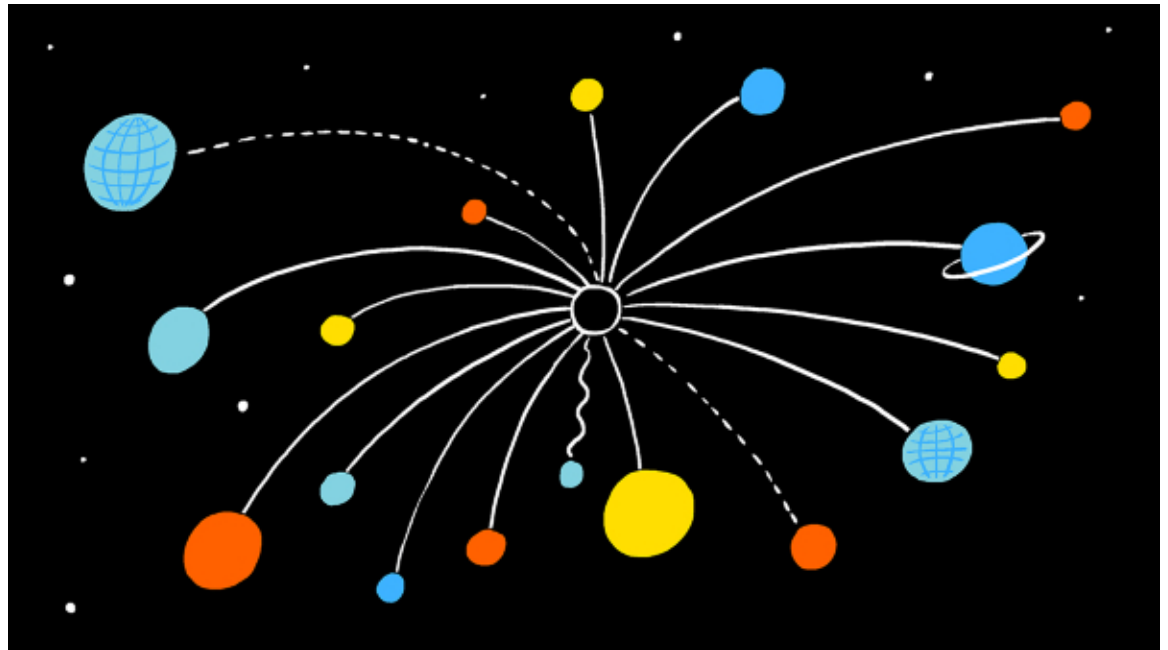


SALES & MARKETING

How Digital Natives Are Changing B2B Purchasing

by Eric Almquist
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nicholas blechman for hbr

The cartoon of business-to-business (B2B) buyers depicts gray-haired executives and purchasing agents in meetings, on the phone and lunching with their vendors. Conversations focus mainly on negotiating price and payment terms.

But along with fax machines and long golf games, these features of B2B life have all but disappeared due to the astonishing change in technology over the past two decades. Digital natives who grew up

with the Internet and smartphones have transformed the way B2B buyers research purchases, qualify vendors and make purchases—changing the rules of the game for marketers and product managers.

Some 73% of 20- to 35-year-olds are involved in product or service purchase decision-making at their companies, according to a [study of “millennial” buyers by Merit](#), with one-third reporting that they are the sole decision-maker for their department. And about half of all B2B product researchers are digital natives, a number that increases every year, according to a [Google/Millward Brown digital survey](#) of buyers. When a company needs a product or service, buyers turn first to research on their laptop or smartphone rather than immediately calling vendors or hosting meetings. More than 70% of searches start with a generic search, such as “CRM software,” rather than a search for specific brands. Contacting a salesperson occurs later in the typical purchase process, and sometimes not at all. By the time a sales rep gets involved, buyers already have a wealth of information about company reputation, product specifications and reviews of successes or failures.

This cohort identifies online search, vendors’ websites, peers and colleagues as the most important sources of information—all more important than salespeople. The youngest in this cohort have a particularly strong preference for social media as a source of information. A 2017 [Forrester Research study](#) indicates that digital natives prefer short bursts of information, often in visual formats, and they think phone calls are tedious and disruptive.

Bain & Company’s research on what consumers value shows how people benefit in multiple ways from digital technology. It reduces cost, saves time, integrates sources of information, connects, organizes, informs and provides access to previously hard-to-find data and expertise — all “elements of value” that have direct application to both consumer and B2B purchasing and product usage. (Elements of value are fundamental types value delivered by company’s offering in their most essential and discrete forms, which benefit customers in particular ways.) Digital natives have brought their consumer habits to the B2B world, and we are seeing older buyers adopt their ways, too (see our article related HBR article “[The B2B Elements of Value](#)”). This shift in behavior has several implications for B2B value propositions.

For one thing, when a salesperson eventually is invited to the table, buyers will have already formed a strong opinion about many aspects of the value expected from a vendor. Vendors’ websites thus need to provide a wealth of information on these types of value, with details on where their products have been successful. Reviews will tell the buyer how a vendor performs on many ease-of-doing-business elements long before the buyer has actual experience with that vendor. So vendors must curate their online content deliberately and constantly, and they should encourage customers who are advocates of the company to provide reviews on relevant sites. Many B2B providers lag on these activities, choosing to invest more in their salesforces than in their online presence.

Second, given that digital natives have researched the functional and reputational aspects of vendors long before they meet, it’s essential for vendors to deliver on these elements of value in ways that younger buyers expect. For example, research at Santa Clara University finds that this group respond

favorably to salespeople who evoke feelings of trust, compatibility, and connectedness, in contrast to buyers 50 and older who focus more on business benefits and deliverables.

Finally, many higher-order elements touch on more subjective, inspirational types of value. Consistent with Bain's own analysis, the Merit study finds that fully 80% of millennial B2B buyers today (and an even higher share of the youngest millennials) feel that companies' environmental, social and philanthropic efforts are important when considering them as vendors.

A few companies are delivering on these inspirational value elements. Dental and medical products wholesaler Henry Schein is a good example. Many companies have social responsibility programs, but too often these programs remain unknown to customers. By contrast, Henry Schein serves as a catalyst to organize its customers and industry partners to participate in philanthropic programs. These programs strengthen Henry Schein's relationships with them and, in part, account for the company's making *Fortune's* "World's Most Admired Companies" list for 15 consecutive years.

First impressions matter as much as ever in B2B markets. Today, though, that first look comes through websites, user forums and quick case studies, not flesh-and-blood sales pitches. The key question for a vendor: Does your online footprint communicate your chosen elements of value?

Eric Almquist is a partner with Bain & Company's Customer Strategy & Marketing practice and the global head of consumer insights for Bain.

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