is when the purchase is more _____.
- a. expensive
 - b. time consuming
 - c. complex
 - d. frequent
- (c; Easy; p. 216)

17. As a participant in the B2B market, you will be more _____ those from whom you buy and those to whom you sell.
- friendly with
 - dependent on
 - professional with
 - independent from
- (b; Moderate; p. 216)
18. Large business purchasers usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval. Because of this, we say the business buying process is more _____.
- formalized
 - professional
 - strategic
 - time consuming
- (a; Easy; p. 216)
19. The owners of the company you work for have developed a core of suppliers and are working closely with them. This is an example of _____ management.
- channel
 - supplier relationship
 - channel captain
 - core channel
- (b; Easy; p. 217)
20. Business marketers keep a customer's sales by meeting current needs and by partnering with customers to help them _____.
- make money
 - increase profits
 - solve their problems
 - please their customers
- (c; Challenging; p. 217)
21. At which level will marketers want to know how business buyers will respond to various marketing stimuli?
- basic
 - intermediate
 - advanced
 - none of the above
- (a; Easy; p. 217)

22. As with consumer buying, the marketing stimuli for business buying consists of product, price, place, and _____.
a. precision
b. preselling
c. promotion
d. predetermined standards
(c; Moderate; p. 217)
23. In a typical organization, buying activity consists of two major parts: the buying _____ and the buying _____.
a. committee; time
b. time; reorder point
c. economic order quantity; reorder point
d. center; decision process
(d; Challenging; p. 217)
24. Choose the answer below that is not a factor that affects the buying center and the buying decision process.
a. internal organization factors
b. interpersonal factors
c. individual factors
d. intreprenurial factors
(d; Moderate; p. 222)
25. It is typical to find three major types of business buying situations. Choose the incorrect one from the list below.
a. straight rebuy
b. modified rebuy
c. new task
d. All of the above are correct buying situations.
(d; Easy; p. 219)
26. You purchase cleaning supplies for your custodial help regularly. Your coworker remarks that the purchase of these supplies is handled on a routine basis. It is therefore a _____.
a. modified rebuy
b. new task
c. straight rebuy
d. modified straight rebuy
(c; Moderate; p. 219)

27. You call in a department manager to assist in a purchase of industrial equipment. You are considering a change in the product specifications, terms, and possibly suppliers. This sounds like a _____.
- a. modified rebuy
 - b. new task
 - c. straight rebuy
 - d. tough decision
- (a; Easy; p. 219)

28. The present production equipment on your assembly lines is outmoded and inefficient. The purchase of entirely new equipment is in order. After careful searching through numerous suppliers and gathering opinions from all relevant parties to the work, you are now ready to make this _____ purchase.
- a. modified rebuy
 - b. new task
 - c. straight rebuy
 - d. expensive
- (b; Challenging; p. 219)

29. Which business buying situation is the marketer's greatest opportunity and challenge?
- a. modified rebuy
 - b. straight rebuy
 - c. new task
 - d. multiple rebuys
- (c; Easy; p. 219)

30. You just lost a major account because a competitor beat you to the sale. The sale went to the firm because it provided the most complete system to meet the customer's needs. You have just been reminded that competition beat you with _____.
- a. systems selling
 - b. team selling
 - c. great skill
 - d. none of the above
- (a; Challenging; p. 219)

31. What is the decision-making unit of a buying organization called today?
- a. buying committee
 - b. buying center
 - c. buying team
 - d. lone ranger
- (b; Easy; p. 220)

32. By definition, a buying center consists of all the individuals and _____ that participate in the business decision-making process.
- managers
 - committees
 - task forces
 - units
- (d; Easy; p. 220)
33. The buying center at Yugo Yogurt uses the services of a number of individuals. It includes the actual users, those who make the buying decisions, those who influence it, those who do the actually buying, and those who _____.
- pay the bill
 - control buying information
 - set the parameters
 - none of the above
- (b; Moderate; p. 220)
34. This member of the buying center has formal or informal power to select or approve the final suppliers. These individuals are often the buyers in routine buying.
- users
 - influencers
 - gatekeepers
 - deciders
- (d; Easy; p. 220)
35. A(n) _____ controls the flow of information to others in the buying center.
- user
 - influencer
 - buyer
 - gatekeeper
- (d; Easy; p. 220)
36. Jonathan Myers helps define and set specifications for evaluating alternatives for purchasing. He also provides information for evaluating the alternatives. In his role on the buying committee, Jonathan acts as a(n) _____.
- user
 - influencer
 - decider
 - gatekeeper
- (b; Moderate; p. 220)

37. Gretchen Kabor has formal authority to select the suppliers and arrange terms of purchase for many of the items her firm uses. Her role in the buying center is one of _____.

