

South Tuen Mun Government Secondary School

BAFS: Buying decision process (1)

1) What are the major steps in the decision-making process

a) Individual consumers

Step 1: _____

Step 2: _____

Factors affecting (Step 2)

(i) _____

(ii) _____

(iii) _____

(iv) _____

Sources of Information

(i) _____

(ii) _____

(iii) _____

Step 3: _____

Step 4: _____

(i) _____

(ii) _____

(iii) _____

Step 5: _____

2) What are the major steps in the decision-making process

a) Business consumers

Step 1: _____

Factors affecting (Step 1)

(i) _____

(ii) _____

Step 2: _____

Documents of (Step 2)

(i) _____

(ii) _____

Step 3: _____

Sources of Information of (Step 3)

(i) _____

(ii) _____

(iii) _____

Step 4: _____

Review the proposals submitted by potential suppliers based on the following criteria:

(i) _____

(ii) _____

(iii) _____

Step 5: _____

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BAFS: Buying decision process (2)

Angela is a merchandiser at a fashion chain. She is responsible for sourcing clothing from manufacturers.

Explain the differences between Angela's two purchase decisions below:

a Purchasing jeans for resale from manufacturers; **b** Buying a pair of jeans for her son from a local store.

The differences between the two purchases:	(a) For resale (business buyer)	(b) For her son (individual consumer)
_____ of purchase	Angela buys in _____, for her fashion chain. A _____ amount of money is involved in the purchase.	She only buys _____ for her son. Thus, a much _____ purchase amount is involved in the purchase.
_____ . sensitivity	Angela is less _____ sensitive when purchasing jeans for her company. Her main concern is whether the jeans she chooses are _____ by her customers. e.g The manufacturer is able to sell products to Angela at a _____ price as business buyers are less price sensitive	Angela is _____ sensitive about buying a pair of jeans for her son. She may be greatly _____ by a price change. e.g. The jean stores need to sell products at a _____ price as individual buyers are more price sensitive.
Number of _____ in the purchase decision	Angela will probably have to discuss the purchase with her _____, and/or and go through a number of _____ before making her final purchase decision.	Angela may take her _____ to the shop to try on the jeans. It is likely that only Angela and her _____ will be involved in the decision-making process. The _____ decision is simpler
Product	More _____ products, e.g. Angela can design her own _____ jeans for her fashion chain.	More _____ products, e.g. the _____ types of jeans are offered for individual consumers in the store for Angela to choose for her son

Major differences between the business and consumer market

	Business market	Consumer market
Number of buyers		
Size of the purchases		
Location of buyers		
Nature of demand		
Price sensitivity Of buyers		
Number of participants in the purchase decision		
Complexity of the purchase decision		

“Individual consumers” Buying process_1

a) The five major steps in the decision-making process of individual consumers

(1) Need recognition:

(2) Information search:

Factors affecting information search:

consumer's experience/product price/perceived importance of product/Urgency of purchase

Sources of information:

Personal / Commercial/ Public sources

(3) Evaluation of alternatives:

(4) Purchase decision:

(i) Situational factors/ interpersonal influences

(ii) Socio-cultural factors (culture / social class / reference group)

(iii) Psychological factors

(Motivation:Maslow's Hierarchy of needs theory/

Personality and self-concept(open-minded/outgoing/self-image)/ perception(5 senses) / learning(past experience) /belief and attitude(health conscious)

(5) Post-purchase behaviour.

Actual vs expected performance: matches/exceed/below

“Business buyers” Buying process_2

a) The five major steps in the decision-making process of individual consumers

(1) Problem recognition:

Factors affecting problem recognition:

- i) internal stimuli: break down of a machine, so need to buy a new one
- ii) external stimuli: see a new model at a trade show to replace an older model

(2) General need description and product specification;

Documents of (step 2)

- i) General need description: product details and quantity needed
- ii) Technical specification of product: size, speed, model no

(3) Supplier search and inviting potential suppliers to submit proposals

- i) review trade directories
- ii) search information on the internet
- ii) seek recommendations from other companies or the relevant industry association

(4) Supplier selection and preparing order-routine specification

Review the proposals submitted by potential suppliers based on the following criteria:

- (i) product /service quality
- (ii) on-time delivery
- (iii) prices
- (iv) after-sales services
- (v) performance history
- (vi) corporate reputation
- (vii) return policies and warranties

5) Performance review

b) The differences between the two purchases:

	(i) For resale	(ii) For her son
Size of purchase	Angela buys in bulk for her fashion chain. A larger amount of money is involved in the purchase.	She only buys a pair of jeans for her son. Thus, a much smaller purchase amount is involved in the purchase.
Price sensitivity	Angela is less price sensitive when purchasing jeans for her company. Her main concern is whether the jeans she chooses are accepted by her customers. e.g The manufacturer is able to sell products to Angela at a higher price as business buyers are less price sensitive	Angela is more price sensitive about buying a pair of jeans for her son. She may be greatly influenced by a price change. e.g. The jean stores need to sell products at a lower price as individual buyers are more price sensitive.
Number of participants in the purchase decision	Angela will probably have to discuss the purchase with her colleagues and/or superiors and go through a number of procedures before making her final purchase decision.	Angela may take her son to the shop to try on the jeans. It is likely that only Angela and her son will be involved in the decision-making process. The purchase decision is simpler.
Product	More tailor-made products, e.g. Angela can design her own exclusive jeans for her fashion chain.	More standardised products, e.g. the same types of jeans are offered for individual consumers in the store for Angela to choose for her son

Major differences between the business and consumer market

	Business market	Consumer market
Number of buyers	Fewer	More
Size of the purchases	Greater amount of money	Small amount of money
Location of buyers	Geographically concentrated	Geographically dispersed
Nature of demand	Derived from other product	Not derived from other product
Price sensitivity Of buyers	Less	More
Number of participants in the purchase decision	More people involved	Alone mostly
Complexity of the purchase decision	More	Less