CSO Insights
The Research Division of Miller Heiman Group

THE GROWING BUYER-SELLER GAP:

Results of the 2018 Buyer Preferences Study

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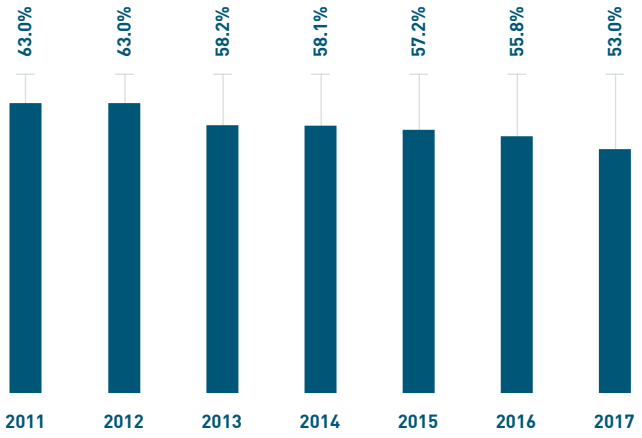
Buyers Are Changing Faster than Sellers

Currently, only slightly more than half of sales representatives (53%) are meeting or exceeding their quotas according to our recent *World-Class Sales Practices Study*. While this is concerning in its own right, even more concerning is that this is the **fifth straight year of decline**.

Percentage of Quota Plan Attainment 2011-2017



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Compare this to other functions. Are half of products failing? Half of markets? Are half of products defective? Half of orders dropped? If a 50/50 success rate were present in any other department, the reaction would be swift and definitive.

There are many reasons why it's tough to sell (market, product and even self-inflicted organizational complexity). But to lesser degrees, that has always been the case. The challenge today is that **buyers are changing substantially faster and to a greater degree than sales organizations**. Buyers are consumers first. And their experiences as consumers influence their B2B buying behavior. They've rapidly come to expect personalization, transparency and immediate fulfillment. They routinely engage with websites that seem to know everything about them and can make relevant connections, even if it is a website they have never visited before. B2C shopping innovations extend into brick and mortar too. AmazonGo! Is launching grocery stores in the northwestern United States where customers can leave a store without having to check out. Technology monitors their selections and charges a mobile app. No human (or even self-checkout) intervention is required. This has the potential to fundamentally change retail shopping. Business buyers take those consumer experiences with them when they go to work, and their expectations change as rapidly as their consumer options change.

Meanwhile, sales organizations have been slow to change, perhaps for what they consider to be "good reason." It's risky to experiment with the function that has the greatest short-term impact on your revenues. And it's daunting to distract a sales force with internal initiatives when the trade-off is selling time, the most precious of all resources. As a result, many sales "transformation" initiatives aren't transformational but rather incremental improvements.

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To clarify this gap between sellers and buyers, we conducted a global survey with 500 B2B buyers working for medium to large-sized companies – $250M USD or greater – and who made purchases of $10K USD or greater. *(Note that we mean buyers in the general sense: business professionals making business purchases. Our study was not exclusive to procurement professionals)*. Respondents came from 25 industries and represented 21 countries. Fifty percent of responses were from North America, 18% from APAC, 30% from EMEA and 2% from LATAM.

Our goal was to better understand:

- Is the buying process as challenging as sellers think it is?
- How do buyers perceive their interactions with sellers?
- What do buyers want from their sellers?
- How does that align with what sales organizations are good at?

How Buyers View Salespeople

Buyer Perception of Value in Working with Sellers

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There has been much talk in the marketplace about sales jobs being eliminated as buyers move towards self-service models of purchase. Originally, the thought was that only transactional sales roles would be impacted. However, the increasing use of Artificial Intelligence technologies means that more traditionally consultative sales roles may be impacted as well. This made us wonder: *"Is that what buyers want?"* Reassuringly, buyers in our study did not appear to be overtly biased against sellers.

