To buy or not to buy?

How Millennials are reshaping B2B marketing

Executive Report

IBM Commerce

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Millennials: The new decision makers

Whether they are subject matter experts supporting a team decision or singularly responsible for selecting a vendor, Millennials are having a profound impact on their organizations and the B2B vendors who want to do business with them. As more Millennials move into decision making roles at work, or start their own companies where they are in charge, the influence they wield over B2B purchasing will only continue to grow. Our global, multigenerational study explores the preferences and practices of those who influence B2B purchasing decisions. Just as consumer marketing is changing to appeal to Millennials, our findings show that B2B marketers also need to revamp their strategies to connect with this new generation of decision makers.

Executive summary

Millennials — the largest generation since the Baby Boomers — are the new darlings being targeted by marketers. Much has been written about the Millennial consumer: the most educated, most tech-savvy, most connected, thrifty, and socially and environmentally conscious. These digital natives are the force that's driving a new era for consumer marketing, one focused on values, transparency, relevancy and engagement.

But what about business-to-business (B2B) marketing? Increasingly, Millennials are assuming positions at work where they influence purchasing decisions. How do their consumer shopping habits impact their attitudes and approach for researching business products and services and engaging with vendors?

To find out, we surveyed 704 individuals who influence or are responsible for B2B purchasing decisions of US$10,000 or more for their company. They come from organizations large and small, across 12 countries and 6 targeted industries. When we compared the responses of Millennial employees (born 1980–1993) with those of Gen X (born 1965–1979) and Baby Boomers (born 1954–1964), we discovered Millennials' behavior differs somewhat from their older colleagues, and their consumer practices do effect their B2B purchasing expectations (with a few surprising exceptions).

Millennials, even more than Gen X or Baby Boomers, prize a hassle-free, omni-channel client experience personalized to their specific needs. They want data, speed and trusted advisors who are eager to collaborate.

In this report, we explore how Millennials' approach for general decision making at work compares with that of Gen X and Baby Boomers. Then we take a deep dive into our respondents' current and preferred practices for various activities in their B2B purchasing journey, including researching, engaging vendors, deciding to buy and finally, sharing their experience.

Millennials are ushering in a new era for client/vendor relationships

69% prefer
to engage vendors during the sales cycle using email

36% weigh
the opinions of friends and family before deciding to buy B2B products/services

69% will
post a positive comment on social media if they're happy clients

Making decisions at work

As we noted in the first paper of our Millennial study series, *Myths, exaggerations and uncomfortable truths, the real story behind Millennials in the workplace,*[1] Millennials, Gen X and Baby Boomer employees are not as dissimilar as the buzz and hype would have you think. They hold many of the same career aspirations and attitudes about leadership and recognition, and they all share a desire for an innovative, diverse workplace. There is one area, though, where we saw a significant distinction among the generations: decision making.

Millennials and Gen X employees are not likely to make decisions in isolation. Fifty-six percent of Millennials and even more Gen X employees (64 percent) feel they make better decisions at work when a variety of people provide input. Likewise, both generations believe it's important to gain team consensus (Millennials – 55 percent, Gen X – 61 percent). It's Baby Boomers who are the outliers. Far fewer are motivated to consult their colleagues (49 percent) or get their buy in (39 percent).

More than half of Millennials also depend on analytics technologies to help them make better business decisions. While notable, it is, in fact, Gen X employees who rely most heavily on analytics. Baby Boomers are more dubious. They place less stock in the advantages data offers than their younger colleagues (see Figure 1).

Figure 1

Millennials and Gen X believe analytics can help them make better decisions, but Baby Boomers are more skeptical

Millennials	53%
Gen X	63%
Baby Boomers	45%

Source: IBM Institute for Business Value Millennial Survey 2014. Percentage of respondents who agreed (selected 4 or 5 on a 5-point scale). Millennials n=605, Gen X n=220, Baby Boomers n=122. (Samples sizes based on larger survey sample of 1,771. See methodology section for more details.) Q27.7: Analytics technologies help us make much better business-related decisions.

