

The Self-Educating Buyer

In April 1998, Andy Grove, then president and CEO of Intel, the world's largest chipmaker, published his book Only the Paranoid Survive. In it, he introduced the idea of the strategic inflection point.

Today, companies that rely on a human sales force to discover, solicit, and close sales of products and services find themselves at just such a strategic inflection point. Gone are the days when buyers of products and services, especially high-involvement purchases, were forced to rely strictly on information provided by and from vendor sales teams. Technology, specifically the Internet, has created a shift in power from seller to buyer. Buyers today, especially business buyers, have easy access to a wealth of online tools and information. This makes them much less dependent on potential vendors, their sales reps, and their sales literature to formulate purchasing decisions.

As a result, prospects are self-educating, and they're postponing face-to-face interactions or phone interactions with salespeople until the latest possible moment in the buying process. A recent study by the Corporate Executive Board¹ reported that B2B buyers get 57% of the way through the buying decision before they're even willing to talk to a sales rep. And Google's 2011 ZMOT Research Report² revealed that a consumer shopper consults an average of 10.4 sources before making a purchase.

That leads us to the question being debated in boardrooms and corporate sales offices the world over: Is this self-educating buyer phenomenon a fad or a trend that will only grow more prominent in the future?

I believe that this is most certainly not a fad or a trend, but a fundamental change and shift in the way people seek out and acquire information to make informed and intelligent purchasing decisions. Whether we are discussing a consumer purchase of a high-involvement item, such as an automobile, or we're looking at complex B2B transactions in which a buyer is purchasing on behalf of a corporate entity, the world has changed. The buying process is increasingly becoming invisible as the buyer hides behind the anonymity of a Google search.

For now, let me just say that a strategic inflection point is a time in the life of the business when its fundamentals are about to change. They are full-scale changes in the way business is conducted, so that simply adopting new technology or fighting the competition as you used to may be insufficient.

The Four Key Trends Driving This Shift

Four key cultural and technological trends are driving the strategic inflection point we find ourselves grappling with. It is vital that you understand these key trends and educate your boss, sales team, or company so that they can fully understand

1. Corporate Executive Board Study, <http://www.executiveboard.com/exbd/sales-service/the-end-of-solution-sales/index.page>

2. 2011 Google ZMOT Report, <http://www.zeromomentoftruth.com>

why it is important to augment or replace your existing sales methodology with a data-based prospecting system.

The first key technological trend that you have to understand is Google. Since its inception, Google has stated that it intends to index all the world's information and make that information readily available anytime, anywhere. We need only look around to see that although Google has not successfully indexed all of the world's information, it continues to march unabashed toward that goal and shows no signs of deviating from its stated mission. This, in turn, is creating a fundamental change in human behavior.

There was a time when a person searching for information or answers to a question would have turned to a library, opened an encyclopedia, or maybe contacted a professional for the answer. Today that same individual fires up a computer, opens up a smartphone, or maybe grabs a tablet computer and immediately points that device to Google, Bing, or some other favored search engine. Once there, the person inputs the question or information need. Within seconds, not one, but many possible answers or sources of answers and information to the inquiry appear.

This leads us to the second key technological trend: the almost ubiquitous access to broadband Internet. Gone are the days of bulky desktop computers relying on telephone modem dial-up access to the Internet. According to the Broadband Progress Report³ released by the Federal Communications Commission on August 21, 2012, 94% of Americans currently have access to broadband-speed Internet. This leaves a mere 6%, or 19 million people, without access to broadband. This not only makes the search for information faster, but it changes the type of information we can access. With broadband speeds, text, audio, video, and interactive applications are all accessible at the click of a mouse. Information that used to be delivered via mail or FedEx is now transmitted over the Internet and downloaded in a matter of minutes, regardless of file size.

In the case of our third key technological trend, that same content is accessed via a tap of a thumb caused by the rapid growth in smartphone penetration. A 2012 Nielsen Report⁴ found that, as of June 2012, 54.9% of U.S. mobile subscribers owned smartphones. The same report indicated that two out of every three Americans that had purchased a new mobile phone in the three months prior (March to May 2012) chose a smartphone. We now have a rapidly growing population that is walking around with a computer in their pockets—and using it to do a whole lot more than just talk.

