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CHAPTER

2

The Buying Process

Learning Objectives

- Explain the buying role and why sellers need to understand it
- Compare and contrast the different types of buyers
- Identify different buyer motivations
- Recognize and demonstrate features and benefits important to buyers
- Discuss buying decision criteria and the buying process
- Summarize the factors influencing the buying decision process
- Express the role of the salesperson in reducing the risk associated with a purchase decision
- Illustrate how the salesperson can become a trustworthy consultant to the buyer

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Before something is sold, organizational processes from the buyer's side are triggered. At its core, the buying process includes all the considerations, evaluations, and decisions involved in choosing whether to purchase a product or service. We all engage in this process in our personal lives, whether it is to buy a car, rent an apartment, or buy a pair of shoes. The complexity of the process may change depending on the product and the reason for purchase, but the process itself is present each time someone chooses to make a purchase. The buying process is sometimes referred to as the *buyer's journey*, in that it represents the buyer's movement through the purchase process, from recognizing a need to researching possible solutions, determining important decision criteria, evaluating options, and finally making a decision and evaluating results.

In this chapter, we discuss this important process and the people involved and review the sellers' need to understand this process. Before we begin this discussion, however, it is necessary to understand some key terminology: **Business-to-business (B2B)** is a business interaction, such as a purchase, between two organizations. **Business-to-consumer (B2C)** is an interaction between a consumer and a business, such as a consumer making a purchase from a retailer or service provider. A **buyer** is the person responsible for making a personal or organizational purchase. A **buying organization** is the organization making a purchase (B2B purchases only). A **salesperson** is the individual responsible for selling the product to the buyer; also referred to as the seller. And a **supplier** is the selling organization; also known as a **vendor**.

business-to-business (B2B)

a business interaction, such as a purchase, between two organizations

business-to-consumer (B2C)

an interaction between a consumer and a business

buyer

the person responsible for making a personal or organizational purchase

buying organization

the organization making a purchase

salesperson

the individual responsible for selling the product to the buyer

supplier / vendor

the selling organization

retail buyer

purchase already manufactured products and services and subsequently resell them in retail stores

direct procurement

the purchase of products and services used to create the product or service provided to end-users

What Is the Buying Role?

The decision to make a purchase occurs at many levels and in many situations. Table 2-1 offers a simple categorization of the different types of buyers. Consumers represent the biggest group of buyers, buying products and services to fulfill personal and family needs. In your role as a consumer, you might work with a salesperson when purchasing products such as insurance, financial planning, or automobiles, to name a few examples. Although your needs as a buyer might be different from those of professional buyers working in an organization, you still go through a process to make a purchase decision and still encounter some of the same influences and issues experienced by buyers in an organization. The products bought by consumers are available, in part, as a result of the retail buying process. **Retail buyers** purchase already manufactured products and services and subsequently resell them in retail stores. Retail buyers often have job titles like Buyer or Associate Buyer. Every retailer, from Walmart to Macy's, from supermarket chains to small clothing boutiques, has at least one person, and sometimes many people, serving as buyers to determine the product assortment available in the store. In addition to being responsible for product assortments in the store, retail buyers manage inventory levels, analyze sales patterns, create sales forecasts, and manage budgets.

Similar to retail buyers, organizational buyers purchase products for an organization. These buyers, however, purchase products and services used in the creation of the products sold by the organization. Organizational buyers may have job titles such as Purchasing Manager or Purchaser, and they are responsible for purchasing a wide variety of products, ranging from materials needed to create the company's products to products and services needed to facilitate product sales and run the company (e.g., advertising services, janitorial services, paper, paper towels, computers). Author and professional buyer Hubert Lachance distinguishes these different types of products as part of direct procurement or indirect procurement.¹ **Direct procurement** involves the purchase of products and services used to create the product or service provided to end-users, such as a piece of equipment used

Table 2-1 Types of Buyers Engaged in the Buying Process

Type of Buyer	Examples of Job Titles	Examples of Buying Organizations	Primary Purchase Motivation	Examples of Products Purchased from Professional Salespeople
Consumer	—	—	Fulfill personal or family needs	<ul style="list-style-type: none"> • Automobiles • Insurance • Financial Services
Retail Buyer	Buyer, Associate Buyer, Buying Assistant	Department stores, supermarkets, big box stores, boutiques, etc.	Create a product assortment consumers will want to purchase	<ul style="list-style-type: none"> • Clothing • Food products • Furniture • Household goods • Office products
Organizational Buyer	Purchasing Manager, Purchaser	Manufacturers, distributors, etc.	Purchase products used in creating the products sold by the organization (e.g., raw materials, parts, equipment) and products needed to keep the business running (maintenance, repair, operations)	<ul style="list-style-type: none"> • Steel • Automobile parts • Plastic parts • Machinery • Capital equipment • Advertising services • Copy machines • Paper • Computers
Institutional/ Government Buyer	Procurement Officer, Procurement Manager	Schools, universities, hospitals, local/state/ federal governments	Purchase products used to serve clients (e.g., food, equipment) and keep the institution or government entity running (maintenance, repair, operations)	<ul style="list-style-type: none"> • Food • Cooking equipment • Copy machines • Paper • Computers • Insurance • Scientific equipment • Military equipment

in the manufacturing line or a part built into a product. **Indirect procurement** refers to the purchase of products or services used in company operations, such as a copy machine used in the organization's accounting office or the paper towels used in the office kitchen.

indirect procurement
the purchase of products or services used in company operations

Institutional and Government Buyers are the last category presented in Table 2-1. People in these roles may have the job titles of procurement officer or procurement manager, among others. Buyers in this category purchase items for schools, universities, hospitals, and local, state, or federal governments. In fact, in the United States, the federal government is the largest purchaser in the country. Buyers for institutions and governments sometimes face unique issues, including the need to follow policies and laws regarding purchasing. State universities, for example, must follow state laws when choosing suppliers. In these instances, the buying process tends to be very formal and rule-bound, and a committee may determine the final result.

Further, the variety of products purchased ranges widely. Consider all the products the federal government must purchase! The products range from pens to toilet paper to military jets, and everything in between.

It is worth noting that sometimes people in an organization end up in a purchasing role, even when they do not possess the title of "buyer" or "purchaser." Your professor, for example, decided to adopt this textbook for this course, and as a consequence, made a purchase decision for your class and university. Administrative associates often make decisions about purchasing office supplies,

and a company president might make the purchase decision about which insurance policy to choose for the organization's employees. A wide variety of people can take on the function of the buying role in an organization or institution, depending on how the organization is structured. These people may include decision-makers who have budget authority (such as the company president) but do not fall within the purchasing department, as well as product users, operators, IT directors, human resource specialists, or mechanics who use or interact with the product on a daily basis and thus have a great deal of influence in the final decision.

Why Do Sellers Need to Understand the Buying Role?

value
the perceived importance, worth,
or usefulness of a product or
service

Value is the perceived importance, worth, or usefulness of a product or service. To create value for customers, sellers must understand the buying process and the various issues facing the buyer. The salesperson who can be put in the customer's shoes, so to speak, has a better chance of recognizing key issues and opportunities. That salesperson also has a better chance of making the buyer's life easier, which increases the chance of sales success.

As author Kim Ward notes in his book *The New Selling IQ*, buyers want sellers to understand their business, design applications to fit their needs, treat them fairly, be accessible to solve problems, and be creative in responding to needs.² To be successful as a seller, the salesperson needs to understand the buyer and the buying firm's process for making decisions.

