BUYERsphere™

Survey of B2B Buyers' use of Social Media

Report on the survey findings
March 2010

McCallum Layton
Research and Marketing Insight Consultants
Toluna
In touch with people
B2B marketing
success through information
BASE ONE

‘Interesting survey and a subject which will become more and more commonplace over the next year or so’

Chief Information Security Officer
Financial services

‘Very interesting questions which enabled me to formulate some thoughts I have been marshalling in recent weeks’

Procurement Manager
Construction

‘Enjoyable and topical survey - thank you’

Senior Project Manager
Business services

Contents

Introduction

Base One have commissioned a research study to explore the extent to which B2B decision-makers are using social media tools and channels to help them in the process of refining their needs and identifying suitable suppliers for major business purchases. The survey was conducted online, administered and analysed by market research specialists McCallum Layton, among business respondents provided by online panel provider Toluna.

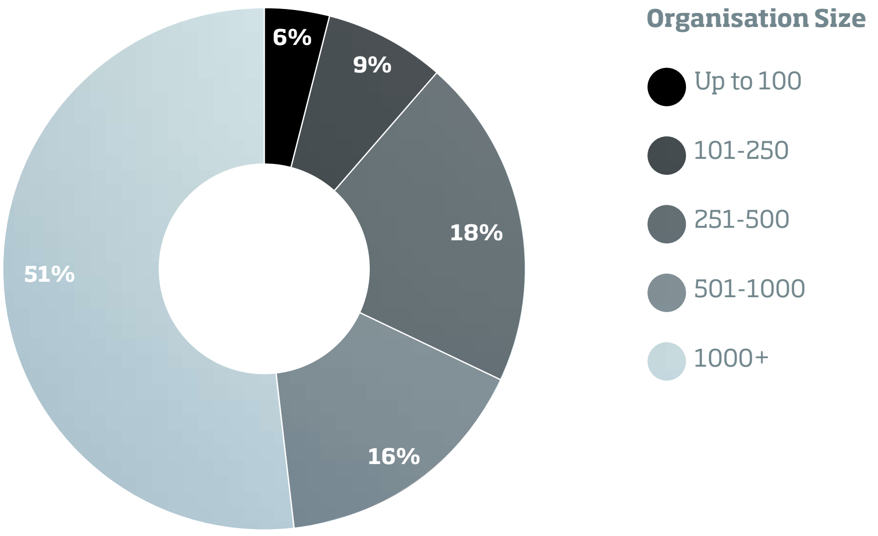
In order to qualify, respondents had to have been personally involved in the decision-making process for any type of purchase over £20,000 that had been completed on behalf of their business in the last 12 months - questions focused on this particular purchase, in order to ensure the findings are specific to actual experiences and decisions. The survey was carried out in December, and 503 decision-makers took part.

Sample Profile

The survey respondents represent a wide range of companies across the UK, including those operating in manufacturing, business and professional services:

Main Business Activity	No.	%
Manufacturing	**86**	**17%**
Business Services	73	15%
Financial Services	**68**	**14%**
Public Administration	46	9%
Health	**43**	**9%**
Retail / Wholesale Trade	39	8%
Transport / Storage / Communication	**38**	**8%**
Education	32	6%
Construction	**31**	**6%**
Utilities	19	4%
Community / Social / Personal services	**14**	**3%**
Hotel / Restaurant / Catering	11	2%
Other	**3**	**1%**

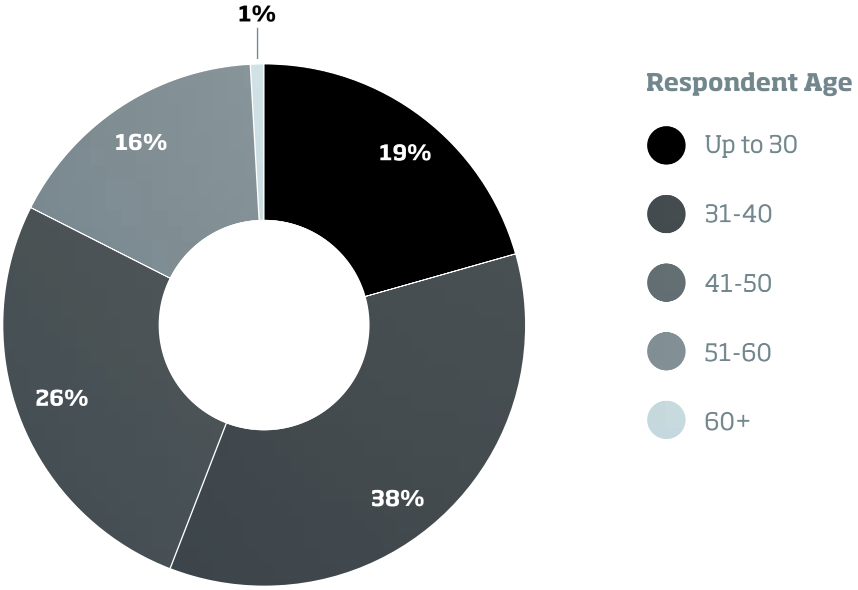
Around half of companies represented have over 1,000 employees:



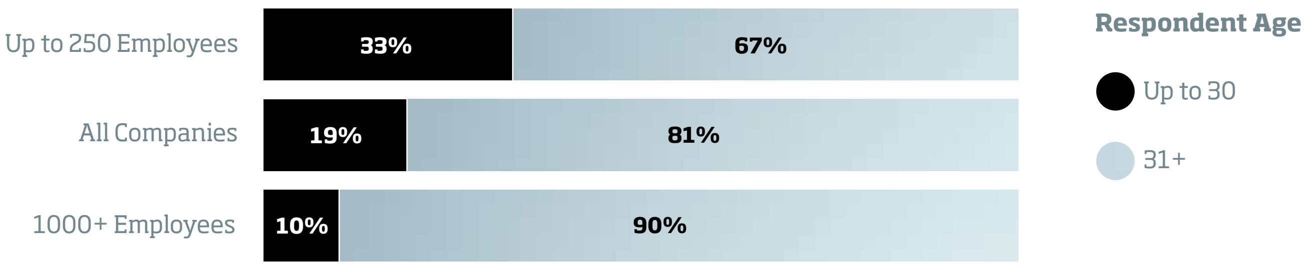
The respondents themselves are decision-makers working in a range of job functions, including IT and finance:

Respondent Job Role	No.	%
IT	**221**	**44%**
Finance	113	22%
HR	**33**	**7%**
Operations / Production	27	5%
Sales / Business Development	**11**	**2%**
Procurement / Purchasing	11	2%
MD / CEO / Senior Management	**11**	**2%**
General Management	11	2%
Office Manager / Admin	**8**	**2%**
Project Management	5	1%
Other	**52**	**10%**

A broad spectrum of age groups was represented, as illustrated.
While over two fifths of respondents were over 40, a fifth were aged up to 30:



Younger respondents were particularly likely to be responding on behalf of smaller organisations. While the up to 30s account for 19% of the sample overall, they amount to a third of spokespeople for companies employing up to 250, and just 10% for the largest companies, those with over 1,000 people:



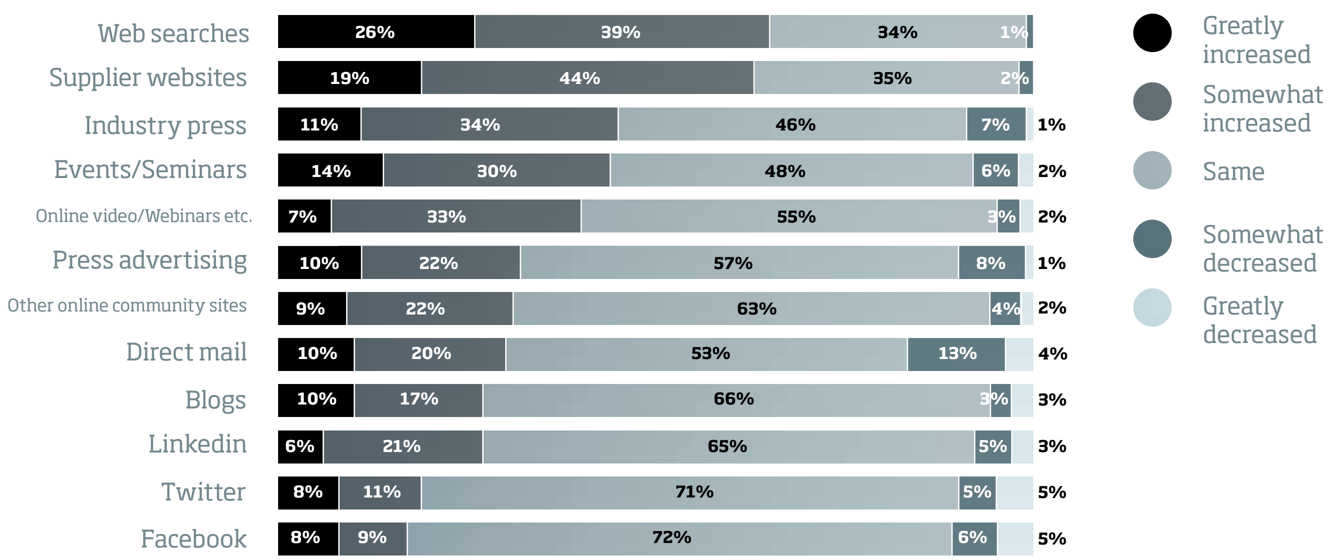
There were no real differences in the extent to which older or younger respondents were replying on behalf of companies in different industry sectors. In terms of job role, those aged up to 30 were more likely than the rest to be working in HR (15%, compared to 5% of older respondents) and less so in IT (36% compared to 46%).