In fact, over half (65.2%) of study respondents said that they found value in discussing their situations with salespeople. And only 2.6% said that they *"Can't wait until I can buy B2B online and not work with sellers ever again."* The remaining 32.2% reported mixed feelings about their discussions with sellers; *"Some are useful and some are a waste of time."*

On the surface, this seems generally positive. However, we also asked whether sellers were meeting, exceeding, or falling short of buyer expectations. **Buyers were twice as likely (61.8%) to say that salespeople *meet* their expectations rather than *exceed* them (31.8%).**

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Buyer Perception of Majority of Salespeople

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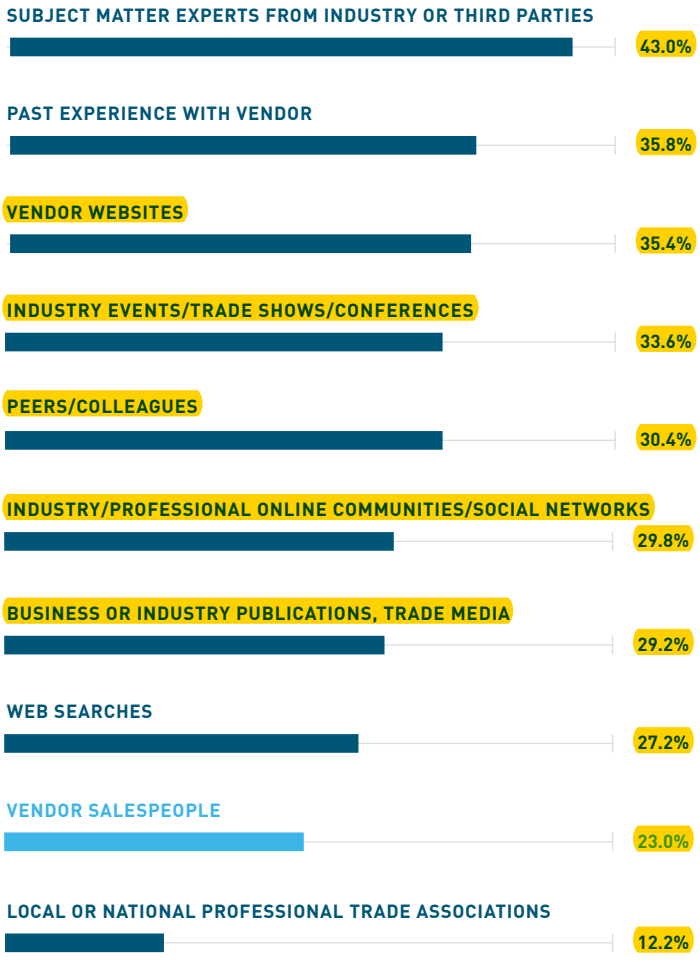
Again, that doesn't sound overtly negative. But, consider customer experience principles. Just meeting customer expectations results in little loyalty. Those who feel like their experiences exceed their expectations are typically the most loyal. There is an even an argument that customers who are actively unhappy with you are more valuable than neutral customers. With the right experience, you may be able to flip their passion in a positive direction. Having nearly two-thirds neutral is a challenge, since they are much more likely to abandon relationships. **While buyers may not be demanding the replacement of their sellers with new technologies, they might not miss them if they were to go away.**

Buyers look elsewhere to solve business problems

The implications of just meeting expectations becomes more dramatic when you look at when, and if, buyers want to engage sellers in their buying decisions. We asked sellers to select three resources out of a list of ten that they view as a preferred resource to solve a business problem. Vendor salespeople came in next to last (9th), below websites, colleagues, analysts, online communities and more. **Less than a quarter (23%) of buyers selected vendor salespeople as a top three resource to solve business problems.**