Buying in Organizations and the Transformation of the Buying Role

Like salespeople, buyers working for an organization's purchasing department are professionals in their field. The Institute for Supply Management recommends aspiring purchasing professionals obtain a four-year college degree in business or purchasing along with continuing education and credentials such as the Certified Professional in Supply Management.³ The main difference between salespeople and buyers relates to how the buying role complements the selling role. Buyers and sellers work together to negotiate decisions that result in exchange. Sellers bring in revenues from selling products or services; buyers control costs when purchasing products from the sellers.

Professional buyers create value for their firms by bringing in the products and services offering the most value, thereby allowing the firm to deliver high-quality products with a good profit margin for the firm. Ideally, buyers accomplish these outcomes efficiently and effectively so that internal organizational processes flow smoothly. Buyers need to develop relationships with personnel internal to the firm to identify needs and facilitate the buying process. Buyers spend a great deal of time gathering information from paid and unpaid sources, as well as from salespeople, to make the best decisions.

Like many people in the workforce today, buyers are asked to do more with fewer resources and less time. In her influential book *Snap Selling*, author Jill Konrath discusses what she terms "frazzled customer syndrome." Buyers are extremely busy and overwhelmed, attempting to complete work amid a deluge of daily disruptions. As a consequence, they avoid change (which is difficult) and meetings with salespeople. They are slow to respond but demanding when they need an answer. Author Konrath suggests salespeople must change their approach to add value to these "crazy-busy" buyers.⁴

Of course, as noted previously, not all buyers reside in the purchasing department. Users, operators, human resource professionals, information technology (IT) professionals, mechanics, and members of the top management

team, among others, can all be potential buyers or influencers in the buying process. The individuals involved may depend on how the company is structured, and the product or service purchased.

Buyer Motivation

At its most basic level, buyer motivation includes all the factors that drive a buyer to move from a current state, such as having a problem, to a desired state, such as having the problem solved.

According to Kim Ward, buyers are motivated to move from their actual state to their desired state for one of three reasons: **situation repair**, when something is broken and requires repair or replacement; **situation improvement**, when an opportunity resulting in business improvements exists; or **situation continuance**, when the buyer does not see the value in changing and elects to remain with the status quo.⁵

When something needs to be fixed to avoid negative consequences (situation repair), the buyer can be highly motivated to make a decision. This situation may arise when a piece of important machinery breaks down, or when the buyer's firm needs to upgrade its products to continue to appeal to its customer base and remain competitive in the marketplace.

Opportunities available to a firm can be related to a wide variety of issues, ranging from improving internal processes to productivity to profitability and more. When an opportunity arises, the need to make a change is less obvious (situation improvement). If the buyer does not find the reason to buy compelling and does not recognize the negative consequences that might arise from maintaining the current state, that buyer is more likely to elect to remain with the existing situation (situation continuance). The seller can help the buyer understand the opportunities available. An example might be a salesperson selling a customer relationship management system that is superior to a competitor's system in use at a buyer's firm. By asking good discovery questions and clarifying the buyer's implicit and explicit needs, the seller can demonstrate how this opportunity can be of value for the buyer. Trust plays a critical role in this example. Only when the salesperson is trusted and has done the work to establish a strong buyer-seller relationship will the buyer be open to new ways of looking at the problem. In consultative or solutions selling, one of the most important reasons to establish a relationship with the buyer is for precisely this purpose—to help customers identify those areas of opportunity and guide them to an optimal solution to the problem.

The previously described motivations suggest buyers respond rationally to buying situations. Although the application of a rational process can be accurate, emotions can also play a role in the buying process, especially in B2C situations but even in B2B contexts. Researchers have found, for example, that buying team members experience a wide range of emotions when choosing a supplier. These emotions can include contentment, discontentment, confidence, surprise, worry, and shame.⁶ Salespeople capable of reading others' emotions can recognize rational versus emotional behaviors and adjust their messages accordingly.

Understanding Features and Benefits

Ultimately, buyers purchase products, not just to own them, but because of what those products will do for the buyer. A **feature** of a product or service is just one of its characteristics or attributes. The **benefit** is the value of the feature that the buyer perceives or experiences. This idea is critical to the sales role because, in order to help motivate the buyer to move from the current state to the desired state, the salesperson must be able to translate product features into meaningful benefits and the value created for customers.

situation repair

when something is broken and requires repair or replacement

situation improvement

when an opportunity resulting in business improvements exists

situation continuance

when the buyer does not see the value in changing and elects to remain with the status quo

feature

a characteristic or attribute of a product or service

benefit

the value of a product or service feature that the buyer perceives or experiences

There is an adage in sales: “Features tell, benefits sell.” Even though in today’s complex environment the salesperson must move beyond product benefits to sell solution benefits and value, the phrase still applies. The salesperson needs to be able to translate a solution attribute into the benefit the buyer cares about, namely how this attribute will address the problem at hand and add value to the buyer’s firm. If the benefits associated with the solution outweigh the perceived costs, the buyer is more likely to make a purchase.

Value is a comparison of benefits to costs, where costs include not only monetary cost but also any time, effort, and mental focus associated with the purchase. For example, when purchasing a car, a person might read online reviews, visit car lots, and take some test drives before purchasing. The time and effort associated with those activities are part of the total cost. The buyer receives value when the benefits received exceed this bundle of monetary and non-monetary costs.

Value is in the eye of the beholder; what constitutes value for one person or organization may not reflect value to a different person or organization. Some buyers may equate value with low price. Other buyers will associate value with quality, and still others consider value achieved when they get what they want to solve a particular problem or fill a certain need.⁷ The successful salesperson uncovers what value means to each buyer and buying organization and presents the relevant features and benefits accordingly.

Benefits can create value for customers in several ways, including saving time, monetary gain, adding value for the customer’s customer, or reducing psychological pain. The first two benefits are obvious. If the solution can save the buyer time, for example, by reducing time in production processes or the time it takes to make a decision, that solution is saving resources and thus has a positive impact on the customer’s bottom line. If the solution is saving the customer money or increasing sales, there is the same positive impact on the bottom line.

In direct procurement situations, value is also created when the product purchased adds value for the customer’s customer. Let’s go back to the car example. If a car manufacturer purchases bumpers rated the safest on the market for use in its automobiles, those bumpers would add value to car buyers who place a priority on the safety of the vehicle. Thus, the buyers for the car manufacturer will consider their customers’ needs when purchasing products for use in the products they build.

The other type of benefit mentioned above is reducing psychological pain. This type of pain sounds dramatic, but it’s pretty simple: this benefit is about making the customer’s life easier and more comfortable. With the right solution, you can reduce the fear associated with making a mistake and increase customer satisfaction.

Let’s work through an example. Huhtamaki is a global specialist in packaging for food and drink. The North American division sells, among other products, insulated paper cups, ice cream containers, molded fiber food packaging (e.g., egg cartons, food trays, clamshell containers). Their packaging is sustainable and can be customized and embossed to highlight a brand. Huhtamaki is a technical expert in the food packaging industry.

Based on this example, what possible benefits might the salesperson stress to an organizational buyer? Consider the following example.

Huhtamaki’s expertise in the food packaging can give you peace of mind, knowing that you are making the right decision. All our food packaging is sustainable, making it an added value for your customers. We can customize our packaging for your brand, thereby building your brand image, which can lead to increased sales. Because we are a global corporation providing a wide variety of food packaging options, we can serve as your vendor for all your food packaging needs across the globe, creating efficiency for you and your organization.