Attitudes to and trends in usage of Social Media

3.1 Trends

Respondents were asked how the extent to which they use a range of communication channels for any aspect of business decision-making has changed, over the last year or so:

Change in usage over last 12 months



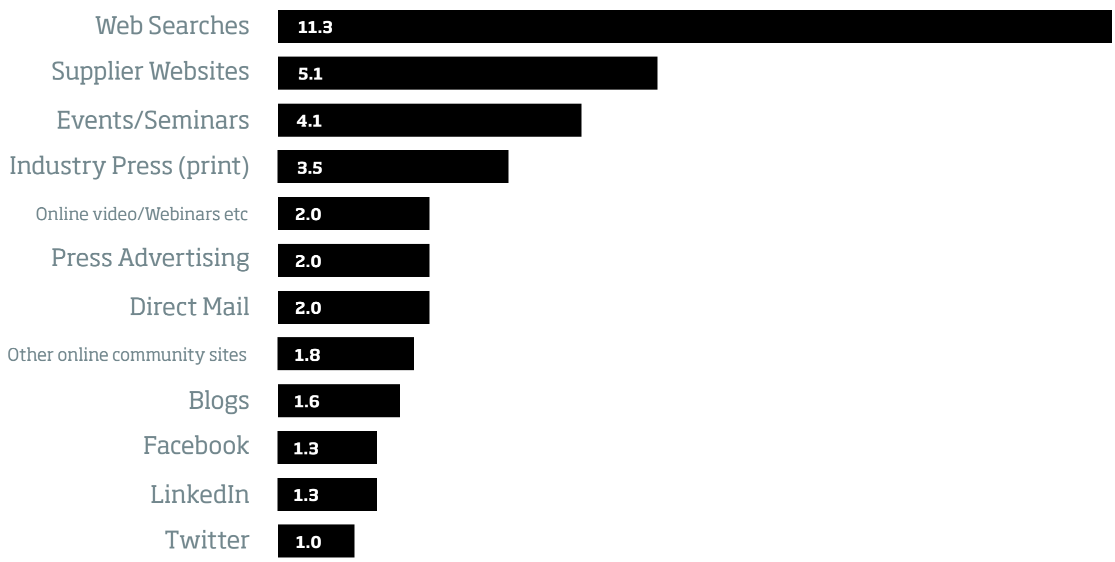
Overall, more respondents stated an increase in their use of any given channel than mentioned a decrease, meaning that all sources had seen a net increase over the last 12 months. This increase was greatest for web searches (use was up for a net 64% of respondents) and supplier websites (up for a net 61%). Social networking sites Facebook and Twitter experienced 6% and 10% net increases respectively, but LinkedIn saw stronger growth with a 19% net increase. Online videos/ webinars/podcasts saw an even greater increase in usage (36% net).

Younger respondents (up to 30) were more likely to report their use of social media having increased in the last 12 months; over a third are making more use of Facebook (38%), blogs (46%), other online community sites (44%) and Twitter (42%). However, LinkedIn saw equivalent increases in use across all age groups, suggesting this channel is more appealing to older professionals than other forms of social media.

3.2 Relative Time Spent

When asked how much time they tend to spend in a typical month using each channel to source information for their business, respondents gave the following average numbers of hours. This is clearly unlikely to be accurate, collected off the tops of their head rather than by means of a daily diary or equivalent, but gives a useful indication of how respondents perceive their relative usage of each, overall.

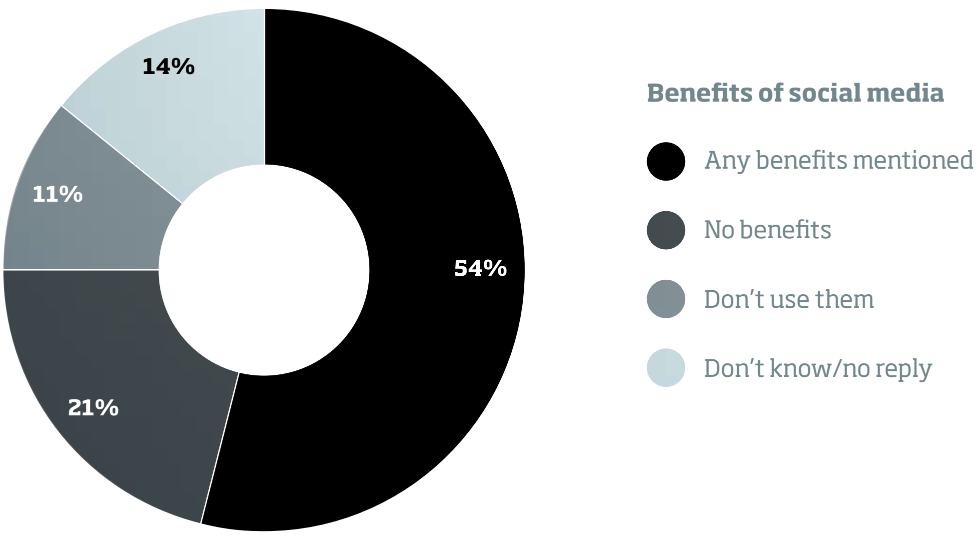
Average hours spent per month using each channel



The up to 30s spend considerably more time on Facebook, blogs and Twitter (2.6, 2.5 and 1.9 hours a month respectively) than their older counterparts. They also spend more time, though, on press advertising (3.0 hours a month) and direct mail (2.9).

3.3 The Pros And Cons Of Social Media

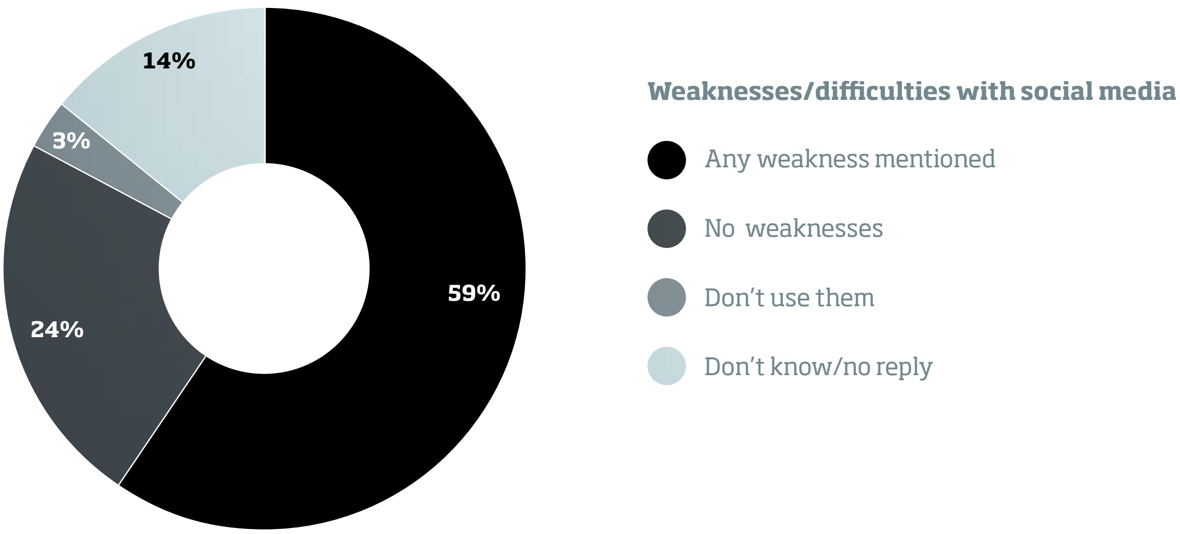
Respondents were asked to indicate what benefits, if any, they felt online community sites, videos, webinars or podcasts provide, when looking for business related information. As illustrated below, a little over half reported some form of benefit of these social media sources with just over one fifth actively seeing no benefits. However, a further sizeable proportion (25%) had no real view either way as far as benefits are concerned, perhaps through ignorance of, or inexperience with, these channels.



Interestingly, the up to 30s were no more likely than the over 30s to cite benefits. While it is the younger age group that is increasingly making more use of social media, older respondents are still seeing (potential) value to a similar extent.

Benefit	% of all respondents
Access to other people's experiences	**17%**
Honest/unbiased views	6%
Saves time/quick to access	**6%**
Ability to interact	6%
Easy to access/use	**5%**
Up to date information	4%
Access to wide ranging information	**4%**
Volume of information available	2%
Access to similar minded people	**2%**
Price information/saves money	2%
Detailed product information	**2%**

At the same time, three fifths reported weaknesses or difficulties to using social media for business related information:

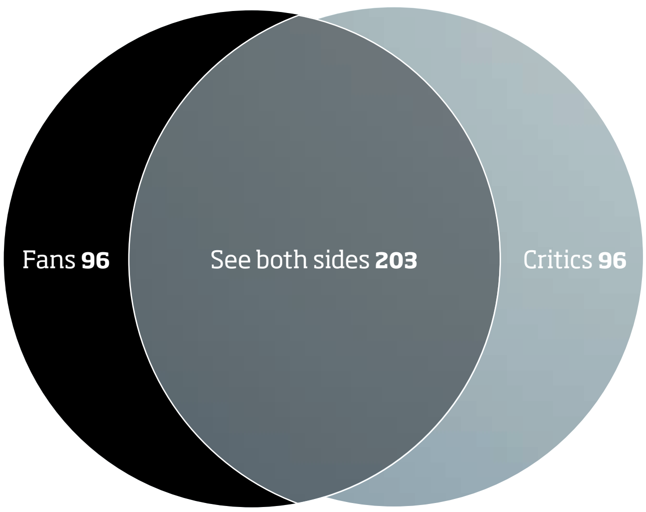


Here the up to 30s were twice as likely (at 40%) than older ones, to say there are no weaknesses. 63% of over 30's actively cited any weakness, compared to just 44% of the younger group.

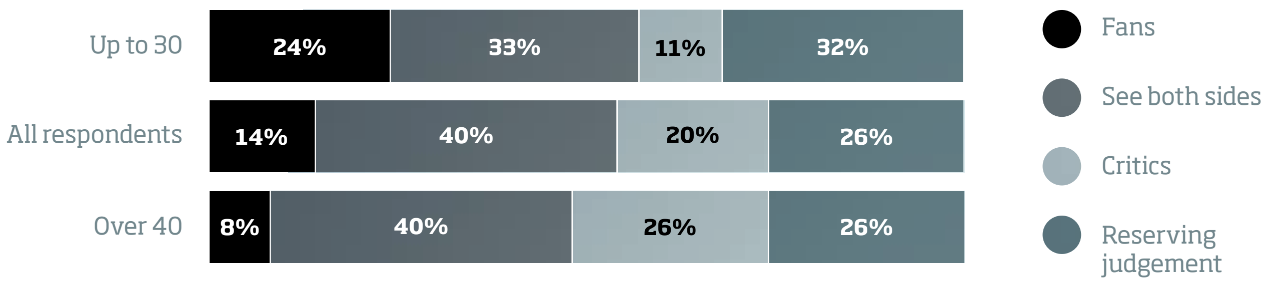
Key concerns were the reliability of the information obtained from social media sources - views found within sites and forums may be biased or from sources that it is impossible to verify. There were also issues over the sheer volume and diversity of information generated, and the time it can take to sift through it all:

Weakness	% of all respondents
May not be reliable/trustworthy	**12%**
Biased information	10%
Too much to wade through	**6%**
Cannot tell what the information source is	6%
Quality/accuracy of information	**3%**
Not specific enough	3%
Too wide a range of opinions	**3%**
Not relevant for my business	3%
Time consuming	**2%**
Security concerns	2%
Prefer face to face	**2%**

Overall, the proportions of respondents that we might call 'fans' of social media (seeing benefits and no weaknesses) and 'critics' of these tools (seeing weaknesses and no benefits) were similar, at 14% and 19% respectively; a further 40% could see both sides (citing both benefits and weaknesses). The remaining 26% are perhaps reserving judgement, with no view either way.