Buyer Preferred Resources Used to Solve Business Problems



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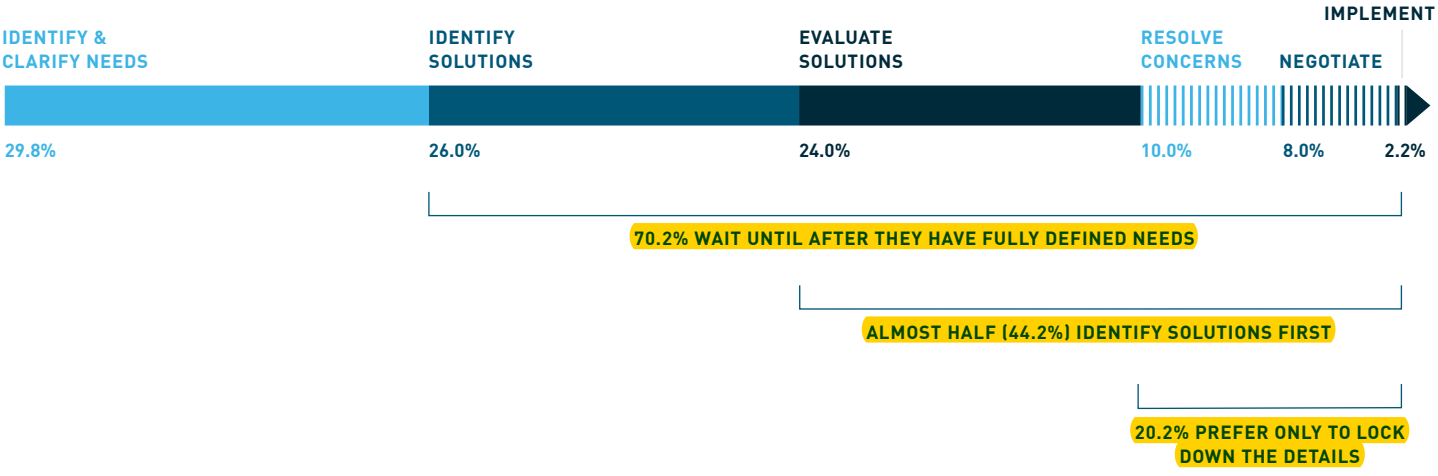
With sellers being viewed as a less valuable resource, buyers are not inclined to engage them early in the buying process when they are working on clarifying their business problems and opportunities. While much is made of a final purchase decision, when a buyer "signs on the dotted line," there is a range of decisions that they make along the path to a decision:

- **Identifying and clarifying needs** – what exactly are we trying to solve for? Take advantage of an opportunity? Resolve a problem? How big or important is this? Do I want to act now?
- **Identifying possible solutions to meet the need** – what is the universe of solutions that would potentially meet the need? Who is worth the time to engage?
- **Evaluating solutions for relevance** – how well does each solution in the short-list match up to the identified decision-making criteria? Do I want to move ahead?
- **Resolving outstanding questions and concerns**– will this solution work in our specific environment? Can we cost justify the purchase? Is there consensus (to the extent required) to move to contracting?
- **Contracting exact terms and conditions** – can we agree on the terms acceptable to legal, financial and other business and technical stakeholders? Am I ready to buy?
- **Implementing the solution** – how do I best apply what I have purchased? What needs to be done to achieve my vision for success? How will I track my results?

Buyer Preferences for Engaging Salespeople



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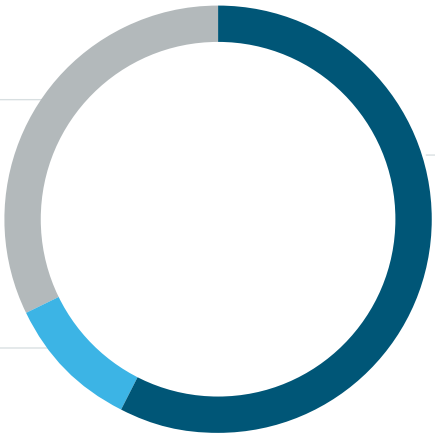
When asked at which decision point they wished to engage a seller, a strong majority (70.2%) said that they preferred to wait until after they already had a clear understanding of their needs. At the same time, sellers are being taught to differentiate themselves by tying solutions to needs. If engaged early, a seller can help a buyer identify and prioritize needs. Engaged later in the process, a seller is left to ask questions to understand what the customer has already learned. That creates a lot less value for a buyer.

Almost half (44.2%) said that in addition to identifying needs first, they also waited until they had identified the solution to meet their needs. There were a notable number (20.2%) who said that they waited until after needs were identified, solutions evaluated and they were ready to resolve open concerns and negotiate terms. By the time a salesperson has been engaged they have a lot of catching up to do.

If key buying decisions have already been made, the challenge for sellers becomes marrying their sales process with the buying process. They may feel constrained in their sales actions and relegated to simply explaining the product. **With less time and possibly less creative space to work with, all sellers start to look alike in the eyes of the buyer.** While a third of buyers (31.9%) said that they usually find that one seller greatly outshines the others, most (57.7%) saw little difference among sellers, and 10.4% found no difference at all.