3. Broadband Progress Report, <http://www.fcc.gov/reports/eighth-broadband-progress-report>

4. 2012 Nielsen Report, <http://www.nielsen.com/us/en/newswire/2012/two-thirds-of-new-mobile-buyers-now-opting-for-smartphones.html>

This rapid growth is powering the fourth key trend: the morphing role of smartphones from simple communication devices to what I call the *Encyclopedia Phontanica*.

With broadband access speeds at their smartphone-toting fingertips, people (your prospects) find themselves literally a click away from the answer to every question they can think of, delivered to the palm of their hand immediately after they pose the question. This instant access is creating the Google Effect.

Chances are, you have seen the Google Effect in action. Have you ever been at a conference, party, or gathering when two people have a disagreement over a mundane and often obscure fact? What happens next? That's right, one or both of them pull out their smartphone, access the Internet, and immediately locate the true answer or fact. This is the Google Effect. This is the Smartphone acting as *Encyclopedia Phontanica*: People looking for answers simply "Google it." Statistical proof even supports this phenomenon.

A 2011 Ericsson ConsumerLab MBB Service Quality Study⁵ captured this fundamental shift in human behavior in a vivid and important chart (see Figure 3-1). Notice that, before they owned a smartphone, Internet access occurred a handful of times throughout the day and in chunks of time. However, when a broadband-enabled smartphone is included in the mix, notice how Internet access and utilization changes. We immediately see a reduction in the number of desktop access chunks. These are replaced by a much more staccato-looking utilization pattern, in which people routinely access the Internet multiple times throughout the day, for very short periods of time during each session. The researchers at Ericsson characterized the shift as humans moving to "spontaneous and unplanned" usage of the Internet.

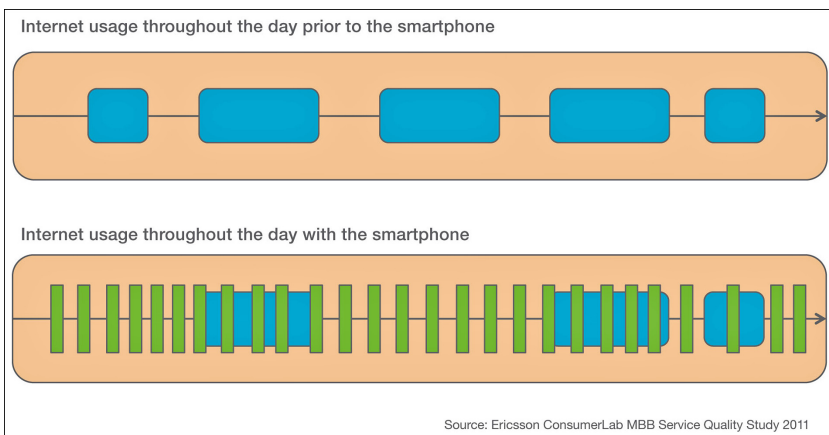


Figure 3-1 *Mobile broadband versus desktop Internet usage*

5. 2011 Ericsson ConsumerLab MBB Service Quality Study, http://www.ericsson.com/res/docs/2011/silicon_valley_brochure_letter.pdf

This graph is showing the Google Effect. We know what we want, we know how to find it, and we have access to the technology that can get us the information immediately. We are being trained by technology to expect that the answers to all our questions are available on the Internet. We are being trained that if we need information to satisfy a curiosity, meet an intellectual need, or provide a foundation for making a purchasing decision, we need look no further than a simple Internet search. We believe that a search will, in fact, deliver relevant, reliable, and actionable information to help us toward our goal of answering our question, solving our problem, or making the correct purchase decision. The only question left is which device (computer, phone, or tablet) we will use to access that information.

B2C Buyers by the Numbers

Google's 2011 ZMOT Research Report revealed that consumer shoppers consult an average of 10.4 sources before making a purchase. This increased from 5.2 sources the previous year. Even for relatively simple decisions such as picking a restaurant, consumers consulted an average of 5.8 sources. For high-involvement purchases such as a new car, the number of sources consulted rises to 18.2, the most of any category Google tracks.