As would be expected, respondents falling into the up to 30 age band were more likely than the rest to be fans and less likely to be critics, and particularly more so when compared to the over 40s:



Interestingly, though, the proportion of up to 30s who had no real views either way (32%) was broadly similar to that seen among older respondents - it is not the case that younger buyers are universally experienced in, and in favour of, these media.

Indeed, while users of social media in real-life purchase situations (described in detail in the next section) are more likely to be fans, and non-users to be critics, as we might expect, this is not entirely cut and dried. 38% of all respondents made use of any social media at any of the three stages of the decision-making process for the business purchase they had been involved in - of these, 23% cited benefits and no weaknesses and 8% weaknesses but no benefits. At the same time, while 26% of non-users cited weaknesses and no benefits, 9% suggested benefits but no weaknesses.

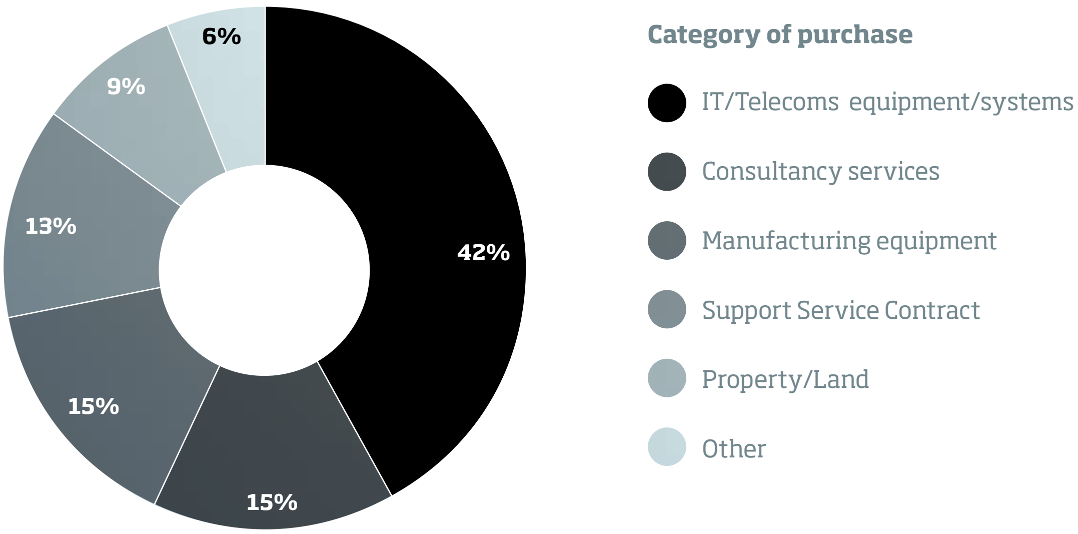
Actual usage of Social Media, in context

This report goes further than just exploring overall views on and trends in the use of social media. We focused respondents on one specific, significant business purchase they have made in the last 12 months, and went through with them, step by step, which channels and media types they used to help in their decision-making process and how influential these were in providing them with the information they needed.

4.1 The Purchase

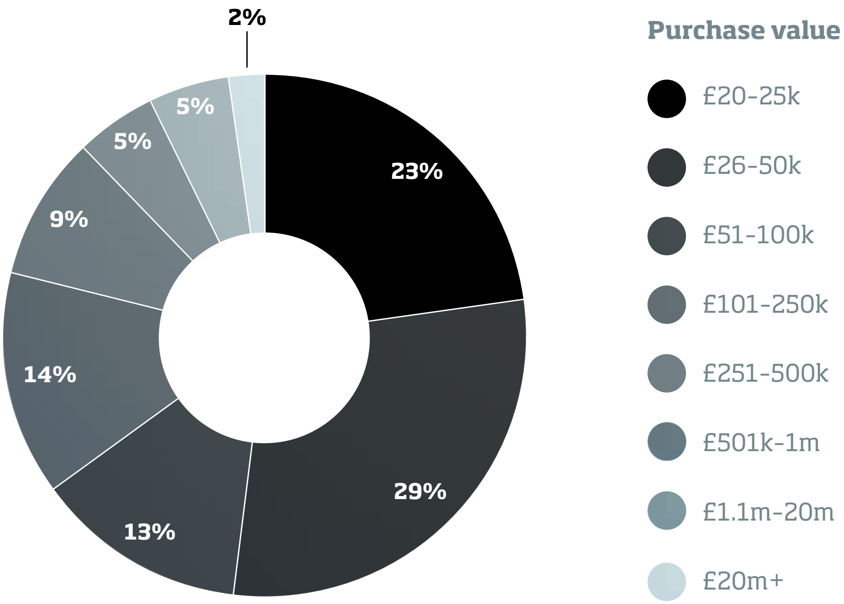
A screening question had confirmed that respondents had been involved in the purchase of a B2B product or service worth at least £20,000 in the last year. They were asked to further describe this purchase, by way of context.

The single largest category of purchases referred to by buyers in this survey was IT equipment or systems, with consultancy services and support service contracts between them accounting for a further 28%:



Overall, these items were balanced between being one-off purchases (48%) and ongoing contracts (52%). IT-related purchases were particularly likely to be ongoing contracts (66%).

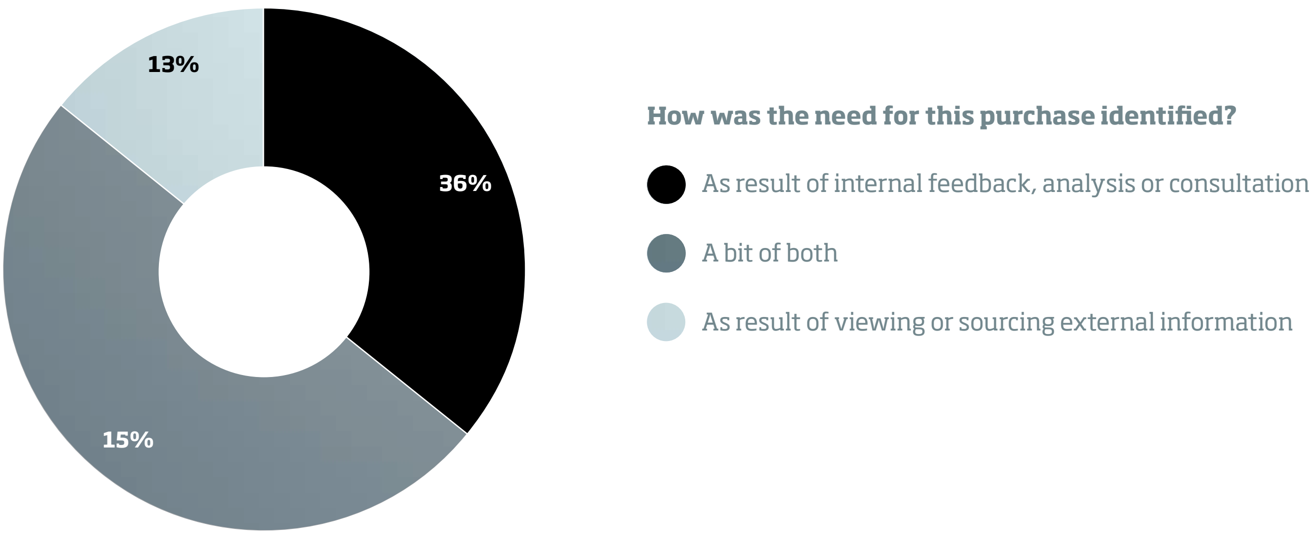
The value of a little over half of purchases was up to £50k. The average purchase value came out at £2.9 million; however, when 8 individual 'outliers' (quoting figures in excess of £20 million) are excluded, the average purchase value falls to a perhaps more representative figure of £348k.



The ongoing contracts tended to be higher value, on average, than the one-off purchases (£411k vs £284k, excluding outliers), and the larger organisations, with over 1,000 employees, were spending more (£462k, on average) than smaller ones (£229k). Respondents aged up to 30 tended to be responsible for rather smaller purchases, on average (£249k) than those older than this (£371k) - likely to be linked to the generally smaller companies they represent as well as, possibly, their level of seniority within the organisation.

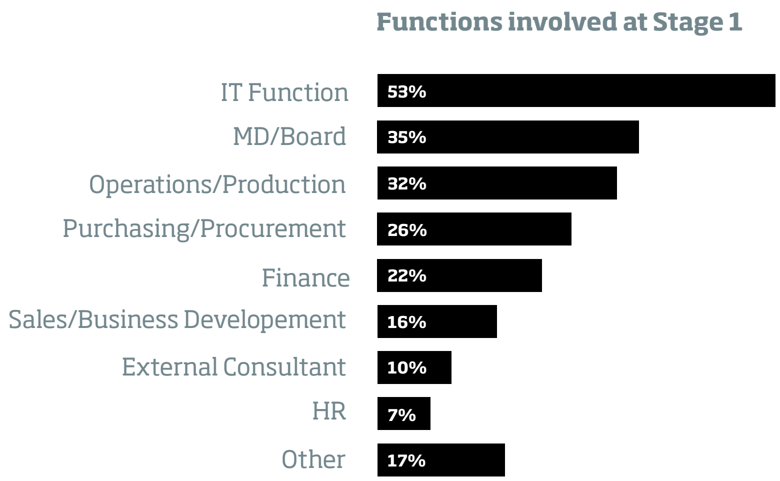
4.2 Stage 1 - Identifying And Defining The Need

In nearly two thirds of cases (63%), the need for this business purchase was at least in part identified or recognised following some element of external impetus. The incidence of solely internal drivers was slightly greater among smaller companies and for smaller purchases.