- a. user
- b. influencer
- c. buyer
- d. decider

(c; Moderate; p. 220)

38. Alliance Hardware Stores, a regional chain of 48 stores in six states, presents a major challenge for your manufacturing company. Their buying center must be understood by learning who participates in buying decisions, each participant's relative influence, and the _____ each decision participant uses.

- a. evaluation criteria
- b. budgetary limits
- c. management limits
- d. personal bias

(a; Challenge; pp. 220-221)

39. The buying center is not a fixed and formally identified unit within the buying organization. Rather, it is a set of _____ assumed by different people for different purchases.

- a. budgetary limits
- b. informal job titles
- c. buying roles
- d. none of the above

(c; Moderate; p. 220)

40. Sometimes, even the people in the buying center are not aware of all of the _____.

- a. product requirements
- b. buying participants
- c. supplier options
- d. constraints

(b; Moderate; p. 221)

41. Business buyers react to both reason and emotion, therefore they respond to both economic and _____ factors.

- a. personal
- b. consumer
- c. supplier
- d. reseller

(a; Easy; p. 221)

42. When suppliers' offers are very similar, business buyers have little basis for strictly _____.
- a. emotional choice
 - b. rational choice
 - c. price negotiation
 - d. none of the above
- (b; Easy; p. 222)
43. When competing products differ greatly, business buyers are more accountable for their choices and tend to pay more attention to _____.
- a. economic factors
 - b. prices
 - c. rational choice
 - d. negotiation
- (a; Moderate; p. 222)
44. Charles Swartz is a purchasing agent for Able and Cain Clothiers. As a buyer, he will not be influenced by one of these basic factors.
- a. environmental
 - b. organizational
 - c. intrapersonal
 - d. individual
- (c; Moderate; p. 222)
45. The current and expected economic environment includes which of the following buyer influences?
- a. level of primary demand
 - b. economic outlook
 - c. the cost of money
 - d. all of the above
- (d; Moderate; p. 222)
46. As of last week, Jayne Buois sees that economic uncertainty is rising. She has decided to take the advice of her business consultant, who tells her to cut back on new investments and attempt to _____.
- a. reduce the workforce
 - b. reduce the inventories
 - c. reduce wages and salaries
 - d. reduce waste and install tighter controls
- (b; Challenging; p. 222)

47. Generally speaking, business buyers will hold inventories to a minimum, except in the case of _____.
a. low-cost items
b. key/scarce materials
c. government-regulated materials
d. imported materials
(b; Easy; p. 222)
48. Choose the one question below that the marketer of business products would not answer.
a. Who are the people involved in the buying decision?
b. What are their evaluative criteria?
c. What are the company's policies and limits on its buyers?
d. Why will the consumer buy this?
(d; Moderate; p. 222)
49. Interpersonal buying factors are difficult to manage because they are generally very _____.
a. vague
b. clear
c. subtle
d. easily misunderstood
(c; Easy; p. 222)
50. Jorge Juarez will go through all of the stages of the buying process to add an additional assembly line at work. Jorge is facing a _____ situation.
a. straight rebuy
b. modified rebuy
c. new task buying
d. limited budget
(c; Moderate; p. 219)
51. The buying process begins when someone in the company recognizes a _____.
a. problem or unmet need
b. customer complaint
c. shortage of a good
d. changing demand
(a; Challenging; p. 224)
52. Is it true that different business buyers have differing buying styles?
a. false
b. true
c. indeterminable
d. not important
(b; Easy; p. 224)

