

THE ACTIVITY OF MARKETS AND THE SALES DECISIONS OF PUMP PRODUCERS

Ioan Constantin RADA, Stefan NAGY, Simona Veronica ABRUDAN CACIORA

University of Oradea, Universităţii street, no. 1, phone number 0740/048182, e-mail:

irada@uoradea.ro

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Abstract: The activity of lucrative economic agents is not limited to production operations; it involves the buying of large quantities of raw materials, finite products, installations, accessories, oil products, etc. The number of lucrative commercial societies has decreased recently. The producer of pumps must be aware of the needs, resources, politics and buying techniques of these lucrative economic agents, as well as those of the individual persons, in order to understand how many different pumps can be sold.

INTRODUCTION

The pump is a mechanism that transforms the mechanical energy received from a training source in hydraulic energy. Thus the energy sent to the liquid can be used in accordance with the desired aim: feeding with water, hydraulic transport, hydraulic power drive, etc.; since the pumps are produced especially for the transport of liquids at different distances and levels and they are used almost wherever such a type of transport is necessary. In industry, the pumps are used for different technological processes, transporting a great variety of liquids or feeding with industrial or drinkable water. In agriculture, the pumps are used for systems of irrigation, in the systems for feeding rural areas and farms with water, or during the process of production, through their connection to different machines used in agriculture.

Since the transport of a liquid, with the help of a pump, demands a continuous flow between the feeding source and the spillway, this can be achieved with the help of a hydraulic installation. Such an installation is usually made up of: water pipes, fixtures, measuring devices and, of course, the pump, which is the main element. The pipes connect the pump and the aspiration source, as well as the place for the suppression of the liquid.

The pump is an indispensable element of a hydraulic installation, and the energy it sends to the liquid determines the liquid's circulation through the pipes, when a certain pressure level is reached.

Within an installation, the pump has the following functions:

- **To decant**, when the liquid is directed from the feeding source towards the consumer;
- **To re-circulate**, when a limited quantity of liquid is directed through a closed circuit;
- **To activate**, when the pressure energy of the liquid is used for the production and amplification of forces.

From these attributes we can find out the conditions that a pump, placed within an installation, must fulfil, conditions that ensure the necessary energetic parameters: flow capacity and pressure.

Section 1. THE PUMP MARKET

1.1 Who makes up the business market?

The business market is made up of the totality of economic agents and institutions that buy pumps, with the view of producing other goods and services that are going to be sold, hired or supplied to other persons.

The main branches that make up the business market are: agriculture, timber industry, fishing trade, processing industry, etc. The business market is characterised by a higher volume and value of the goods that are being sold and bought, in comparison with the general market.

The business market has several characteristics, which differ dramatically from those of the consumer's market.

Reduced number of buyers. The producer of pumps that operates on the business market comes into contact with fewer buyers than the one who operates on the consumers' market. The activity of the pump producer depends upon the orders coming from the large companies in the field of agriculture, timber industry, fishing trade, processing industry, constructions and installations, etc., which are fewer than the number of buyers from the consumers' market.

Important buyers. The business market is characterised by a larger concentration of buyers, but the large number of acquisitions is done by a reduced number of important buyers, who perform 70% of the selling activities.

A close relationship between supplier and customer. Due to the existence of a small number of customers on the business market and the importance and the strong economic and financial power of those customers, close connections will be established between these customers and the suppliers of pumps. The producer is also forced to adapt its offer to the needs of each particular customer. The producer's representatives must attend the meetings organised by the beneficiary, in order to become aware of its demands concerning the quality and the quantity of the pumps.

The spatial concentration of consumers. Over 70% of the companies have their headquarters in cities, or in some larger rural regions. Such a concentration of lucrative economic agents results in a concentration of sales for the pump producer within the limits of these cities. At the same time, the marketing agents must be aware of the changes that take place in the region where the producer operates.

Derived demand. The market demand on the business market derives from the demand for widely used products. When the demand for such products is reduced or grows, the demand for all the other goods that are related to those products also reduces or grows. For this reason, the marketing agents must be aware of the tendencies that can be observed.

Inflexible demand. The changes of the prices do not influence very much the total demand for pumps on the business market. The users of pumps will not reduce or increase their orders if the prices fluctuate. This is due to the inflexible demand.

Fluctuating demand. The demand for pumps is more fluctuating on the business market than on the consumers' market. This phenomenon is associated with the constant changes that take place on the business market, which bring about the uncertainty of sellers and determine the marketers to diversify the pumps and launch on other markets, so as their sales will remain stable.

