A REVIEW OF ORGANIZATIONAL BUYER BEHAVIOUR MODELS AND THEORIES

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Abstract

Over the years, models have been developed, and theories propounded, to explain the behavior of industrial buyers on the one hand and the nature of the dyadic relationship between organizational buyers and sellers on the other hand. This paper is an attempt at a review of the major models and theories in extant literature. The discourse highlights the similarities and differences amongst the models and theories. The review observed that researches on theory and model of organizational buyer behaviour have not been evolutionary, that is, model do not seem to build on previous models. The review concluded by recommending a synthesized model which incorporates both the unique and the similar features of other research.

Keywords: Buyer behavior, models, theories, purchasing

Introduction

There are numerous differences between purchasing by organizations/institutions and purchasing by personal or ultimate consumers. Ekerete (2005) describe business or organizational consumers as those organizations that buy goods and services either for use in making other goods and services or for use in facilitating their business operations. Business or industrial goods are those goods intended for use in making other products or for rendering a service in the operation of an organization. Industrial/business goods are differentiated from consumer goods on the basis of their ultimate use (Hutt and Speh, 1998; Kotler and Keller, 2008, Ekerete, 2005).

Although some scholars argue that marketing is marketing, irrespective of whether it is directed at business and non-profit organizations or directed to individuals and households, business marketing activities have been shown to be significantly different from consumer marketing activities and strategies (Moller and Wilson, 1995; Dwyer and Tanner, Jr. 2002; Iruka, 2001). Consequently, the motives for organizational buying significantly differ from those for consumer buying. For example, according to Dwyer and Tanner, Jr. (2002) because of difference in buying motives and behaviour, the approach to buying goods or hiring service, and the marketing strategies designed for business marketing are different from those of ultimate consumers.

Organizational buyer behaviour refers to the purchase and use behaviour of industrial/business goods users as well as the attitude and decision process which occur before, during and after product purchase (Agbonifoh, et al., 2007). To be able to predict customer response to marketing effort, and thus reduce uncertainty about alternative marketing strategies, the organizational marketing manager must have a thorough understanding of the way and manner organizations make buying decisions. To this end, theorists and practitioners have attempted to provide the marketing manager with conceptual and theoretical frameworks within which to analyze their customers and thus be able to tailor their product and communication to reach the appropriate target. For example, see Webster (1970), Webster and Wind (1972), Nielson (1973) and the Industrial Marketing and Purchasing (IMP) project group (1982).

This paper is an attempt at reviewing some of the major organizational buyer behaviour models and theories developed over the years. This review also highlights the common elements of these models and theories with a view to synthesizing them.

Models in marketing

The word “Model” can be defined in three senses. As a noun, it implies representation or a miniature prototype of an object. As an adjective, it describes a phenomenon or carries with it, the implication of “ideal” (for example, a high achiever, may be referred to as a model). When used as a verb, it describes the action or activities of a thing or an individual (for example to work as a model. The definitions of models as applied to marketing accommodate these three senses.
Based on the foregoing, we can define organizational buyer behaviour model as any structural conceptualization or framework to represent all or a part of the variables that explain the purchase and use behaviour industrial good users as well as the attitudes and decision processes which occur before, during and after product purchase. Organizational buyer behaviour models are special categories of models that provide the foundation for understanding how and why individuals and groups as well as organizational structure dynamics come to play when making purchasing decision for the organization. According to Iruka (2002) industrial consumer behaviour models are used in making predictions and explanation of how organizations and members of buying centres behave.

The general model of Webster and Wind
Webster and Wind (1972) developed a model which outlines four classes of factors that determine industrial buying behaviour. The factors are: individual, social, organizational and environmental factors. They further broadly classified these factors as Task and Non-Task factors. Task factors or economic factor models view the organizational buyer as an economic man (that is to say, a rational buyer). Non-task models emphasize the role of personal motive in the buying process — they introduce the human elements into organized industrial buying.

