

IBM Institute for Business Value

To buy or not to buy

How Millennials are reshaping B2B marketing



Overview

Whether they are subject matter experts supporting a team decision or singularly responsible for selecting a vendor, Millennials are having a profound impact on their organizations and the B2B vendors who want to do business with them. As more Millennials move into decision making roles at work, or start their own companies where they are in charge, the influence they wield over B2B purchasing will only continue to grow. Our global, multigenerational study explores the preferences and practices of those who influence B2B purchasing decisions. Just as consumer marketing is changing to appeal to Millennials, our findings show that B2B marketers also need to revamp their strategies to connect with this new generation of decision makers.

Millennials—the largest generation since the Baby Boomers—are the new darlings being targeted by marketers. Much has been written about the Millennial consumer: the most educated, most tech-savvy, most connected, thrifty, and socially and environmentally conscious. These digital natives are the force that's driving a new era for consumer marketing, one focused on values, transparency, relevancy and engagement.

But what about business-to-business (B2B) marketing? Increasingly, Millennials are assuming positions at work where they influence purchasing decisions. How do their consumer shopping habits impact their attitudes and approach for researching business products and services and engaging with vendors?

To find out, we surveyed 704 individuals who influence or are responsible for B2B purchasing decisions of US\$10,000 or more for their company. They come from organizations large and small, across 12 countries and 6 targeted industries.¹ When we compared the responses of Millennial employees (born 1980–1993) with those of Gen X (born 1965–1979) and Baby Boomers (born 1954–1964), we discovered Millennials' behavior differs somewhat from their older colleagues, and their consumer practices do affect their B2B purchasing expectations (with a few surprising exceptions).

Millennials, even more than Gen X or Baby Boomers, prize a hassle-free, omni-channel client experience personalized to their specific needs. They want data, speed and trusted advisors who are eager to collaborate.



In this report, we take a deep dive into our respondents' current and preferred practices for various activities in their B2B purchasing journey, including researching, engaging vendors, deciding to buy and finally, sharing their experience.

Getting to know you

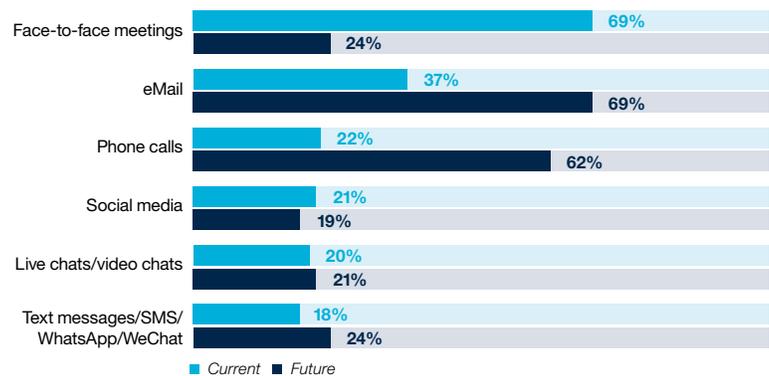
When researching consumer products or services, Millennials listen to the advice of online reviews and their friends.² It's different for B2B. While Millennials do place great stock in what their colleagues think, they also want to interact directly with vendors' representatives—far more so than Gen X or Baby Boomers. At first blush, engaging directly with vendors may seem like an odd priority for these skeptical digital natives. But what really matters to Millennials is getting to know what it would be like to work with a particular vendor. Providing relevant experiences, both virtually and in person, will go a long way with Millennials, who will share their excitement with their co-workers.

Don't call us—we'll call you

Today, Millennials (69 percent), Gen X (70 percent) and Baby Boomers (65 percent) all cite face-to-face meetings as the predominant way they engage with vendors during the sales cycle. However, given the option, all three generations would prefer to interact with vendors via email or phone at this point in their purchasing journey. While Millennials do want to meet with vendors when they're in research mode, after they have the information they need, they prefer to keep vendor interactions quick, easy and virtual while they make their decision. Millennials are also interested in using social media, live chats and instant messaging to connect with vendors during this phase (see Figure 1).

Figure 1

Today, Millennials meet with vendors face-to-face during the sales cycle, but they would much rather interact remotely.



Source: IBM Institute for Business Value Millennial Survey 2014. Millennials n=447 (current methods), n=445 (preferred methods). Q36: How does your organization engage with vendors during the sales cycle currently, and how would you prefer to engage with vendors?

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Pulling the trigger

When it comes time to buy, we asked respondents which sources most influence their decisions. We were startled to find that when Millennials are about to make their decision, the top two influencers for B2B purchases—tying at 36 percent—are their organization’s data analysis and recommendations from friends and family. Millennials also weigh their personal experiences, but they appear less confident of their own assessments. They want their purchasing decisions to be informed by data—logical and fact based. But they also want the peace of mind that they’ve made the right decision by getting a “gut check” from those who know them best.

Sharing the experience

Millennial consumers share freely how they feel. Fifty-nine percent post details online of very positive or very negative experiences after buying a product or service.³ But for B2B, Millennials are far more discreet. They will sing a vendor’s praises, but are quite reluctant to post anything negative. Why do Millennials hold back? These digital natives are well acquainted with the serious ramifications of negative posts going viral. For most, the satisfaction of venting publically about business-related issues is simply not worth the risk.

A new era for B2B purchasers, vendors and marketers

For leading organizations, a corporate culture of collaboration and consensus building is needed. Businesses will want to empower their decision makers and teams with social collaboration tools and easy access to meaningful data insights.

In turn, B2B vendors and marketers need to demonstrate the relevancy of their brand and deliver the seamless, omni-channel client experiences that Millennials, as consumers, have come to expect. Millennials want trusted advisors—experts who enjoy rolling up their sleeves and working together to find the best solution. They want easy processes, tools and policies designed for their convenience. Deliver these client experiences, and you’ll delight decision makers of all generations, not just Millennials.

As many vendors will attest, excelling in all these areas simultaneously can be a challenge. But those that don’t shift to meet expectations held by B2B clients with a Millennial mindset risk being left behind, while the ones that master this balance will have the competitive advantage for some time to come.

How can IBM help?

Every customer interaction is a moment of truth. From procurement to merchandising, customer analytics, marketing, sales and service, organizations need to maximize value creation at every touch point. IBM Commerce solutions enable businesses to know each customer in context and deliver personally relevant and rewarding experiences in real time, allowing them to create the seamless experiences across channels that customers demand.



Notes and sources

1. The 12 countries represented in the survey include: Australia, Brazil, China, France, Germany, India, Japan, Mexico, South Korea, Spain, United Kingdom and United States. The 6 industries represented in the survey include: banking, consumer electronics, insurance, media & entertainment, retail and telecommunications.
2. Hoffmann, Melissa. "Here Is Everything You Need To Know About the Millennial Consumer." *AdWeek*. August 13, 2014. <http://www.adweek.com/news/technology/here-everything-you-need-know-about-millennial-consumer-159139>
3. Ibid.

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