Table 2-2. Features and Benefits—Huhtamaki Example

Feature	Benefit	Benefit Category
Food and packaging expertise	Peace of mind	Reduce psychological pain
Sustainable packaging	Important to the customers; increase sales	Value-add for customer's customers
Customizable products	Increase sales by improving brand image	Monetary gain
Global corporation	Create efficiency through "one-stop shopping"	Save time
A wide variety of products		

Table 2-2 illustrates how the features offered by Huhtamaki translate into benefits, thereby creating value for the customer. A salesperson who can translate features into meaningful buyer benefits and communicate the value associated with those benefits will be well on the way to a successful sales career.

Buying Decision Criteria

Buyers use a wide variety of attributes when deliberating a purchase decision, and the importance of those criteria will vary by buying organization as well as by buying decision. One model used to describe the process for evaluating criteria is the **multi-attribute model**. Multi-attribute models can be defined as the weighted sum of buyers' preferences for product or brand attributes.⁸ In other words, the multi-attribute model mirrors the multiple decision criteria used by buyers when making a purchase decision. The weights assigned to the different attributes signal the importance of some criteria over others.⁹

Common criteria used by buyers in the decision process include price, quality, satisfaction, and ability to deliver on time. This brief list, however, is not at all comprehensive; the criteria used can be wide and varied. Further, the multi-attribute model does not take into account the total solution that can be offered by a selling organization. Today's buyers often have complex problems that must be solved; these problems are not always solved by a single product but rather by a set of product and service offerings that are sometimes customized for a particular customer. The salesperson can play a large role in developing and delivering this solution. The ease of working with a supplier and a supplier's salesperson can be an important part of that solution. Adding value to the buying firm, making the buyer's life easier, and solving the buyer's problems will substantially increase the chances of making a sale.

multi-attribute model

the weighted sum of buyers' preferences for product or brand attributes

The Buying Decision Process

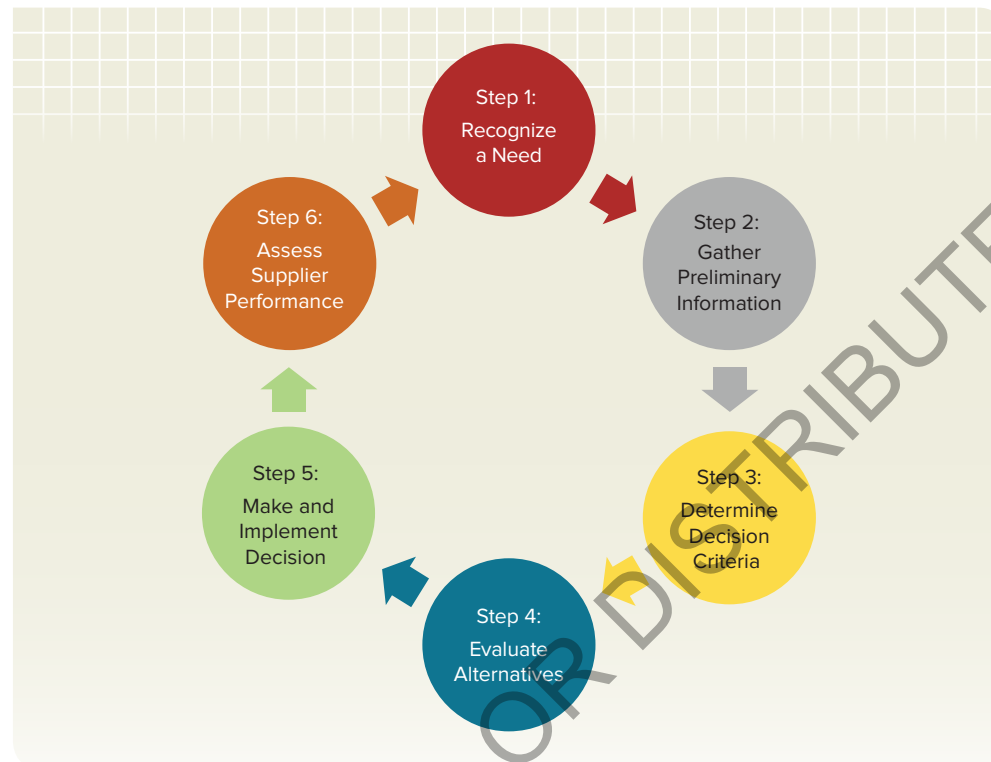
The **buying decision process** reflects the buyer's journey that begins with the recognition of a need for a product or service and ends with an evaluation of the performance of the supplier. This process is illustrated in Figure 2-1.

buying decision process

the buyer's journey from recognition of a need through the evaluation of the performance of the supplier

1. Recognize a Need

At this point in the process, the buyer becomes aware of a need. For a consumer, this could be as simple as the recognition that the family is out of toothpaste, or as complex as the recognition that the family is growing in size and the current house is not big enough. For a buyer within an organization, the recognition of a need can come from anyone within the organization. A supervisor managing a production line may come across

Figure 2-1 The Buying Decision Process

broken machinery that needs a new part. An IT manager might recognize that current software programs are outdated. An office administrator might notice that paper supplies are running low. The CEO could alert purchasing about a need to evaluate health care providers. Sometimes a salesperson can trigger the need recognition step by uncovering a problem unrecognized by the buyer, especially when the buying motivation is situation improvement. Regardless of the need, it is the recognition of the need that triggers the buying decision process.

2. Gather Preliminary Information

Step 2 in the buying decision process is about conducting preliminary research to determine whether a purchase is warranted and, if so, what options are available to solve this problem. Kim Ward, author of *The New Selling IQ*¹⁰, states that the buyer is thinking about three things when acquiring information: the importance of the decision to the buyer and the organization, sources of trustworthy information that can improve the quality of the decision, and the costs associated with making or not making a decision. Keep in mind that the status quo is always easier than change for an organization. If the buyer does not believe that the value of a purchase will outweigh the costs associated with the purchase, the decision will be to do nothing. The consultative salesperson may be one source of information used during this stage.

3. Determine Decision Criteria

During this stage, buyers will determine the decision criteria important to making a decision. Some buyers may use the previously discussed multi-attribute model to determine important decision criteria such as product quality, delivery, and desired cost, whereas others will use specifications established by the individual or department with the need.

Still others may use a value-based or solution-based model. Regardless of the approach, the decision criteria set at this step will be useful later when evaluating the various options available.

It is worth noting that this process tends to be much more formalized in B2B settings. Although some consumers determine purchase criteria ahead of time, this is not always the case.

4. Evaluate Alternatives

Once the decision criteria have been determined, buyers will begin to search for specific options to consider. For organizational, institutional, and government buyers, this stage may include sending an RFP (request for proposal) or RFQ (request for quote) to the supplier. Buyers will then evaluate the suppliers that submit the RFP or RFQ. Consultative sellers will be involved in this process as buyers contact suppliers about specific solutions. Salespeople who have a well-established relationship with the buyer and buying organization are more likely to be included as an option for evaluation.

As buyers evaluate alternatives, they will consider the decision criteria as well as the input of others involved in the decision process. In some cases, especially with institutional and government buyers, the evaluation may be handled by a committee assigned to this task.

