

Breaking Out Of The Funnel

A Look Inside the Mind of the New Generation BtoB Buyer



New research on BtoB buyers reveals dramatic changes in their purchasing patterns, influences, media channels and social behaviors—which are changing the rules of engagement for sales and marketing teams.

With the buying process now looser and more dependent on peer input, the data suggests solution providers will need to connect with prospects outside of the traditional sales funnel, in an ongoing dialog built on relevant content and real-time response.

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The BtoB sales funnel formula has worked pretty well over the past two decades. Solution providers contacted prospects and guided them through the typical buying phases of awareness, interest, consideration and assessment, then soon enough they were ready to make a purchase.

Several major wrinkles have emerged in this classic formula, though, as social media has fostered an ongoing dialog among peers, and Web 2.0 tools have enabled BtoB buyers to be well-versed on features, functionality and pricing long before they have their first conversation with a solution provider.

Reaffirming the importance of the consultative sale for new generation BtoB buyers, almost 95% of the recent purchasers said the solution provider they chose “provided them with ample content to help navigate through each stage of the buying process.”

In this new world, the BtoB buying process has been transformed and therefore the rules of engagement for solution providers are being re-written. Where the sales and marketing teams traditionally controlled the conversation and the education process, buyers are now dictating how and when they want to be contacted.

Under the new rules of engagement, cold calling is virtually disappearing as the next generation BtoB buyer often starts the journey by tuning into social media and peer connections to learn how other companies have handled similar business challenges. Then, once they have mapped those experiences to their own needs, the 2.0 buyer spends time researching the websites of targeted solution providers and controls the conversation by reaching out directly or arranging to be contacted at their preferred time and format.

In the following white paper we will share research from the new “BtoB Buyer Transformation Survey” conducted by DemandGen Report. The survey of more than 100 BtoB buyers, who had purchased a business solution or system in the past 12 months, delved into the media channels and behaviors that influenced their decision making process. The results are eye-opening and will likely have many BtoB organizations rethinking their classic sales funnel strategies, as they realize buyers are breaking out of the funnel and are relying on a variety of information sources to identify and select solution providers.

The New Rules of Engagement

Historically, if a sales team was in danger of coming up short on its quarterly quota they typically would ratchet up their tele-pros-

pecting spend to uncover a few live leads that could close quickly. That scenario of pumping new blood into the pipeline with quick outbound campaigns has become the exception to the rule in dealing with the next generation BtoB buyer.

The educated, next generation buyer is increasingly biased toward scripted sales pitches, with the latest research confirming the 2.0 buyer migrates towards consultative sales approaches and expects a flow of relevant content from the solution provider they select.

The “Buyer Transformation Survey” revealed that less than 10% of recent buyers were contacted cold by the solution provider. More than 80% said they either called the solution provider directly or were contacted after they requested further information on the vendor’s website.

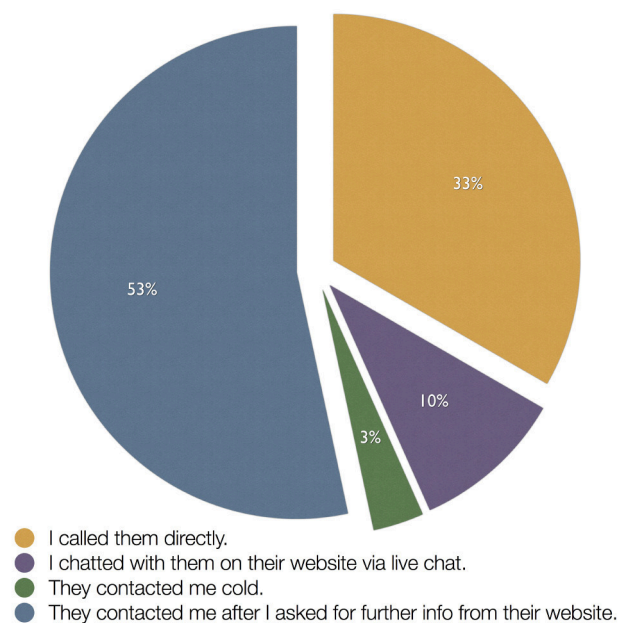
Reaffirming the importance of the consultative sale for new generation BtoB buyers, almost 95% of the recent purchasers said the solution provider they chose “provided them with ample content to help navigate through each stage of the buying process.” Consistent with other industry research, case studies, best practices data, white papers, ROI tools and vendor comparison analysis were cited as the most helpful content sources.