As decisions become more multifaceted and answers are needed more quickly, having ready access to meaningful data insights is essential for today's decision makers. Millennials, especially, who are accustomed to getting all sorts of data with just a tap on their mobile device, will have little patience with organizations that can't immediately provide the information they seek. The need for analytics capabilities and speed will only increase as more Millennials enter roles where they have sway over key business decisions.

While these findings reflect general decision making at work, they carry important implications for B2B marketers. To respond to these trends that call for collaborative, consensus-driven decision making informed by data, vendors need to consider whether the current scope of their client audience is broad enough, and if the information they provide clients is relevant and easy to access quickly.

The Millennial consumer:

Uses the digital grapevine

93% usually read reviews before making a purchase

Trusts their peers first

89% believe friends' comments more than company claims

Depends on word of mouth

93% bought a product after hearing about it from a friend or relative

Millennials and B2B purchasing

In addition to respondents' preferences for making general work-related decisions, we looked at their preferences associated with a typical B2B purchasing journey to better understand the mindset of Millennials who influence or are responsible for B2B purchases. One key question was whether or not Millennials' expectations for consumer brands are influencing how they want to research and engage with B2B vendors.

To find out, we compared Millennials' consumer shopping preferences with their B2B purchasing preferences, which we organized into four core activities: researching, engaging during the sales cycle, deciding to buy and sharing the experience. We discovered that Millennials' high standards for consumer brands are, in fact, impacting their expectations for B2B purchasing experiences, but there are also some surprising distinctions.

Getting to know you

When researching consumer products or services, Millennials listen to the advice of online reviews and their friends.[2] They trust their peers' opinions far more than any claims companies make, and nearly all Millennials say they have purchased a product that someone close to them recommended (see Figure 2).

It's different for B2B. While Millennials do place great stock in what their colleagues think, they also want to interact directly with vendors' representatives—far more so than Gen X or Baby Boomers. Millennials are less likely to refer to third-party reviews and comparisons, and friends and family are at the bottom of their list when they're in research mode (see Figure 3).

Figure 3

When researching B2B products and services, Millennials prefer direct contact with vendors

Research sources	Millennials	Gen X	Baby Boomers
Vendor's representatives	1	7	5
Tradeshows and conferences	2	3	1
Colleagues in my organization	2	3	3
Article, papers or blogs from trade or industry experts or analysis	4	1	2
Vendor's customers	4	8	3
Vendor's social media, mobile or website content	4	3	5
Third-party websites or mobile apps for reviews and comparisons	7	1	8
Recommendations from my social network	8	6	7
Family or friends outside my organization	9	8	8

Source: IBM Institute for Business Value Millennial Survey 2014. Millennials n=447, Gen X n=154, Baby Boomers n=103. Q34: What sources are you most likely to turn to when researching a vendor's products and services? Select your top 3.

At first blush, engaging directly with vendors may seem like an odd priority for these skeptical digital natives. But using online sources for research is routine for Millennials. What really matters is getting to know what it would be like to work with a particular vendor. This is not about listening to a sales pitch. It's about having authentic, personalized interactions to explore possibilities and get questions answered. Providing relevant experiences, both virtually and in person, will go a long way with Millennials, who will share their excitement with their co-workers.

Attributes of the preferred B2B vendor

When trying to determine if a vendor is a good fit for their organization, what attributes appeal to B2B buyers the most? When you take competitive pricing out of the equation—since we assume everyone wants it—we found there are distinct preferences among the three generations.

Millennials are most interested in convenience, collaboration and expertise. Gen X wants assurance their satisfaction will be met. And Baby Boomers want speed (see Figure 4).

B2B vendors who are used to working with Baby Boomer and Gen X clients need to be mindful that this new generation of decision makers places a higher priority on a hassle-free client experience than their older colleagues do. This is not just the experience of the product or service itself, but a holistic, seamless experience engaging with the vendor at all touch points.

