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**SUPPLIER EVALUATION CRITERIA FOR
SPECIAL PRODUCTS: DIFFERENCES
FROM STANDARD PRODUCTS**

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SUPPLIER EVALUATION CRITERIA FOR SPECIAL PRODUCTS:
DIFFERENCE FROM STANDARD PRODUCTS

by

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All organizations, public or private, profit or non-profit, production or service oriented, have to buy goods and services to conduct their activities and achieve their organizational missions. When one considers that purchases in a typical manufacturing firm consume more than 60 percent of sales revenues, the opportunity for improving profitability through effective purchasing management is impossible to match in any other area of business operation. Organizational buyer behaviour, thus, has emerged as an important field of study.¹

These organizations purchase plant and machinery, raw materials, components, consumables or services which may be off-the-shelf standard items or non-standard custom made special products. The marketing - purchasing situations in such instances are characterised by marked complexity emanating from the high degree of interpersonal interaction between the selling and the buying companies involving many decision makers on both sides of the exchange relationship. Several considerations go into the making of purchase decisions and these vary across organizations.²

Though responsibility for organizational buying is often shared by several functionaries, spread across many departments within the organization, purchasing personnel do play an important role in the decision process. Purchasing heads and other executives within the department generally share the responsibility of identifying, selecting, evaluating

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and retaining or discarding a source of supply.³ The particular approach that a supplier should adapt towards the buying company is considerably influenced by the way purchase executives perceive and evaluate potential vendors.⁴ It is, therefore, essential that marketers should sharpen their understanding of the choice criteria considered most important by the purchasing executives for evaluating suppliers. The fact that buyers can, and do, articulate the reasons for making a choice, does suggest the existence of such a selection criteria.⁵ However, no research effort has been made to systematically investigate the supplier evaluation criteria used by Indian purchase executives in making their purchase decisions. Studies done in the U.S.⁶ may not be fully relevant to Indian conditions, where importance attached to various evaluation criteria can be quite different because of a totally different market environment. Realizing that findings on the importance attached to different criteria for evaluating alternative sources of supply have important implications for marketers in designing effective marketing strategies for dealing with organizational buyers, the present study was undertaken to understand the relative importance of various supplier attributes as perceived by purchase executives in India. The supplier evaluation criteria for both standard as well as special products was separately investigated and the present paper deals with the findings on the special products* only. The findings on the supplier evaluation criteria in regard to standard products have already been reported elsewhere^{7&8}.

The study also aimed at finding out whether there were any significant differences in the perceived importance of supplier attributes for special products when the evaluation was done by top purchasing executives as

* Special products were defined as any item, which is not of the off-the-shelf kind and requires adjustments/modifications/making to an individual's specifications or requirements.

compared to other levels of purchasing personnel. These findings could help in formulating marketing strategies specific to the hierarchical positions of the purchasing executives if such differences in perceptions did in fact exist.

Mail survey

A purposive sample of 500 purchasing executives, representing a cross-section of industries in India, were approached through a mail questionnaire, which solicited the background details on the responding executive and his organization. It, then, asked him to rate, on a seven-point Importance Scale, 65 different supplier attributes which were considered significant in choosing vendors for special products. In all, 173 completed questionnaires were received.

The average age of the responding executives turned out to be 40 years. 70 percent of them were in the age group of 30 to 50 years, while the rest fell equally in the age groups below 30 and above 50 years. Of the 173 respondents, 49 were the heads of the purchasing departments in their companies while the rest 124 executives were senior level purchase managers, mostly just below the purchasing heads. Average total experience for the entire sample came to 14 years whereas average experience in purchase department was 9 years. For 65 per cent of the respondents, experience in the purchase department ranged between 5 and 20 years. 32 percent had less than 5 years experience and only 3 percent above 20 years experience in purchase department. 89 percent of the responding executives had either a degree, or some technical or professional qualifications. Only 6 per cent of them had education below undergraduate level, and about 5 percent did not specify their academic qualifications. 31 percent of the respondents had engineering background, followed by 23 percent in arts and commerce, 21

percent in management, 13 percent in science and 1 percent in cost-accounting. The rest were either undergraduates or did not indicate their area of specialization.