The new rules of engagement dictate that solution providers can no longer rely on a blitz of email campaigns, webinar invitations or other outbound media to drive a flood of prospects into the top of the funnel. To successfully engage the 2.0 buyer, expertise in both outbound and inbound marketing is a requirement.

In addition, BtoB organizations need tools and processes that enable them to share the intelligence gathered from outbound and inbound marketing and respond to quickly to the needs of the buyer. Illustrating the importance of agility, nearly 80% of respondents indicated “timeliness of response” was an influential factor in selecting their vendor.

The survey also showed that alignment of

1st Point of Contact with Provider



the sales and marketing team has become transparent to the buyer. More than 75% of respondents ranked the alignment and communication between the two groups as either good or excellent during their research. Furthermore, nearly 70% of respondents indicated the “consistent and relevant communication provided by both the sales and marketing organizations” was a key influence in choosing that company as their solution provider.

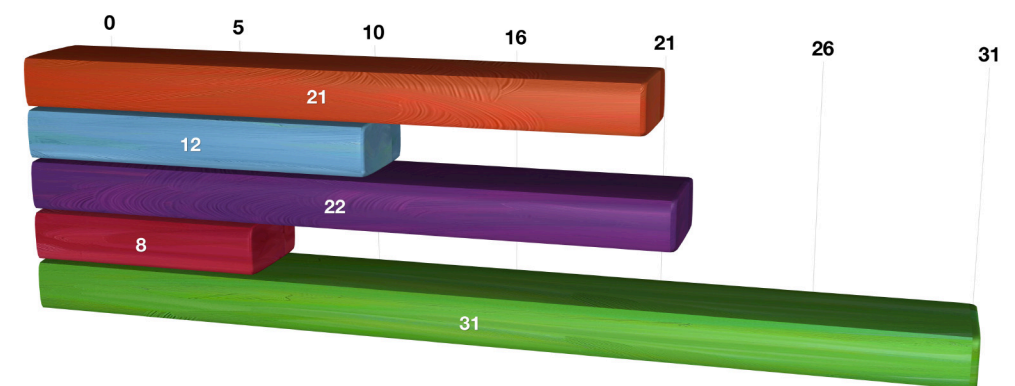
The New Blueprint for BtoB Buying

The classic path for a BtoB buyer has traditionally been built around BANT criteria, with Budget, Authority, Need and Timing all identified before a prospect is considered a qualified sales lead. However, according

to the preliminary results of a new DemandGen Report survey, the BtoB buying process is changing dramatically as a result of social media and the need to clearly demonstrate ROI.

The survey titled “Transforming the BtoB Buying Process,” found only 2 in 10 BtoB executives who were involved in the purchase of a solution during the past 12 months indicated budget for the project was approved and allocated during the beginning of the year. More than 8 in 10 respondents said the buying process did not follow a traditional path where a budget was established, criteria outlined and then an RFP distributed to a pre-set list of solution providers.

Budget Process for Recent Purchases



- Budget for project was approved and allocated during beginning of the year.
- Budget was determined post multiple bids.
- Budget was allocated as part of a larger line item once need was established and ROS was clearly demonstrated.
- Budget was taken from another line item after need was established/clear ROI was proven.
- Determined potential impact through other adopters and built a business case for immediate adoption, received approval although project was unbudgeted.

