

The Digital Buyer Rules in the 21st Century

An Executive White Paper for Providers of Business Products or Services

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Buyer Exodus

Worldwide, business decision makers and influencers of trillions of dollars of commerce are migrating to a digital buying experience improving the precision, speed and convenience of their choices. They are looking for providers who understand and service their digital buying approach. For the next decade, not only will more buyers go digital, their digital needs will escalate as buyers, customers and advocates. Laggard providers will certainly lose business as these buyers migrate to more digitization. When you visit the websites of most providers, it's easy to see they have not given careful thought to this emerging and superior buying approach.

Every now and then you take on the role of the buyer. When you take on that buyer role, have you noticed what has changed about you? You're going digital and you're connected. As if by magic, the 21st century buyer enjoys the ability to research, create and share information like never before. Buyers will begin their digital buying experience *before* any provider is contacted. Choosing to embrace that fact can either make or break your company in the 21st century.

The Ascension of the Digital Buyer

Digital Buyer is a term that was created to help the provider focus on the changes they need to make to improve their revenue efforts. Here's my description:

The Digital Buyer - Uses 21st century technology to do their own goal-driven research, shares on-line content and takes part in on-line conversations with trusted relationships *before* they contact a provider. Once they are engaged with specific providers, they expect the active use of technology from the provider to improve their experience. Finally, they create their own personal brand by expressing opinions about providers and amplifying their good choices.

The Digital Buyer is the critical approach persona in the 21st century who has yet to be fully embraced by most companies. The ability to educate, communicate with and learn from buyers has never been greater. Creating memorable products and services combined with aligning your organization to this technology-empowered buyer is a priority over any other marketing effort. Why pay advertising dollars to send more buyers to your buying experience so they too can be disappointed? It's as wasteful and silly as sending off-line buyers to a retail store that doesn't have the product advertised in stock. Even some of the largest organizations in the world are not meeting the needs of this buying approach. Market leaders in the 21st century are ahead of the curve on creating the right Digital Buyer experience. They know that building a productive digital experience for the business buyer is the most scalable, relevant and measurable marketing they can achieve.

The actual transaction is a part of the buying process. It is likely to happen off-line for larger purchases. The point here is that by the time the Digital Buyer has decided which providers to contact, much information has already been gathered. A poor digital experience results in never being contacted which in selling terms means a qualified lead never reaches a salesperson's desk.

Many Marketers are not helping Digital Buyers

The old world order for marketing is in the middle of a major disruption. Consider the Pony Express, the telegraph or the VHS. They had their time but their value ran out of runway and people had discovered a better way. The inexact art of outbound mass advertising branding of business goods and services is now operating under the floodlights of intense scrutiny. The way providers hid poor post-sales experiences from the new buyers of complicated goods and services in the 20th century is also coming to an end. Good riddance to both. For the buyers, it was fraught with poor information, unrealistic expectations, accelerated decision-making and opaqueness that sometimes forced the buyers to take risks that delivered solutions no one used. Many times the promise of what was being marketed far outweighed the actual performance since the marketing often relied on hyperbole and buyer ignorance. There's not necessarily a bad guy in this story; but the approach was inferior to a more exact and measurable approach that is evolving today. Businesses used the tools that were available and acceptable at the time. However, early 21st century technology advancements and socioeconomic forces have changed buyer behavior.

The buyers aren't the only ones who suffer from the old marketing model. Wasteful spending to ensure future budget levels, poor profit contributions and an unpredictable revenue pipeline is delivered to many providers. CFOs (Chief Financial Officers) of the provider companies argue with marketing and sales people to understand the truth about revenue. This is the result of operating in a fuzzy environment missing loads of data where little process exists. Every quarter can be like watching the same scary movie and sometimes the acting is really bad. Adding to the CFO's misery is a lack of clear reporting across the sales and marketing operation.

There is no doubt that some providers have improved their sustainable revenue situation over the years. Not to make some obvious improvements to the sales and marketing operation would have bordered on organizational malpractice. The marketing priority now is to get in sync with the behavior of this Digital Buyer and make fundamental improvements. Providers need a complete understanding of their Digital Buyers and a solid blueprint that helps service the buyer.

If an organization ignores the rapidly evolving demands of the Digital Buyer, the provider can expect an obvious lack of competitiveness and poor financial performance. Not keeping pace with competitors who are aligned with the Digital Buyer is the road to corporate perdition in the 21st century. Nor should a provider expect that they can just throw money at the problem and get strong results.

