

Section Answer Keys

Chapter 23 Purchasing

Section 23.2 The Purchasing Process

Review Key Concepts

1. A buyer can acquire information for a modified rebuy by analyzing competition by comparison shopping, by analyzing current information found in trade publications or at trade shows, or by hire the services of a resident buying office.
2. Consignment goods are paid for when they are purchased from the reseller. Memorandum goods are paid for when purchased from the supplier, but the price of unsold goods may be refunded to the reseller.
3. Advantages include timely supplier information, reduction of costs, and ease. Disadvantages include potential privacy issues and not being familiar with the company from which goods are being purchased.

Practice Academics

English Language Arts

4. New-task purchase: A purchase is made for the first time, possibly triggered by a formerly unrecognized need, a new manufacturing process, or an organizational change. This can be the most complicated buying situation. The buyer typically must locate a vendor, evaluate the product's quality, negotiate a price, and so on. Modified-rebuy: The buyer has had experience buying the goods or service, but some aspect of the purchase changes. For example, the buyer might need to locate a new vendor because the previous vendor is no longer carrying the needed product. Straight-rebuy: The buyer routinely orders goods and services purchased from the same vendor(s) as in the past.

Mathematics

5. Vendor A ($\text{Vendor A} = 685.50 \times 0.98 = \671.79 ; Vendor B ($\text{Vendor B} = 5.25 \times 144 + 25 = \781))