Professional buying techniques. The pumps are bought by agents that are specially prepared in this respect and who know how to apply the most recent buying techniques. Their professional approach and capacity to evaluate information determines a more efficient buying process, as far as the costs are concerned. This determines pump

producers to supply and work with more pieces of information that refer to their own products and the products of their competitors.

More factors that influence the buying process. Generally speaking, the buying decisions made by economic agents are influenced by a greater number of persons than the buying demands of consumers. The acquisition commissions of companies are made up of experts in technical problems and the managers involved in the process of buying important goods. Consequently, transactions are made by specially-trained selling teams, representing the producer of pumps that negotiate with well-prepared buyers. Although promotion campaigns play a very important part in the mix for the promotion of selling pumps, the main selling procedure is the personal selling.

Other characteristic elements in the process of buying:

- Direct supply: economic agents buy directly from the selling sections of an agent, avoiding intermediaries;
- Compensation
- Hiring

1.2 Decisions made by companies buying pumps

The buyer who acts on the business market must make several decisions when buying.

The main situations of buying, also called “buying categories”, are the following:

1. The direct repeated buying – is characteristic of the situation when the supplying department repeats the orders in accordance with a routine. The buyer chooses a supplier from the approved list, taking into consideration the level of satisfaction obtained after the first order. The pump producers included on that list are careful to preserve the quality of the pumps and of their services. The producers whose name does not appear on the list strive to come up with a new product or to speculate the lack of satisfaction on the part of the buyer. These suppliers try to obtain an initial small order and then to extend their supplies.

2. The repeated modified buying – is characteristic of the situation in which the buyer wants to change the features of the pump, the prices, the supply conditions or the contract. This situation usually involves a larger number of people involved in the process of making decisions and increases the necessity of gathering preliminary information, thus increasing the time for making the final decision. This situation is the best occasion for the producer of pumps, but also involves the most difficulties, since it will try to contact many decisional factors, offering its support and the required information. The buying regarded as a new task involves several stages: the getting of information, the interest, the evaluation, the testing and the adaptation.

The main secondary decisions involved in making decisions with regards to buying a pump

Fewer decisions must be made in the case of direct repeated buying; when the acquisition is regarded as a new task, there are more decisions to be made. In this last situation, the buyers must determine the technical characteristics of the pump, the prices, the conditions and timing of supplying, paying conditions, the volume of the order, the accepted producers and the chosen producer. Each decision is influenced by different factors involved in the process of making decisions. The order in which these decisions are made is variable.

The role of buying and selling systems

Many companies prefer to buy pumps, the transport and the assembly service from the pump producer. This one should be aware of this and provide assistance to the beneficiary, so that the latter's expectations might be satisfied. The producer can also provide services for the maintenance of installations, the cleaning of the reservoirs,

technical assistance, etc. to the beneficiaries that constantly buy his products. Cumpărătorul de pe piața de afaceri trebuie să ia multe decizii atunci când face o achiziție, numărul acestora depinzând de tipul situației de cumpărare în care se găsește.

1.3 The participants in the process of buying pumps

The experts in the science of commodities have a great influence in the process of direct repeated and modified buying, and the personnel of other departments have a great influence upon the new situations of buying. Usually the engineers influence the choice of a pump's components, and the acquisition agents decide upon the choice of pump producers. Taking account of these aspects, in the new situations of buying, the producer of pumps should direct the information related to pumps to the acquisition agents.

The departments responsible with making buying decisions are called supplying departments. They are made up of all the persons and the groups that take part to the process of making buying decisions, having common objectives and accepting the risks related to the process of decision-making.

The acquisition centre is made up of:

1. **users** – those who use the pumps; in most situations they are the initiators of the buying offer and help in defining the characteristics of the pumps they need.
2. **the persons with influence** – who influence the buying decision and often help in defining the characteristics of the pump and provide the information needed for the evaluation of alternatives;
3. **the decision makers** – the persons who decide upon the demands related to the pumps and their producers
4. **the approvers** – the persons who authorise the actions initiated by buyers or decision makers;
5. **buyers** – persons invested with official authority to choose the producer of pumps and establish buying conditions; they can contribute to the setting of the pump's characteristics, but their major role is that of choosing the producer and doing negotiations; in the case of complex acquisitions, the managers who take part to the process of negotiation can be included in the category of buyers;
6. **the care-takers** – the persons who are able to stop the producers of pump or necessary information to reach the members of the acquisition centre and can stop the selling agents to have contact with users and decision-makers.

