



Buyer 2.0 and Solution Selling[®]

Part I of a II part series:
The New Buyer Landscape



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Solution Selling® is now entering its third decade of use in major global corporations. This milestone has been a catalyst to frequent articles, blog posts, and commentary regarding its continued relevance. Most of these observations have been largely misinformed and have been based on a lack of real understanding and practical exposure to Solution Selling® – as it is taught and practiced today.

The genesis of Solution Selling® was in technology-related industries. The tech boom in the 80's created an array of new, complex business products that made fresh demands on sales professionals - knowledge and skills beyond basic product understanding. They had to become adept at diagnosing customer business problems and helping to shape a vision of a practical solution. In essence they had to become more “consultative.”

Over the past three decades, markets have become increasingly global and competitive; the desire (and necessity) of selling high value solutions has permeated virtually all industries. As a result, we have seen customer demand for Solution Selling® expand dramatically into a broad array of industries, including manufacturing, logistics, business services, telecom, financial services, office products, and even some levels of retail. After all, who doesn't want to be perceived as consultative by their customers?

It is vital for any sales methodology to parallel the “world of buyers” – which has undergone a radical transformation in the past 10-15 years through the emergence of the Internet. Before delving into the world of new buyer behavior, it is valuable to consider the general concept of buying phases.

How Buyers Buy – The Behavioral Process

Let's first look at the behavioral process that buyers have traditionally gone through. In most cases, business to business (B2B) buyers would conduct strategic planning activity to:

- Identify ways to address some existing critical business issues
- React to market conditions or regulations
- Establish the corporate direction - usually with the goal of improving the value of their organization

Generally, the outcome of this planning activity has been a potential initiative that requires additional investigation – in terms of feasibility, potential return to the organization, etc. We categorize this planning phase as Phase 0: Strategic Planning to denote “pre-sales opportunity.” Essentially, the traditional “buying phases” begin when a pain (business issue) is identified and a sales opportunity can be initiated. [See Figure 1: Buying Phases and Shifting Concerns of the Buyer (Sales 1.0 Environment)]

Buying Phases

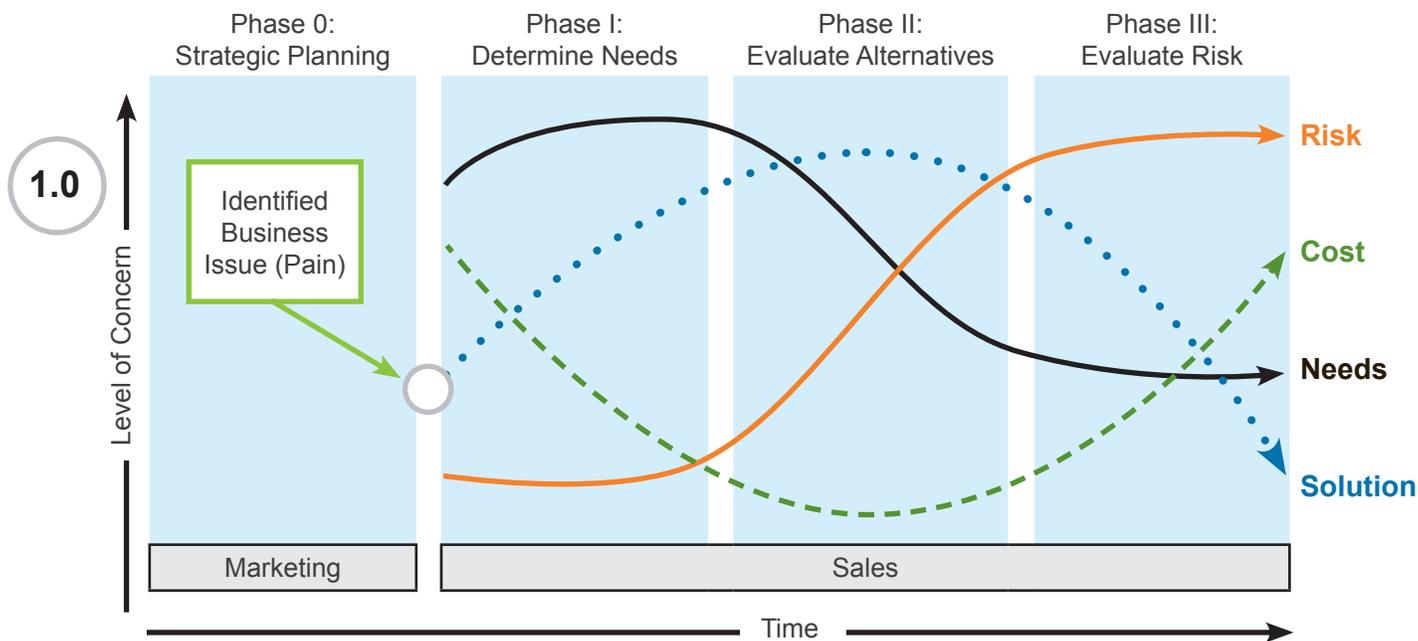


Figure 1: Buying Phases and Shifting Concerns of the Buyer (Sales 1.0 Environment)