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Nearly 4 in 10 respondents indicated they determined “the potential impact through other adopters and built a business case for immediate adoption,” then received approval although the project was unbudgeted. Contrary to the traditional image of the funnel, where the engagement process involves a controlled dialog between the

buyer and seller, the survey revealed the selection process is now influenced by factors outside of the funnel. For example:

- 78% of buyers started with informal information gathering around a business challenge;
- 59% engaged with peers who had addressed the challenge;
- 48% followed industry conversations on the topic
- 44% conducted anonymous research of a select group of vendors
- 41% researched papers/postings from thought leaders

Also demonstrating a more flexible and

The Executive Perspective on Next Gen Buying

Marketing and sales titles were the largest segment of respondents to the BtoB Buyer Transformation Survey, but senior managers also represented a significant portion of the sample as well, with 39% of respondents categorized as executives.

And while it may seem to sales professionals that the c-suite is disconnected from the purchasing process, the research showed executives playing an active role in the research and decision-making phases. In fact, the project validated that VPs, CEOs, GMs and Partners are actually ahead of the curve in the next generation buying behavior transformation.

Among the executive respondents, 90% indicated they started their recent path to purchase with informal research/information gathering around a business challenge, versus 78% for the full sample.

Executives also showed a **higher propensity to follow successful trailblazers**, with 44% of the executives indicating they determined the potential impact of a solution through other adopters and then built a case for immediate adoption, even though the project was unbudgeted. This path of building business cases for unbudgeted projects was a full 10% higher for executives, with only 33% of the full sample determining the impact through other adopters.

The research also showed that **more team members are involved** in the buying process when an executive is involved in a purchase, with 39% selecting this trend emerged in their recent purchase, versus only 30% for the full sample.

Surprisingly, the use of social media in the buying process was also more pronounced the executive crowd, with 69% of executives indicating they utilized social tools, versus 64% of the sample. Senior managers also demonstrated a greater likelihood to post questions and engage with thought leaders via social networks during their research process.

There were some interesting nuances in the influences that drove the vendor selection process among executives, with content proving to be even more important to senior management. Relevance of information was cited as a key factor in the vendor selection process by 50% of the executive respondents, versus only 39% of the total sample. In terms of the types of content execs were seeking, successful case studies proved more valuable, selected by 73% of this group versus 66% of the total sample.

Execs were also more active in sharing their experiences post purchase, with 85% of execs indicating they shared results with peers via one-on-one discussions, vs. 69% of sample.

nimble buying process, 25% of early respondents indicated budget for the solution was allocated as part of a larger line item once the need was established and the ROI was clearly demonstrated. More than 10% said budget was determined after multiple bids were collected and 7% indicated budget was taken from another line item based on the clear ROI for the project.

While the budgeting process has gotten more nimble in many regards, buyers are also taking a more careful and calculated approach to the purchase process. For

sales executives frustrated that deals are not moving through the funnel faster, the reality is most buyers have a different checklist for firming up a purchase decision. For example, recent buyers said they:

- Utilized a wider variety of sources to research their options (48%)
- Took more time research and consider solutions (48%)
- Did more detailed analysis of costs/ROI (36%)
- Had more internal members providing

Engaging The Unbudgeted Buyer

A significant number of survey respondents (33%) indicated their recent purchase was unbudgeted and got the green light only after demonstrating the potential impact through other adopters. Since converting unbudgeted projects to closed deals is emerging as both an opportunity and necessity with the emergence of the next gen BtoB buyer, we decided to look deeper at these unbudgeted purchases to identify unique factors in their path to purchase.