Buyer Perception of Vendor Differentiation



31.9%
ONE TYPICALLY OUTSHINES THE REST

57.7%
ONE TYPICALLY IS A LITTLE BETTER THAN THE OTHERS

10.4%
ALL VENDORS ARE EQUAL

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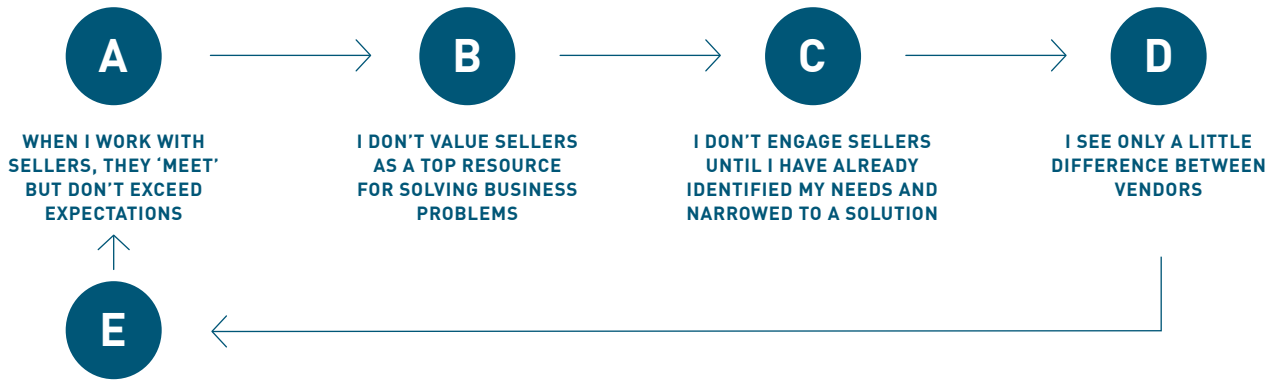
Sellers are trapped in an apathy loop

Looking at these perceptions and preferences together reveals a self-fulfilling prophecy:



A. Sellers are viewed as "meeting" but not exceeding expectations.

B. As such, buyers see sellers as representatives of products, not solvers of business problems.

C. Correspondingly, buyers wait until they want to learn about a specific solution before engaging a seller.

D. Sellers often feel constrained in their opportunities to sell and demonstrate value. There is little differentiation to be had with sellers are confined to specific stages in the buying process and most buyers say when they engage multiple vendors, one is usually a "little" better than the others.

E. And with that, sellers meet a buyer's expectations. From a buyer's point of view, "I was ready to purchase a specific solution and the seller assisted with that." And the cycle continues...

Unfortunately, apathy is a hard problem to solve and sellers are struggling to acquire, grow and retain customer relationships in a meaningful way. And the gap between buyers and sellers continues to grow.

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Breaking Out of the Apathy Loop

Organizations such Alibaba, Amazon and others see this loop as a business opportunity. They will continue to leverage AI-based technologies to push the limits of what can be bought in self-service mode. If sellers are not being seen as valuable, they can be excluded from the process (just like eliminating cashiers and checkout out machines at AmazonGo!) Today, you can already buy complex industrial equipment of $250K USD or more on Alibaba. Ultimately, buyers will have access to the same breadth of reviews, recommendations and insights to buy commercial hydroelectric power systems as they have when they buy water filters for their home refrigerators.

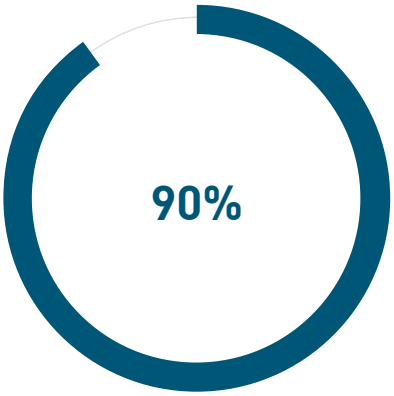
With that as a backdrop, we wanted to understand the opportunities available to salespeople to break free from this cycle and start to move selling, as an industry, back into alignment with buyers.

Opportunities for earlier engagement exist

The good news is that buyers may be open to engaging earlier with salespeople. In fact, an overwhelming percentage of buyers (90%) said that they would be open to engaging with salespeople earlier in the buying process. Specifically, there was more interest in early engagement when a business challenge was:

- New for the buyer (34.1%)
- Perceived as risky for the organization (21.1%)
- Perceived as risky for the buyer themselves (19.1%)
- Complex (e.g., impacted several departments (16.2%)

Percent of Buyers Willing to Engage Sellers Earlier



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And while that doesn't guarantee more valuable relationships, it does provide sellers with more opportunity to deepen a relationship and differentiate themselves if they are able to take advantage of the additional time and information offered in earlier engagement.