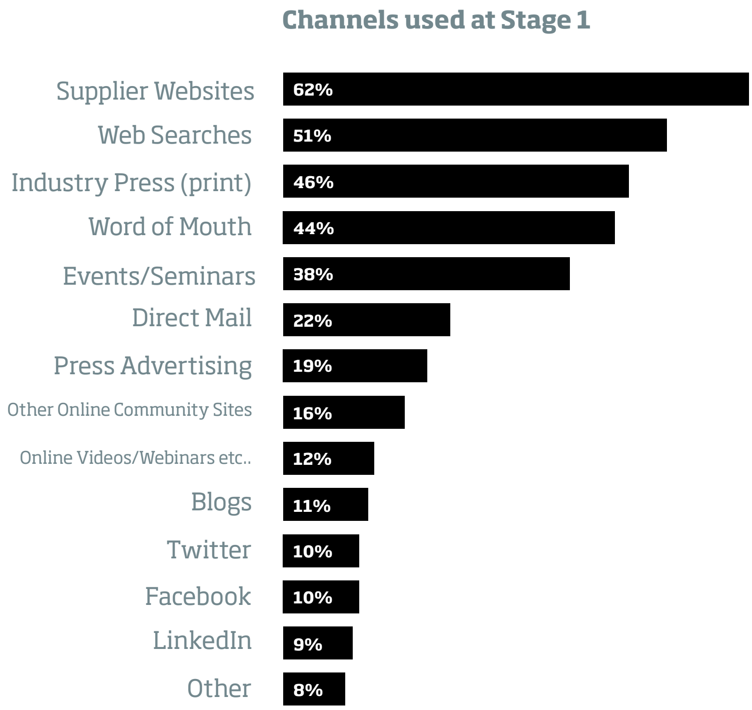
Information sourced or found externally was especially likely to have played a part in the instigation of IT related purchases.

86% of all respondents surveyed were personally involved at this initial stage of identifying the product or service need for their organisation. IT functions were involved in a little over half of cases, reflecting the predominance of IT and telecoms equipment and systems being discussed.



Board level and purchasing/procurement involvement increased with the value of the purchase, as might be expected. Of all respondents personally involved at this stage of the process, 74% were the sole or main driver, leaving 26% in the role of influencer.

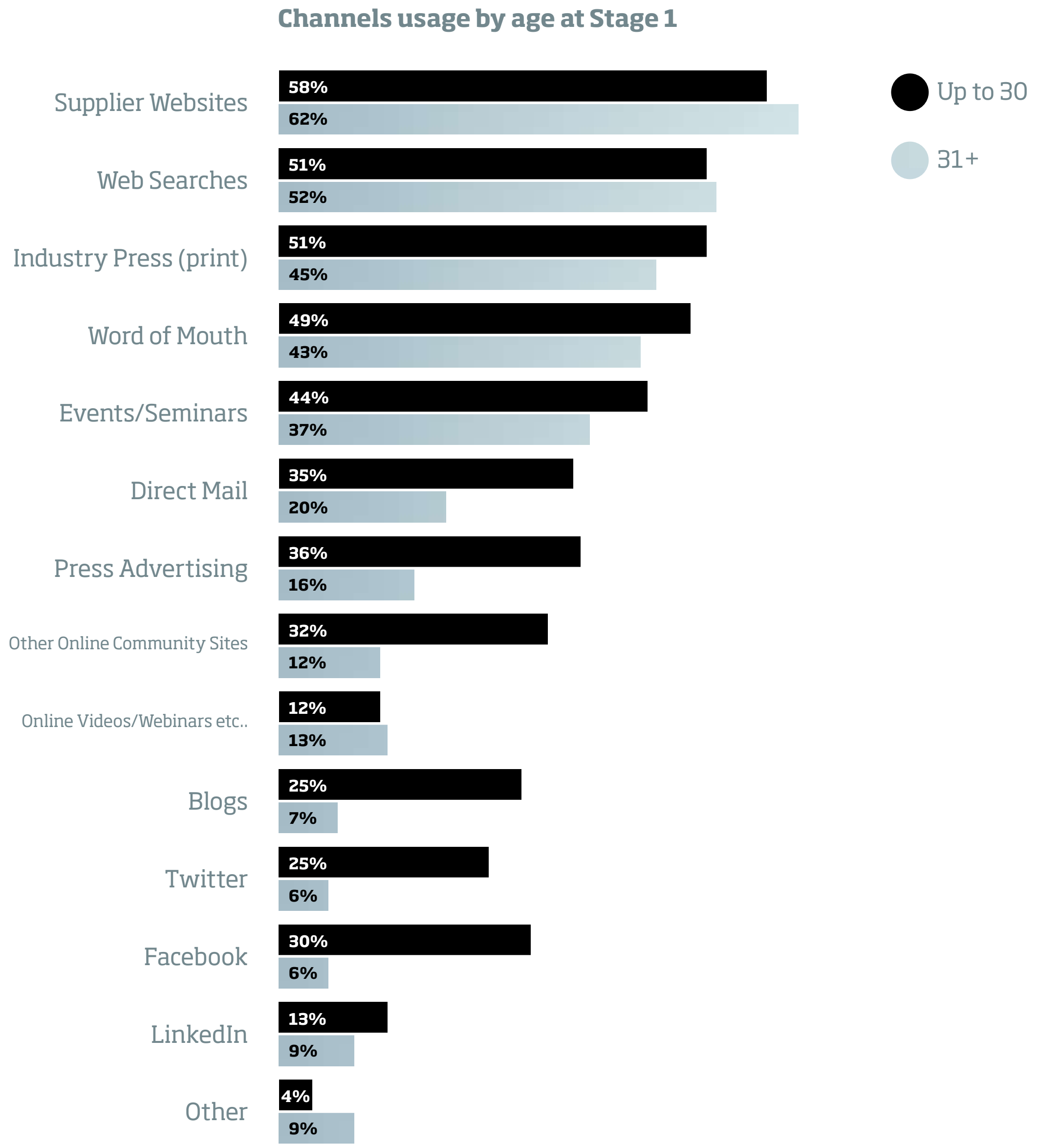
Respondents were asked to indicate which communication channels from a given list (illustrated below) they had made use of at all, in identifying and defining their need.



Established web methods were the most commonly used at this stage (supplier websites and search engines each used by over half of respondents). Traditional media sources and personal discussions followed, with the social media resources mostly recording usage levels of around 1 in 10.

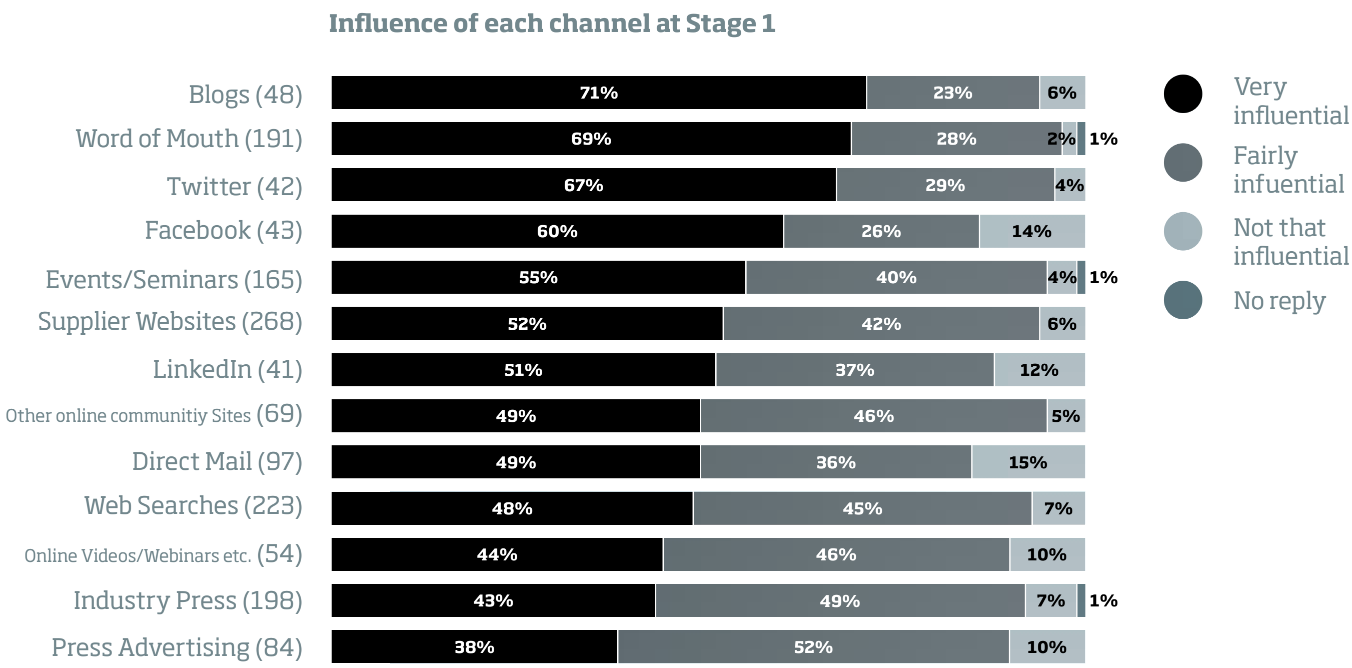
Younger buyers, however, consistently make more use of social media and other online media, in addition to being substantial consumers of traditional direct mail and press advertising. Those aged up to 30 said they had used on average 4.7 of these sources, compared to 3.4 selected by older respondents. Those involved in IT related purchases also cited more sources than the rest, along with those representing the smaller companies (up to 1,000 employees) and those who were the main or sole driver at this stage of the purchase process.

Social media use specifically was also rather higher in the 31-40 age group compared to older respondents, but it is the up to 30 group where the difference is most marked:



One exception was LinkedIn, where the 31-40s are using this medium as frequently as the younger age group. Buyers aged over 40 typically relied more on word of mouth (47%) and supplier websites (59%), web searches (44%) and other traditional media channels.

For each source they had used, respondents were asked how influential this had been, in providing them with information to help define their need:



Word of mouth and blogs (in effect, the online equivalent) were most frequently cited as having been 'very influential'. Print media were far less likely to be seen as having been an important source of information.

Twitter and Facebook were also frequently perceived as 'very influential'. While usage of these may be relatively low, their power among the converted is clearly significant. At the same time, though, Facebook and LinkedIn attracted ratings of 'not that influential' from over 1 in 10 users of these sites.