And although the ZMOT research included online and offline resources, the online self-educating activity was significant. Fifty percent of respondents searched online via a search engine. Thirty-eight percent comparison-shopped products online, and thirty-six percent sought information from a brand or manufacturer website.

The 2012 Digital Influence Index⁶ (an annual global study by Fleishman-Hillard and Harris Interactive) echoed the ZMOT numbers and, in some cases, corroborated them more loudly. The Fleishman-Hillard study asked consumers where they turned online for brand information. The results are telling:

| | |
|------------------------------------|-----|
| Use a search engine | 89% |
| Go to the brand or product website | 60% |
| Go to a product review site | 50% |
| Ask or post a question in a forum | 24% |

It's no surprise, then, that one of the biggest issues in retailing today is *showrooming*. In showrooming, a consumer visits a traditional retailer to evaluate a product, such as a big-screen TV, and then goes online to purchase the product for less at another retailer. A November 2012 Harris Poll⁷ reported that 43% of Americans have participated in showrooming.

6. The 2012 Digital Influence Index, <http://push.fleishmanhillard.netdna-cdn.com/dii/2012-DII-eBook.pdf>

7. November 2012 Harris Poll Holiday Shopping Extravaganza, <http://www.harrisinteractive.com/NewsRoom/HarrisPolls/tabid/447/mid/1508/articleId/1128/ctl/ReadCustom%20Default/Default.aspx>

And although showrooming is really just a digitally enhanced version of the traditional price shopping consumers have done for ages, it reinforces a key point. Consumers have been trained to look to the Internet for product information, pricing, and reviews before they make a purchase. They have been trained that it's more efficient and more empowering.

B2B Buyers by the Numbers

One of my favorite arguments in the B2B selling world is the one in which a sales director argues that consumer buyers are different than B2B buyers. That same sales director likely will set aside the Google and Fleishman data as irrelevant in the B2B sales world. But that sales director would be wrong.

Remember, a recent study by the Corporate Executive Board reported that B2B buyers are 57% of the way through a buying decision before they attempt to talk to a sales rep. And a 2012 DemandGen Report⁸ found that 77% of B2B buyers said they did not talk with a salesperson until after they had performed independent research. Importantly, this research includes a significant online component that includes vendor websites. In Figure 3-2, you can see the results of DemandGen's 2012 B2B Buyer Landscape study showing both *how* buyers are initiating the research process and *what* types of information they're searching for online.

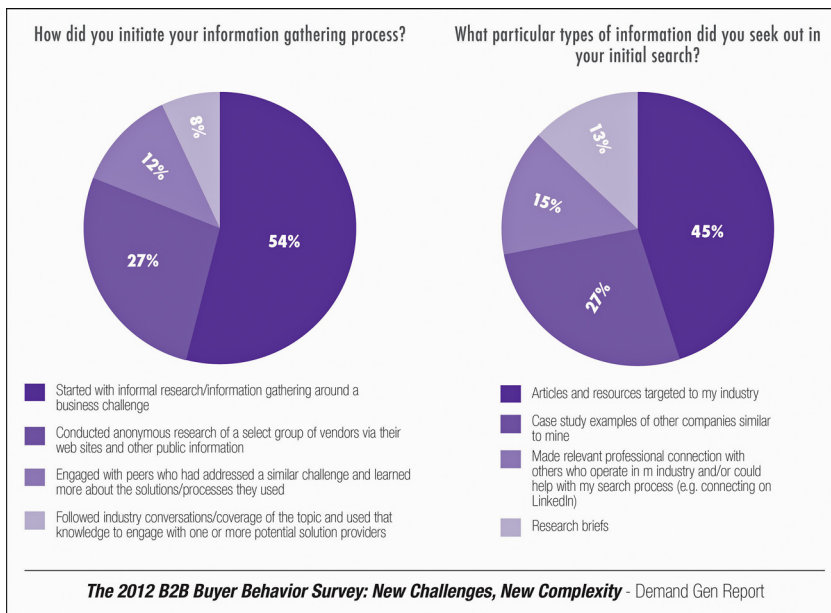


Figure 3-2 *The invisible B2B funnel*

8. Demand Gen Report, <http://www.demandgenreport.com/industry-resources/research/1782-the-2012-b2b-buyer-behavior-survey.html>

That DemandGen Report, *Inside The Mind of the B2B Buyer*, went on to point out a number of important points that reinforce the need to augment traditional sales prospecting models with digital friendly, knowledge-based programs.