5. Make and Implement the Decision

Once buyers have evaluated all alternatives, a choice will be made. Three possible choices are available: purchase from a supplier, fill the need internally, or do nothing. For example, some buying organizations might have the capability to make a particular part in-house and will do so if that option offers more value than purchasing a ready-made part from a supplier. In other situations, buyers may decide it makes more sense to continue with the current situation rather than make a change. Suppliers must show sufficient value to buyers to encourage a purchase.¹¹

If the choice is made to purchase from a supplier, details will be negotiated as appropriate and purchase orders generated. Once products are received from the supplier, they will be put to use. If the buyer is a retail buyer, products will be shipped to retail stores and stocked on shelves for consumers to purchase. If the buyer is an organizational buyer, the product may be put into a piece of machinery or added to a manufacturing production line.

6. Assess Supplier Performance

After the decision has been made and implemented, the buyers will evaluate the performance of the solution implemented and determine satisfaction. Satisfaction is achieved when the buyers' expectations regarding solution performance are met or exceeded. If expectations are not met, the buyer will not be satisfied. Outcomes that might be evaluated include performance relative to decision criteria, return on investment (ROI), and satisfaction with the sales representative, among other things. The knowledge gained from this experience will be retained for use in future decisions.

Notice in Figure 2-1 that this process is circular. The last step of the process, achieving satisfaction, provides information for the first step of subsequent buying decision processes. If the buyer has a positive experience and is satisfied, the seller becomes more trusted and is more likely to be invited to participate in the next purchase decision. If the buyer is not satisfied, the trust with the seller either does not develop or is diminished.

The Buying Decision Process in Action: An Example

Let's work through a hypothetical example to illustrate how the buying decision process might work. Todd is the sales manager at a medium-sized company called Strength Saw Blades that produces steel saw blades of all sizes. His firm sells these saw blades to power-tool makers, furniture manufacturers, and other select manufacturers. Todd oversees a sales force that consists of five field sales representatives who travel to visit customers and potential customers on-site, and an additional three inside sales representatives who provide after-sales service and sell to smaller customers.

To date, the sales force of Strength Saw Blades has used spreadsheets to track clients and sales. Todd believes a customer relationship management (CRM) system would help the sales force be more productive and close more sales. Thus, sales manager Todd has recognized a need (Step 1).

Todd goes to company president Sarah with his idea to purchase a CRM system for the sales force. After listening to his rationale, Sarah instructs the buyer, Chris, to gather information on the options available (Step 2). Chris begins her search online by exploring the different CRM systems available. She is particularly interested in reviewing third-party critiques of the different systems. She also contacts a colleague at another organization who recently implemented a CRM system to learn what they chose and why. Finally, she contacts the sales representatives for a handful of companies to understand the capabilities of the system offered by each. She pulls all this information together and creates a report for Sarah and Todd.

Meanwhile, Sarah is working with Todd to determine the most important criteria for the new CRM system (Step 3). Todd is interested in several things, including sales pipeline management and forecasting, as well as consistent use by the sales force. Sarah wants to ensure the new system can be integrated with current accounting systems and is concerned about the overall cost. Both Sarah and Todd agree that ongoing training and service after the sale are of critical importance. They rank their criteria in order of importance.

Chris schedules a meeting with Todd and Sarah to review the report based on the information she has gathered about alternatives. Based on this review, they decide jointly to consider three companies. They also agree that a member of the sales force should be involved in the selection of the system, as well as the IT manager. Chris contacts the sales representative for each of the three firms to schedule a meeting and presentation for what is now an informal decision-making group.

After a presentation by each firm, the group gets together to review the options. They use the previously established criteria when making the final decision (Step 4), following the importance rankings set by Todd and Sarah. Ultimately, they decide to purchase the product that fits their criteria most closely. Chris contacts the sales representative for the chosen company to set the purchase into motion. A purchase order is generated, and the sales representative arranges installation and training.

At the end of the year, Sarah and Todd meet to evaluate the performance of the new CRM system. The system has had the desired effect on productivity, with sales up 10%. The implementation was a bit rocky as salespeople struggled somewhat with the transition from spreadsheets to a new CRM system. However, the supplier provided outstanding training, and the supplier's salesperson was on-site frequently to help users gain experience with the system and resolve problems. As a result, salespeople are using the system. Further, it has integrated well with the existing accounting system and provided realistic sales forecasts easily. Overall, Sarah and Todd agreed that the system was a good purchase, and they were satisfied with the results (Step 5).

Why Salespeople Need to Understand the Buying Decision Process

The salesperson must understand each step of the buyer's process for several reasons. First, the salesperson should make sure to maintain communication with the buyer and the buying organization in order to be present and in the buyer's choice set when alternatives are being considered and when decisions are being made. The salesperson might miss being considered for a sale by being unaware of the decision process as the buyer works through the early stages.

Second, the seller needs to recognize the various ways to add value in the stages of the buying decision process. Early in the process, the seller can add value by providing information on how the seller and firm can potentially solve the buyer's problem. Later, it may become necessary to submit an RFP or RFQ and demonstrate the competitive advantage of the salesperson's solution relative to this problem. If the salesperson's product is selected for purchase, add value by ensuring the product is delivered on time and implemented properly.

Third, to solve the buyer's problem, the seller must have a clear understanding of the issues involved. The seller can even help clarify issues for the buyer, thereby adding more value. Accomplishing this value-add necessitates being present early in the process to ask the right questions and highlight important implications.

Finally, the salesperson needs to recognize the importance of the final step, assessing performance. The salesperson's activities before and after the sale play a huge role in the development of customer satisfaction.

Factors That Influence the Buying Decision Process

The previous section described how the process is influenced by a wide variety of issues, ranging from the organization and the people involved to the product being purchased. Figure 2-2 and the following section highlight a few of the more important influencing factors.

Product Complexity

Not surprisingly, the buying decision process becomes more complex as the product itself becomes more complex. Additionally, the buyer's familiarity with the product or service influences the process. Three types of buying decisions exist, based on the complexity of the product and the buyer's familiarity with purchasing that product type. In a **new task** situation, the product tends to be more complex and the buyer lacks experience in purchasing that product type. In a **modified rebuy** situation, the product may be slightly different or more complex, or the vendor may change, but the buyer has some familiarity with purchasing that product type. Finally, buyers face a **straight rebuy** situation when they have experience purchasing that product type and no changes to the product or vendor are expected.

Consider a situation in which the buyer needs to source a sensitive piece of equipment for medical testing and has no prior experience purchasing such equipment. In this new task situation, the buyer is likely to spend more time acquiring information and considering alternative solutions. The buyer may search online to learn more about the product type and possible suppliers and consult with product users to learn more about specifications. Third-party sources are also a good information source; for example, Gartner is a consulting firm that specializes in providing business insights, advice, and reports to people making decisions about technology. Finally, salespeople provide useful information.

new task

the product is more complex and the buyer has no experience purchasing that product type

modified rebuy

the buyer has purchased this type of product before but changes to the product and/or vendor are expected

straight rebuy

the buyer has purchased this type of product before and no changes to the product and vendor are expected

Figure 2-2 Factors Influencing the Buying Decision Process

Think about a buyer re-negotiating health care insurance for all company employees. This buyer has bought insurance before; however, laws and requirements may have changed, as have the vendors available and the products offered. As part of this modified rebuy situation, the buyer would gather more information on laws and requirements as well as new vendors, but would have some idea what to expect during the process.

