

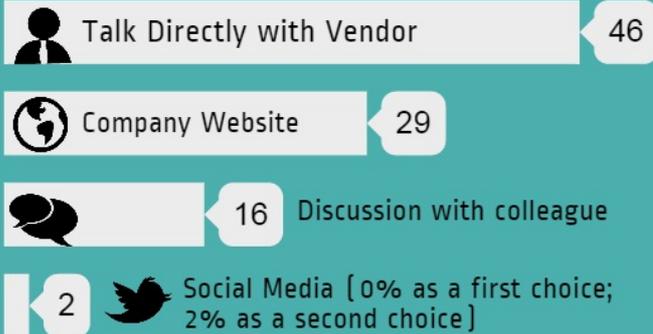
# HOW BUSINESS OWNERS MAKE BUYING DECISIONS

TAB Small Business Pulse Survey



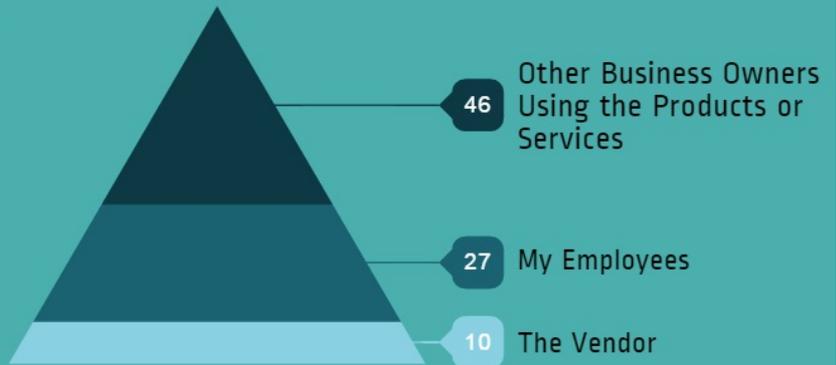
## MOST HELPFUL MEDIUM

When making a purchasing decision, how do you learn about the product or service?\*



## MOST INFLUENTIAL

Which individual or group is most influential in making a major purchasing decision?\*



## MOST DESIRABLE OUTCOME



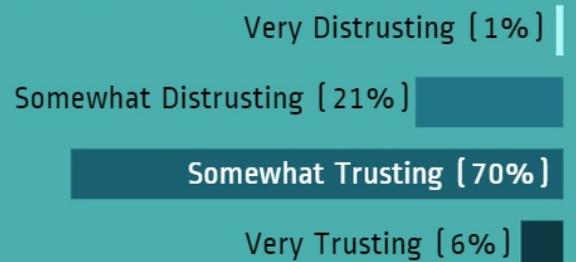
## CONFIDENCE IN A PRODUCT



## WHAT DO YOU EXPECT FROM A PRODUCT OR SERVICE?



## DO YOU TRUST VENDOR INFO?



This is a high-level summary of our key findings from the September 2014 Small Business Pulse Survey. This survey concentrated on **How Business Owners Make Buying Decisions**. The survey was taken by 401 business owners.

### Profile of Survey Participants

- 54% of respondents have been in business for more than 20 years.
- 26% of the respondents have annual revenue of \$5 million or more. An additional 43% have revenue between \$1 million and \$5 million.
- 39% of respondents have 2-9 employees and 38% have 10-49 employees.
- The most common industry sectors are Professional Services, Manufacturing and Construction.
- We also assessed differences between buying behaviors of younger and older business owners so asked about age. 52% of respondents are 55 or older and 48% are 54 or younger.
- Respondents came from the US, Canada, the UK, New Zealand and Ireland.

### Key Business Owner Buying Decision Attributes

The following buying decision characteristics emerged from this survey:

- When evaluating a new product or service for purchase, business owners want to about it from **vendor representatives, the company's website** and **conversation with a colleague**.
- **Other business owners** is by far the greatest single source in **influencing the buying decisions**. **Employees** are the second most important source of influence.
- In making an important purchasing decision, the most important outcome is **adding value**. **Increasing revenue** is second and is nearly three times as important as **reducing cost**.
- In terms of gaining confidence in a product or service, 64% selected **personal trial & error** compared to 36% selecting **demonstration by the vendor**.
- Owners tend to be **more trusting than distrusting** when receiving information from vendors. Vendors receive the benefit of the doubt initially.
- Owners prefer to be contact by a vendor via **email** or a **phone call**. However, many do not want to be contacted at all. It is therefore important for vendors to make it easy for their prospects to find them.