Figure 4

Millennials look for vendors who offer a great client experience, Gen X prioritizes quality of products and services and Baby Boomers want speed

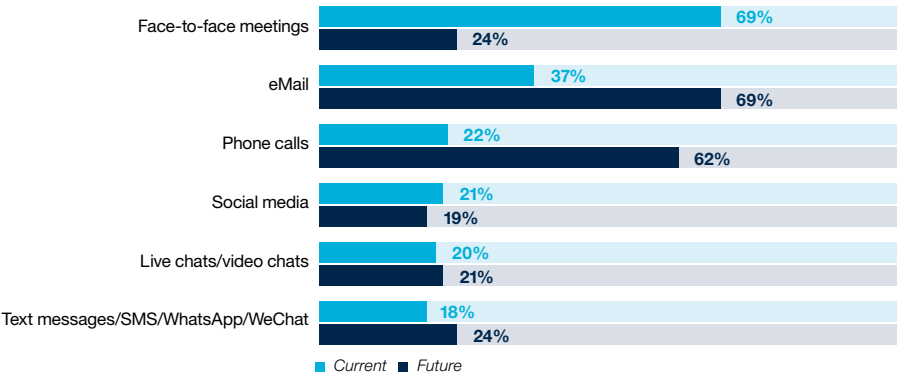|	Millennials	Gen X	Baby Boomers
1st priority	**35%** Ease of doing business	**44%** Ability to deliver products/services to my satisfaction	**42%** Ability to respond quickly
2nd priority	**33%** Willingness to work collaboratively with my organization	**35%** Reputation for superior quality of products or services	**33%** Commitment to social and/or environmental responsibility
3rd priority	**31%** Industry and marketplace expertise	**34%** Industry and marketplace expertise	**31%** Willingness to work collaboratively with my organization **31%** Use of latest technologies

Source: IBM Institute for Business Value Millennial Survey 2014. Millennials n=447, Gen X n=153, Baby Boomers n=103. Q35: When selecting a vendor for your organization, what attributes - in addition to price - are most important to you?

Don't call us—we'll call you

Today, Millennials (69 percent), Gen X (70 percent) and Baby Boomers (65 percent) all cite face-to-face meetings as the predominant way they engage with vendors during the sales cycle. However, given the option, all three generations would prefer to interact with vendors via email or phone at this point in their purchasing journey.

True, Millennials like meeting with vendors during their research, but once the sales cycle begins, it's a different story. When researching, Millennials seek vendor contact at their own convenience. But after they have the information they need, they prefer to keep vendor interactions quick, easy and virtual while they make their decision. Millennials are also interested in using social media, live chats and instant messaging to connect with vendors during this phase (see Figure 6).

Figure 6

Today, Millennials meet with vendors face-to-face during the sales cycle, but they would much rather interact remotely

	Current	Future
Face-to-face meetings	69%	24%
eMail	37%	69%
Phone calls	22%	62%
Social media	21%	19%
Live chats/video chats	20%	21%
Text messages/SMS/WhatsApp/WeChat	18%	24%

■ Current ■ Future

Source: IBM Institute for Business Value Millennial Survey 2014. Millennials n=447 (current methods), n=445 (preferred methods). Q36: How does your organization engage with vendors during the sales cycle currently, and how would you prefer to engage with vendors?

Size matters

Millennials in small organizations (1,000 employees or less) are particularly interested in working with vendors who provide a personal touch.

Figure 5

The size of the organization Millennials work for has an impact on the vendor attributes they prize

	Millennials in organizations with 1,000 or less employees	Millennials in organizations with more than 1,000 employees
Willingness to work collaboratively with my organization	37%	29%
Understanding of my organization's unique challenges	31%	25%
Ability to respond quickly	33%	28%

■ Millennials in organizations with 1,000 or less employees
■ Millennials in organizations with more than 1,000 employees

Source: IBM Institute for Business Value Millennial Survey 2014. Millennials in large organizations n=258, Millennials in small organizations n=189. Q35: When selecting a vendor for your organization, what attributes—in addition to price—are most important to you?

When Millennials are researching B2B products or services, they aren't very interested in what friends and family think, but those opinions matter a lot when they are ready to act.