Thus, the producer of pumps must find out who are the main participants in the process of making decisions and the evaluation criteria they use. The sale agents of the producer must concentrate their attention on the persons who play a central part in influencing the buying process. The producer of pumps must also re-evaluate periodically the role and the influence of different participants in the process of making buying decisions.

Section 2. IMPORTANT FACTORS THAT INFLUENCE THE DECISION OF BUYING PUMPS

Companies are influenced by several factors, whenever they make buying decisions. The producer of pumps argues that the most influential factors are the economic ones, since the buyer prefers that producer who offers the lowest price. Therefore, producers of pumps should concentrate on an offer that presents economic advantages for their customers. At the same time, it has been noticed that some buyers are influenced by personal factors, such as the possibility to benefit from some favourable offers, or that of avoiding the risk. In reality, the buyers from the business market react to both economic and personal factors.

Since the companies can satisfy their supply needs irrespective of producers, buyers will take account of the way they are treated. When the offers present substantial differences, the economic factors will have a greater influence in making buying decisions.

There are four large categories of factors that influence the behaviour of buyers on the business market:

2.1 Environmental factors

Buyers are influenced by real and announced factors of the economic environment: the level of the primary demand, the economic perspectives and the value of the national currency. When the economy is in a state of recession, companies reduce their investment in mechanisms and installations. The producer of pumps can try to increase, or at least maintain the demand for pumps. The buyers from the business market are influenced by the economic and political changes, as well as those that regard their competitors, and must carefully supervise all these forces and determine the extent to which they will influence buyers. At the same time, problems can be transformed in favourable occasions.

2.2 Organizational factors

Each economic agent has objectives, politics, procedures, organizational structures and specific systems, which the producer of pumps should be aware of. The latter might have answers for the following questions: "how many persons are involved in the process of making buying decisions and who are these persons?", or "which are the evaluation criteria?". The following tendencies should also be taken into consideration:

- the updating of acquisition departments of the beneficiaries;
- the centralised acquisition, in case of multiple-section companies;
- long-term contracts: many buyers from the business market prefer such contracts with the producers of pumps that they trust;
- the evaluation of the results of the acquisition activity: more and more firms use systems for the reward of those who manage substantial acquisitions, applying them to the selling personnel as well. Such a system might determine the managers responsible with the buying process to negotiate with the sellers, with the view of benefiting from the most favourable conditions.

2.3 Interpersonal factors

Very often, the supplying department is made up of several members, each having personal interests and different degrees of authority and power to convince. It is not very probable that the producer of pumps should know the dynamics of such a group, during the process of making buying decisions. For this reason, any piece of information that can be obtained in relation with the persons involved and the inter-personal factors within the supplying department can prove very useful.

2.4 Individual factors

Each participant in the process of buying has personal motivations, perceptions and preferences. These are determined by the age, the revenue, the education, the professional evolution, the personality, the culture and the attitude of each person in particular. Buyers can have different buying styles: some prefer simple situations, others believe they are expert buyers, some others want what is best, while others want everything to be prepared for them.

The producers of pumps must know very well their customers and adapt their tactics in relation to the influence of the environmental, organizational, interpersonal and individual factors.

Section 3. THE PROCESS OF DECISION MAKING WHILE BUYING PUMPS

The buyers (economic agents) from the business market do not buy pumps for their own use, but in order to obtain profits, reduce their production expenses and fulfil a social or legal obligation.

BUYING STAGES	UYINGB STAGES		
	New task	Modified repeated buying	Direct repeated buying
1. Identifying the problem	Yes	Possible	No
2. Describing the need	Yes	Possible	No
3. The characteristics of the product	Yes	Yes	Yes
4. Finding the supplier	Yes	Possible	No
5. Demanding the offer	Yes	Possible	No
6. Choosing the supplier	Yes	Possible	No
7. The way of executing the order	Yes	Possible	No
8. Analysing the results	Yes	Yes	Yes

Tab.1 The main stages of buying for the beneficiaries of pumps, related to the classical situations of buying

3.1 Identifying the problem

The process of buying pumps starts when an employee of the company identifies a problem, or a need, that can be satisfied through the acquisition of a pump. The identification of the problem can be the result of some internal or external stimuli. The internal ones are the following:

- the commercial agent decides to create new activities, for which he needs different types of pumps,
- the deterioration of a mechanism or means of transport, so that the pump needs to be replaced
- the pumps supplied by a producer prove to be unsatisfactory and the commercial agent tries to find another supplier;
- the acquisitions manager perceives the possibility of obtaining a lower price, for a product with a superior quality.