Now consider a purchase of paper for the office copy machines and printers. The product is not complex, and the buyer has likely purchased the product before. This situation would be classified as a straight rebuy. Little time will be spent acquiring information or considering alternatives. Once the desired paper quality is identified, the buyer will likely buy based on criteria such as price or supplier relationship. The same is true for products seen as commodities. When few differences exist between the quality of supplier offerings, the price and the level of value provided by the supplier and supplier's salesperson can be the primary points of consideration.

Commoditization of Products

If a product or service is considered a commodity, that perception can influence the buying decision process. A **commodity** product or service has no unique features in the eyes of customers and potential customers. **Commoditization** is a term used to describe buyer perception when there little to no meaningful differentiation among the available options. In other words, regardless of the brand or manufacturer, all products are seen as the same. When all other features are considered equal, buyers will then purchase on price alone. This situation is bad for selling organizations because competing on price is a weak strategic position. Another organization can

commoditization

buyers perceive little to no meaningful differentiation among the available options

always undercut a low price. It is much better to offer unique features that make a product different from other offerings and thereby more attractive to buyers.

Experts have noted that even when a product is a commodity, ways exist to differentiate, including innovation, product bundling, and market segmentation.¹² Innovation includes adding features and benefits not available from similar products. Bundling refers to combining a commodity product with another product or service, thereby making the offering unique. Through market segmentation, sales organizations can broaden their targeted markets to include other groups.

Consider, for example, gasoline. Gasoline is often identified as a commodity product. To make its product unique, Chevron has developed a strong brand name and made its gasoline unique by adding Techron, which improves vehicle mileage and acceleration, reduces emissions, and protects the vehicle engine.¹³ Consequently, Chevron has made its commodity product unique to consumers.

Salespeople need to understand how buyers perceive the seller's offerings, and salespeople need to be capable of identifying the unique features and benefits associated with their proposed solutions. The salesperson can be one of the unique benefits for the buyer. Research has shown that customer satisfaction is affected by both functional attributes of the proposed solution (e.g., performance, features, reliability, durability, service, aesthetics) as well as psychological attributes (e.g., competence, courtesy, empathy, communication, reliability, trustworthiness, reputation). Further, while functional attributes were responsible for 37% of the customers' satisfaction, the interpersonal skills of the salesperson (i.e., the psychological attributes) accounted for 63% of customers' satisfaction!¹⁴ This finding shows the important role the salesperson can play in differentiating product or service solutions, even when those products or services are considered commodities.

Process Complexity

Product complexity is related to process complexity. The more important the purchase is to the organization, the more likely that other people will get involved. The people within the organization who get involved with a given buying process are sometimes referred to as the **buying center**. The size of the buying center grows and shrinks based on the significance of the decision to the organization, with members moving in and out depending on the nature of the purchase decision. **Buying teams** represent a more formal version of buying centers, in that membership in the team is permanent regardless of the decision, with members possessing complementary skills. Buying teams tend to be responsible for ongoing supplier relationships, along with purchase transactions and strategy.¹⁵

An example of a buying center might be one's family members and friends who provide input and suggestions as one looks for a car, or the people who provide input to an organizational buyer considering the purchase of a copy machine. Their provision of input automatically places these individuals in a buying center role for that particular decision. Alternatively, a buying team would be formally recognized within an organization as a team and be responsible for ongoing decisions, relationships, purchases, and processes. Sometimes when a buying team is in place, the buying decision process might be broken into two phases. In Phase I, a technical qualification evaluation is conducted by the buying team. If the supplier is deemed qualified in Phase I, that firm moves to Phase II and the purchasing department, which handles the remainder of the buying decision process.

Within the buying center or team, individuals hold certain roles (Figure 2-3). In addition to the buyer, who places the order, buying center members can include various influencers, users, gatekeepers, and decision-makers. **Influencers** provide information or opinions that affect, or influence, the outcome of the purchase decision process. Depending on the nature of the purchase, influencers can range from top executives to technical experts to supplier salespeople.

buying center

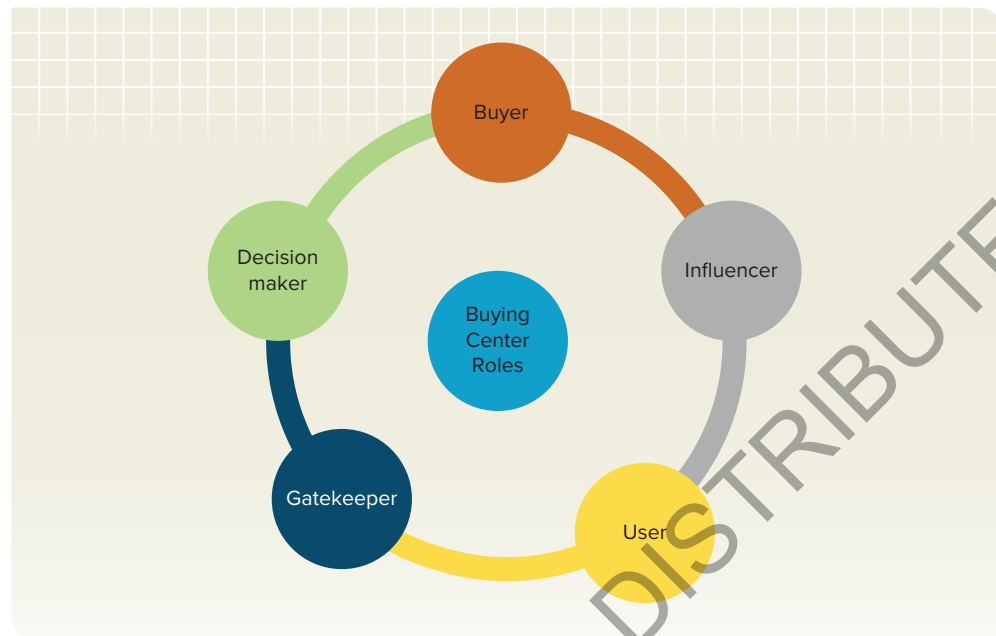
the people within the organization who get involved with a given buying process

buying teams

a more formal version of buying centers. Team members are permanent regardless of the decision, with members possessing complementary skills

influencer

a person providing information or opinions that affect or influence the outcome of the purchase decision process

Figure 2-3 Buying Center Roles

user
individuals who will use the product

gatekeeper
anyone who controls the flow of information

decision-maker
the person with the final say on whether to purchase or not

Those individuals who will use the product, **users**, can also play an essential role in the process. Users can provide information on needed product specifications and needed delivery dates, among other things. If included in the decision process, users can also become influencers. The critical role of users cannot be understated, particularly under certain conditions. For example, a radiologist in an orthopedic clinic or a facilities technician in a manufacturing plant would have more knowledge of the product types and solution needs than the buyer and consequently would play a very influential role in the buying center. In these types of cases, users are product experts and need to be included in the decision process.

Gatekeepers represent anyone who controls the flow of information. Typical examples of gatekeepers in organizations include administrative assistants who guard their bosses' calendars, making it difficult for salespeople to gain appointments. However, anyone within the buying center can take on the gatekeeper role if the flow of information stops for some reason. For example, if the COO has a favorite vendor, that person might withhold information on other suppliers to ensure the favorite supplier is selected.