The annual sales turnover of the companies to which the responding executives belonged had a wide range with an average of Rs. 15 crores. 41 percent of the units had turnover above Rs. 20 crores while 21 percent fell below Rs. 5 crores, the remaining falling anywhere between Rs. 5 to 20 crores sales. The total purchase to sales ratio in 69% of the organizations was between 0.30 to 0.69, while the purchases formed less than 20 percent of the sales revenue in 6 percent of the units and above 80 percent in 19 percent of the units. The average ratio was found to be 0.60

The sample comprised of 60 percent private sector companies and 34 percent public sector organizations, the rest 6 percent belonging to the cooperative or the joint sectors. The industry profile of the organizations represented in the final sample was as follows:

<u>Type</u>	<u>%</u>
Consumer products (non-durables)	15.61
Consumer durables	8.67
Light engineering	9.83
Heavy engineering	2.31
Electrical engineering	5.78
Electronics	2.89
Chemicals	12.14
Industrial supplies	10.40
Others	32.37
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FINDINGS OF THE STUDY

Exhibit I lists the 65 vendor attributes grouped under six sub-heads, namely, convenience, image-dependability, caliber-capacity, service, economic-financial and inter-corporate relations. Against each attribute item appear the mean importance ratings for all 173 respondents and also the break up for 49 heads and for 124 other purchasing executives. Based on the overall mean importance ratings, each attribute is ranked, to facilitate comparison. Rank 1 signifies the highest importance while rank 65 stands for the least importance. Each sub-group category has been arranged in descending order of importance of the variables included in the group, based on ratings given by all the 173 respondents.

Out of the entire list of 65 items, the five top ranking attributes relate to the image-dependability, caliber-capacity, and services offered by the suppliers. The most important of all attributes was reliability in quality followed by reliability in delivery, regularity in meeting quality specifications, fairness and honesty in dealings and willingness to cooperate in the face of unforeseen difficulties. Their mean importance ratings varied between 6.62 and 6.14. The high importance given to these attributes can be explained by the non-recurring nature of special products' purchases. Generally meant to fulfil specific stipulated needs, such products have unique quality and time specifications. Often, many subsequent operations depend on their effective procurement. Since a special product is not available off the shelf, any concession in time and quality can have serious adverse repercussions on the functioning of the purchasing unit or its image. In view of such critical requirements, considerations based on convenience, economic and financial aspects and inter-corporate relations are given relatively low priorities.

Secondly, unlike mass produced items, economies of scale are rarely available in case of special products, rendering them relatively more expensive. Under these circumstances, the buyers would expect that their vendor does not take undue advantage of their dependence and is fair and honest in dealings with them.

Also, because of the non-recurring nature of the special products purchase, it is possible for the buying organization to miss out on certain details or there may be some ambiguity in specifications or terms of purchase. In such situations they would expect their suppliers to be empathetic and helpful in meeting unforeseen difficulties.

Technical ability and knowledge, adaptation to specific needs, prompt and efficient handling of rejections, delivery without constant follow-up, and prompt handling of communications were rated next in importance with overall ranks of 6 to 10 respectively and mean ratings falling between 5.99 and 5.86.

The necessity to go in for special products is often invoked by a certain specific need arisen at a given time. Hence, it is essential that the supplier organisation has not only the technical ability but also willingness to adapt its technical skills and knowledge to satisfy the stipulated specifications. Moreover, since special products can potentially be bugged by many unexpected problems, prompt handling of rejects becomes an important criteria. The remaining two important attributes related to promptness in delivery and communication, which every purchase executive would normally expect from his supplier, especially in the case of special products where close liaison between a number of functionaries in the purchase organization with the selling organization is required at various stages of the execution of the order.

The next five important attributes having ranks 11 to 15, were keeps promises, helps in emergencies, can deliver quickly, provides price protection guarantee and is a direct source of supply. Four of these five variables further reinforce the idea of close cooperation with the supplier because of the critical nature of the special products and complete dependence of the buyer on the seller. Unless the supplier keeps promises, helps in emergencies, delivers promptly, and is in direct contact, the purchasing organization can, at best for the time being, be in thick soup with very little choice to get the item from another alternate source at a short notice. Similarly price protection becomes quite relevant in the case of special products, particularly if product development and designing are expected to take considerable time and can run into unforeseen technical problems.