To get a glimpse of future trends, we looked to the preferences of the younger Millennials, aged 21–25 at the time of the survey (Summer 2014). Currently, 41 percent of them use social media (Facebook, Twitter, LinkedIn) to connect with vendors, compared to just 18 percent of older Millennials (aged 26–34). And 41 percent of younger Millennials would prefer to employ instant messaging, versus just 22 percent of older Millennials. Clearly, the use of mobile devices and apps for vendor/client interaction will continue to grow as younger Millennials move into decision making roles.

Pulling the trigger

When it comes time to buy, we asked respondents which sources most influence their decisions. We were startled to find that when Millennials are about to make their decision, the top two influencers for B2B purchases — tying at 36 percent — are their organization's data analysis and recommendations from friends and family. When they're researching B2B products or services, Millennials aren't very interested in what friends and family think, but those opinions matter a lot when Millennials are ready to act.

Neither Gen X nor Baby Boomers place this much weight on the advice of personal confidants. Their own experience or impressions of the product or service are most important, and if they want additional insights, they turn to independent analysts, customer reviews and data analysis.

Millennials also weigh their personal experiences, but they appear less confident of their own assessments. They want their purchasing decisions to be informed by data — logical and fact based. But they also want the peace of mind that they've made the right decision by getting a "gut check" from those who know them best (see Figure 7).

This behavior is in line with the influencers Millennials trust when making general work-related decisions (45 percent say they consult friends and family), and it echoes their consumer shopping practices. Still, given the professional context of B2B purchases, we would not have expected the opinions of loved ones outside the business to matter quite so much.

This poses an interesting challenge for B2B marketers. Millennials want ready access to detailed information about brands, products and services, yet despite all the facts and figures at their fingertips, their ultimate decision to buy (or not) could be swayed by someone far beyond the vendors' target market.

Figure 7

Millennials place equal weight on data analysis and the opinion of family and friends when deciding whether or not to make a B2B purchase costing US$10,000 or more

Top sources that influence the purchasing decisions for B2B products/services

Millennials	Gen X	Baby Boomers
36% My organization's data analysis	**42%** My personal experience/ impression of the product or service	**44%** My personal experience/ impression of the product or service
36% Recommendations from family or friends outside my organization	**38%** Recommendations from independent analysts/or industry experts	**40%** My organization's data analysis
34% My personal experience/ impression of the product or service	**37%** Customer reviews	**37%** Recommendations from independent analysts/or industry experts

Source: IBM Institute for Business Value Millennial Survey 2014. Millennials n=447, Gen X n=154, Baby Boomers n=103. Q37: When determining if your organization should purchase an individual product or service costing US$10,000 or more, which sources influence you the most? Select your top 3.
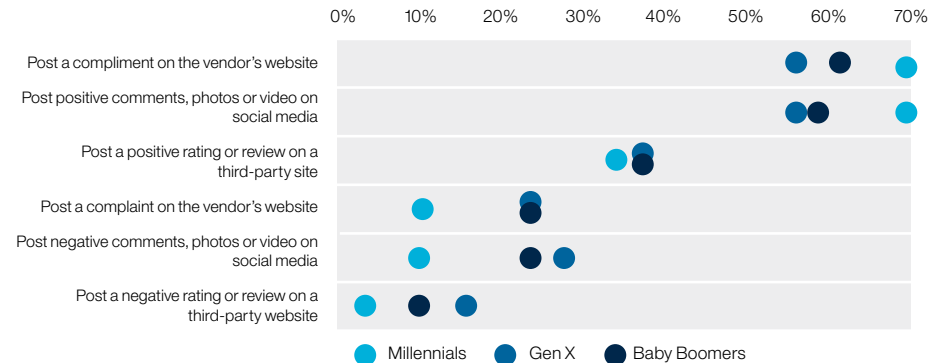
Sharing the experience

Millennial consumers share freely how they feel. Fifty-nine percent post details online of very positive or very negative experiences after buying a product or service.[3] But for B2B, Millennials are far more discreet. They will sing a vendor's praises, but are quite reluctant to post anything negative. Older generations are twice as likely as Millennials to voice their frustrations online (see Figure 8).