Traditionally, salespeople have focused their efforts on trying to identify the **decision-maker**, the person with the final say on whether to purchase or not. The thinking was that if the seller could gain the approval of the decision-maker, the sale would go through. Certainly, finding the decision-maker is important, and unfortunately, that person does not have "Decision Maker" stamped on business cards. The salesperson has to gather much information to figure out who is responsible for the final decision. Importantly, though, the decision-maker is not the only buying center member who must be satisfied. Each member of the buying center has different goals and objectives and different information needs; consequently, each member of the buying center may be interested in a different solution benefit. The salesperson needs to determine how to help buying center members so that they, in turn, see the value of the solution.

Let's go back to our previous hypothetical buying decision, with the informal group from Strength Saw Blades considering the purchase of a CRM system. In this case, the committee is the buying center. Chris is the buyer, and the member of the sales force and IT manager serving in the group are both influencers. Sales manager Todd and company president Sarah are also influencers and likely the

main decision-makers. Todd and the sales force member are the most likely users, although everyone in the company is likely to use the system at some level. As you can see, individual members of the buying center can take on several roles, and more than one person can fill the same role.

Decision Level

Most organizations have different levels in which decision-making takes place. Members of the buying center can exist at each of these levels. As shown in Figure 2-4, these organizational levels are often illustrated in the form of a pyramid, with the top-level representing the top leaders in the organization, or C-Suite, the middle level representing middle managers, and the bottom level representing users and front-line employees. Sometimes this pyramid is flipped to show that the users and front-line employees are the most important people in the firm. Regardless of how the organization portrays the levels, each of these levels has different information needs and may be interested in different solution features and benefits.

C-Suite The term **C-suite** reflects the top executives leading the firm, such as the chief executive officer (CEO), chief operating officer (COO), and chief financial officer (CFO). These leaders are responsible for setting the vision and mission, growing the organization to meet goals, and delivering desired results, and they are interested in how a particular solution could help achieve profitability, revenue growth, company goals, competitive advantage, and increased market share.

C-suite
the top leaders in the organization

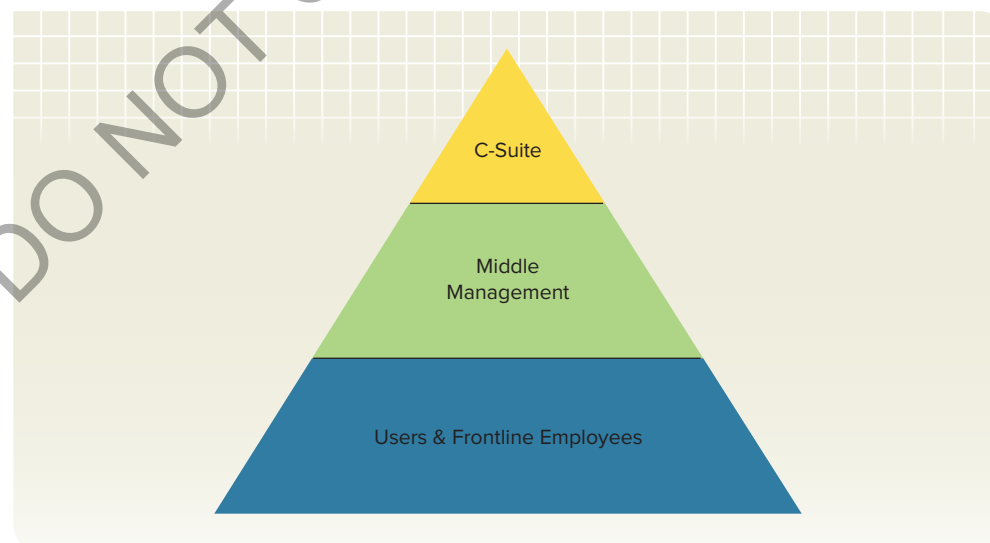
Middle Managers **Middle managers** are responsible for core processes within an organization, with core processes defined as “activities or tasks, which, if not properly or consistently performed, will cause the company to fail in its primary mission.”¹⁶ Human resources, IT, sales, and purchasing all represent core processes. Buyers and purchasing managers are part of this level and are interested in achieving objectives, improving the buying decision process, improving purchase outcomes, benefits for users or their organization’s customers, and affecting the budget positively.

middle managers
managers responsible for core processes within an organization

Users and Front-line Employees Users and **front-line employees** represent those workers who either interact directly with the product or service purchased

front-line employees
employees who directly interact with customers

Figure 2-4 Decision Levels in Organizations



or deal directly with the buying organization's customers to deliver products or services. These employees possess valuable knowledge useful to the buying decision process, given their close proximity to products and customers. Users and front-line employees are often interested in how the solution purchased helps them improve job performance, achieve better results, and make their work processes easier and more convenient.

Risk

The reason companies employ professional buyers, follow a decision process, and gather information from a variety of sources is singular: to reduce the risk associated with making a bad purchase decision. Consider, for example, a retail buyer responsible for purchasing athletic footwear for a large chain of department stores. If that buyer makes a bad decision to purchase a large quantity of fashion athletic shoes that end up not selling well, several bad outcomes occur. First, retail sales are lower than expected, thereby reducing profits. Second, the dollars used to purchase that inventory are now tied up in that purchase and cannot be used to purchase something else. Third, the buyer may have missed out on purchasing a style that would have sold well because the budget was devoted to this poorly selling style. This same buyer could have chosen to purchase a well-selling shoe, but not purchase enough. In this case, sales and profits could have been higher if the inventory included enough products. When buyers make the right decision, sales and profits are good, and customers are satisfied. It's not surprising, then, that organizations devote critical time and resources to the buying decision process.

The previous example highlighted several different types of risk facing buyers. Additionally, other forms of risk can influence how buyers behave, including the following (see also Table 2-3).

opportunity risk

the risk of spending resources on one product and giving up the opportunity to purchase a better product

Opportunity Risk Opportunity risk is the risk of spending resources on one product and giving up the opportunity to purchase a better product. In the case of

Table 2-3 Types of Buying Risk

Risk Type	Definition	Example
Opportunity Risk	The risk of spending resources on a product and giving up the opportunity to purchase a better product	A retail buyer uses a significant portion of the budget to add one consumer product to the store's assortment. Because of the budget implications of that purchase, the buyer decides to pass on another consumer product expected to sell well and misses an opportunity.
Time Risk	The risk of spending too much time on the new product or purchasing the new product	An IT manager purchases a new software system for organization employees, only to discover it is taking six months longer than expected for employees to learn how to use the new system effectively.
Financial Risk	The risk that the cost of the product will exceed potential benefits or result in a financial loss	A manufacturer purchases a new piece of equipment expected to save time and money, only to find out that the equipment costs exceed the realized return on investment.
Social/Psychological Risk	The risk of embarrassment or psychological pain	A buyer makes a poor decision that results in budget losses for the firm and a lost promotion for the buyer.
Functional Risk	The risk the product will not perform as intended	A purchasing manager makes a bulk buy of replacement parts at a good price, only to discover those parts are not compatible with the company's equipment.
Physical Risk	The risk that the product will be unsafe or cause harm	A well-known rental car firm purchases a fleet of vehicles from an automobile manufacturer, and then after the vehicles are delivered it discovers the vehicles contain faulty airbags that could harm rental car customers.

the poorly selling fashion athletic shoe, the money devoted to that purchase could buy a hot new product in that category. Opportunities are lost if the buyer missed out on purchasing a better solution than the one purchased.