The five least important supplier attributes for special products were: provides information through advertising, is affiliated with our firm, provides information through promotional activities, utilises effective selling methods and it is a large firm. Their mean importance ratings ranged from 3.70 to 3.21. It is very obvious that the purchase of special products, being a non-routine affair based on specific needs, the significance of the aforesaid supplier attributes gets diminished. Moreover, the large size of a seller firm does not necessarily represent competence, especially in regard to the supply of the concerned special product.

Factors like maintains consignment stock at vendor plant, recommended by our other departments, offers broad product line, helpful in providing special handling equipment and offers well known brands/products do not carry much weightage in case of special products because these are made to

specific orders and these attributes are not very relevant for these products.

INTER-GROUP COMPARISON

1. Image-dependability attributes:

There were, in all, 13 attributes in the group, which got an average attribute score of 5.55 with standard deviation of 1.09. Three of the five most important vendor attributes in the entire list of 65 items belonged to this group. They are reliability in quality, reliability in delivery, and fairness and honesty in dealings. Though these are not directly related to the product under order, these are important qualities of a good supplier and get added importance in the case of special products because of their non-availability instantly elsewhere. Other important items in this group, which got average scores above 5* were ability to keep promises, reputation and desire for business. General popularity of the firm, its product line, size and quality of selling methods are all considered of little importance in the choice of a supplier for special products.

2. Convenience related attributes:

Items in this group got an average score of 5.3 with a standard deviation of .70. Of the 12 items included in the group, the five most important attributes were adapts to specific needs, handles rejections promptly and efficiently, delivers without constant follow-up, answers all communications promptly and can deliver quickly. Other items of medium importance with mean scores above 5 were direct source of supply, advises of any potential trouble and accepts small quantity orders. Proximity in location, anticipation of customer requirements, credit for scrap and breadth of product line were either irrelevant factors or were considered of little importance in the purchase of special products.

* Since overall mean of attributes was 5.0, any attribute receiving a score of ≥ 5.0 was considered of above average importance.

3. Economic-financial attributes:

On an overall basis, this group turned out to be third in importance with items included therein receiving an average score of 5.07 and standard deviation of .57. This group, in all, had seven items in it. Four of those items, namely guarantees price protection, has competitive prices, has favourable financial position and offers extended payment terms had scores above 5. Lower prices and volume or cash discounts were not considered important criteria in the purchase of special products. Customers are more interested in competitive prices and price protection, probably due to high inflation and rising costs, than in lower prices. Of course payment terms and sound financial position continue to remain an important concern, irrespective of the type of purchase involved.

4. Caliber-capacity attributes:

Considered fourth in importance among the six groups, and with 8 items in it, attributes in this group had an average rating of 5.05 with a standard deviation of .72. Attributes considered most important in this group were regularity in meeting quality specification, technical ability and knowledge of the supplier, and his R & D facilities. Also to some extent, knowledge of salesman and management caliber of the supplier were considered important. Rest of the items in this group appear to be insignificant.

5. Service Related attributes:

This group was the largest with as many as 18 different variables but many of these items are not considered critical in the purchase of special products. The average score for these 18 variables was 4.73 with standard deviation of .75. Suppliers helpful attitude, with willingness to cooperate in the event of unforeseen difficulties or emergencies and his warranty terms,

availability of technical service in the field, repair facilities and promptness in providing the needed information were the major factors considered important. Many of these variables become important either because of lack of experience of the customer with the special product or the uncertainties involved in finding a suitable source which can do a good job of supplying the special product because of its criticality as well as ready nonavailability elsewhere.

6. Inter-corporate relations attributes:

With seven variables in it, this group turned out to be the least important with average score of 4.23 and standard deviation of .43. None of the variables in this group figured in the top half of the entire list of 65 by rank or got a score above 5. Prior experience with the source or its acceptance by user departments were the only variables which received some importance. Considerations of reciprocity, familiarity or relationship and extent of other business with the supplier did not seem to weigh in any significant manner as far as choice of a source for a special product is concerned.