53. Business marketers often alert customers to potential problems and then show how their products provide solutions. What is this step in the business buying process?
- general need description
 - alternative evaluations
 - problem recognition
 - developing limits or constraints
- (c; Moderate; p.224)
54. The purchasing agent at your company is working with engineers and users to define the items to purchase by describing the characteristics and quantities to purchase. He is also ranking the importance of reliability, durability, and price. The buyer is preparing a _____.
- value analysis
 - product specifications list
 - general need description
 - purchase order
- (c; Challenging; p. 225)
55. This team decides on the best product characteristics and specifies them on the general need description. They study their needs carefully to determine if they can redesign, standardize, or create a less costly method of production of the items. What is the team generating?
- value analysis
 - general need description
 - purchase order
 - product specifications list
- (a; Moderate; p. 225)
56. When Future Now goes beyond searching for appropriate suppliers to generate a supplier-partner relationship over the long run, it can help bring more value to its customers. Future Now is engaged in _____.
- value analysis
 - channel captaining
 - supplier development
 - supplier control
- (c; Moderate; p. 225)
57. The step following value analysis is _____.
- proposal solicitation
 - supplier search
 - problem recognition
 - general need description
- (b; Easy; p. 225)

58. Suppliers have responsibilities in the supply chain. Which of the following is a major responsibility?
- become listed in major directories
 - build a good reputation in the marketplace
 - become the channel captain
 - both a and b
- (d; Moderate; p. 225)
59. The step following supplier search is _____.
- evaluate suppliers
 - supplier selection
 - cost-benefit analysis
 - none of the above
- (b; Easy; p. 225)
60. Jan Armstrong has developed the policy for her firm of using multiple sources of suppliers. All of the following are typical reasons to do so except one. Find it.
- to avoid being totally dependent on one supplier
 - to allow comparison of prices over time
 - to allow comparison of performance over time
 - to find the lowest cost supplier
- (d; Moderate; p. 226)
61. Buyers may attempt to negotiate with preferred suppliers for better prices and terms before _____.
- ordering
 - signing the contract
 - making the final selection of suppliers
 - paying
- (c; Moderate; p. 226)
62. When a buyer and supplier create a long-term agreement of supply of products as needed at agreed prices for a set time period, they have created a _____.
- blanket contract
 - negotiable instrument
 - binding purchase order
 - locked-in sale
- (a; Easy; p. 226)
63. A blanket order offers several benefits to the buyer. Which of the following is not a benefit?
- eliminates expensive renegotiating with each order
 - allows more, but smaller, orders
 - buys more items from the supplier
 - eliminates inventory problems
- (d; Challenging; p. 226)

64. Following purchase, the buyer would monitor this phase of the new-task buying situation. The seller would also monitor the same factors used by the buyer.
- order-routine specifications
 - supplier selection
 - performance review
 - value analysis
- (c; Moderate; p. 226)
65. The Internet has made it easy for sellers to put their purchasing requests online and invite suppliers to bid for the business through what is called _____.
- online buying
 - bidding
 - Internet trading
 - reverse auctions
- (d; Easy; p. 227)
66. Jay's Big and Tall Men's chain of clothing and shoe stores enjoys e-procurement. As a buyer, the store enjoys all of these benefits except one.
- greater access to new suppliers
 - lowers purchasing costs
 - hastens order processing and delivery
 - reduces payroll
- (d; Moderate; p. 227)
67. Research shows that the dollar value of materials purchased online will swell from \$75 billion in 2000 to more than _____ in 2003.
- \$200 billion
 - \$700 billion
 - \$1 trillion
 - \$3 trillion
- (d; Easy; p. 227)
68. B2B e-procurement yields many benefits. Are any of these not a benefit to buyers?
- shaves transaction costs
 - results in more efficient purchasing for both buyers and sellers
 - eliminates inventory problems
 - reduces order processing costs
- (c; Moderate; p. 227)
69. Hewlett Packard has stated that, "The first advantage of e-procurement is clearly the _____ that we are _____."
- faster service; receiving
 - lower prices; paying
 - better terms; negotiating
 - lower inventory; encountering
- (b; Challenging; p. 227)