Another factor to consider is buyers with different buyers had different preferences for when to engage sellers. We asked buyers to describe their decision making style:

- Analytical (fact-based, detail-oriented)
- Risk-averse, brand-focused
- Risk-taking, innovation-oriented
- Skeptical (need proof)
- Value-driven/process-oriented (concerned about the how)

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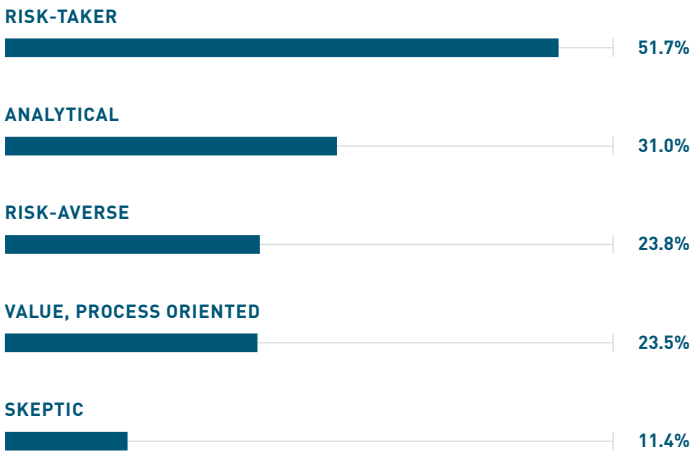
Risk-takers were five times as likely to prefer engaging a seller early versus skeptics.

Buyers also told us that on average, 6.4 buyers are involved in making a decision over a period of five months or more. If sellers are identifying all the decision-makers in an account, they may find a range of different decision-making styles and some contacts more open to earlier involvement.

Finally, the buying experience matters. Those who feel like salespeople exceed their expectations are more likely to get sellers involved at the initial stage and more likely to say that one seller greatly outperforms the others during a sales process. Under this lens, the question becomes *"Just what are those expectations?"*

Buyer Decision-Making Style Compared to Willingness to Engage Sellers at Initial Buying Stage



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What Do Buyers Want?

In order to understand what buyers wanted from salespeople, we asked a series of questions about the attributes that influenced decisions, what made them more likely to buy, what made them less likely to buy and what one thing did they wish salespeople did differently or more consistently. Four items appeared at the top of all of these lists. The good news is that none of these attributes are surprising or unattainable. The bad news is that, as an industry, sales has been focusing on these items for years and apparently still isn't meeting the mark. This historical gap continues to widen as buyers change faster than their selling counterparts.

What Buyers are Asking For

1. UNDERSTAND MY BUSINESS. KNOW ME.
2. DEMONSTRATE EXCELLENT COMMUNICATION SKILLS.
3. FOCUS ON POST-SALE.
4. GIVE ME INSIGHTS AND PERSPECTIVE.

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Understand my business

On the surface, it sounds simple. Customers have little tolerance for explaining their business to a salesperson. It takes precious time and provides them little value as they already know the information. Yet, this is about more than a seller being simply better prepared for a call. As we mentioned, business buyers are consumers first. AI engines have collected deep knowledge about customer digital activity. Shoppers logging into B2C vendor sites are often met with tailored (and accurate) recommendations for clothes in their size and preferred style, music they are likely to enjoy, items to take on trips they have been researching (on different devices and different websites). Consumers have gotten used to the idea that sellers already know them. So there is a huge disconnect when a seller shows up to a meeting and says, "Tell me about your business."

"Well, I'd certainly appreciate a seller who did all necessary research into our industry needs beforehand, and did not ask unnecessary questions!"
–buyer feedback *2018 Buyer Preferences Study*

On the flip side, sellers are hard pressed to devote the needed time to sell, much less adequately research accounts priors to sales interactions. And with so many competing demands, they struggle to prioritize where to spend their time. **Consumers expect more understanding and sellers are finding themselves providing less.** Sellers need consistency, a focused approach and new technology tools to truly exceed this expectation.

Demonstrate excellent communication skills

This has been a focus of professional selling since the early 80's. But again, we are talking about a much more intense expectation. Buyers are looking for an experience, not just an interaction. In the past, a seller may have had a handful of high profile calls requiring intense preparation, formal materials, and rehearsals – "bringing your A-game." Most calls, though, were informal check-ins. **Today, the customer expectation is that *every* call is crisp, compelling and concise. *Every* interaction has to be worth the time.** This covers the basics such as active listening and advanced questioning, but also includes negotiating, virtual presentations, storytelling, business case/ROI analysis, providing perspective (more on that below), and social selling techniques.