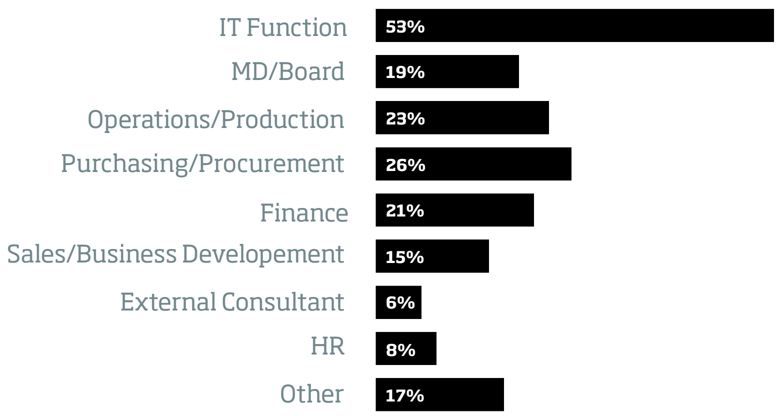
Of the most commonly used channels - those used by over a third of all respondents at this stage - word of mouth and events/seminars were accorded the highest levels of perceived influence.

4.3 Stage 2 - Identifying Potential Suppliers

423 (84%) of all respondents surveyed were personally involved in identifying potential suppliers for the product or service required, once the need had been identified and defined. While the function predominantly involved in identifying potential suppliers was the organisation's IT department, still reflecting the nature of the purchases

under discussion, Board level involvement in this stage of the process was lower (from 35% at Stage 1):

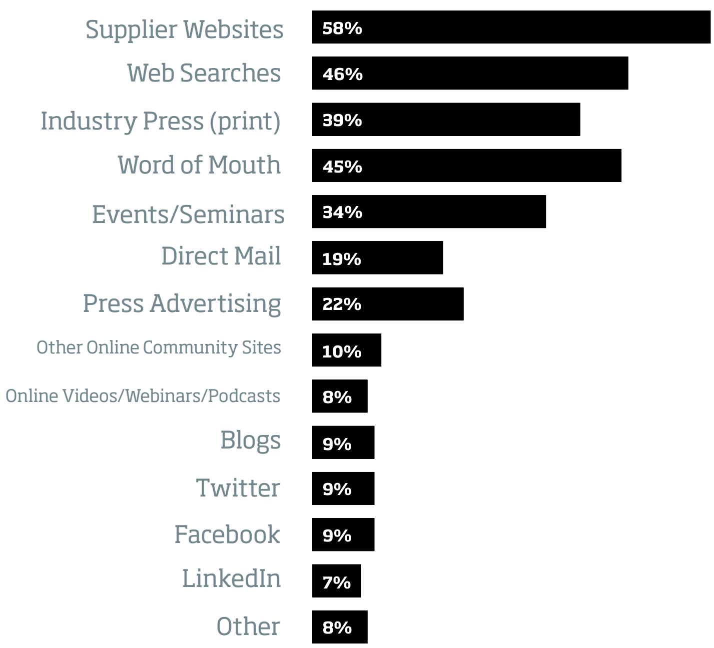
Functions involved at Stage 2



Of all respondents personally involved at this stage, 75% were the sole or main driver when it came to identifying potential suppliers.

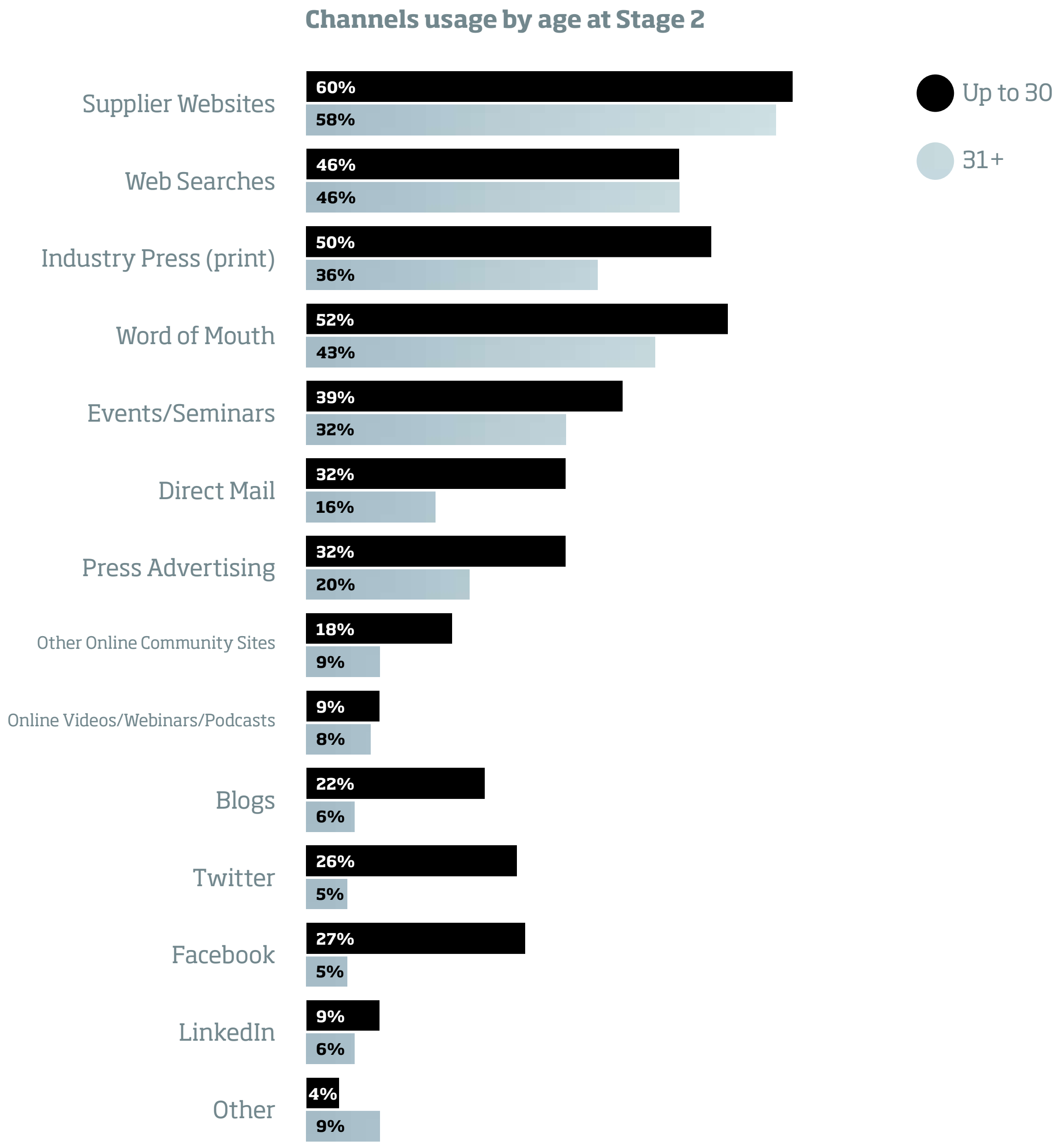
Established web methods remained the most commonly used channels at this stage. Industry press, though, was rather less likely to be referred to here than was the case at Stage 1, but traditional media sources (industry press, events/seminars, direct mail, press advertising) continued to show greater usage overall than the social media channels:

Channels used at Stage 2

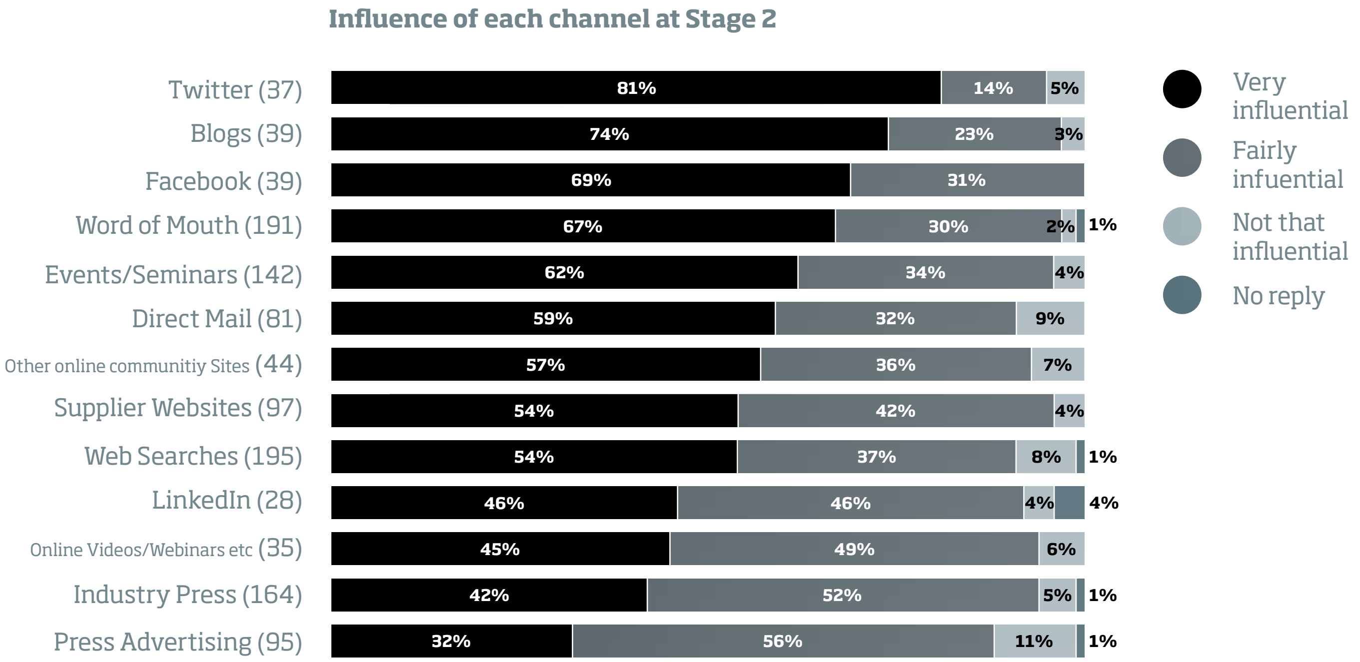


As was the case at Stage 1, younger respondents and those dealing with IT related purchases used more sources of information, on average, than did the rest. There was no significant difference, though, between the number of sources used by drivers and influencers at this stage.