Spending marketing money does not guarantee more buyers will want to do business with the provider anymore than a high research and development budget guarantees innovation. Providers will need to manage at a level of excellence. They can think their way into the Digital Buyer's mind and find ways to help them take sound steps in their decision process. A 21st century provider rejects complacency and assumptions. Everyone should think like an entrepreneur with limited resources first and build their framework to service their buyers.

This is a moment of critical recognition on the part of the provider. The provider's revenue team can define and adhere to the steps their buyer takes. By diving down

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into the most important steps of the Digital Buyer’s experience with the provider, insight is gained about their buyers’ needs at every critical moment. This should lead to solid footing for the buyer as they step through their process.

When my son went to college, an SAT specialist told me, “When it comes to large universities, SAT scores are a way to remove a huge list of applicants because there are too many to begin with.” Think of the Digital Buyer’s process the same way in a “too many choices” environment. The buyer is trying to get rid of pretenders to the throne and when you don’t help them move to the next step, they have their excuse to jettison you.

When a buyer pauses at a small step, it might as well be a big concept. It’s an excuse for the buyer to not make the decision to go forward. Even dismissing someone provides the feeling that the buyer is making progress. It may not be the right answer, but being able to filter today’s complicated world has value.

The Digital Buyer is important for two revenue reasons. They can often be the decision maker or they are sharing information thus having an influence on the final decision maker. In either case, success with the Digital Buyer is a critical success factor for 21st century revenue attainment and retention.

The Digital Buyer Approach

Companies like to talk about new selling techniques, pipeline management and heroic sales moments that made a big difference in creating revenue. But there has always been insufficient discussion about the buyer’s goals from their perspective. We need a new dialogue on the Digital Buyer’s challenges and as a result the approach that is needed from the companies that market to them. I’m writing a book that will step companies through this process, but for now, this white paper is about getting focused on the Digital Buyer.

The critical question for any marketing team is “do our marketing efforts help the Digital Buyer make better choices by aligning to their process?”

This new Digital Buyer’s approach and expectations are different. Providers will want to build their reputation based on authenticity and measured performance to support a foundation of trust. The old branding wars were based on a dated model that many times capitalized on the buyer’s lack of awareness. As a provider in this new culture of authenticity, it will be less of what you say and more about what people say about you. This is great news for anyone who has a stellar reputation and can solve problems. If you’re known for average solutions and poor service, now would be an excellent time to shift your highest corporate objectives to improve your offerings. If you’re a large company and the previous sentence describes you; you may be living off the residue of 20th century performance.

Insightful quantitative analysis and reputation are on the rise as determining factors in choosing a provider. We live in a net-it-out world. Chance may have led your prospective buyer to your door; however, there is much work to do to actually be chosen. The Digital Buyer has a responsibility to engage a provider with a strong reputation for service, a solution that works and believable metrics. The lines between expert buyers and external experts are starting to blur because of the digitization of information combined with the ability to share. In addition, there are many corporate IT buyers who have used IT solutions for twenty years. Many of them are just as experienced as the self-described outside experts and analysts. Perhaps the key difference is they actually had to live with the results of their decisions.

Digitization allows for more creation, sharing and pithy discussion than ever before about any topic. Providers will have very little control and have to earn influence in these discussions. They could be relegated to the status of conversation contributors. Buyers are taking control of their own research, sharing their voices and choosing the medium. What used to be a top down conversation from corporate now includes a horizontal conversation that has democratized information. The provider’s first job is to accept these changes so they can prepare for success with the 21st century buyer.

More specifically, the marketing department’s chief mandate should be to help the buyer be successful in the pursuit of their goals at each step. One of the key shifts that transpired is the end of information asymmetry that favored the provider.

The Creation of the Digital Buyer

The years between 2000 and 2009 could be regarded as the cradle of the Digital Buyer. Events and developments shape behavior. We went through some very turbulent socioeconomic times while our technologies continued to evolve. We experienced the dot-com shakeout, 9/11 and barely escaped an economic meltdown that was caused by what was supposed to be some of our most trusted institutions. I believe the impact of these events has shaped the overall buyer psyche for risk and the ability to grant trust. On the upside, during this time, technology transformed the buyer to a more capable Digital Buyer.