COMPARATIVE RATINGS OF PURCHASING HEADS AND OTHER PURCHASING EXECUTIVES

To arrive at significant differences in ratings of the supplier attributes as viewed by the purchasing heads and purchasing executives at second or lower levels, the ratings of the groups were subjected to a t-test. Differences were found to be significant at .05 level on only three variables, namely direct source of supply, sells at a lower price and/^{is} known to our firm. All these three attributes were given higher ratings by the lower purchasing executives relative to those of the purchasing heads. Except for direct source of supply, which had an overall rank of 15, both the other remaining items were, in any case, of minor importance in the purchase criteria used by

purchasing executives in source selection for special products. Thus, because of convenience of follow up and need for continuous feedback on the progress supplier is making with the order for special products, other purchase executives seem to be far more concerned with directness of the source than the purchase heads. Follow up, in any case, has to be done by these executives and their high concern appears quite legitimate. On rest of the 62 items, there were marked similarities in the criteria used by the two groups at different hierarchical levels.

DIFFERENCES IN EVALUATION CRITERIA BETWEEN SPECIAL AND STANDARD PRODUCTS

Of the 65 items included in the questionnaire, on which ratings were separately provided by the purchasing executives for special and standard products in regard to the importance of each item in the evaluation of the supplier, mean ratings on as many as 45 variables were found to be significantly different for the two types of purchases. Mean importance rating for 35 of these 45 significantly different variables was higher for special products compared to the standard products. Table I presents data on these 35 items. Table II presents data on remaining 10 variables where mean ratings received by special products were less than those for standard products. An examination of these two Tables clearly points out that on almost all variables except economic-financial attributes group, criteria of evaluation is significantly more stringent in the case of special products as compared to standard products. Of the 10 items, where stricter standards of evaluation are applied to standard products, 5 are from the economic-financial attributes group and the remaining 5 items are widely spread out among the rest of the 5 groups and generally appear irrelevant in the case of evaluation criteria for special products. Matters like maintaining up-to-date stocks, availability of broad product line and well known brands with the supplier, offering of frequent delivery service and maintenance of consignment stocks at vendor plants are

Table 1

Special Products Mean Ratings Greater Than Standard Products Mean Ratings

Sl. No.	Attributes	Mean Importance Ratings		
		Standard Products	Special Products	Perceived Difference [†]
1	2	3	4	5
<u>IMAGE-DEPENDABILITY ATTRIBUTES</u>				
1.	Reliability in quality	6.51	6.62	D
2.	Has favourable reputation	5.40	5.62	D
3.	Exhibits desire for business	4.82	5.23	D*
4.	Has favourable attitude	4.81	5.10	D*
5.	Maintains favourable labour - management relations	4.08	4.89	D*
6.	Is a progressive firm	4.15	4.83	D*
7.	Is a well-known firm	4.31	4.61	D
8.	Is a large firm	3.39	3.70	D
<u>CONVENIENCE-RELATED ATTRIBUTES</u>				
9.	Adapts to specific needs	3.91	5.96	D*
10.	Handles rejections promptly and efficiently	5.69	5.95	D
11.	Answers all communications promptly	5.44	5.86	D*
12.	Advises of potential trouble	4.41	5.60	D*
13.	Accepts small order quantities	3.58	5.25	D*
14.	Allows credit for scrap or salvage	3.75	4.27	D
<u>ECONOMIC - FINANCIAL ATTRIBUTES</u>				
15.	Has favourable financial position	4.79	5.43	D*
<u>CALIBRE-CAPACITY ATTRIBUTES</u>				
16.	Has technical ability and knowledge	4.28	5.99	D*
17.	Has research and development facilities	3.48	5.19	D*
18.	Has high calibre management	3.98	4.87	D*
19.	Has knowledgeable salesmen	4.10	4.86	D*
20.	Has potential to expand capacity	3.42	4.40	D*

[†] D and D*, represent that the importance ratings for two product categories were significantly different at $\alpha = 0.05$ and $\alpha = 0.01$, respectively.

Table 1 (Contd.)