70. E-procurement offers other advantages to purchasing professionals, such as it _____.
a. reduces drudgery
b. reduces paperwork
c. allows more time managing inventory
d. all of the above
(d; Easy; p. 227)
71. E-procurement offers other advantages to purchasing professions, such as _____.
a. allowing time to focus on value-added activities
b. working creatively with suppliers
c. more time to develop/acquire new products
d. all of the above
(d; Challenging; p. 228)
72. A problem with the rapidly expanding use of e-purchasing is that it _____.
a. erodes decades-old customer-supplier relationships
b. saves less time than expected
c. generates more transactions to document
d. generates less cost savings than predicted
(a; Moderate; p 228)
73. You have discovered, like most other firms that buy online, the leading barrier to expanding electronic links with customers and partners. What is it?
a. cost
b. trained personnel
c. security
d. lack of knowledge
(c; Easy; p. 228)
74. The two common nonbusiness markets are _____ and _____.
a. institutional; not-for-profit
b. government; not-for-profit
c. institutional; government
d. nonprofit; government
(c; Moderate; p. 228)
75. Green Tree Suppliers serves schools, hospitals, nursing homes, and prisons. Management at Green Tree is involved in the _____ market.
a. government
b. not-for-profit
c. local
d. institutional
(d; Easy; p. 228)

76. Many institutional markets are characterized by _____ and _____.
a. low budgets; vague criteria
b. special needs; vague criteria
c. low budgets; captive patrons
d. captive patrons; limited access
(c; Challenging; p. 229)
77. Your firm will start exporting to Korea. In Korea, like in most countries, the _____ market is the major buyer of goods and services.
a. institutional
b. government
c. corporate
d. lower class
(b; Easy; p. 229)
78. What must the marketer to governments need to know?
a. who the key decision makers are
b. identify the factors that affect buyer behavior
c. understand the buying process
d. all of the above
(d; Moderate; 229)
79. Government organizations tend to favor _____ suppliers over _____ suppliers—a rule of thumb that marketers need to know.
a. local; domestic
b. foreign; local
c. foreign; domestic
d. domestic; foreign
(d; Easy; p. 229)
80. What is the unique thing about government buying?
a. It is carefully watched by outside publics.
b. the bidding process
c. long payment periods for purchases
d. much paperwork and red tape
(a; Moderate; p. 229)
81. Disadvantages to selling to the government include all of the following except one.
a. considerable paperwork
b. bureaucracy
c. regulations
d. low sales volume
(d; Easy; p. 229)

82. Disadvantages in selling to the government include all of the following except one.
- a. decision-making delays
 - b. frequent shifts in procurement personnel
 - c. confusing regulations
 - d. low sales volume
- (d; Moderate; p. 229)
83. Most governments provide would-be suppliers with _____ describing how to sell to the government.
- a. detailed guides
 - b. procurement documents
 - c. proposals
 - d. contract forms
- (a; Challenging; p. 229)
84. *Commerce Business Daily* and *Business America* are _____ publications.
- a. institutional
 - b. government
 - c. nonprofit
 - d. Wall Street
- (b; Easy; p. 229)
85. Almost all of the government organizations maintain Internet sites offering up-to-date _____ and _____.
- a. advice; agency data
 - b. information; advice
 - c. addresses; phone numbers
 - d. information; contact persons
- (b; Moderate; p. 230)
86. _____ also play a growing role in government buying.
- a. Procurement personnel shifts
 - b. Noneconomic criteria
 - c. Online proposals
 - d. None of the above
- (b; Easy; p. 230)
87. Which of the following is perhaps the greatest factor in government buying?
- a. price
 - b. product differentiation
 - c. advertising
 - d. personal selling
- (a; Moderate; p. 229)

88. Total government spending is determined by _____ rather than by any _____ to develop this market.

- a. price; elected officials
- b. elected officials; contractual agreements
- c. elected officials; marketing effort
- d. marketing effort; elected officials

(c; Challenging; p. 230)

89. During the past decade, some of the government's buying has _____.

- a. gone online
- b. become more complicated
- c. generated more paperwork
- d. created buying centers with additional staff

(a; Easy; p. 230)

90. After reading a trade publication at work, you as chief purchasing agent at TideWell Electronics, have discovered that the largest market in the United States is the _____ market.

- a. consumer
- b. institution
- c. business
- d. government

(c; Moderate; p. 230)

True – False

91. A business buyer buys goods and services for use in the production of other products and services that are sold, rented, or supplied to others. It also includes retailers and wholesalers who acquire goods for reselling or renting.

(True; Easy; p. 214)

92. The main differences between business and consumer markets include market structure and demand, the nature of the buying unit, the types of decisions, and the amount of money spent annually.