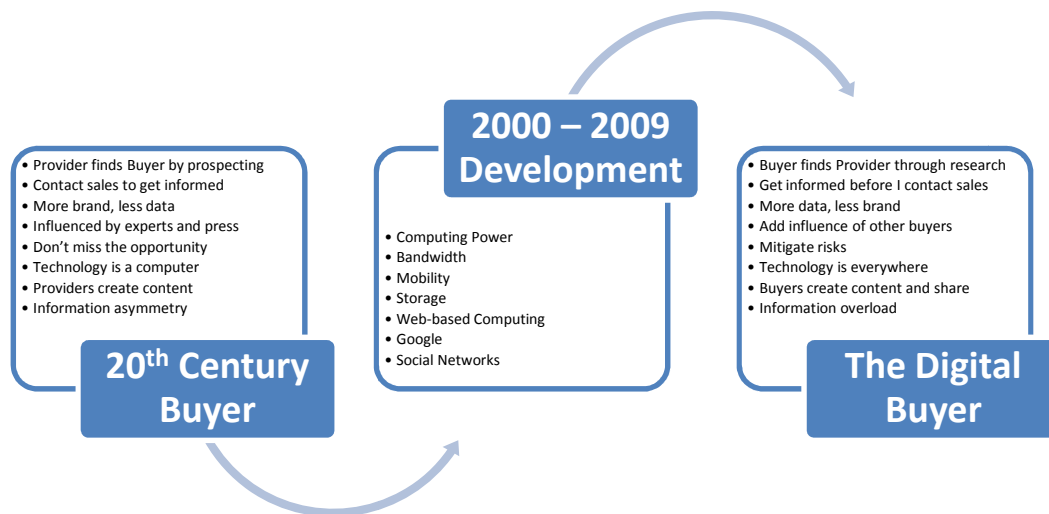


Chart 1: Buyers have been transformed by technology development

The Digital Buyer is more capable than the 20th Century Buyer in gathering information, weighing priorities and making decisions.

Technology empowers the Digital Buyer

We see technology in our world at every moment. Some big changes have transpired in a short period. Technology has become an expected inclusion in the race for better products and services. Its financial accessibility increases daily and we can do things today that amaze us. We moved through the mass adoption of the personal computer to the product inclusion of computer chips. One doesn't have to look any further than the icon of 20th century personal expression, the automobile. We get into cars shipped in 2010 and we have completely different expectations of technology in our cars than we did in 1999. We expect the car to do things that our personal computer does like show us an on-line map. In essence, the automobile experience has changed because of the buyer's appetite for a technology-enabled lifestyle.

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Let's consider some technologies that have increased our ability to be digital over the last ten years:

- **Computing Power** - The prediction by Gordon Moore (cofounder of the [Intel Corporation](#)) that the number of transistors on a microprocessor would double periodically (about every 18 months).¹ Not only has this been true, it has helped drive the expected price of a personal computer from \$3,000 to \$500 in 20 years while enabling more robust applications and processing power.
- **Bandwidth** - According to [Jakob Nielsen](#), throughput on the Internet has increased 1,000 times since 1983. This means robust applications, faster load times and rich media such as video. Imagine the digital experience as a combination of your computing device, the Internet and applications. All three of these are constantly improving, but it's the bandwidth that opens the spigot to new worlds of applications and media.
- **Mobility and Smart Phones** - Over 1 billion cell phones were shipped in 2007 and 2008 according to [Strategy Analytics](#). According to [Pew Research](#), 56% of all Americans used wireless for online access in 2009 which is up from 24% in 2007. Tablet PCs such as the iPad will surpass Netbook sales in two years according to [Forrester Research](#). According to [Gartner](#), mobile phones will overtake PCs as the most common web access device by 2013.
- **Storage** - A gigabyte of storage costs less than 3 cents when it used to cost \$1,000. The price per gigabyte of performance-optimized HDD (Hard Disk Drive) storage will continue to decline at a rate of approximately 25% to 30% per year.²
- **Web-based Computing** - Often referred to as cloud computing. The IT analyst firm Gartner predicts the market for cloud products and services will vault from \$46.4 billion last year to \$150 billion in 2013. Cloud computing moves computing from an in-house application approach to a hosted applications and services computing model that can be accessed by a device. For the near future many organizations will still have in-house solutions, but web-based computing keeps the initial costs down and is seeing the highest growth. Look for more hybrid solutions in the future that combine in-house and cloud solutions.
- **Google becomes a verb** - Internet search has been the most disruptive application in the last ten years in how buyers find potential providers. It's even got to the point that you are no longer searching for information; you will [Google](#) for information. In ten years, Google has gone from being a search technology to owning almost 70% market share for search. In a few short years, Google is as synonymous for search as Band-Aid is for adhesive strips.
- **Social Networks** -Although social software is still relatively new, over a half a billion users worldwide use the three big networks of [Facebook](#), [Linked In](#) and [Twitter](#). Facebook claims over 100 million users accessing through their mobile devices. Most of these larger social networks weren't even around in 2000. The number of pages and time spent is significantly higher than the

¹ Answers.com

² IDC, May 3, 2010, “HDD Industry to Deliver More Than 300,000 Petabytes of Storage Capacity Over the Next Five Years to Enterprise Datacenters and Clouds”

average site. We are just at the end of the beginning for social software development.