Buying Phases and Shifting Concerns of the Buyer (Sales 1.0 Environment)

Once the buyer admits they have a business issue (pain) that they need to address, they would navigate the normal buying process to address it. That typical buying process can be characterized by three distinct phases (Determine Needs, Evaluate Alternatives, and Evaluate Risk). In Phase I, the buyer or buying committee would contact potential providers, meet with consultants and conduct internal fact-finding to determine specific needs (and estimate an initial budget). The primary focus in this buying phase is a refined understanding of needs. Once established, the buyer would then enter Phase II where they would evaluate alternatives to determine appropriate providers to help them address their needs.

In Phase II, buyers are most concerned with selecting the right solution, so they typically would meet with multiple vendors and perhaps issue requests for proposal, have the vendors conduct demonstrations, etc. As denoted in the figure above, “risk” starts to emerge in this phase while cost is of lesser importance.

The end of Phase II culminates with the buyer finding the best solution alternative(s). At this point the buyer has narrowed and likely ranked the best set of worthy providers. This ushers in the Evaluate Risk phase (Phase III), where the buying organization weighs the consequences of making a purchase decision. In this phase they may ask for referrals, look at additional forms of proof, and investigate the business case for moving forward.

The Emerging Profile of Buyer 2.0

In the Sales 1.0 environment, the seller had the advantage of information asymmetry over the buyer. In the Sales 2.0 environment, the buyer now has the advantage. There are many anecdotal findings as well as more formal research initiatives that, when looked at collectively, start to create a profile of today’s buyer – “Buyer 2.0.”

“The Rise of the Digital C-Suite”, A whitepaper by Forbes Insights [in association with Google] presents survey findings conducted by 354 top executives across numerous U.S. companies (all over \$1B USD revenue). The respondents spanned various titles and industries.

A handful of those findings serve to characterize today’s Buyer 2.0:

- Members of the C-Suite search for information themselves
- The Internet is the C-Suite’s top information resource
- They use search engines and conduct multiple searches daily
- More than half of executives under 40 use popular social media sites daily or frequently

Another source on today’s buyer, “Breaking Out of the Funnel”, a DemandGen Report [sponsored by Genius.com], contains content from a B2B Transformation Survey conducted across 103 respondents involved in the purchase of a business solution or system during a 12-month period. Those respondents were across a variety of vertical industries (including software, technology, healthcare and financial services). The research characterized today’s B2B buyer with the following descriptions:

They often start their journey by tuning into social media and peer connections to learn how other companies have handled similar business challenges. Buyer 2.0 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. (See additional statistics from this research in the right side bar)

When you look at these surveys and trends a profile of Buyer 2.0 starts to emerge.

Buyer 2.0 Characteristics in Sales 2.0 Environment

- Can find the information they need to better guide their buying and decision-making processes
 - Can self-diagnose their problems and symptoms
 - Can access online demos / proof, opinions, case studies to help evaluate solutions
 - Can narrow down potential solution providers before engaging with vendors
- Is impatient and wants information immediately in a clear, concise manner
- Finds risk mitigation important and will navigate accordingly
- Wants to drive the process
 - Can stop and start the buying process whenever they want
- Expects engagement with a vendor to be a valuable use of their time

Buyer 2.0 Implications on the Traditional Buying Process

If we revisit our primary concepts around how buyers have traditionally evaluated and bought, we will be able to open our eyes to changes in their approach.

Today’s B2B Buyer:

- ◀ 59% engaged with a peer who had addressed the challenge
- ◀ 48% followed industry conversations on the topic
- ◀ 37% posted questions on social networking sites looking for suggestions/feedback
- ◀ 20% connected directly with potential solution providers via social networking channels
- ◀ 44% conducted anonymous research of a select group of vendors
- ◀ 41% researched papers / posting from thought leaders
- ◀ Expects consistent, relevant communication from both sales and marketing

Source: “Breaking Out of the Funnel”, DemandGen Report [sponsored by Genius.com]

With unprecedented access to information, buyers are not so reliant on sellers to lead them through their buying process. Buyers can identify their own business issues to address, conduct research, reach out to peers, participate in blogs and forums, and they can attempt to diagnose their own needs and formulate a list of evaluation criteria. In many cases, either the sellers is completely locked out of Phase I or are contacted somewhat informally to help validate initial findings.