(False; Moderate; p. 215)

93. In its most simple terms, the business buying process consists of business buyers determining which products and services their organizations need to purchase, and then finding, evaluating, and choosing among alternative suppliers and brands.

(True; Moderate; p. 217)

94. Your company manufactures and sells sophisticated machine shop equipment to the business market. Since you sell to buyers in major cities, you see that business markets are geographically concentrated.
(True; Easy; p. 215)
95. Although business demand is generally derived demand, it may turn into joint demand.
(False; Easy; p. 215)
96. Business demand ultimately derives from the demand for other business goods and services.
(False; Moderate; p. 215)
97. Business markets have more fluctuating demand than consumer markets.
(True; Easy; p. 215)
98. You work for a major corporation and find that business purchases usually involve more decision participants and a more professional purchasing effort.
(True; Moderate; p. 215)
99. You have noticed that business marketers build close long-run relationships with customers compared to the consumer marketer.
(True; Easy; p. 216)
100. Not only do many firms use customer relationship management, they are using supplier relationship management to become more efficient.
(True; Moderate; p. 217)
101. In the long run, business marketers keep a customer's sales by meeting current needs and providing satisfactory customer service.
(False; Moderate; p. 217)
102. Rob Taylor is the buyer for Major Memories. He regularly orders inexpensive merchandise in a fairly routine fashion without any modifications. He may choose other suppliers from time to time. Rob's decisions take the form of modified rebuy.
(False; Challenging; p. 219)
103. Many business buyers prefer to buy a packaged solution to a problem from a single seller. This is called systems selling.
(True; Easy; p. 219)
104. The decision-making unit of a buying organization is called the purchasing department.
(False; Moderate; p. 220)

105. Nancy Zahn works for LeBray Beverage Company. She often helps to define product specifications and also provides information for evaluating alternatives. In this role she is acting as a gatekeeper.
(False; Moderate; p. 220)
106. This person in the purchase decision process controls the flow of information to others involved. This role is that of an influencer.
(False; Easy; p. 220)
107. Today, most B2B marketers recognize that emotion plays an important role in business buying decisions.
(True; Easy; p. 224)
108. Typical factors in the economic environment that influence buying decisions include level of primary demand; the economic outlook; the cost of money; shortages of key, trained personnel; and technological, political, and competitive developments.
(False; Challenging; p. 222)
109. Buyers have different buying styles influenced by personal factors such as age, income, education, professional identification, and attitudes toward risk. We call these individual factors on the buying process.
(True; Easy; p. 224)
110. When a business buyer prepares a statement describing the characteristics and quantity of the items needed, he or she has created a product specification description.
(False; Moderate; p. 225)
111. After completing a supplier search, it is important to develop a system of supplier-partners that can help bring more value to customers. To accomplish this you would initiate supplier development.
(True; Easy; p. 225)
112. Proposals should be marketing documents and not just technical documents.
(True; Easy; p. 225)
113. When conducting a performance review, the seller must monitor the same factors used by the buyer to make sure that the seller is giving the expected satisfaction.
(True; Moderate; p. 226)
114. This method of B2B buying is growing rapidly and is conducted online. It is often called e-procurement.
(True; Easy; p. 227)

115. B2B e-procurement yields the following benefits: 1) reduces transaction costs, 2) reduces order processing costs, 3) more efficient purchasing for both buyers and suppliers, 4) increases the time between order and delivery.
(False; Moderate; p. 227)
116. This method of B2B buying reduces drudgery and paperwork, allows more time to spend on value-added activities and developing new products. This sounds like using only one trained professional to do all of the buying, thus freeing up management.
(False; Challenging; p. 227)
117. Your firm sells plastic utensils and paper goods to schools, hospitals, nursing homes, prisons, and jails. You are involved in the institutional market.
(True; Easy; p. 228)
118. Your foreign operations can supply the Federal Government with lower prices than the competition. You now have a marketing decision to make because your domestic operation is not as competitive as other U.S. suppliers. The problem is that government organizations tend to favor domestic suppliers over foreign suppliers.
(True; Moderate; p. 229)
119. Most governments provide would-be suppliers with detailed guides describing how to sell to the government.
(True; Easy; p. 229)
120. It is rare that noneconomic factors such as depressed business firms, minority-owned firms, or small business firms play a role in government buying.
(False; Moderate; p. 230)
121. Total government spending is determined by elected officials rather than by any marketing effort to develop this market.
(True; Easy; p. 230)
122. The Federal Government is reluctant to participate in online buying. In fact, the U.S. Postal Service is losing so much first-class letter business to e-mails, that it is attempting to enact a surcharge on all e-mails generated in the United States.
(False; Challenging; p. 230)