The Robinson, Faris and Wind model
This model is one of the earliest and most widely used model in categorizing and explaining organizational buyer behaviour differences (Wilson, et al., 1991; Bunn, 1993; Agbonifoh, et al., 2007). The model suggests that the industrial buying process is a series of stages (called buy phases) which may vary depending on which buying situation (called classes) the particular buying firm is confronted with. The model views organizational buying behaviour as depending on the amount of experience the buyer has with product class, the amount of information sought and the time spent on the decision. A cross-tabulation of the phases with the buy classes result in a buy-Grid-framework.

The Sheth interactive model
This model concentrates on information search and acknowledges that the expectations of purchasing agents, engineers, users and others, who ostensibly are directly involved in that act of purchasing and could therefore be regarded as constituting the buying centre, can be influenced by their experience.

In developing his model, Sheth divided organizational buyer behaviour into three distinct aspects:

i. The psychological world of the individual involved in organizational buying. This aspect recognizes the fact that purchase decision in an organization is not made by a single individual, but by members of different departments and that the psychological make-up of the decision makers is critical (Iruka, 2001).

ii. The condition which precipitates joint decision making. Not all decisions are made jointly. The model gives six factors which determine whether a specific buying decision will be joint or autonomous. Three of these factors are related to the characteristics of the product or service and the other three are related to the characteristics of the buyer organization.

iii. The Process of Joint Decision Making: The Sheth interactive model outlined the process of joint decision making to include the following steps: (a) Initiation of the decision to buy; (b) Gathering of information; (c) Evaluation of alternative suppliers, and (d) Resolution of conflict among the parties who must jointly decide.

The Nelson box model
This model, according to Agbonifoh, et al. (2007) combines elements of organizational buyer behaviour with those of consumer behaviour. The model is built around two important assumptions:

a. That decisions at different levels of the organization neither always involve the same individuals nor identical work.

b. That decision taken at one level forms the basis for all subsequent decision.

The Nelson model describes four levels of decision making in an organization. They are:

1. The general buying decision which includes the decision to initiate a project (and may not, therefore, result from a former decision). It may contain the establishment of a new building, new product, etc.

2. The concrete buying decision which comprise selection of a definite project, including the objectives, and project specifications.

3. The decision which is concerned with the most appropriate suppliers/vendors and products.

4. The technical buying decision which involves decisions related to the actual mechanics of transportation, drawing up of contracts, final price and payment negotiations and the stipulation of other details.

It is worthy of note that the Nelson model also captures the individuals, social, organizational and
environmental factors as well as the task and non-task factors that influence organizational buying behaviour.

The Hobbesian organizational buyer model
Thomas Hobbes formulated the theories that served as the basis for this model. The hypothesis of this model is that the purchasing officer’s interest to do his best for the organization is hampered by his interest to do the best for himself that at any given time the organizational buyer pursues both personal and group goals. During the process of searching for and selection of prospective suppliers, the organizational agent may ask such question, “What is in this deal for me”? Or “What do I stand to gain”? etc. The Hobbesian model clearly explains why an organizational buyer may patronize a vendor offering a higher price or slightly less quality rather than from a vendor offering a lower price for the same quality.

The model shows that while the organization as a whole may be rational, the final decision maker or actual buyer or negotiator for the organization may be less so because he has personal goals to attain. The model also explains the phenomenon of under-the-table Kickbacks, bribes, inflation of contract sums, etc in business-to-business transactions. The marketing management implication of this, according to Iruka (2001) is that organizational buyers can be appealed to on both personal and group platforms. Marketers can also refine their marketing strategies by appreciating the goal conflict of the organizational buyer.

Reward measurement theory
The reward measurement theory is an expectancy theory of organizational buyer motivation similar to Vroom’s expectancy theory (Eriksson, 2008). The theory recognizes that there are benefits to be gained in addition to those delivered by the product.

The theory points out that buyer are motivated by both intrinsic rewards (those rewards they give themselves feeling of satisfaction, for example) and extrinsic rewards (rewards given by the organization, such as salary raise or promotion). All rewards are not equal. However, valance or the degree of importance or value attached to a reward varies from person to person.