As seen at the previous stage in the purchasing process, buyers aged up to 30 consistently made more use of social media over any other age group, although the use of LinkedIn and online videos, webinars or podcasts was more balanced over age groups. Buyers aged 50+ continued to rely more heavily on word of mouth.

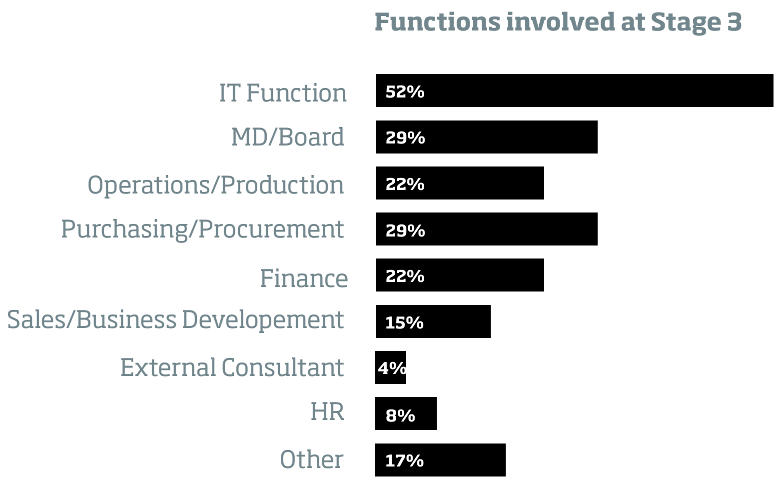


Among users of each channel, blogs, and Twitter and Facebook, again recorded strong levels of perceived influence when it came to providing buyers with information to help in identifying potential suppliers:



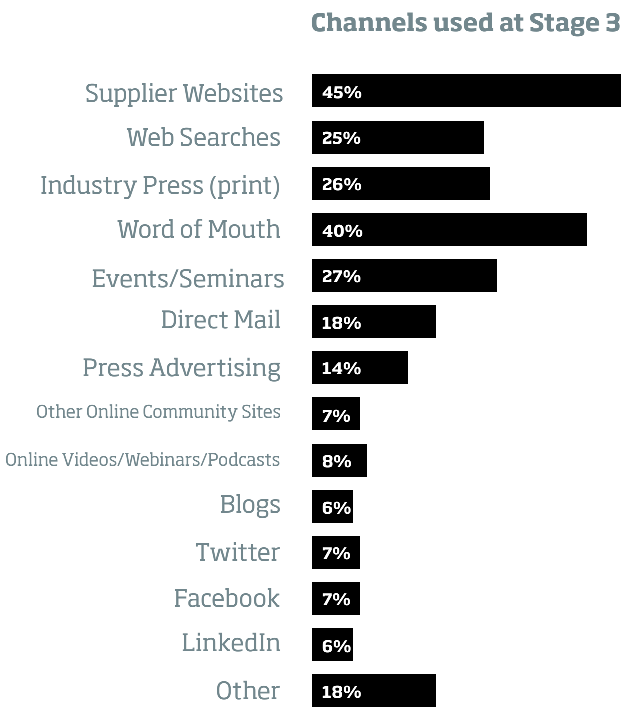
4.4 Stage 3 - Final Selection of a Supplier

86% of all respondents interviewed (435) had been involved in the final selection of a supplier for their purchase. At this point, Board level involvement in the process rises again:



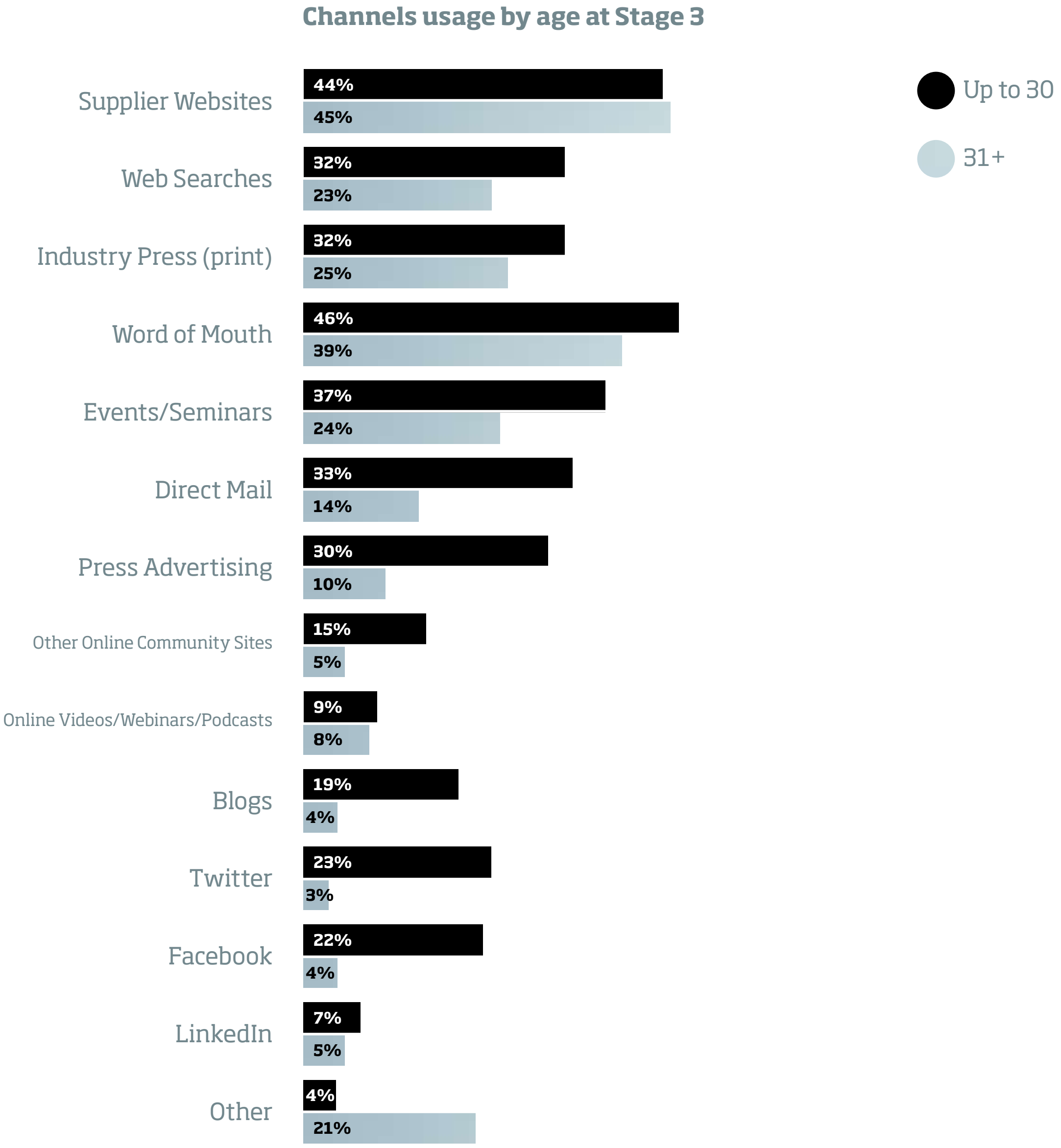
In all, 70% of all respondents personally involved in the ultimate selection of supplier had been the sole or main driver at this final stage.

In final supplier selection, use of all sources decreased overall, suggesting that buyers are relying on fewer different sources and focusing on a select few by this stage - citing 2.6 sources each on average, compared to 3.6 at Stage 1 and 3.2 at Stage 2.



Supplier websites and word of mouth remained favoured sources of information, followed by other traditional media (industry press, events, direct mail, press adverts, plus web searches). While social media channels still recorded lower usage overall, the proportions using these at this stage did not fall off to the same extent as other channels did - to users, their value appears to remain more constant from start to finish in the buying process.

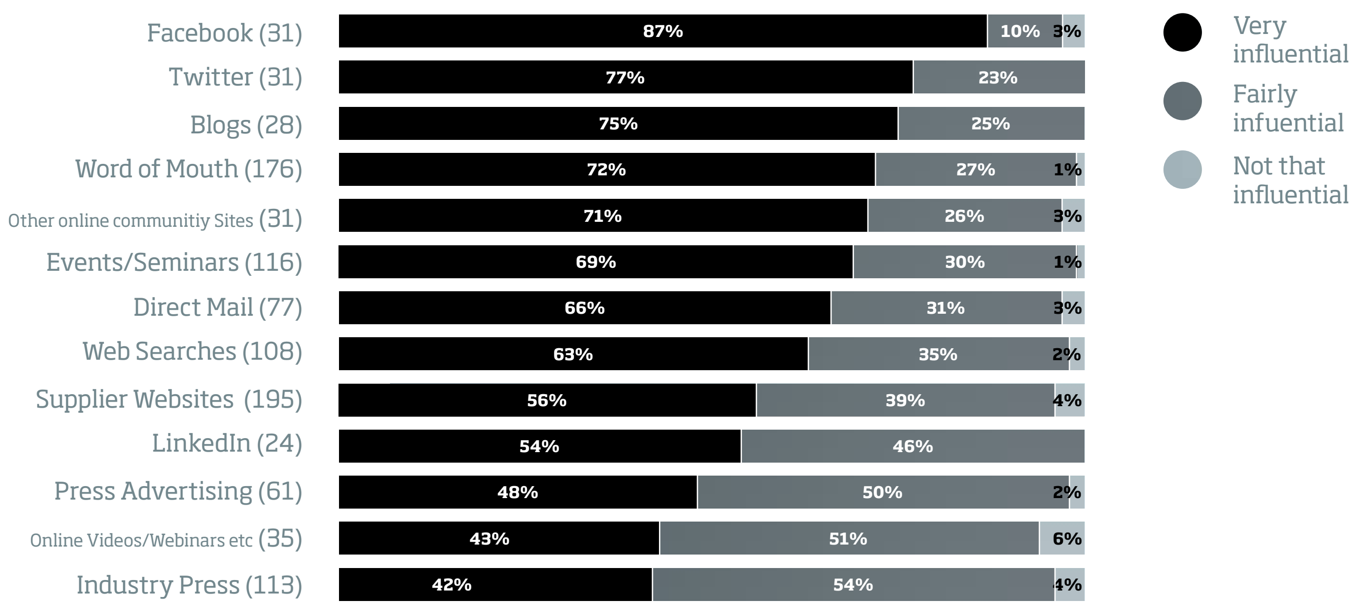
The age difference in usage of social media at this stage remains apparent:



The 'other' category selected by a relatively large proportion at this stage is mainly accounted for by the incidence of formal tendering processes run by the larger organisations in the sample.