"Many times their strength is in talking, not listening, so a good listener is refreshing!
–buyer feedback *2018 Buyer Preferences Study*

Relationships with customers are comprised of a series of sales and service interactions. Each of those interactions is comprised of a set of defining moments during which a customer is forming impressions and making decisions on whether their counterpart is falling short of, meeting or exceeding expectations. There are no unimportant meetings or calls. Each is a set of defining moments that are either building or degrading your relationship.

Focus on post-sale

Here too is another expectation, not being met consistently but with the potential for creating significant value to buyers. A customer's journey or path typically has three major parts: Awareness → Buying → Implementation & Adoption. The "sales process" takes place during the Buying Phase, and it's where sellers are most heavily involved. However, buyers perceive that sellers are focusing too much of their energies on only the buying phase. **Sellers aren't**

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perceived as focusing enough on, or demonstrating enough commitment to, what happens after the sale. On the other hand, the buyer's primary focus is when the solution is implemented and value has been created for them.

"It isn't enough to just sell a company a product. There has to be a continued interest in its success."
–buyer feedback *2018 Buyer Preferences Study*

Sales organizations need to carefully re-examine their account management methodology, the integration of their service and sales functions as well as the potential for customer success or other hybrid sales/service models.

Provide insights and expertise

The fourth item (in priority order) on the list was providing buyers with perspective and insights. Compared to the previous three, this is the least defined in the marketplace and yet the biggest opportunity for differentiation. It's also the hardest to master and the most nuanced. You can't do it well if you aren't good at the first three. Perspective without any context of the buyer's situation is disconnected. Perspective delivered with mediocre communications skills is superfluous dialogue. Perspective that doesn't connect to the end-state of what the buyer wants to do is academic.

Importantly, perspective can move a sales cycle, regardless of what phase of a buy cycle you might be in. Even after putting their vendors into a small product box and narrowing the scope of engagement, buyers are open to learn more.

"Propose an additional alternative solution that brings value, even if not fully in the initial scope."
–buyer feedback *2018 Buyer Preferences Study*

In an environment where buyers see little differentiation among their vendors, adding perspective can be the difference between a buyer engaging early in a buying decision, being willing to step backwards in a buying process to reopen a discussions of need or deciding to relegate sellers to simply providing contract terms, long after a decision has been made.

Putting "perspective" in perspective

When looking at those four seller capabilities together, perspective is the one that provides the greatest opportunity to differentiate and the greatest opportunity to exceed expectations. It is a critical part of a sales methodology and deserves focus and attention.

However, perspective is not a stand-alone approach. Selling with perspective is an evolution of, not a replacement for, solution selling. Asking precise, informed questions is still critical. Providing compelling, relevant solution information is still important. When asked what they wanted out of sales interactions, buyers reported that their top objectives were that sellers left with a "clear understanding of my needs" and that, as buyers, they had a clear view of how the seller's solution "would solve my problem." Without that information exchange, perspective has little context or impact. Perspective is an "and," not an "or" when it comes to sales interactions.

In addition, perspective can come during any point in the buying process, the customer path or within an individual sales interaction. Focusing at the conversation level, we asked buyers when they preferred to be provided with new ideas, education or thought leadership: before discussion of needs, after discussion of needs, or as a follow up. The result was clearly split. Almost half (47.2%) preferred it before, half (45.6%) after.

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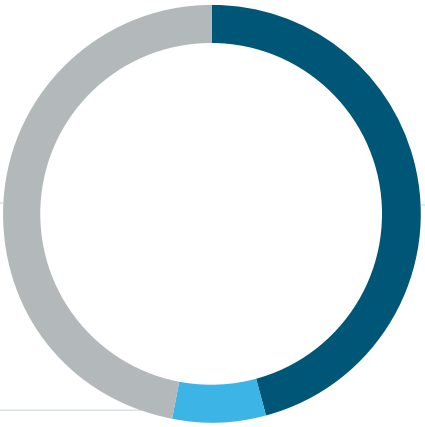
Buyer Preferences for New Ideas



47.2%

ESTABLISH UNDERSTANDING OF NEEDS FIRST

45.6%

AT THE BEGINNING OF A CONVERSATION

7.2%

AS A FOLLOW UP TO A FIRST CALL

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Here too, decision-making styles played a role. Few buyers (20.2%) who described themselves as analytical wanted to be presented with the information upfront before a common understanding of needs was achieved. On the other hand, risk-takers (61%) and risk-averse buyers (57.9%) were much more likely to see value in such information before a discussion of needs. Even so, 60% is not an overwhelming majority. With over six decision-makers involved, sellers will need to adapt their approach to the individual.