Why do Millennials hold back? These digital natives are well acquainted with the serious ramifications of negative posts going viral. For most, the satisfaction of venting publically about business-related issues is simply not worth the risk.

Figure 8

Millennials are eager to share positive B2B experiences, but very reluctant to share disappointments

Source: IBM Institute for Business Value Millennial Survey 2014. Percentage of respondents who are likely or very likely (selected 4 or 5 on a 5-point scale) Millennials n=447, Gen X n=154, Baby Boomers n=101. Q39: How likely are you to use the internet/social media to comment on a work-related product or service that your organization purchased?

Recommendations

To successfully market and sell B2B products and services to Millennials, vendors may need to revisit their current strategies.

Create client experiences that matter

Even though Millennials are digital natives, they value hands-on, authentic experiences with a brand and the vendors' representatives. B2B marketers need a mix of digital and experiential opportunities to connect with Millennial influencers and decision makers. They need to architect seamless, engaging touch points along the client journey with the same degree of care and sophistication that Millennials have come to expect from consumer brands.

How to get started: First, leverage the client data you already have to get meaningful insights about what your clients want. Then conduct a thorough assessment of the client experience from your clients' point of view by noting each touch point where clients encounter or interact with your organization, products or services. Assess the full client lifecycle so you know where to make adjustments that will resonate with Millennials.

Influence the influencers

Because key people influencing Millennials' decision to buy often come from outside the business, vendors need to consider their brand reputation, even beyond their normal trade circles. With the help of data analytics, vendors can learn more about their clients' ecosystems and create new marketing strategies to reach a boarder audience of influencers.

How to get started: Create client personas informed by data insights from your current client base. Use these personas to build a 360-degree perspective of your clients' likely influencers. By using social listening tools and analytics, you can learn if influencers have sufficient exposure to your brand. If not, consider digital tactics that include value propositions with personalized messages for targeted influencers. Develop a strong voice in influencers' digital and live communities.

Deliver data — anytime, anywhere

Data is a key ingredient in Millennials' decision making process. To help Millennials — and their older colleagues — make the best choices, organizations need to arm them with analytics tools and data insights. In turn, B2B marketers need to ensure they offer easy access to their relevant data and information. This content needs to be authentic to the brand, contextual and germane to the issues clients care about most. And it all needs to be easily accessible via multiple devices.

How to get started: Creating business-related apps is a trend B2B vendors can leverage. These are proprietary apps that clients can use on their mobile devices to access data and perform specific tasks. B2B vendors and marketers can explore innovative uses of mobile, cloud and data analytics to create differentiated mobile experiences that help streamline the purchasing process.

Make it easy

For Millennial clients, it's all about ease of doing business, on their terms, which includes interacting via social media or instant messaging and responding quickly. They value your expertise and want to collaborate, but the process needs to be convenient. Your products, services and solutions might be complex, but doing business with you should always be simple. Of course, Gen X and Baby Boomer clients will welcome this as well.

How to get started: Put Millennials on your sales and marketing teams. Ask them to design the guiding principles for client convenience and envision interactions that clients with a Millennial mindset will appreciate. Not only will you get first-hand knowledge of Millennial preferences, you'll also provide your Millennial employees the opportunity to grow trusted relationships with Millennials on the client side.

Share the love

No news is BAD news. Satisfied clients—especially Millennials—are eager to share their experience with others. And their endorsement can make a big difference. You should make it ridiculously easy for clients to tell their success stories and become brand evangelists for you, particularly through social media or other innovative, collaborative initiatives.

How to get started: Make client references a priority. Engage public relations and marketing specialists to develop strategies that spotlight client success stories using a variety of channels: tweets, blogs, videos, webinars, podcasts, panel discussions, and so on. It is especially powerful to make clients' stories social so their delight goes viral. Reach out to satisfied clients to let them know you want to showcase their success with your products or services.

Satisfied clients—especially Millennials—are eager to share their experience with others. Make it easy for clients to tell their success stories and become brand evangelists for you.