According to the report, 67% of buyers said they were using a wider variety of sources to research their vendor options (up from 47% the previous year). Fifty-five percent said they spend more time researching purchases than they did in the past (up from 47% the previous year). And only 6% said they interact with a contact from a solutions provider almost immediately, as soon as they start their initial research (down from 22% in 2011). In fact, the number of respondents claiming to initiate contact with vendors only *after* compiling a short list of candidates jumped from 24% in 2011 to 51% in the 2012 study. Think about that last point. If your company isn't providing the kind of online information these buyers are searching for, the invisible funnel may be costing you sales opportunities, and you don't even know it.

Finally, the second most important piece of data to come out of the DemandGen Report was the response to this question:

At the start of your search process, what marketing/media channels influenced your selection of solution providers in this purchase.
(Check all that apply.)

As you can see in Figure 3-3, electronic platforms such as web search, vendor website, downloadable white papers, and social media all play significant roles in the early days of the invisible sale. Not only are these platforms the types of information the buyer is looking for, but they also play an influential role in the purchase decision process.

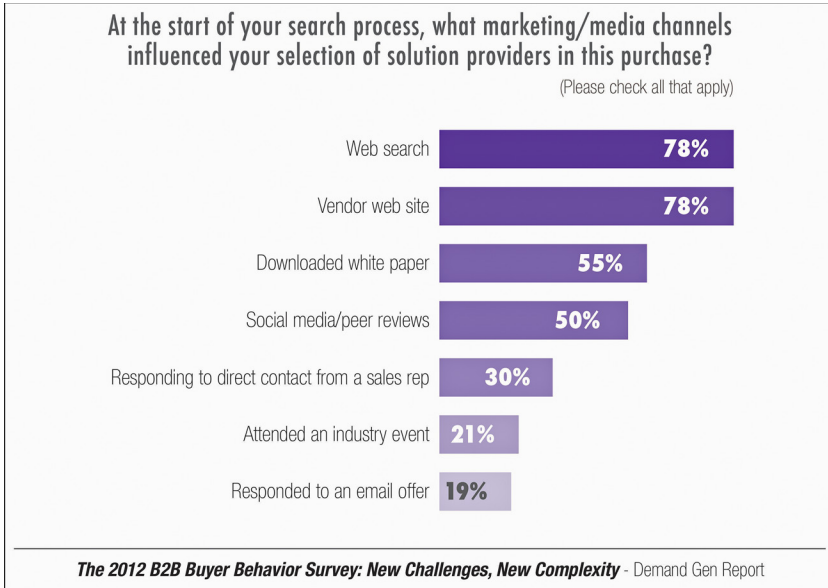


Figure 3-3 *Marketing channel influence on B2B purchase selections*

The Online Opportunity

All this data tells us that Woody Allen was right, although he might have been off on the actual percentage. With both B2B and consumer buyers secretly researching their purchase via online information and, in some cases, progressing all the way to short-list creation without ever speaking to a sales-

person, being found online becomes essential. Yet companies cannot expect their sales teams to create and post this online content. As it is, a CSO Insights⁹ survey showed that salespeople are spending only 41% of their time on actual selling activities. Thus, to add online marketing activities on top of a sales team's current sales workloads wouldn't serve companies well. No, instead, marketing teams have to take the lead in impacting the secret sales research happening online and develop systems to identify and hand off qualified leads to sales for follow-up.

The good news in all this data is that although today's buyers are committed to self-education, they are not necessarily finding everything they need and want.