Behaviour choice theory
Behaviour choice theory was developed in order to understand buying behaviour when multiple and perhaps competing reward systems are present or when no reward system is obvious to the buyer. This theory maintains that buyers go through a choice process to arrive at decision of how they will buy us opposed to the decision of what will be bought (Tanner, Jr. 1999).

The first stage in the process is to decide what situation they are in. this is done in terms of either self-orientation (the degree to which individual work to achieve personal benefits) or company-orientation (the degree to which individuals work to achieve benefits for the organization).

The second stage in the choice process is to evaluate personal relevance. In this stage, the buyer examines the reward structure, formal and informal, associated with the situation as defined in stage one. For example, a buyer who defines the situation as an opportunity to purchase a product is going to engage reward structures associated with product (such as satisfaction with the product).

The third stage involves the buyer assessing action alternatives. The buyer looks at the amount of control over the task: what choices are open to him as to what he can or cannot do. The organizational policy on purchasing serves as a guide here.

The final stage is the selection of strategy. The buyer can either select offensive strategies. (Strategies designed to maximize gains) or defensive strategies (strategies designed to minimize losses).

Role theory
The role theory suggests that people behave within a set of norms or expectations of others due to the role in which they have been placed. The role theory lays much emphasis on the concept of buying centre, which according to Agbonifoh, et al., (2007), consist of industrial buying agents and other individuals who are directly involved in making purchase decision. The buying centre may not necessarily be a formal committee but a functional team, or most often, a changing complex and informal group (Ford, 1998).

Buying determinant theory
The buying determinant theory integrates the other theories, hence it is a general theory of why buyers buy (Dwyer and Tanner, Jr. 2002; Iruka, 2001). The theory describes behaviour as due to the combined effect factors, organizational factors and individual factors. The buying determinant theory is useful because it offers a framework for combining buyers and groups and recognizing buying patterns, patterns that enable marketing managers to create effective marketing strategies (Hutt and Speh, 1998).

Criticisms against organization buyer behaviour models and theories
The general model of Webster and Wind has been criticized on the ground that it is not always possible to classify a given set of variables as exclusively task and
non-task. Rather any given set of variables will tend to have task and non-task dimensions (Agbonifoh, et al., 2007).

Despite the robustness of the buy-grid model, it has been criticized on the grounds that the notion of ‘phase’ gives the impression of a static rather than a dynamic situation and that the phases are mechanistic, procedural and activity-oriented. Furthermore, the framework does not satisfactorily explain the interactions among the various functional area. (Wren and Simpson, 1996).

The assumption of almost all the models and theories that organizational buyers are rational flies in the face of the fact that buyers, especially in less industrialized economies like Nigeria, operate in an environment where socio-cultural and familial influences play a major role in organizational buying behaviour. (Cox and Summer, 1983)

Wren and Simpson (1996) also observed that although each of the existing model and theory possess unique characteristics potentially capable of enhancing our understanding of a particular aspect of the buyer–seller relationship, they do not contribute to the overall understanding of the interaction process. This means that models of the buyer–seller relationship have been built on previous models, hence there is a need for a synthesized model.

Finally, most organizational buying models and theories are idealized, giving the impression that extended buying behaviour is the norm (Esu and Eze, 2006).

**Conclusion**

Organizational buying behaviour is a complex process involving many persons, multiple goals and potentially conflicting decision criteria. And for the business marketing manager, understanding the consumer and how organizations buy is fundamental to success. Modeling simplifies the purchase decision process and gives the marketing manager a fair picture of who the consumer is and how he is likely to behave towards his marketing strategies.

It is therefore recommended that business goods suppliers should strive to understand the process their consumers go through from the point of need recognition to when actual purchase takes place. This should be done for each product/service.

The rational approach to industrial consumer decision making should be seriously reconsidered. Reality shows that the purchaser’s decision to patronize one vendor rather than another is significantly influenced by subjective and non-rational factors. The model reviewed seems to have been developed autonomously rather than evolutionary. Future models should integrate the contribution of these models into a single comprehensive model of the buyer-seller interactive process.

**References**