To get an idea on where we are and where we are going, we just have to compare a recently advertised computer to the one you used five years ago. See the difference in speed, software, storage and cost? Now let's consider a 20-year period split in to two sections. Consider the digital changes we just went through over the last 10 years but maybe didn't take time to notice the trend. It's been nothing short of miraculous. Now fast forward 10 years from now, how evolved do you think your digital buying experience will be? How do you think people will be buying in the future when the experience will incorporate other access points, better software, have more bandwidth and connect to most of the world's population? Does your organization think having a website is enough for the Digital Buyer? It isn't. Is your organization talking about your buyer's digital needs over the next ten years? It should be.

Technology Pervasiveness

Just thirty years ago, a company might have had 10% of its employees with computing access to important information in the company. This was yet another way that management kept people in their hierarchical places during all those years. The distributed personal computer hadn't been widely adopted at the corporate level and the Internet was yet to be used as a commercial platform.

As of today, 1.8 billion people or 26.7% of 6.7 billion people on the planet are using the Internet. This has grown over 400% since 2000.³ By the year 2015, 3 billion people are expected to be online.⁴ Imagine a near term future where the global community will be accomplishing commerce over the Internet using conversation, rich media and anticipatory content everyday. The world's middle class is forecasted to grow from \$6.9 trillion in expenditures to \$20 trillion in 10 years⁵. A middle class leads to more education, more entrepreneurs and more businesses that need to buy solutions. The Digital Buyer isn't interested in having to wait for a salesperson to get back to them on a question. They expect to be able to get it now and without having to speak to anyone. They hope to be able to search a topic, go to a website, see an organized layout of helpful information, find what they are looking for and decide if they want to pursue. They don't want to be told what to be interested in or to be sold. The new buyer wants to investigate on their own to address a specific need. They are in the 21st century world of searching for answers and thoughtful relevancy is how the provider wins their attention.

If a provider is stubbornly trying to own the message or control the discussion, they're already behind on the future revenue front. The provider can create parts of the knowledge base, but the provider will never own the discussion again. The Digital Buyer is in control and they're not going back. Compare this kind of thinking to centralized command and control vs. a flat distributed organization of well-trained employees who know their roles.

³ InternetworldStats.com

⁴ The Extreme Future, James Canton, Ph.D.

⁵ McKinsey, Capturing the world's emerging middle class, July 7, 2010

Centralized control can well in an environment where there is little power shared, but the buyers are sophisticated now and they pursue their own goals. The providers need to step aside, open up the information and help the buyer choose. If you surf on the Internet and look at many websites of providers, you’ll see uneven performance in presenting clear information.

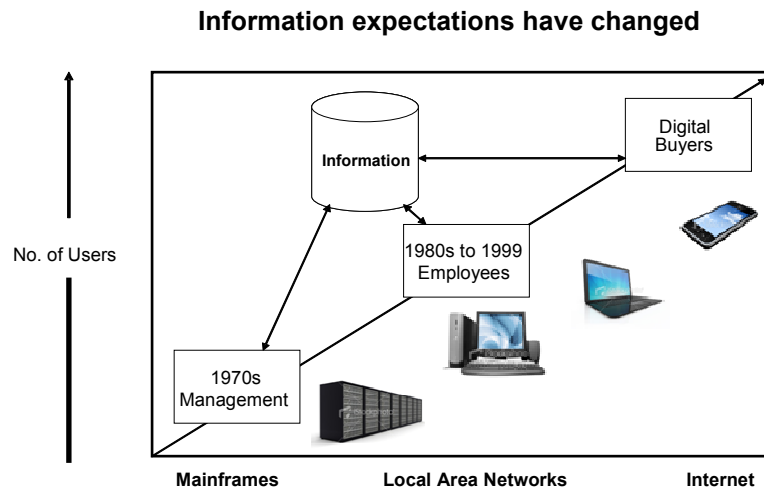


Chart 2: Buyer Information Access

The Internet seems so pervasive to us now as an information distribution and selling channel. But in reality, only the best-practice companies have fully optimized it as a platform to re-orient their marketing and sales efforts to the Digital Buyer. Anytime a new technology comes into the corporate world, it seems it goes through an adoption curve that has few rules, little process, poor management and no metrics. It takes a few years for these layers to be added and yet they are necessary for the full leverage and enculturation of the new technology. The Internet is no different and without these additional management layers added over time, the organization cannot optimize the full potential of the technology.