“Showing up
is 80% of life.”
Woody Allen

9. Optimizing Sales Effectiveness to Achieve High Performance, <http://www.accenture.com/us-en/Pages/insight-optimizing-sales-effectiveness-achieve-high-performance-2011-study.aspx>

And that is where the online opportunity lies. On the B2B side, a DemandGen Report, *2012 Inside The Mind of the B2B Buyer*, asked respondents to consider their last purchase experience and indicate what information was generally missing from solution provider websites.

Thirty-seven percent felt that the sites lacked *relevant individualized content*, which is content presented by job role or industry vertical. Another 20% felt that the providers didn't give enough *valuable educational content* (such as helpful white papers). And 19% felt the breadth of information as it related to their search was suboptimal.

Yet when asked what they found most compelling about a chosen vendor's website, 30% noted breadth of product information, 29% cited valuable educational content, and 19% noted relevance of individual content presented by job role or industry vertical.

So the good news here is that even if your company website contains none of this, the current data suggests that you're not that far behind your competition. Not only can you quickly catch up, but the data also suggests that there's ample opportunity to pass up the competition and become the educational information leader in your product category or industry vertical. To do this, you need your sales and marketing teams to come together and create relevant, helpful, and impactful online content.

And the opportunity is even greater on the consumer side of the house. Think for a minute about all the consumer purchases that have high levels of risk and little to no opportunity to test-drive the purchase before making it. A few examples come to mind:

- Hiring someone to remodel your home
- Selecting a doctor, attorney, or CPA
- Installing a backyard pool
- Selecting a real estate agent
- Deciding on a private school or college

In each case, you can certainly see examples of prior work or, in the case of the schools, spend a little time there. But in the end, you're making a significant investment of money without any return policy. If you're unhappy after making the purchase, there's no returning the "product" for a refund. These are just a few examples of high-involvement purchases for which self-educating buyers are using the Internet to evaluate their options, create a short list of possible solutions, and reduce their risk.

Now You See Me—Now You Don't

Let's finish with one last important point to keep in mind. In today's Internet-based world, the self-educating buyer is just a click away from your competitors' information. If you get the chance to serve as the information resource for a buyer, you have to live up to your end of the bargain.

This is probably the single biggest mistake most companies are making today. They continue to create content that isn't inherently helpful to the prospective buyer. Companies create white papers, research guides, or checklists that purport to provide helpful information and guidance. But after they download the information, the buyer is quickly disappointed. So what do buyers do? They just click the next link in their Google search. And if that link takes them to your competitor, who's providing helpful information, you might just lose that sale.

This is undoubtedly the most difficult hurdle for most companies to overcome. Too many companies continue under the misguided belief that if they can just get buyers to identify themselves, a salesperson can close the sale offline. These companies are still acting under the false assumption that quantity of leads beats quality of leads. But if you're going to win over the self-educated buyers, you have to be committed to helping them. Your information has to help them make the right buying decision, even if that decision results in the purchase of a competitor's product or service.

The intent of your content must be utility. You have to come to grips with the reality that the buyer's search will result in finding helpful information online. This information will help the buyer move forward on the buying journey and will affect who that person eventually buys from in the end.

The only question you have to ask yourself is whether you would rather have buyers find that information on your site (where you can track them to understand their buying signals) or on a third-party or, worse, competitor's site. We talk more about this topic in Chapter 5, "Selling Versus Helping"; for now, you need to understand that, in a world of invisible sales, your online content is your salesperson. And just like your offline salesperson, the content is making an impression that impacts the self-educating buyer's brand preference and ultimate purchase decision. In other words, your content is winning or losing sales.

POWER POINTS

- The self-educating buyer trend is truly a trend, not a fad. The combination of ubiquitous broadband access via desktops and smartphones has changed human behavior, creating a new default. In the absence of knowledge, buyers just “Google it.”
- Sales are becoming more invisible every day. Buyers are 57% of the way through the buying decision before they’re even willing to talk to a sales rep, and consumers have doubled the number of sources they consult before making a purchase.
- Self-educating buyers are just a mouse click away from your competitors’ online information, so if you want them to educate themselves on your website, you have to provide helpful information.
- Your online content is your online salesperson. The quality of that information determines whether you’re winning or losing invisible sales.

Download all the PowerPoints at TheInvisibleSale.com.