

Quadrant II – Notes

Programme: Bachelor of Commerce.

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Paper Title: Customer Relationship Management (GE 2)

Unit: I – Introduction to CRM

Module Name: Consumer behaviour and Organisational buying behaviour & Relationship Marketing

Name of the Presenter: Ms. Shifra Mascarenhas

CONSUMER BEHAVIOUR

Consumer Behaviour is the study of how individuals, groups, and organisations select, buy, use and dispose of goods and services to satisfy their needs and wants. Consumer behaviour is influenced by various factors.

ORGANISATIONAL BUYING BEHAVIOUR

Organisational buying is the decision – making process by which the organisations establish the need for purchasing products and services and identify, evaluate and choose among alternative brands and suppliers.

CONSUMER BEHAVIOR V/S ORGANIZATIONAL BUYING BEHAVIOR

Bases	Consumer Behavior	Organizational Buying Behavior
Purpose of Buying	The individual consumers buy goods and services for ultimate use or satisfy their needs. The buying purpose of such consumers is not to earn profit by reselling the goods and services.	The organizations buy goods and services for their business needs. The buying purpose of them is to earn profit by using and reselling the goods and services.
Quantity	Although consumers buy various kinds of goods, the quantity of goods remains small. They buy only the necessary quantity of goods, which they need for regular use.	Organizational buying is done in large quantities. There are several reasons why organizations must buy the goods they need in bulk. In the first place, they use large quantities of each item and must maintain inventories at a level high enough that they will not run out of stock. Secondly, it is cheaper and more efficient to make

Bases	Consumer Behavior	Organizational Buying Behavior
		large-volume purchases.
Purchase Decision	Consumer buying takes decision by consumers themselves. Sometimes they can consult with family members and friends. They need not fulfill any formality like organizational buying.	Organizational purchasing is a rational process because the purchasing behavior of organizations is guided by objective factors having to do with production and distribution. It takes long time than consumer buying.
Market Knowledge	Most of the consumers may not have adequate knowledge and information about market situation, available goods and services, etc. The educated customers may be aware and have knowledge about market and goods.	Organizational purchase criteria are specifically defined. Organizational buyers usually have fewer brands to choose from than do individuals, and their purchases must be evaluated on the basis of criteria that are specific to the overall needs of the organization. The organizational buyers have full knowledge of market and suppliers.
Types of Goods	Consumers buy many goods to use to satisfy personal or family needs.	Organizational buyers buy limited goods to use to conduct business.
Effect	Consumer buying behavior is affected by age, occupation, income level, education, gender etc. of consumers.	Many individuals are involved in the buying process. Within large organizations, rarely is one individual solely responsible for the purchase of products or services. Instead, many individuals and departments may be involved and departments may be involved in the buying process.
Buying Process	The consumer buying process is very simple. No need to fulfill any formality. There is also no need to maintain extensive contact with sellers.	Buyers and sellers in the organizational market must maintain extensive contact.

RELATIONSHIP MARKETING

Relationship marketing is a philosophy of doing business that focuses on *keeping and improving* relationships. This philosophy assumes that customers prefer to have an ongoing relationship with one organisation. The four key constituents for relationship marketing are customers, employees, marketing partners and members of the financial community. To develop strong

relationships with these constituents requires an understanding of their capabilities and resources, as well as their needs, goals, and desires.

The ultimate outcome of relationship marketing is a unique company asset called a marketing network. A *marketing network* consists of the company and its supporting stakeholders with whom it has built mutually profitable business relationships