As a result, in the world of Buyer 2.0, sellers are often reacting to a set of pre-conceptions, versus introducing the potential pain, and jointly shaping the “vision” of a solution. [See Figure 2: Buying Phases and Shifting Concerns of the Buyer (Sales 2.0 Environment)]

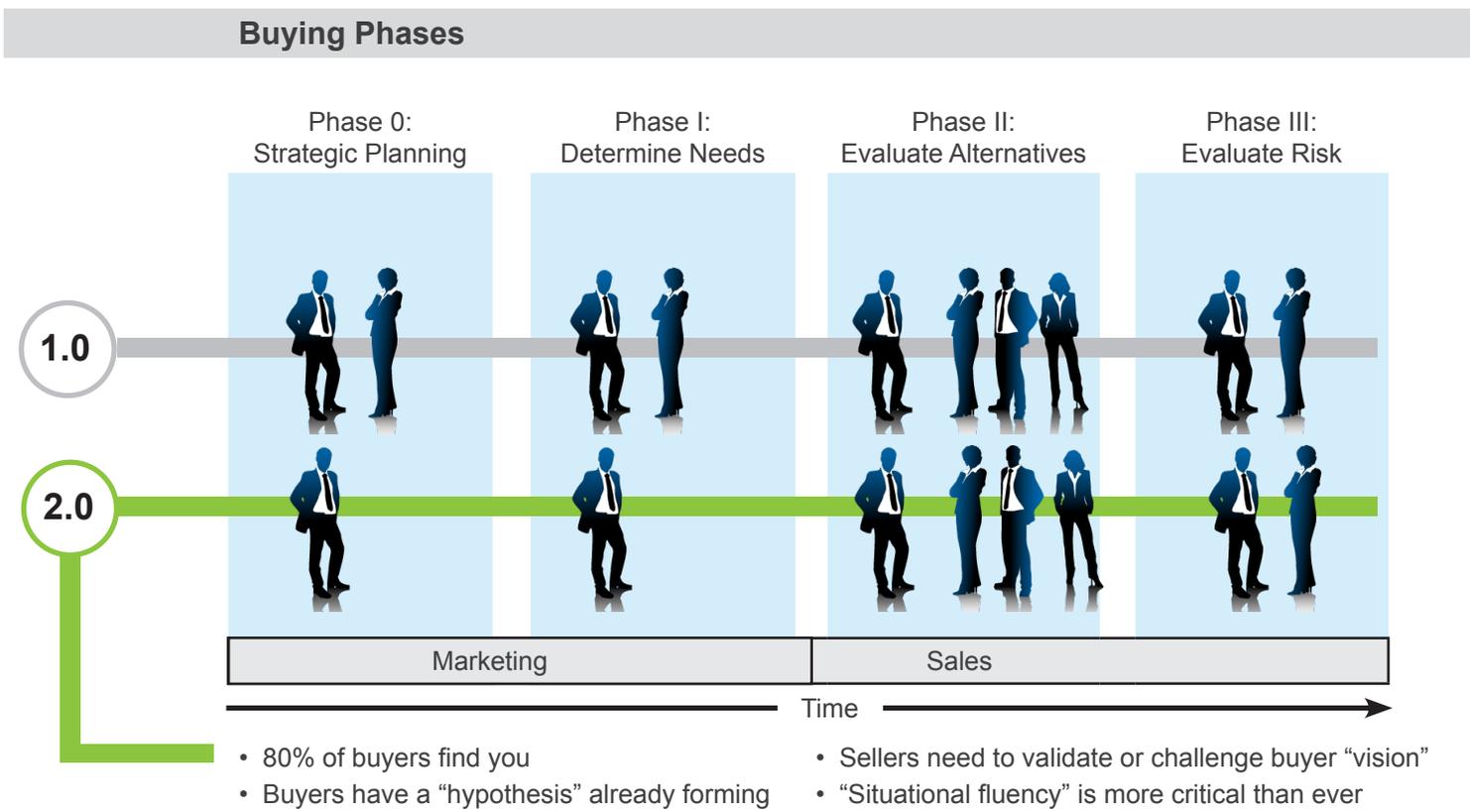


Figure 2: Buying Phases and Shifting Behaviors of the Buyer (Sales 2.0 Environment)

Summary

The abundance of information available to buyers can put even the best sales professionals on the defensive – in a position of reacting and competing on price. The ability to position and sell value effectively – with agility - is more critical now than ever. “Situational fluency” sales professionals that can adeptly validate or challenge a customer’s vision of a solution will have a distinct edge. The new breed of informed buyers requires re-thinking both sales process and sales methodologies.

To Be Continued

In Part 2 of this white paper we will explore how sales process, methodology, and selling skills need to adapt to this new world of buyers.

About Us

Sales Performance International (SPI) is a global sales performance improvement firm dedicated to helping the world's leading corporations elevate their sales relationships and drive measurable, sustainable revenue growth and operational sales performance improvement.

Founded in 1988, SPI has been the leader in helping global companies successfully transition from selling products to marketing and selling high-value solutions.

With extensive sales performance expertise, deep industry knowledge, global resources and a proven track record, SPI collaborates with clients to deliver strategic, operational and tactical solutions.

SPI has assisted more than 1,000,000 sales and management professionals in more than 50 countries and 14 languages achieve higher levels of performance.



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