

# The digital buyer: how B2B customers want to talk about suppliers.

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Monday, 08 Feb 2016  by James Narus

*In this guest post, the first in a series, Procurement Leaders invites James Narus and Michelle Steward from Wake Forest University to share findings from their research into the digital buying process and discuss how online marketplaces are changing the approach to B2B procurement.*

Each year B2B firms spend considerable time, effort, and resources generating sales leads. And, once they identify a lead, suppliers don't hesitate to direct barrages of advertisements, SPAM, and cold calls to land the prospect. Yet, today's electronic and digital tools have turned the tables on the traditional selling and buying relationships. Purchasing managers insist that they are the 'hunters', aggressively conducting research online to identify suitable suppliers and products before *they* initiate contacts with sales persons.

To learn more about how this new, digital buying process works, we completed 48 personal interviews with purchasing managers, gathered 220 online questionnaires concerning digital tool usage in procurement today, and conducted an online controlled experiment related to the use of online reviews and communities with 290 US purchasing managers in a wide variety of industries ranging from chemicals to electronics to education to theme parks.

Our tentative results provide some tantalizing insights, most notably that today's supply professionals want to use digital media to learn about suppliers and their products before they initiate contact. However, we have discovered that the digital media they use and how they use them differ significantly from our personal experiences as consumers or friends.

### **Which digital media do purchasing managers want to use?**

When we think of digital media in our personal lives, sites such as Facebook, Twitter, and Instagram come to mind. Yet, our research indicates that many firms prohibit their purchasing managers from using these networking sites while on the job. Instead, purchasing managers draw upon three alternative digital media – internal vendor scorecards, online communities, and review sites – to interact and exchange information with their professional peers.

#### ***Internal Vendor Scorecards***

The majority of our respondents told us that their firms had some sort of online, vendor scorecard. Typically these scorecards enable all those that use a supplier's products or interact with a given supplier to rate their satisfaction with such things as on-time and accurate delivery, correct invoices, pricing, product quality, and service. Most often, customer managers use them as the basis of annual review sessions with current suppliers.

In the more progressive firms, the scorecards are also used as critical performance data when it is time to reorder products. We discovered that vendor scorecards are so important that a poor score will kill a supplier's chances of securing future orders.

#### ***Online Communities***

To learn about new products and to assess potential suppliers, purchasing managers often turn to the myriad of online groups, forums, and communities. Perhaps the most popular are professional groups on LinkedIn. Purchasing manager respondents value participation in such groups because they enable them to 'listen' to conversations about relevant trends and technologies and to ask questions about pressing problems and gain immediate responses. Our respondents expressed a preference for those communities sponsored by industry trade associations with membership limited to professional peers.

Many lamented the fact that the more public groups with minimal membership restrictions are now populated by silent sales and marketing types lurking in the cyber-shadows waiting for the purchasing manager to reveal contact information. When they inadvertently identify themselves, purchasing managers complain that they are the recipients of an unrelenting barrage of SPAM from sales and marketing managers. Many report dropping out of “non-exclusive, open membership” sites.

#### ***Reviews Sites***

In consumer product marketplaces, there are numerous sites that enable users to review and comment on their experiences with suppliers and their products and services -- Yelp!, Amazon.com, Google Reviews, Angie's List, and Rotten Tomatoes.

The purchasing managers we interviewed stated that they would like to use similar review and commentary sites for B2B products. While there are B2B sites that provide “agnostic” technical and commercial information about products and services there are only a few that provide reviews and comments, for example, Amazon Business Marketplace, VendOp, G2 Crowd, TrustRadius, Salesforce App Exchange.

### **What do purchasing managers want to talk about?**

When it's time to prepare for discussions with prospective customers, sales people and marketers tend to 'round up the usual suspects'. They describe their products and applications. They discuss their features, advantages, and

benefits. And they occasionally document and demonstrate their value. Yet, our purchasing manager respondents claim that most of that information is readily available through B2B product directories and supplier websites. Instead, like a modern day Diogenes, a purchasing manager seeks to validate a supplier's claims and reliability by discussing supplier performance with co-workers and professional peers.

### ***The User Experience***

Above all, purchasing managers want to know what is like dealing with a prospective supplier from those that have done so in the past. They want to know whether or not the supplier delivers orders accurately and on-time. They want to know if the supplier's invoices are correct. They want to know if the supplier's product actually does what is claimed.

### ***The Supplier's Risk Profile***

Our research revealed that purchasing managers spend considerable time researching and evaluating the risks associated with doing business with prospective suppliers. They begin by studying a supplier's financial standing and credit risk, past and present litigation, and overall stability via third party sources. Then they seek guidance on the desirability of doing business with the supplier with legal counsel, internal colleagues, and professional peers.

Only when they have solid and positive evidence of supplier reliability and trustworthiness do purchasing managers request a sales call. Thus, in today's digital environment, sales and marketing professionals can increase their yield on sales leads by delivering a positive user experience and taking steps to encourage satisfied customers to spread the word online.

*Stay tuned for the rest of this series on Procurement Leaders.*

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