Sl. No.	Attributes	Mean Importance Ratings		
		Standard Products	Special Products	Perceived + Difference
1	2	3	4	5
<u>SERVICE-RELATED ATTRIBUTES</u>				
21.	Willing to cooperate in the face of unforeseen difficulties	5.84	6.14	D*
22.	Offers better warranties	5.02	5.36	D*
23.	Maintains technical service in the field	4.20	5.21	D*
24.	Provides needed information	4.80	5.20	D*
25.	Maintains repair service	4.42	5.05	D*
26.	Supplies parts list and operating manuals	4.51	4.88	D
27.	Helpful in overcoming our occasional errors	4.43	4.74	D*
28.	Makes available test/demonstration models	4.05	4.72	D*
29.	Makes salesman available as needed	4.32	4.67	D*
30.	Supplies special reports	3.87	4.50	D*
31.	Helpful in providing special handling equipments	3.32	4.09	D*
<u>INTER-CORPORATE RELATIONS ATTRIBUTES</u>				
32.	Is accepted by our other departments	3.98	4.40	D*
33.	Is a customer of ours	2.99	4.25	D*
34.	Is known to our firm	4.02	4.23	D
35.	Is recommended by our other departments	3.70	4.06	D*

Table 2

Special Products Mean Ratings Less Than Standard Products Mean Ratings

Sl. No.	Attributes	Mean Importance Ratings		
		Standard Products	Special Products	Perceived + Difference
1	2	3	4	5
<u>IMAGE-DEPENDABILITY ATTRIBUTES</u>				
1.	Offers well-known brands and/or products	5.13	4.09	D*
<u>CONVENIENCE - RELATED ATTRIBUTES</u>				
2.	Offers broad product line	4.38	4.06	D
<u>ECONOMIC - FINANCIAL ATTRIBUTES</u>				
3.	Has competitive prices	5.98	5.61	D*
4.	Offers extended payment terms	5.45	5.23	D
5.	Offers volume discounts	5.25	4.43	D*
6.	Sells at a lower price	5.08	4.66	D*
7.	Offers higher cash discounts	4.80	4.36	D*
<u>CALIBRE-CAPACITY ATTRIBUTES</u>				
8.	Maintains up-to-date stock	5.08	4.15	D*
<u>SERVICE-RELATED ATTRIBUTES</u>				
9.	Offers frequent delivery service	5.39	4.94	D*
10.	Maintains consignment stock at vendor plant	4.75	4.05	D*

D and D represent that the importance rating for two product categories were significantly different at $\alpha = 0.05$ and $\alpha = 0.01$, respectively.

concerns which are of little relevance in the purchase of special products. In fact these items were included largely because of their relevance for standard products and since a common questionnaire was used with the same list of statements or items, one would expect lower importance ratings for special products on these items. It is, thus, clear that by and large evaluation criteria for supplier selection in the case of special products is more rigid on most of the evaluation dimensions except economic and financial considerations. On this dimension, concern is much higher for supplier selection in the case of standard products, which are by definition widely available off the shelf and because of their standard nature, with little product differentiation, concerns with pricing, payment terms, and discounts become more pronounced.

Some significant differences were also noted between the responses of purchasing heads and other level purchase executives in regard to their respective evaluation criteria for the two types of purchases. While mean ratings of the purchasing heads were found to be similar for special and standard products, on the following items, significant differences were noticed in the ratings given to these variables for two types of purchases by the other level purchase executives:

<u>Sl. No.</u>	<u>Items</u>	<u>Mean Ratings</u>	
		<u>Special products</u>	<u>Standard products</u>
1.	Handles rejections promptly and efficiently	6.03	5.66
2.	Answers all communications promptly	5.87	5.43
3.	Allows credit for scrap or salvage	4.32	3.67
4.	Has favourable financial position	5.40	4.73
5.	Has knowledgeable salesman	4.83	3.94
6.	Exhibits desire for business	5.38	4.86
7.	Maintains favourable labour-management relations	4.85	3.93
8.	Is recommended by our other departments	4.06	3.73
9.	Provides needed information	5.16	4.79
10.	Maintains repair service	5.02	4.38

Purchasing executives, other than the purchasing heads, considered all the above items more important in the case of special products purchases. No such distinction was drawn by the purchasing heads who considered these items of similar importance in the case of both types of purchases. They, in fact, considered two other items as more important for special products purchases relative to standard products, while no such distinction was drawn by the other level purchase executives. Those two items were:

Items	Mean Ratings	
	<u>Special Products</u>	<u>Standard Products</u>
1. Offers better warranties	5.43	4.80
2. Supplies parts lists and operating manuals	5.02	4.27

SUMMARY, CONCLUSIONS AND IMPLICATIONS

Sixty-five supplier attributes were rated by 173 purchasing executives from a wide cross-section of Indian industry (49 of whom were the heads of the purchase departments), to measure the relative importance given to various criteria in the choice of suppliers for standard and special products purchases. A seven-point scale ranging from least important to most important was used and all the 65 items were rated by the respondents to provide a measure of their perceived importance. The 65 attributes or characteristics were arranged in the questionnaire in first word alphabetical order in an attempt to avoid clustering similar attributes. Directions for completing the questionnaire required respondents to separately rate the importance of each characteristic when selecting suppliers for standard products as well as for special products. The present paper presents the analysis of the responses in regard to special products and points out some of the major differences in the choice criteria used for special products purchases compared to standard products purchases.

The data were subjected to the following analysis:

1. To determine the relative importance of each supplier selection attribute, mean scores were computed for all respondents, together as well as separately for heads and other level purchase executives. These data are presented in Exhibit I.
2. To observe whether perceptions in regard to special and standard product buying situations are significantly different for each attribute, a two-tailed 't' test was utilized. Data on perceptual differences between the two buying situations are given in Tables I and II.
3. The sixty-five supplier attributes were grouped under six broad categories, namely, image-dependability attributes, convenience related attributes, calibre capacity attributes, service related attributes, economic-financial attributes, and inter-corporate relations attributes. These summary data enabled a comparison of inter-attribute categories. On the basis of the above analysis, the following major conclusions were drawn:

- a. Given below are the 10 most important attributes in the purchase of special and standard products:

<u>Rank</u>	<u>Special Products</u>	<u>Rank</u>	<u>Standard Products</u>
* 1.	Reliability in quality	* 1.	Reliability in quality
* 2.	Reliability in delivery	* 2.	Reliability in delivery
* 3.	Regularity in meeting quality specifications	* 3.	Fair and honest in dealings.
* 4.	Fair and honest in dealings	* 4.	Regularity in meeting quality specifications
* 5.	Willingness to cooperate in the face of unforeseen difficulties	* 5.	Delivers without constant follow-up
6.	Technical ability and knowledge	6.	Has competitive prices

- | | |
|--|--|
| 7. Adaptation to specific needs | 7. Helps in emergency situations |
| 8. Handles rejections promptly and efficiently | * 8. Willing to cooperate in the face of unforeseen difficulties |
| * 9. Delivers without constant follow-up. | 9. Keeps promises |
| 10. Answers all communications promptly | 10. Can deliver quickly |

It can be noted that 6 of the top 10 attributes, which have been starred, are common to both buying situations and these can be construed as 'critical' variables from the perspective of industrial buyers in India in their purchases of both special and standard products.

b. In many cases mean importance ratings did not vary by class of product. Different ratings occurred in 45 variables while in 20 cases ratings were statistically the same. Of these 45 different ratings, in 35 cases, mean importance ratings for special products were higher than those for standard products.

c. An arraying of the ratings in each attribute category indicates that importance of different attribute groups varies considerably across the two buying situations. The relative ranking is given below:

<u>Special Products</u>			<u>Standard Products</u>		
<u>Rank</u>	<u>Group</u>	<u>Mean</u>	<u>Rank</u>	<u>Group</u>	<u>Mean</u>
1.	Image-dependability attributes	5.55	1.	Economic-financial attributes	5.30
2.	Convenience-related attributes	5.30	2.	Image-dependability attributes	4.97
3.	Economic-financial attributes	5.07	3.	Convenience-related attributes	4.80
4.	Calibre-capacity attributes	5.05	4.	Service-related attributes	4.48
5.	Service-related attributes	4.73	5.	Caliber-capacity attributes	4.27
6.	Inter-corporate relations attributes	4.23	6.	Inter-corporate relations attributes	3.98

Mean group ratings are consistently higher for all attribute categories with respect to special products except economic-financial category. Also, while image-dependability attributes received high importance ratings in both types of purchase situations, convenience-related attributes are more important in the case of special products and economic-financial attributes are of greater importance in the case of standard products.