### Key Findings

**When making a major purchasing decision, which medium is most helpful in learning about the product or service?**

- 46% look to the **vendor to educate** them
- 29% look to the **company's website**. While most business owners place a premium on the value of their website, there is opportunity for many businesses to increase the quality of their website; and in many cases, the content is dated and should be updated.
- 16% responded with a **conversation with a colleague**
- 9% provided other responses including event seminar, trade publication and email.

- 0% of respondents selected **Social Media** as their first source and 2% as their secondary source. This would seem to confirm our experience that Social Media is primarily used for brand awareness and engagement and less for product and service education.

**When making a major purchasing decision, which individual or group is most influential in helping you decide to make that purchase?**

- 46% of owners look to **other business owners using the product or service** to have the greatest influence on their buying decision. *This is becoming even more importance since 52% of owners aged 25-54 chose this option compared to 41% of owners 55 and older.* Vendors should place a premium on developing an enthusiastic group of references that prospects can speak to.
- 27% look to **staff/employees**.
- **Professional associations** and **industry organizations** were not a very significant source of influence and seem to be in decline as younger business owners look to them less.
- Only 10% chose **the vendor**. This is not surprising. Owners look to the vendor to educate them but look to others to influence their buying decisions.

**When making a major purchasing decision, which outcome is more important to you?**

- 56% chose **add value**, 32% **increase revenue** and 12% **reduce cost**.
- Demonstrating that a product or service can increase revenue is nearly three times as important as reducing costs.

**Which of the following is gives you confidence in a product or service? Two questions were asked.**

- 53% chose **customer testimonials** compared to 47% choosing **customer case studies**. They are both important. Vendors should spend considerable time building their database of references, testimonials and case studies. Video testimonials are much more effective than written testimonials.
- 64% chose **personal trial & error** compared to 36% choosing **demonstration by the vendor**. With so many products and services offering free trials, business owners are becoming accustomed to a test drive prior to making a purchase. Younger business owners are much more likely (69%) to have a personal trial & error than older business owners (59%).

**When you purchase a product or service, what do you expect most from that product?**

- 36% selected **does what it claims**
- 26% selected **delivers a return on investment**
- 22% selected **makes things easier for me and my staff**
- 15% selected **makes my customers/clients happier**

Given the relative balance between these findings, vendors should look to fulfill each of these attributes when designing new products or services.

**How trusting are you of the information you receive directly from the vendor?**

- 6% are **very trusting**, 70% are **somewhat trusting**, 21% are **somewhat distrusting** and 1% are **very distrusting**.
- Owners are inclined to be trusting when receiving information from vendors. Vendors are given the benefit of the doubt. It is up to them to maintain that trust throughout the buying lifecycle.

**What feedback do you have on information received directly from the vendor?**

- In terms of criticisms, business owners can find vendor information to be **too sales-oriented** (57%), **insufficient in detail** (21%), **over technical** (10%) and **repetitive** (8%).
- Vendor information that is **relevant** (49%), **informative** (40%) and **independent** (9%) is received most positively.

**When reviewing a vendor's website, which feature would make you most likely to trust the vendor?**

- 68% selected **an independent review**
- 18% selected **video demonstration**
- 11% selected **independent article written about the vendor**

**What is the most important way for a new vendor to initiative contact with you?**

- 42% selected **send me an email**
- 26% selected **I don't want to be bothered by any vendors**. Owners are very busy and many do not want to receive unsolicited offers. It is therefore important that vendors promote information about their product or service in places where their products are likely to visit (virtually or in-person) to have the opportunity for owners to discover them.
- 19% selected **call my office**
- 10% selected **write me a handwritten note**
- Only 3% responded with **request a connection via Social Media**. Importantly, 5% of respondents in age group 25-54 responded positively and 0% of 55+ owners.