Finally, perspective and insights can come in a variety of forms. Much has been made of perspective as a way to create friction in an interaction. However, that is a delivery/communication tactic. The bigger picture is the purpose. Why does the client want (need) to hear this? When we asked buyers what kind of thought leadership and insights they found valuable, their responses were varied. Buyers wanted (a) new ideas for taking their buying process forward, (b) someone to help them shape a new vision for their success (c) and, they wanted to learn about new ways to meet their goals. Perspective can take a range of formats.

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Where Does This Leave Sales Organizations?

What buyers want is straightforward. They value sellers who research their business, who facilitate mutual and compelling discussions that respect buyers' time and abilities, who focus on the longer-term, and who provide perspectives and insights that help progress their process, change their vision and expand their expertise.

There is a path forward for sellers. They can leverage methodologies that help them find buyers with risky, complex or new situations. They can engage decision-makers who value early seller involvement. And they can work to exceed expectations in every interaction. But that is, of course, easier said than done in light of customer expectations being a moving and harder-to-reach target.

Let's take a step back and look at this challenge from the sell side. For 25 years, CSO Insights has been collecting data from sales organizations to isolate what is working, what isn't and what trends will impact sales organizations going forward.

Sales organizations recognize the gaps

Fortunately, there is awareness among sales leaders that the gaps between sellers and buyers are growing. In our *2017 World-Class Sales Practices Study*, we asked sales leaders to evaluate the relationships they had with their customers. Choices included:

- **Approved Vendor**—Buyers believe that the seller has acceptable products/services and are generally one of several companies the customer can buy from.
- **Preferred Supplier**—Sellers are seen as having a successful track record of delivery, typically an expanded number of contacts in the buying firm, and knowledge of how customers use products/services.
- **Solutions Consultant**—This level is characterized by a decreased focus on products/service offerings and increased awareness/knowledge of the customer's business, issues and challenges.
- **Strategic Contributor**—Similar to the prior level but having additional industry and/or domain expertise; this knowledge is recognized as true added value to buyers, and as a result, sellers are often invited to participate in internal meetings held by the buying organization.
- **Trusted Partner**—In addition to all the product/service, application, business, industry and domain knowledge, sellers are seen as having a unique understanding of both the buying and selling organizations, players and markets.

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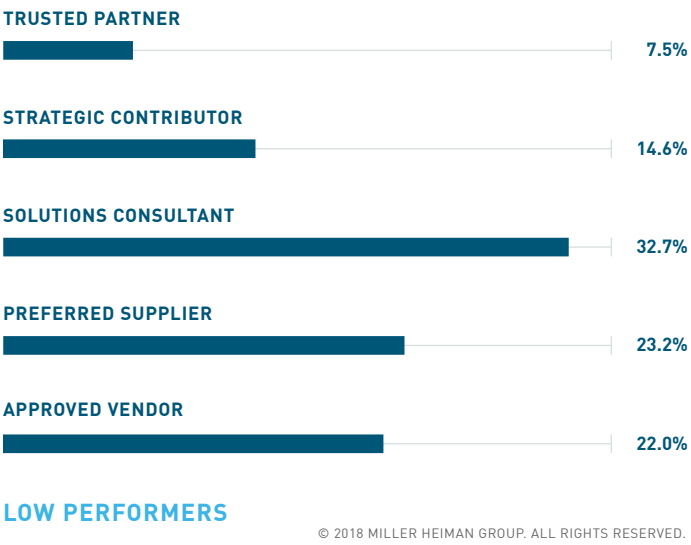
Sales Assessment of Customer Relationship Levels