Since attribute groups were formed with unequal number of attributes, a comparison of the overall means of the groups for their relative importance may not be fully appropriate, since categories with larger number of variables may have some very unimportant attributes included in them. It was, therefore decided to compare attribute groups for their relative importance by taking the average of the top six variables in each category. This new comparison gave the following ranks to the two types of products:

<u>Rank</u>	<u>Group</u>	<u>Mean</u>	<u>Rank</u>	<u>Group</u>	<u>Mean</u>
1.	Image-dependability attributes	5.99	1.	Image-dependability attributes	5.92
2.	Convenience-related attributes	5.86	2.	Convenience-related attributes	5.54
3.	Service-related attributes	5.47	3.	Economic-financial attributes	5.38
4.	Calibre-capacity attributes	5.31	4.	Service-related attributes	5.29
5.	Economic-financial attributes	5.18	5.	Calibre-capacity attributes	4.73
6.	Inter-corporate relation attributes	4.32	6.	Inter-corporate relation attributes	3.98

Use of this criteria makes economic-financial attributes rank lower for both special products and standard products with considerable downward change in the case of special products. Also, image-dependability and convenience related attributes become more important than economic-financial attributes in the case of standard products.

d. Some important differences were noted between the responses of purchase heads and other level purchase executives in regard to their respective

evaluation criteria for the two types of buying situations.

On the basis of the above findings, the following implications emerge for industrial marketers in India:

1. The nature, dimensions and intensity of perceptual similarities and differences in regard to supplier attributes for special and standard products provide guidelines for industrial marketers to delineate the relevant choice 'criteria' of industrial buyers.
2. Industrial marketers have to develop marketing strategies aimed at satisfying the 'core' choice criteria which has been indicated in this research. These 'core' choice criteria elements are mainly related to quality, delivery and dependability aspects of industrial buying and are somewhat similar for both standard and special products.
3. After meeting the core choice criteria needs of the customers, the industrial marketers should strive to satisfy the additional dimensions of the choice criteria which are more relevant to the purchase situation. For example, research indicates that economic-financial considerations are more important additional choice criteria in the purchase of standard products while in the case of special products dimensions relating to technical and service capabilities of suppliers are perceived as more important.

Thus, an analysis of perceived importance of the supplier attributes offers great opportunity for industrial marketers to focus their efforts more precisely on attributes of critical importance through proper adjustments in the marketing mixes.

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END NOTES

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Mean Importance Ratings of Supplier Attributes : Special Products

Sl. No.	Attributes	Mean Importance Ratings			Overall Importance Ranking [†]
		All Respondents (N=173)	Purchasing Heads (N=49)	Other Purchasing Executives (N=124)	
1	2	3	4	5	6
<u>IMAGE - DEPENDABILITY ATTRIBUTES (5.55; 1.09)^{††}</u>					
1.	Reliable in quality	6.62	6.45	6.70	1
2.	Reliable in delivery	6.50	6.41	6.55	2
3.	Is fair and honest in dealings	6.14	6.10	6.15	4
4.	Keeps promises	5.85	5.75	5.93	11
5.	Has favourable reputation	5.62	5.63	5.62	16
6.	Exhibits desire for business	5.23	5.00	5.38	22
7.	Has favourable attitude	5.10	5.26	5.06	27
8.	Maintains favourable labour-management relations	4.89	5.00	4.85	30
9.	Is a progressive firm	4.83	4.79	4.85	34
10.	Is a well-known firm	4.61	4.63	4.60	43
11.	Offers well-known brands and/or products	4.09	4.12	4.08	56
12.	Is a large firm	3.70	3.57	3.73	61
13.	Utilizes effective selling methods	3.55	3.41	3.56	62
<u>CONVENIENCE-RELATED ATTRIBUTES (5.30; 0.70)</u>					
14.	Adapts to specific needs	5.96	6.04	5.92	7
15.	Handles rejections promptly and efficiently	5.95	5.71	6.03	8
16.	Delivers without constant follow-up	5.92	5.61	6.04	9
17.	Answers all communications promptly	5.86	5.80	5.87	10
18.	Can deliver quickly	5.78	5.59	5.83	13
19.	Is a direct source of supply [*]	5.68	5.25	5.89	15

[†] Rank 1 means highest importance and 65 lowest.