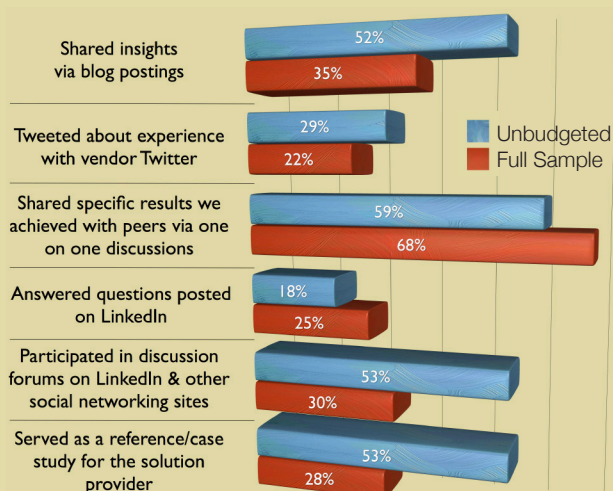
While it stands to reason that these buyers utilized a wider variety of sources to research options (58% for unbudgeted vs. 48% of total)

and took more time research and consider solutions (55% vs. 48%), it was surprising to see that ROI was less of a motivator among this group. Only 23% of the unbudgeted buyers said they did more detailed analysis of costs/ROI, versus 36% of the total sample.

Other unique aspects of the unbudgeted projects included:

- Only 3% said they were contacted cold by a solution provider, versus 10% of total respondents;
- 76% said they engaged with peers who had addressed the challenge; versus only 59% of the total sample;
- 55% conducted anonymous research of a select group of vendors; versus 44% of the sample;
- 55% followed industry conversations/topics, versus 48% for the median;
- White papers/ebooks played a bigger role as a media channel, cited by 61% of unbudgeted buyers versus 54% of the average;
- Case studies were surprisingly less influential among this crowd, selected as a useful content tool by only 57% of unbudgeted buyers, versus 66% of the total sample;
- Unbudgeted buyers were more active in sharing their experience after the purchase, with 53% blogging (vs. 35% on average), 52% participating in discussion forums on LinkedIn, etc. (vs. 30% of sample), and 53% serving as a reference/case study for the solution provider (vs. 28%).

Unbudgeted vs Full Sample



input (30%)

- Relied more on live customer feedback (27%)

The Growing Peer to Peer Influence

The survey also showed the growing influence social media, blogs and other Web 2.0 tools are having on the BtoB buying process. More than 40% of social media users said they followed discussions/threads to learn more about the topic they were researching, and 37% said they posted specific questions on social networking sites looking for feedback on how others solved the specific business challenge. A significant number (21%) said they connected directly with potential solution

providers via social networking channels.

The majority of social media users said Twitter and LinkedIn influenced their decisions during the “Solution Analysis” and “Problem Identification” phases. Nearly 90% indicated that blogs impacted their research during the “Solution Analysis” phase and 3 in 4 respondents said social bookmarking sites such as Digg and Delicious were utilized during the early Analysis phases.

“The early survey results validate what we have been seeing in our own business as well as through the results of our customers,” said Scott Mersy, VP of Marketing at Genius.com. “There is a lot of research and conversations taking place outside of the traditional sales funnel and BtoB companies can realize greater revenue by reaching out and responding to these interested prospects.”

BtoB buyers are also increasingly interested in sharing their experiences after they have completed a purchase, with more than 60% of respondents indicating they shared the learnings from their research and buying process with others after the fact. One-on-one discussions were the most common platform for sharing insights, but blog postings and participating in discussion forums on LinkedIn and other social sites represented a growing area.

The New Influences

- ✓ 78% started with informal info gathering
- ✓ 59% engaged with peers who addressed the challenge
- ✓ 48% followed industry conversations on topic
- ✓ 44% conducted anonymous research of a select group of vendors
- ✓ 41% followed discussions to learn more about topic
- ✓ 37% posted questions on social networking sites looking for suggestions/feedback
- ✓ More than 20% connected directly with potential solution providers via social networking channels

Conclusion

As this new study spotlights, buyers now control the engagement process and they are expecting and demanding solution providers to respond to their information needs in a timely manner and through a variety of channels and mediums.

Rather than relying on outbound campaigns to drive engagement, progressive BtoB organizations are succeeding in this new paradigm by listening and responding to the conversations buyers are having in the social mediasphere.