In this final stage of supplier selection, word of mouth and social media were still felt, by users, to be the most influential of all sources used in decision making:

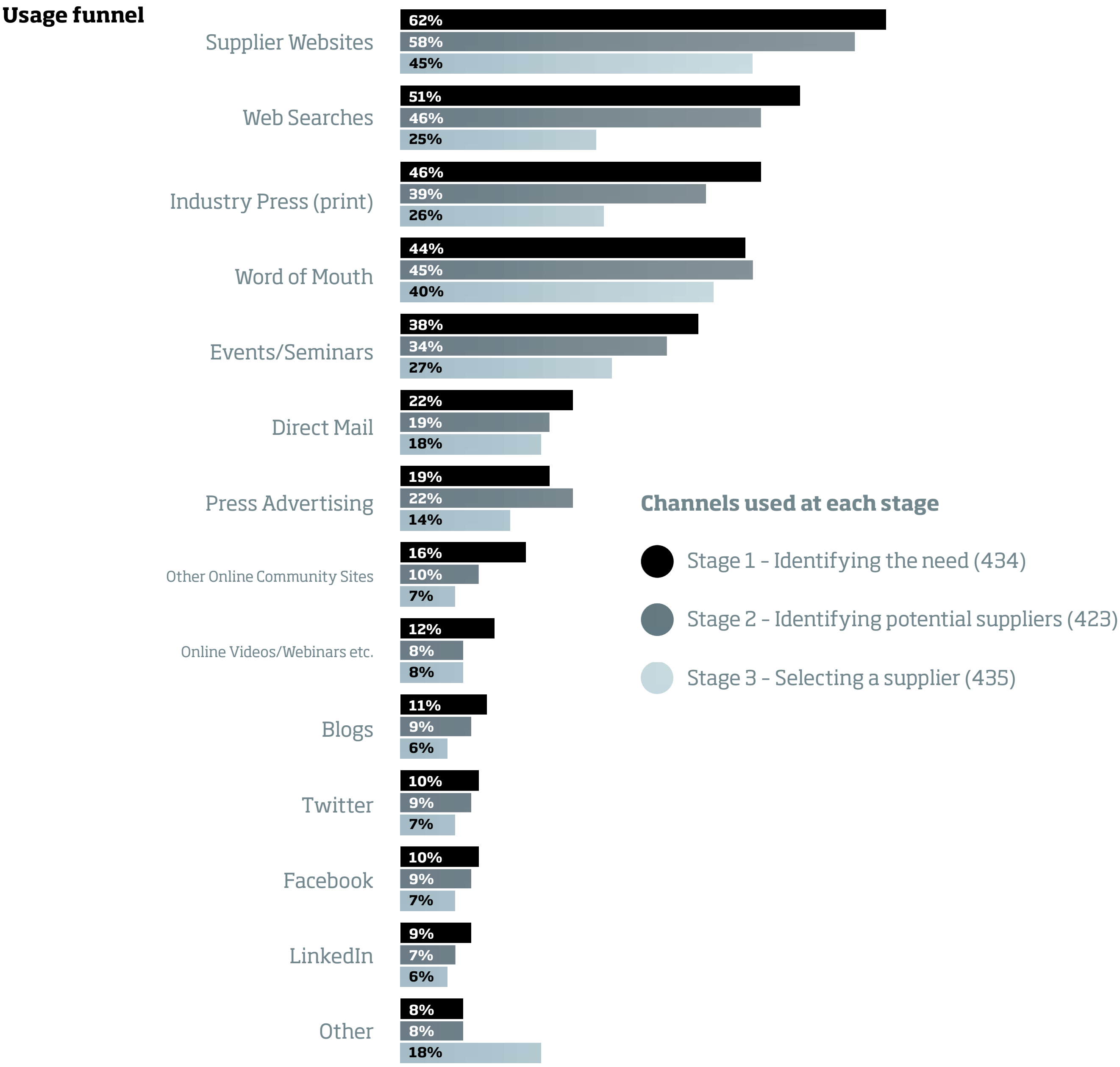
Influence of each channel at Stage 3



Practically all Facebook users rated this source as having been 'very influential' in providing them with information to help finally select a supplier. Twitter, blogs and other online communities also came out strongly here.

4.5 Summary Overview Of The Whole Process

Amalgamating the usage data from each stage of the purchase process demonstrates the extent to which buyers seek information from a wide range of sources when seeking to define their needs, then narrow this down to a shorter list of options as they progress through to selecting a supplier:

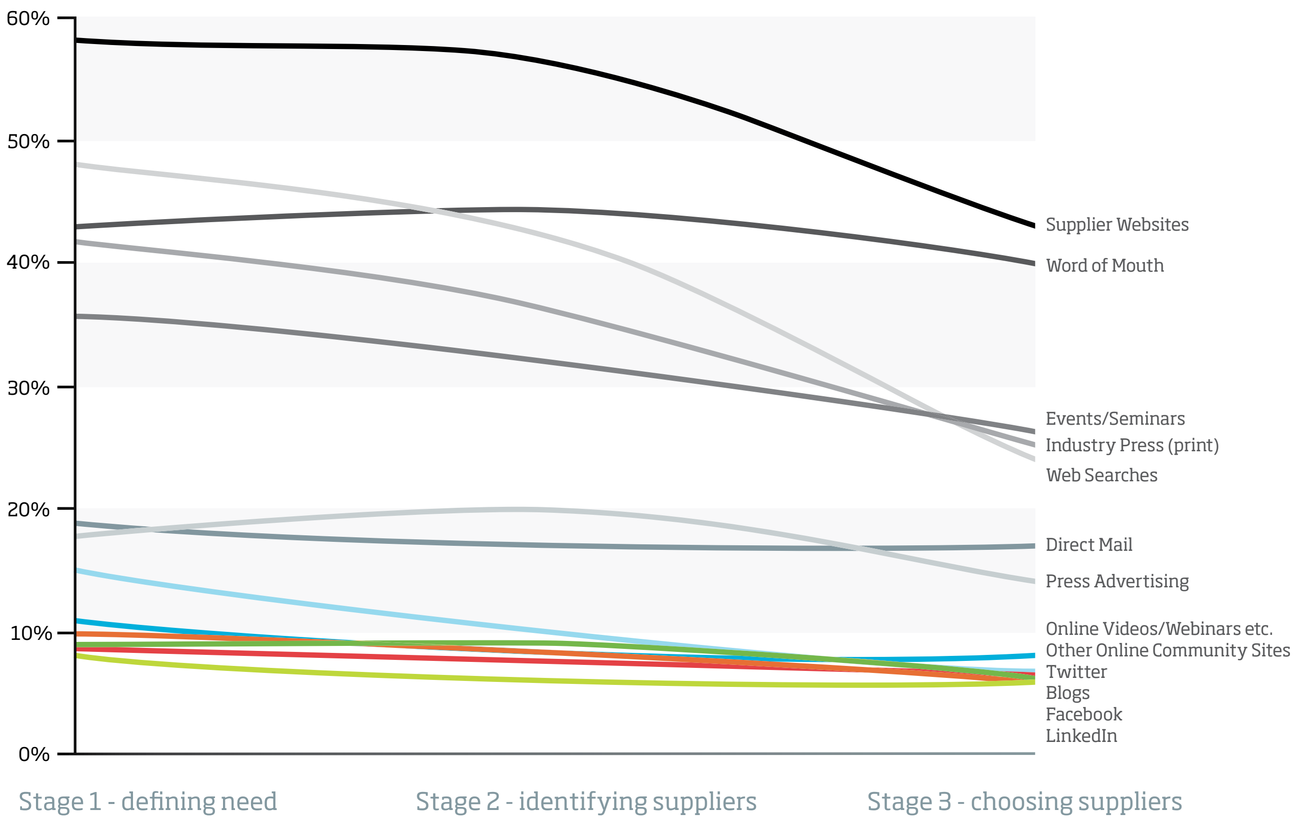


In particular, usage of web resources and industry press falls off from one stage to the next. While use of social media is less common, reliance on these among proponents, however, remains more stable.

Influence funnel

The chart below illustrates the proportion of respondents involved at each stage of the process who gave ratings of very or fairly influential to each channel:

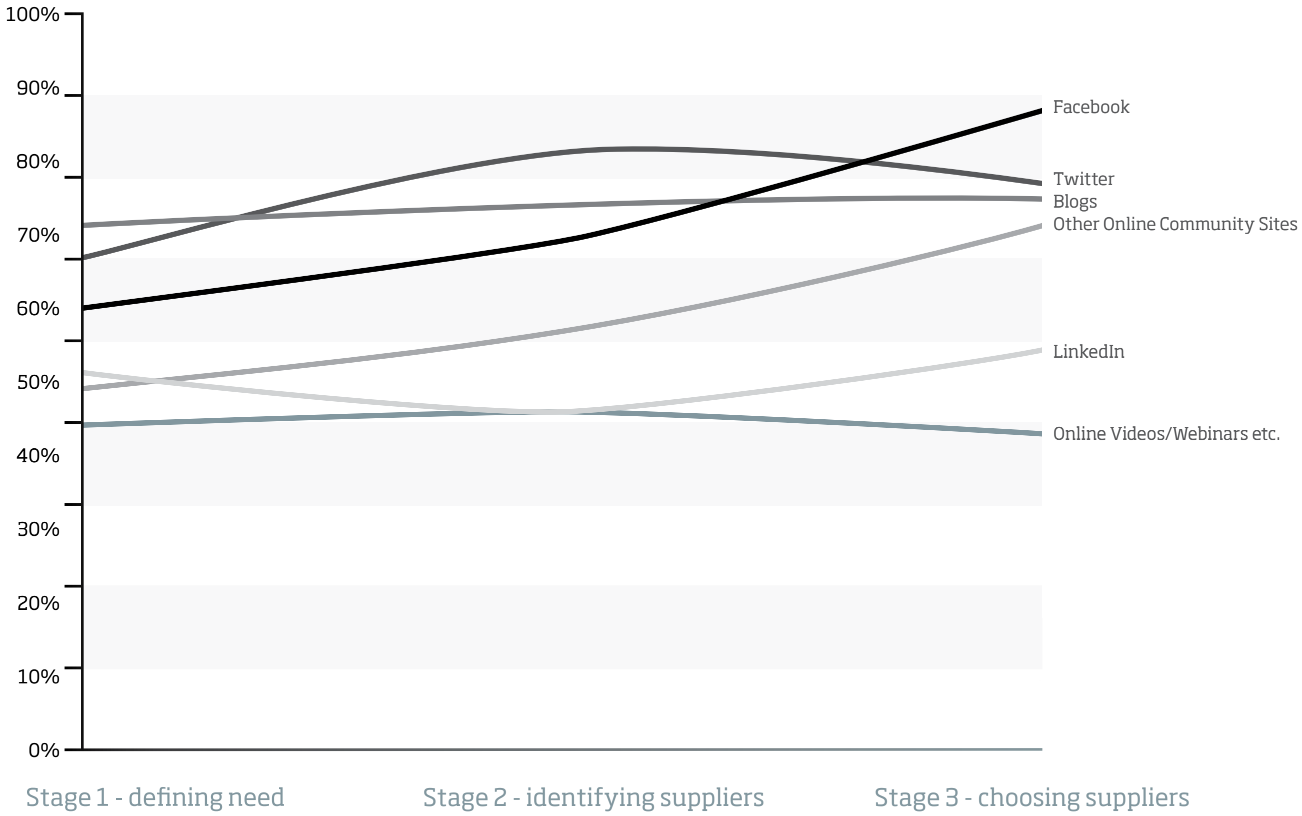
Channels rated very/fairly influential at each stage