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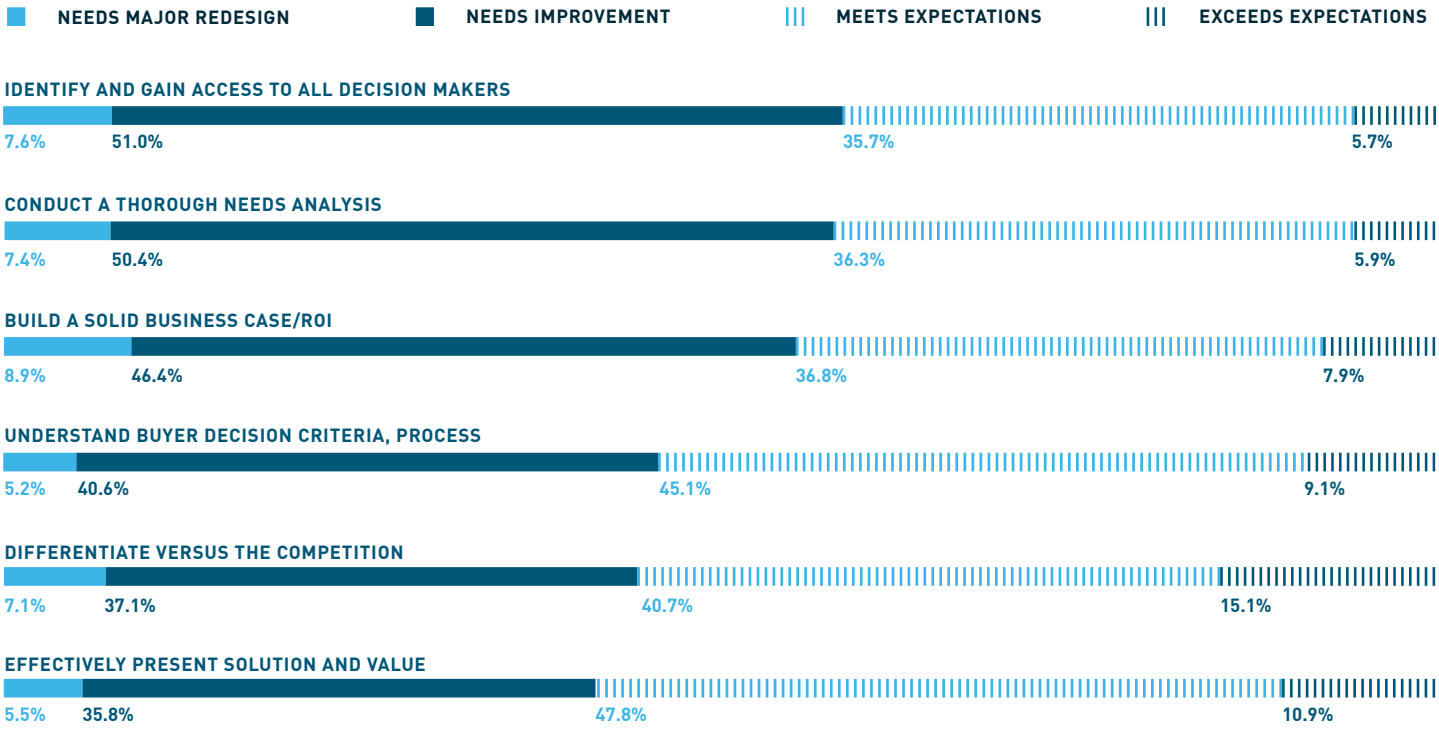
As you can see, most (77.9%) sales leaders agreed that their relationships were falling short of Trusted Partner or Strategic Contributor status.

Pulling back and looking at several key capabilities below also reveals strong historical gaps in areas such as understanding buyer decision criteria, gaining access to all decision-makers, conducting thorough needs analysis and buying ROI-based business cases. This is not for lack of trying, but rather a function of sellers not changing as fast as buyers. Sellers must gain access to over six decision makers and understand their needs when selling time is being cannibalized by administrative duties, buyer's time is increasingly hard to come by and expectations for those interactions are sky high.

Sales Assessment of Engagement Competencies



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Solutions must be systemic in nature

Closing the growing gap between buyers and sellers will take a systemic approach to transforming sales.

Sales enablement will be at the heart of any solution. After all, the way in which sales enablement delivers its value of predictable sales results is by impacting "every sales interaction." (See our coverage of Sales Enablement for the complete CSO Insights definition of sales enablement). However, this is not exclusively a sales enablement issue. Organizations will need look at holistic changes impacting sales process, management execution, technology stacks, hiring profiles and more.

This is a tall order. Yet, in context of continually damaging declines in performance, sales organizations will have to consider more aggressive ways to significantly shape their work.

For more information about sales transformation, sales enablement or sales operations, please contact your CSO Insights analysts. Also follow our blog for weekly research commentary.

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