Agility and alignment become even more critical for solution providers to connect with next generation BtoB buyer. Because more purchases are starting with informal information gathering, buyers are posting questions and following discussions on social media channels.

In this environment, sales and marketing teams are frequently functioning outside the traditional funnel to educate and nurture buyers with content that is directly relevant to each stage of the buying process. Engagements are now starting via platforms like RSS feeds, Twitter and LinkedIn and are being won by the providers that position themselves as a resource by providing relevant content and developing relationships with personalized messages.

Since the majority of next gen buyers are conducting anonymous research, it has become a competitive necessity to track online behavior use that intelligence to provide relevant follow up. To gain a competitive edge, BtoB firms need the ability to see when a prospect demonstrates buying behavior and the quickly alert the appropriate sales rep, in real-time, when any of their prospects take a qualifying action.

About The Survey

The BtoB Transformation Survey includes feedback from 103 respondents who were “involved in the purchase of a business solution or system within the past 12 months.” The respondents were drawn from readers of the DemandGen Report and The Connected Marketer, as well as invitations to participate on targeted social network groups.

The feedback came from buyers in a variety of vertical industries-- from software and technology to healthcare and financial services.

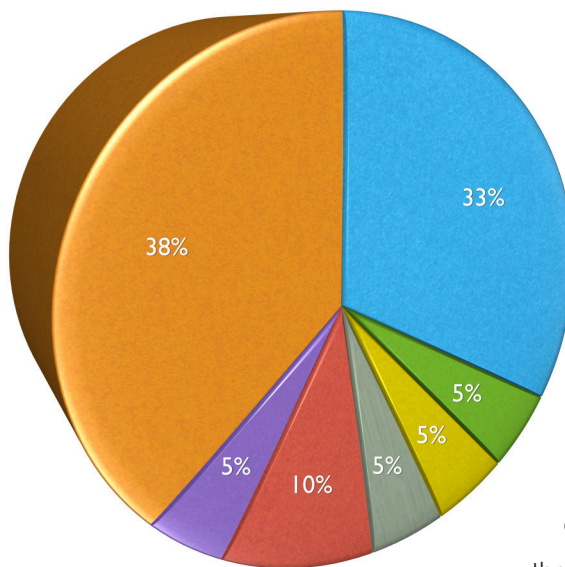
The survey base also represented a cross section of disciplines. Mirroring the readership for both DemandGen Report and The Connected Marketer, the largest base of respondents came from the marketing (49% of the sample) department. However, executives were also active participants in the survey (39%), as well as sales and IT professionals.

Regardless of their title, all survey respondents played an active role in the buying process.

More than half of the respondents said they were the final decision maker, 45% were

influencers, 34% recommended and gave input on selection criteria, and 18% were responsible for approving/allocating budget.

Vertical Industries



- Business Services
- Finance
- Healthcare
- Manufacturing
- Media & Internet
- Software & Tech
- Other

The survey did skew to smaller firms with more than 80% reporting company revenue under \$250 million. However, the feedback was consistent across most company size ranges, including the 12% of respondents with annual revenue of \$1 billion and up. In fact, half of the respondents with revenue over \$1 billion indicated that their recent purchase was unbudgeted and received approval for the purchase only after determining the impact of the solution based on the impact of other adopters.

About DemandGen Report

DemandGen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of our coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

About Genius

Genius.com is the first SaaS solution that delivers the benefits of marketing automation to both Marketing and Sales, to make it easier and more efficient for Sales and Marketing to close more deals “in the cloud.” Our powerful, intuitive and instantly available demand management software automates marketing workflows and provides real-time sales alerts on qualified lead activity so Sales can provide immediate, informed follow-up. Genius delivers a complete sales and marketing solution including: email marketing, lead nurturing, lead scoring, Web site tracking, instant alerts and closed-loop reporting capabilities to manage and qualify sales leads, shorten sales cycles, drive revenues and prove marketing ROI.

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