For more information

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A new era for B2B purchasers, vendors and marketers

These findings have significant implications for B2B buyers, vendors and marketers.

For leading organizations, a corporate culture of collaboration and consensus building is needed. Businesses will want to empower their decision makers and teams with social collaboration tools and easy access to meaningful data insights.

In turn, B2B vendors and marketers need to demonstrate the relevancy of their brand and deliver the seamless, omni-channel client experiences that Millennials, as consumers, have come to expect. Millennials want trusted advisors — experts who enjoy rolling up their sleeves and working together to find the best solution. They want easy processes, tools and policies designed for their convenience. Deliver these client experiences, and you'll delight decision makers of all generations, not just Millennials.

As many vendors will attest, excelling in all these areas simultaneously can be a challenge. But those that don't shift to meet expectations held by B2B clients with a Millennial mindset risk being left behind, while the ones that master this balance will have the competitive advantage for some time to come.

Ready or not? B2B vendors and marketers, ask yourself these questions

- Does your integrated B2B marketing strategy include the right mix of social, digital, and experiential tactics, authentic to your brand, which will lead Millennials to your products and services?

- How do you reach those who influence Millennial decision makers?

- How can you provide clients with the meaningful data insights they want, when they want it, and how they want it?

- How are you using mobile and social capabilities, such as tweets, chats, text and B2B apps to foster a personal connection with your clients?

- What strategies are you using to empower clients to tout your brand and share their great client experience with others?

How we conducted our research

In the summer of 2014, the IBM Institute for Business Value surveyed 1,784 individuals from businesses large and small in 12 countries across 6 industries.[4] Respondents represented three generations: Millennials (born 1980–1993), Gen X (born 1965–1979) and Baby Boomers (born 1954–1964). All respondents were currently employed and had obtained, at a minimum, a bachelor's degree. Each generation had a wide representation of roles, from senior leaders to those without executive or managerial responsibilities. In addition, 30 to 40 percent of respondents from each generation, geography and industry had some degree of influence over purchasing decisions for their organization (single purchases of US $10,000 or more). It is this sample subset of 704 respondents that we focus on in this paper. Qualitative research was also conducted via a Tweetchat, a roundtable discussion and 14 one-on-one interviews.

About the author

Carolyn Heller Baird is a Global Research Leader in the IBM Institute for Business Value. Her seasoned experience spans nearly 20 years in Customer Experience Design, developing digital transformation strategies with a focus on communications, marketing, branding and content development for IBM clients across all industries and geographies. Carolyn has also served as the North America Communications and Workforce Enablement Strategy Leader for IBM Global Business Services, and she has directed numerous IBV studies on social business and marketing, including the 2011 Chief Marketing Officer Study. She can be reached at cbaird@us.ibm.com.

Study leadership team

Maria-Paz Barrientos, VP and Partner, GBS Business Analytics & Strategy, Talent & Change Global Center of Competency

Kevin Bishop, VP IBM ExperienceOne, Customer Engagement Solutions

Karstin Bodell, VP Enterprise and Midmarket Marketing, IBM North America

Heidi Dethloff, VP, Global Midmarket Marketing

Renee Ducre, Global Director of Marketing, IBM Social Business

William Grady, Brand Strategist, IBM Corporate Headquarters

Eric Lesser, Research Director and North America Leader, IBM Institute for Business Value

Adrienne Sabilia, Workforce Enablement, Global Business Services

Contributors

Joseph Corona, Alan Dickinson, Matthew Hamilton, Samantha Klein, Paige Sandhu, Sara Sindelar

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Notes and sources

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2. Hoffmann, Melissa. "Here Is Everything You Need To Know About the Millennial Consumer." AdWeek. August 13, 2014. http://www.adweek.com/news/technology/here-everything-you-need-know-about-millennial-consumer-159139

3. Ibid.

4. The 12 countries represented in the survey include: Australia, Brazil, China, France, Germany, India, Japan, Mexico, South Korea, Spain, United Kingdom and United States. The 6 industries represented in the survey include: banking, consumer electronics, insurance, media & entertainment, retail and telecommunications.