Time Risk Time risk, the risk of spending too much time on the new product or on purchasing the new product, is also illustrated in the fashion athletic shoe example. In essence, the time and resources put toward this purchase decision were wasted when money was lost. Further, that time and those resources could have been put toward a successful decision.

time risk

the risk of spending too much time on the new product or on purchasing the new product

Financial Risk Financial risk is the risk that the costs of the product will exceed any potential benefits. The fashion athletic shoe did not deliver on the expected benefit of high sales, and the result was a financial loss. Because this is a retail sales example, the buyer likely had to mark the product down below cost to sell the inventory, thereby losing money on each sale. Using a different example, if a machine part does not perform as expected, the manufacturing process could slow down or be more costly.

financial risk

the risk that the costs of the product will exceed any potential benefits

Social/Psychological Risk Social/psychological risk is the risk of embarrassment. If you are a professional buyer and you make a major mistake with a purchase decision, you might be embarrassed by the failure. Your boss may give you a hard time and make you feel bad. You might take these bad feelings home with you, as job satisfaction affects life satisfaction.¹⁷ If you make bad decisions over time, you might even lose your job. Do you remember our earlier discussion about psychological pain? These psychological risks are very real for organizational buyers.

social/psychological risk

the risk of embarrassment

Functional Risk Functional risk is the risk that the product will not perform as intended. Sometimes called *performance risk*, this type of risk is based on the uncertainty that the product or solution purchased will not meet expectations.¹⁸ This risk is very real when purchasing equipment parts, food products, software products, etc., and it is commonly experienced in B2B buying situations. This risk might arise if a product is faulty or fails. Additionally, it's possible the product purchased is not the right solution to the problem.

functional risk / performance risk

the risk that the product will not perform as intended

When functional risk is realized, the buyer is likely to be dissatisfied. Fortunately, this type of risk can be mitigated by the selling organization. Strategies to reduce functional risk include ensuring the solution sold is the best fit for the buyer's needs, providing training for customers after the sale, and ensuring clear use directions are provided. Buyers and sellers need to work together closely to avoid functional risk.

Physical Risk Related to functional risk is **physical risk**, meaning that the product might be unsafe and cause harm. Unfortunately, history provides several examples of catastrophic results arising from physical risk. In January 1986, the Space Shuttle Challenger explosion, which resulted in the death of the entire crew, was triggered by defective O-rings, i.e., circular gaskets sealing the rocket boosters.¹⁹ More recently, faulty airbags installed in tens of millions of automobiles ran the risk of exploding under extreme exposure to hot and humid weather conditions. When the airbags exploded, metal shards rocketed into the vehicle and its passengers. This defective product resulted in a major recall of affected automobiles and caused at least 180 injuries and 20 deaths.²⁰ Although these examples are extreme, they demonstrate the risks associated with a bad product purchase. The physical risk of products is a serious issue for buyers.

physical risk

the risk that the product will be unsafe and cause harm

Timeline for Purchase

The timeline available to make a decision also affects the buying process. A long timeline suggests the members of the buying center have ample time to make a decision and can adopt a more complex buying process aimed at reaching the best decision. If the timeline is short, a rushed process results.

In an attempt to mitigate all the previously described risks and uncertainty associated with the purchase process, buyers are inclined to purchase from current suppliers because those suppliers have a proven track record for delivering on expectations. This reality is important for a selling organization to recognize and respond accordingly. If a firm is a proven or current supplier, the selling and buying processes will be affected as it will be more likely to be invited to participate in the buying decision process. If not a current or proven supplier, a firm will have to adjust its strategies to gain access to the purchase decision process. This situation highlights the importance of the salesperson's understanding of the buying decision process and the actions needed to become one of the alternatives considered for purchase.

Adding Value to the Buyer's Process

As we have discussed throughout this chapter, the key to sales success is figuring out how to add value to buyers' processes and businesses. Determining the most effective way to add value necessitates understanding the buyer's processes and needs, as well as how the buyer defines value. Three ways to add value are reducing risk and complexity, aligning processes, and becoming a trustworthy consultant.

Reduce Risk and Complexity

As we discussed earlier, buyers face many different types of risk when making purchase decisions—the greater the risk associated with the purchase, the greater the uncertainty associated with the outcomes. Further, complexity in processes and products can add more risk. A highly complex buying process involving many people and several layers of management, for example, faces substantial time and opportunity risk that can result in a less-than-optimal decision. Fortunately, research has suggested an inverse relationship between risk and value; as perceived risk is reduced, perceived value increases.²¹ The salesperson should focus on various ways to reduce the risk and complexity associated with the buyer decision process.

Align Processes

Author and sales expert Kim Ward recommends aligning a solution to the buyer's decision criteria directly by using what he calls "one-to-one solution to criteria alignment."²² By addressing each buying decision criterion, the salesperson demonstrates the ability to deliver on the best solution for the buyer's issue or problem. The ability to align the buying and selling processes, of course, depends in part on the ability to understand the buyer's process and decision criteria. It also depends on the salesperson's knowledge of the products, services, and solutions and how they can resolve the buyer's problems, as well as the salesperson's skill in asking deep and thoughtful questions to uncover the buyer's real issues.

Become a Trustworthy Consultant

Ultimately, the salesperson should strive to become a trustworthy consultant for the buyer and the buyer's firms. Buyers are interested in working with sellers who can add value to their process and their work lives. A seller who can reduce the risk and complexity associated with the buyer's decision will add significant value.

Further, aligning a solution directly with the buyer's criteria will make the added value obvious to the buyer. Over time, as the buyer experiences success with these solutions, the salesperson can become a trusted resource, to whom the buyer will turn for additional business. The key to all selling (B2B or B2C) is not to make one sale, but to create a value-based relationship in which the buyer trusts the seller with current and future needs. Creating and managing well-developed buyer-seller relationships is the most efficient and effective way to achieve sales success.

Work Smart with CRM

Customer Relationship Management (CRM) systems are used in both B2B and B2C companies, as well as in government agencies, and non-profit organizations. Car companies use CRM to track interactions with potential new partners, manage inventory, and analyze trends in relationships with current business partners. A popular athletic apparel company utilizes CRM to track individual consumer website visits, email opens, link clicks, and purchasing habits. They use the same system to track orders and support service inquiries. Government agencies have started implementing CRMs for recruiting, retention, advancement, communication, and community engagement. And non-profit organizations use CRM to manage their fundraising, outreach, and volunteer efforts more effectively.

This chapter covered the importance of knowing your customer and what affects their likelihood of buying. Learning the roles and decision-makers for each consumer is critical to influencing the purchasing decision. But most salespeople find it difficult to remember so many details when balancing several clients. At a minimum, CRM allows the salesperson to collect the title of each contact, who they report to, and whether their approval is critical to closing the sale. Over time, CRM can help organize this data into a virtual organizational chart the salesperson

can use to ensure they are engaging with the correct decision-makers and influencers.

As the salesperson learns more about their buyers, their organizations, and needs, the discipline of adding information to CRM can payoff for several reasons. The first, and most important, is that all the information about the buying decision process will be in one place to review any time within the sales cycle. Second, CRM data can provide transparency to management or anyone else helping with the sale. Lastly, it can reveal trends in the buying process by customer, across the territory, and the entire firm.

CRM can also improve the outcome for a salesperson against a specific competitor. The salesperson can review details about their own prior experience against the competitor, as well as information about the competitor from other salespeople, their marketing department, or anyone else in the salesperson's firm. This information can help the salesperson better position their offering against the competitor's known strengths and weaknesses.