There is a notable decrease in the influence of supplier websites after the early stages of the buying process. At the need identification stage 58% described websites as influential or very influential, a figure that dropped to 43% by the final supplier selection stage. The same pattern is true of industry press and events/seminars. For social media, on the other hand, the level of overall influence from one stage to the next, while lower because usage is lower, remains fairly constant.

Focusing specifically in on users of each type of social media, a further interesting pattern emerges:

Social media channels rated very influential at each stage - by users

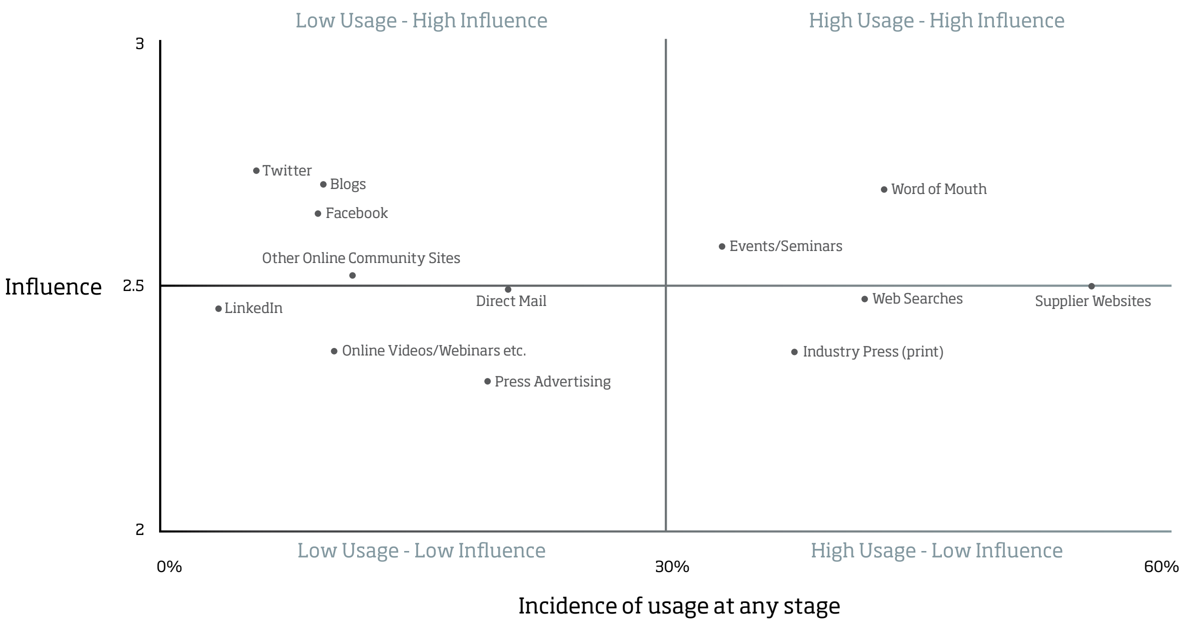


The perceived influence of Facebook and other online community sites actually increased steadily for users of these media through the purchasing process.

Usage/influence map

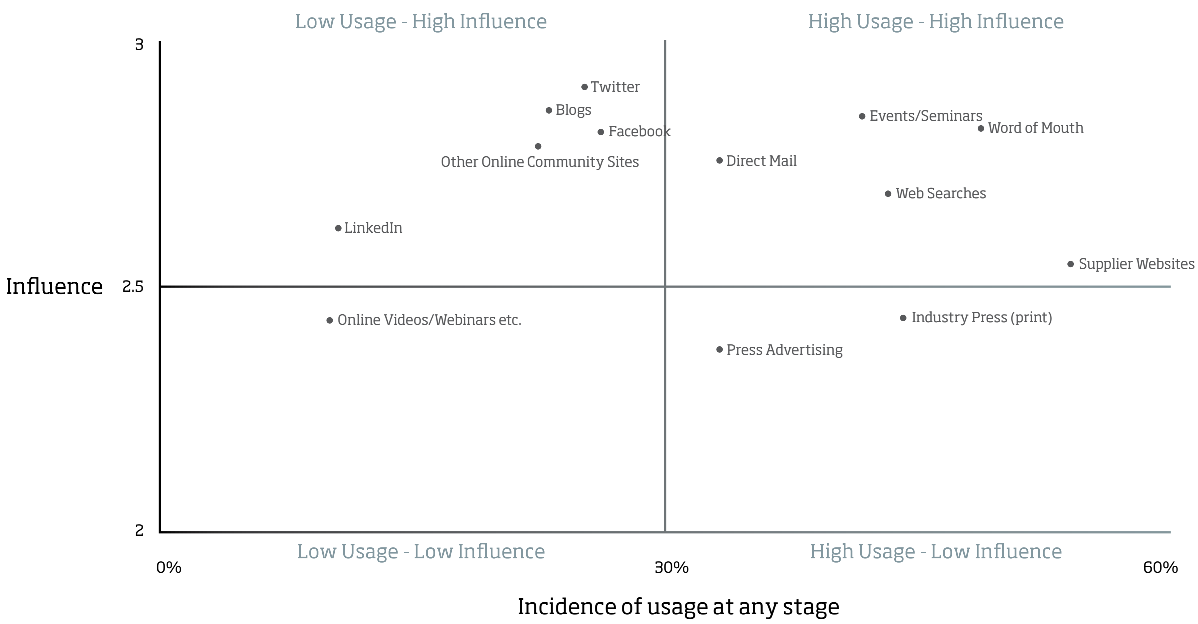
Combining together the usage and influence data from across all stages of the process, it is possible to map how the various channels sit alongside each other:

Total usage and influence, plotted



Among the up to 30 age group, the pattern is markedly different, underlining how the landscape may change in future:

Total usage and influence - respondents aged up to 30



Looking to the future

Finally, respondents were asked what factors they felt would change the way they research business purchases and suppliers in the future. Common themes included the following:

The increasing importance of the internet

- Becoming central to the business research process
- Increased use of, and reliance on online methods
- Increased influence of the information gathered online

The decline of traditional sources

- Particularly paper based media
- The comparative cost of face-to-face meetings or traditional seminars to online methods is expected to drive down their use

Access to other buyers via social media

- Shift towards impartial end-user reviews and recommendations
- Sales-free information sharing
- Empowerment

Access to suppliers online

- Allowing greater choice and levels of detail
- Creating more transparency and openness
- Suppliers coming to buyers instead of vice versa

Technological advances

- Development and validation of new business/industry specific online resources
- Accessibility, flexibility and mobility of resources (e.g. mobile technology, multiple applications)

Cost implications

- Financial restrictions on budgets will drive more rigorous scrutiny of purchase decisions
- Efficiency of online research methods in both time and money

Generally there appeared to be a broad expectation among buyers that online methods (including social media) will play an ever important role in how they research business purchases:

"Use of the internet will increase greatly and industry online press will become more influential."

"Information on a much wider range of suppliers, including international suppliers, will be readily available."

"There will be increased use of online tools, in all possible forms, less direct mail, seminars, etc."

"Probably blogs and online community websites will play a bigger part in the decision making process."

In particular, many respondents highlighted the advantages or opportunities afforded by social media:

"Forums, panels and blogs are the way ahead, using Google for searches can be a tedious task, taking up too much time. Comparison websites are mainly useless and filled with unwanted information and supplier/manufacturer websites take up time. Going straight to user forums or specialized blogs saves time."

"The information required will become more portable, thus leading to more rapid response to customers seeking information."

"Increased use of webinars and getting suppliers to come to us."

....with many mentioning a focus on peer recommendation and communities:

"I think communities of buyers will come together and may even pool their buying power."

"Recommendations from current suppliers or customers will become more critical via all communication channels."

A number of respondents also highlighted the greater need for more reliable information generally, from all sources, given the current economic climate and a pressure to optimize purchasing decisions:

"[There is a] need for greater cost efficiency, leading to wider reviews."

"Tightening budgets within the company may need more extensive [pre-purchase] searches."

A small number of comments highlighted concerns over the consistency and reliability of business information gathered via social media and the difficulty in identifying quality sources:

"I will always sample new methods but it's the reliability and context that is important in order to understand the accuracy of the information."

"Too much information, it may become difficult to find the best places to research."

Some see the shift to online media as an all encompassing movement, whereas others are more reserved, envisaging that they will incorporate more new online methods into their existing research toolkit:

"More people [will become] tuned into social media after those who don't get it leave/retire."

"I will utilize more web areas but generally be careful and limit to particular proven sources."

However around 15% felt there would be no change to the way they research business purchases, suggesting a significant minority are not as romanced by social media or other online sources. In some instances this was attributed to formal tendering processes or because they did not see how online methods could be relevant to their business area, or simply that they didn't see anything dramatic on the horizon that might alter their research habits:

"Utilising unbiased web based research is still achievable for lower value purchases but in our business everything else needs to follow a strict procurement regime."

"Nothing will change dramatically, small incremental improvements in web capability will be evident."

That said, most respondents appear to be looking forwards with few directly expressing sentimentality or defending traditional methods.