^{††} Figures in brackets give overall mean ratings for all the attributes included in the category and standard deviation, respectively.

^{*} The importance ratings given by purchasing heads and other purchasing executives were significantly different for these attributes at $\alpha = 0.05$.

Exhibit 1 (Contd.)

1	2	3	4	5	6
20.	Advises of potential trouble	5.60	5.61	5.58	18
21.	Accepts small order quantities	5.25	5.55	5.15	21
22.	Is located in close proximity	4.74	4.59	4.74	36
23.	Anticipates our requirements	4.55	4.25	4.62	44
24.	Allows credit for scrap and salvage	4.27	3.82	4.32	51
25.	Offers broad product line	4.06	4.10	4.05	58
<u>ECONOMIC - FINANCIAL ATTRIBUTES (5.07; 0.57)</u>					
26.	Guarantees price protection	5.72	5.43	5.77	14
27.	Has competitive prices	5.61	5.43	5.69	17
28.	Has favourable financial position	5.43	5.53	5.40	19
29.	Offers extended payment terms	5.23	5.16	5.26	23
30.	Sells at a lower price *	4.66	4.20	4.83	42
31.	Offers volume discounts	4.43	4.12	4.58	47
32.	Offers cash discounts	4.36	4.12	4.42	50
<u>CALIBRE-CAPACITY ATTRIBUTES (5.05; 0.72)</u>					
33.	Regularly meets quality specifications	6.22	6.10	6.30	3
34.	Has technical ability and knowledge	5.99	6.10	5.94	6
35.	Has research and development facilities	5.19	5.39	5.15	26
36.	Has high calibre management	4.87	5.02	4.85	32
37.	Has knowledgeable salesman	4.86	5.00	4.83	33
38.	Has good packaging, including packing slips	4.72	4.71	4.76	39
39.	Has potential to expand capacity	4.40	4.47	4.35	48
40.	Maintains up-to-date stock	4.15	4.18	4.14	55
<u>SERVICE-RELATED ATTRIBUTES (4.73; 0.75)</u>					
41.	Willing to cooperate in the face of unforeseen difficulties	6.14	6.20	6.09	5
42.	Helps in emergencies	5.84	5.90	5.83	12
43.	Offers better warranties	5.36	5.43	5.35	20
44.	Maintains technical service in the field	5.21	5.41	5.13	24
45.	Provides needed information	5.20	5.36	5.16	25

Exhibit 1 (Contd.)

1	2	3	4	5	6
46.	Maintains repair service	5.05	5.14	5.02	28
47.	Offers frequent delivery service	4.94	4.75	5.02	29
48.	Supplies parts lists and operating manuals	4.88	5.02	4.83	31
49.	Helps in overcoming our occasional errors	4.74	4.79	4.73	37
50.	Invoices correctly	4.73	4.69	4.78	38
51.	Makes available test/demonstration models	4.72	4.92	4.64	40
52.	Makes salesman available as needed	4.67	4.71	4.66	41
53.	Supplies special reports	4.50	4.61	4.48	45
54.	Maintains frequent sales calls	4.47	4.45	4.47	46
55.	Helpful in providing special handling equipments	4.09	4.14	4.06	57
56.	Maintains consignment stock at vendor plant	4.05	4.16	3.96	60
57.	Provides information through promotional activities	3.51	3.71	3.47	63
58.	Provides information through advertising	3.21	3.43	3.15	65
<u>INTER - CORPORATE RELATIONS ATTRIBUTE (4.23; 0.43)</u>					
59.	Source has been used before	4.77	4.94	4.75	35
60.	Is accepted by our other departments	4.40	4.33	4.52	49
61.	Is a customer of ours	4.25	4.45	4.15	52
62.	Is known to our firm*	4.23	3.82	4.44	53
63.	Is a current supplier	4.22	4.08	4.28	54
64.	Is recommended by our other departments	4.06	4.08	4.06	59
65.	Is affiliated with our firm	3.29	3.18	3.34	64