However, externally, the buyer can have new ideas, as a result of taking part to an exhibition, being presented with a promotional offer or receiving an offer form a sales agent that offers a better or less expensive pump.

The producer has the possibility to simulate the identification of the problem as a result of publicity actions, the contact with potential clients, etc.

3.2 Describing the need

After the need has been identified, the buyer proceeds to the identification of the general characteristics and the necessary qualities for a pump. The pump producer can help the buyer by presenting him the criteria he should take into account in order to satisfy his needs.

3.3 The characteristics of the product

The next stage is that of establishing the characteristics of the pump; this task has to be completed by a team that analyses the value of the pump. The analysis of the value represents an approach that aims at reducing costs.

The analysis of the pump's value can be used by the producer of the pump as an instrument for the positioning of the product on the market, in order to obtain an advantage.

3.4 Looking for the supplier

During this stage, buyers try to identify the producers of pumps that could best satisfy their demands. They can analyse a series of brochures in which the suppliers of pumps are presented, or can use recommendations from other firms, the media presentations or participate at specialised exhibitions.

At the end of this stage, the buyer has a list of agreed producers.

3.5 The demand for offer

During this stage, the buyer will demand offers from those producers that fulfil the required criteria. Some of them will be avoided and the others will be invited to present their offer officially.

These aspects require that the producer of pumps should have aptitudes for the analysis, the elaboration and the presentation of an offer. These offers must be marketing documents, not only simple technical documents, and their oral presentation must inspire trust. The task of marketers is that of presenting the possibilities and the resources of the producer, so that the latter would stand out among competitors.

3.6 Choosing the supplier

In order to choose a supplier, companies will use special programs. The producer's marketers must be aware of this process and be able to become the producers of that particular company.

The following table presents a model of evaluating a pump producer:

ATTRIBUTE	THE APPRECIATION SCALE				
	Unacceptable (0)	Weak (1)	Medium (2)	Medium (3)	Excellent (4)
Production capacity					X
Financial power			X		
The quality of the pumps					X
The safety of the delivery			X		
The transport service					X
Total score : $4 + 2 + 4 + 2 + 4 = 16$					
Medium score : $16 : 5 = 3,2$					

Tab.2

In relation to the scores obtained by different producers, the buyer will chose the one that has obtained the maximum score.

The great majority of agents prefer to work with several producers, so that they might not depend upon a single supply source, but also be able to compare the prices and the performance of several producers.

3.7 The way of executing the order

During this stage, the buyer negotiates the final order with the producer of pumps, defining the technical features, the specified demands, the quantity, the supply time and the conditions for returning the pumps, etc. This order can become a contract between the two parts, or can be simply executed; the order replaces the contract when there are no stipulations to be made.

A standard contract establishes a long-term relationship, where the producer of pumps accepts to provide the beneficiary in relation to the latter's necessities and the prices they have agreed upon. Such contracts contribute to the reduction of the number of supplying sources and, implicitly, to the increase of the quantity of pumps bought from a single source. This type of contract consolidates the relationship between producer and beneficiary and hinders the presence of other producers. The contract ends when the beneficiary becomes dissatisfied with the price, quantity or quality of the pumps, or the producer's services.

3.8 The analysis of results

During this stage, the buyer evaluates the producer's performance. This evaluation can be done in three ways:

- producers contact the final users, asking them to evaluate the performances of the pumps;
- using one of the scaling methods, they can appreciate the activity of the producer

- in case of unfavourable results, they can determine the right cost and adjust the initial price.

As a result of such methods, the beneficiary will continue the collaboration with the producer, change some aspects of their collaboration, or completely stop the contract and find another supplier.

In order to avoid unfavourable situations, the producer should take into consideration the same variables used by the beneficiary.

In situations of repeated buying (direct or modified), some of these stages can be reduced, or even eliminated. For instance, in a situation of repeated direct buying, the buyer prefers a certain producer or guides himself after a classification of producers, in accordance with the results of his analysis. Each stage of this analysis results in the elimination of one or more producers.

The eight-stage acquisition model indicates the main elements of the buying process.

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