Essay

123. Briefly describe the characteristics of business markets.

The business marketer normally deals with far fewer but far larger buyers than the consumer marketer does. These markets are more geographically concentrated and the demand is derived demand. Many markets have inelastic demand; that is, total demand for many business products is not affected much by price change. These markets have more fluctuating demand than consumer goods.

A business purchase decision usually involves more decision participants and a more professional purchasing effort. Business buyers usually face more complex buying decisions with a buying process that is more formalized. Many companies practice supplier relationship management. In the long run, business marketers keep a customer's sales by meeting current needs and by partnering with customers to help them solve their problems.

(Challenging; pp. 215-217)

124. Distinguish between the three major types of buying situations.

A straight rebuy is a fairly routine decision where the buyer reorders without any modifications from existing suppliers. In a modified rebuy, the buyer wants to modify product specifications, prices, terms, or suppliers and usually involves more decision participants. A company buying a product or service for the first time faces a new-task situation. It is the marketer's greatest opportunity and challenge because of the additional risk or cost, the larger number of decision participants, and the greater effort required to collect all of the needed information.

(Moderate; p. 219)

125. Explain the advantages of systems selling.

Many business buyers prefer to buy a packaged solution to a problem from a single seller. The sale often goes to the firm that provides the most complete system that meets the customer's needs. The supplier sells a group of interlocking products first, and second, sells a system of production, inventory control, distribution, and other services to meet the buyer's need for a smooth-running operation. Systems selling is a key business marketing strategy for winning and holding accounts.

(Easy; pp. 219-220)

126. Distinguish between the typical roles of the members of a buying center.

Users physically use the product or service. Influencers often help define the specifications and also provide information for evaluating alternatives. Buyers have formal authority to select the supplier and arrange terms of purchase. They may help shape product specifications, but their major role is in selecting vendors and negotiation. Deciders have formal or informal power to select or approve the final suppliers and products. Gatekeepers control the flow of information to others.

(Moderate; p. 220)

127. Why does the buying center present a major marketing challenge?

The business marketer must learn who participates in the decision, each participant's relative influence, and what evaluation criteria each decision participant uses. The buying center includes some obvious and some not so obvious participants who are involved formally in the buying decision. Many business buying decisions result from the complex interactions of ever-changing buying center participants.

(Challenging; p. 221)

128. Provide a brief explanation of the major influences on business buyers.

Common influences are economic and personal factors. Price and emotion play a part in buying decisions. Rational choice is common in choosing among various suppliers. The environmental influences of the level of primary demand, the economic outlook, and the cost of money all make their way into the decision. Each organization has its own objectives, policies, procedures, structure, and systems to learn.

Interpersonal factors carry weight; however, it is often difficult to assess such factors and group dynamics. These factors are often subtle and some participants are invisible. Participants bring in individual factors such as personal motives, perceptions, and preferences.

(Moderate; pp. 221-224)

129. Provide an overview of the business buying process.

Problem recognition is the first step whereby someone recognizes a problem or need caused by internal or external stimuli that can be met by acquiring a specific product or service. Next, a general need description describes the quantity and characteristics of the needed item. A product specifications or value analysis follows to allow purchasing of the correct items with the highest value.

The buyer now conducts a supplier search to find the best vendors. The buyer invites suppliers to submit proposals from which to choose. After selecting the supplier or suppliers, the buyer prepares an order-routine specification. After the purchase, the buyer will conduct a performance review to analyze future relationships.

(Challenging; pp. 224-227)

130. Provide the major advantages of buying on the Internet.

E-procurement gives buyers access to new suppliers, lowers purchasing costs, and hastens order processing and delivery. In turn, business marketers can connect with customers online to share marketing information, sell products and services, provide customer support services, and maintain ongoing customer relationships.

E-procurement frees purchasing people to focus on more strategic issues such as value-added activities, finding different sources, and work with suppliers to reduce costs and to develop new products.

(Easy; pp. 227-228)