CRM can also automatically add up the data to produce a pipeline and other easy-to-read reports, sometimes called dashboards, showing the percentage of times the salesperson's company wins when in a competitive situation, and providing estimates for the timeline to purchase based on similar sales situations.

Chapter Summary

- The buying process includes the considerations, evaluations, and decisions involved in choosing whether to purchase a product or service solution.
- The buying role includes consumers, retail buyers, organizational buyers, and institutional/government buyers.
- To create value for customers and achieve success, salespeople need to understand the buying process and the various issues facing buyers.
- Buyer motivations include situation repair, situation improvement, and situation continuance, and they can be rational or emotional in nature.
- Buyers purchase products for the benefits they provide; adept salespeople can translate features into benefits of interest to the buyer.

- Buyers use a wide variety of decision-making criteria when making a purchase decision, and the salesperson can play an important role in identifying and delivering on those criteria.
- The buying decision process includes six steps: (1) recognize a need; (2) gather preliminary information; (3) determine decision criteria; (4) evaluate alternatives; (5) make and implement decision; and (6) assess supplier performance.
- The factors influencing the buying decision process include product complexity, commoditization of products, process complexity, decision level, risk, and the timeline for purchase.
- Three types of buying decisions exist, based on the complexity of the product and the buyer's familiarity with purchasing that product type. They are new task, modified rebuy, and a straight rebuy.
- The buying center consists of anyone involved in the purchase decision process, including the buyer, influencer, user, gatekeeper, and decision-maker roles.
- The salesperson can become a trustworthy consultant by reducing risk and complexity and aligning the selling process with the buying decision process.

Key Terms

B2B (p. 24)	influencer (p. 35)
B2C (p. 24)	middle managers (p. 37)
benefits (p. 27)	modified rebuy (p. 33)
buyer (p. 24)	multi-attribute model (p. 29)
buying center (p. 35)	new task (p. 33)
buying decision process (p. 29)	opportunity risk (p. 38)
buying organization (p. 24)	physical risk (p. 39)
buying teams (p. 35)	retail buyer (p. 24)
C-Suite (p. 37)	salesperson (p. 24)
commodity/commoditization (p. 34)	situation continuance (p. 27)
decision maker (p. 36)	situation improvement (p. 27)
direct procurement (p. 24)	situation repair (p. 27)
features (p. 27)	social/psychological risk (p. 39)
financial risk (p. 39)	straight rebuy (p. 33)
front-line employees (p. 37)	supplier (p. 24)
functional risk (p. 39)	time risk (p. 39)
gatekeeper (p. 36)	user (p. 36)
indirect procurement (p. 25)	value (p. 26)

Application 2-1



Megan Townsend is a purchasing director for a private regional hospital located in the Midwest. A few weeks ago, Megan was approached by CFO Bill Mitchell about replacing the hospital's antiquated accounting software. Bill mentioned that the reports from the current software are not user-friendly, and the system itself is inefficient. Bill asked Megan to work directly with the head of the accounting department Roger Stales to learn more what the department would need the software to accomplish, as he had already approached Roger about his desire for a change. He also mentioned that CEO Brenda Everly would like to be kept in the loop regarding the decision process, as well as IT Director Chris Rowe. Chris would have specific ideas about implementation. Of course, as a user of the data and reports generated by the accounting software, Bill would also be heavily involved in the decision process.

Today, Megan met with Roger Stales to get the ball rolling on the purchase decision. Roger indicated that the new accounting software would need to include accounting, billing, payroll, and budget planning capabilities. He suggested that Megan include staff members from each of these areas in the decision process to ensure the software chosen addresses their respective needs. He recommended four staff members for Megan to contact. She made a note to call them later that afternoon. Roger did have some suggestions regarding software suppliers to consider, and Megan jotted down that information. Megan asked about the timeline for the purchase, and Roger indicated the goal would be to implement the new software at the beginning of the next fiscal year, approximately ten months from today.

As Megan headed back to her office, she thought about the next steps. She needed to start gathering information quickly, as ten months is not much time to make such a complex decision. She needed to talk to potential users as well as influencers, the IT Director, the CEO, the CFO, and Roger to establish the decision criteria. Each person might have different requirements. She needed to familiarize herself with available products, gather as much third-party information and research as possible, and start contacting sales representatives, including the representatives recommended by Roger. She was excited to lead such an important purchase process but also recognized she needed to be fully prepared, as many people would have an opinion on the product ultimately chosen, and the risk of making a bad choice was high. Megan took a deep breath and sat down at her desk to outline a game plan.

1. In this situation, what is Megan's buying role?
2. Who seems to have recognized the need for a solution?
3. What role is CEO Brenda Everly likely playing in this decision process?

Application 2-2



Matt Winger is a new business development representative for TechSource Staffing. TechSource is a recruiting company that handles the candidate recruiting process for technology and engineering firms. TechSource develops relationships with talented engineers and information technology specialists; companies turn to TechSource when they are looking for a strong pool of potential employees to fill open positions in their firms. Companies become TechSource clients when they see the value

(Continued)

(Continued)

of partnering with a firm that can provide recruiting expertise, great talent, and add efficiency to the recruiting and hiring process.

By using TechSource services, companies outsource the recruiting function of the human resources department, freeing up those personnel to focus on employee training and development, among other things. TechSource offers three different employee options: contract, contract-for-hire, and direct placement. Contract employees are temporary employees hired to do a specific job or project; when the job or project ends, so ends the contract. Contract-to-hire employees are contract employees who can be hired by the client firm at the end of the contract if the client firm is impressed by the work of that employee and has an open position. Direct placement employees are hired full-time by the client firm. Providing three different hiring options allows TechSource to offer flexible, customized, and convenient solutions to hiring needs. TechSource is known for having industry-savvy recruiters who have developed strong relationships with early-career tech experts and engineers. As the #2 IT and Engineering staffing firm in North America, TechSource serves over 4,500 clients and places over 5,000 IT specialists and engineers each year.

As a new business development representative, Matt is responsible for identifying prospective clients and converting them to new clients for TechSource services. For the past six months, he has been talking to Wendy Harmon, the Director of Human Resources at Starfish Technology. Starfish creates technology and engineering solutions for manufacturers of technical products. Headquartered in Chicago, Starfish has been growing rapidly and is in the process of opening a new location in Dallas. Wendy needs to identify top technology and engineering talent quickly to meet the needs of this new Starfish location. Because Matt has been meeting with Wendy regularly to learn more about her business, they have developed a fairly good working relationship. As a consequence, Wendy called Matt to request that he submit a proposal to be considered for this opportunity.

Matt is meeting with Wendy tomorrow at Starfish headquarters to discuss the proposal. Also at the meeting will be CEO Sam Riley, CFO Andrea Marker, IT Director Pete Gomez, and head of Engineering Maria Champion. As he prepares for the meeting, Matt is outlining the features, benefits, and value he can offer Starfish and anticipating the different information needs of the different individuals who will be in the meeting. He is also trying to determine which role each person is playing in the buying decision process. He wants to make sure he can mitigate the risk associated with this purchase. Matt takes a gulp of coffee and scribbles furiously in his notebook—he has a lot of preparation ahead of him, and he is determined to be ready!

1. What stage of the buying decision process is illustrated in this example?
2. What is a benefit of TechSource's service offerings?
3. How would you describe the group of people meeting with Matt tomorrow?