The Ability to Share

The Internet, improved computing power, storage, broadband, cloud computing and new communication applications are allowing us to share like no time in human history. Whether someone is using e-mail, micro-blogging, instant messaging, their own website or a community site, there is constant sharing and collaboration taking place. The ability we now have to enjoy streaming conversations where there is little lag time has enabled more collaboration. Users are also getting information that enables faster cycles.

Prior to the contact with the provider exists the ability to scan community sites, social sites and relevant sites looking for information, analysis and any provider concerns. This constant and relevant sharing gives the Digital Buyer the confidence of being highly informed before engaging the provider.

Big Changes Portend more Seismic Shifts in Digital Adoption

In coming along with the industry in the early 1980s to present day, I’ve seen us move from mainframes to hand-held computing devices in a 30-year period. Software is much more visual now. There are more applications and more everyday users have become part of the beta group. Can anyone imagine 30 years ago making so many users part of the beta group? That was usually left for the most technical and supportive of customers.

Today you will see beta plastered on many sites that are still working the kinks out of the application. That’s clear evidence that the people using the system are more computer-literate users who are not afraid of everything not working just right. In other words, there is an implied agreement that the beta users are part of the good effort the innovation provider is making to improve their digital lives. It’s a form of community. More users can now be a part of the development community because of the growing sophistication of the users and the providers in managing this. This is also a terrific way for new features to be crowdsourced and worthless features to be removed.

Powered by immediate knowledge access, quantitative analysis and iterative testing, all workers are trying to collect, organize and even contribute to what seems to be too much information. Our collective hive is fast at work using technology to erode the asymmetry of information and isolated knowledge that has impaired the buyer for too long.

Look at the Millennial generation born in the 1980s and 1990s. There are 60 million of them in the U.S. alone and they are the largest percentage of Internet users.⁶ They grew up immersed in computing and cell phone usage. Does anyone think they would go to simpler times? For the Millennial generation, off-line can almost be painful. They would rather go on Facebook or text message than talk on the phone. Their world is enabled by Moore’s Law, the Internet, relational databases, satellites and hand-held devices.

Authenticity and Trust

In an era of too many large institutions letting us down, being trustworthy is highly valued. Being seen as someone who cannot be trusted makes it easy for the buyer to remove the provider from the list early. Recently, we have seen what big banks, big companies and big government can do to destroy our trust. Whether a bank is “too big to fail” in 2008 or we are seeing the worst environment disaster in U.S. history in the Gulf of Mexico in 2010, the idea that we give blind trust to those who pull the big levers is definitely in a down market. Being seen as someone who is authentic delivers valuable contrast in an environment of prominent organizations being disingenuous or negligent in their responsibilities.

⁶ BusinessWeek, Ellen Neuborne in New York, with Kathleen Kerwin in Detroit

Transparency

An open culture is celebrated in the 21st century unless the company is involved in sensitive matters such as defense, security or anything personal. Consumer buyers are able to find out quite easily what car dealers pay for the same car they want to buy. They don't mind the car dealer making some money, but if they feel like they are going to be price gouged or misled, they'll move on. Sophisticated buyers want to know if a provider is being ethical and fair. Mea culpa is an important part of transparency. People in general are pretty forgiving, but they don't want to get caught in a relationship filled with denial from a provider or anyone else.

What can go wrong in focusing on the old marketing process is exhibited quite well in this recent example provided to me by the Chief Information Officer (the final decision maker) of a Global 1000 company. He was interested in a particular voice response system and asked one of his direct reports to look into pricing. The employee went out to the vendor's website and started gathering information but said it was made clear that you had to contact the vendor to get pricing. The CIO's response was, “never mind then” and it was dropped.

As the executive buyer and final decision maker, he is not moving ahead with this provider because information was held back when others didn't. I asked him if a range of prices would have helped, he said, “Sure, I just wanted to have an idea on the number of zeroes”, he said. But in that instant, regardless of the other factors that would have potentially moved him to the next step, it was made clear to him that information was being controlled for the benefit of the provider. The buyer's worst fears at this point in his process were coming to fruition. I have to call them to get pricing which will turn into incessant e-mails and phone calls from the provider. And in that very moment after a lot of money had been spent by the provider to set up a website, products had been built, salespeople were on payroll and expenses were being incurred, the potential opportunity had ended for that provider. It ended before the buyer could get deeper information that might have engaged them. It had ended before a salesperson could even talk to him. In other words, the process to educate the buyer so that he could move to the next step did not exist because of someone's misguided desire to control the buyer within the provider's process. Control is an unattractive provider goal; the smart goal is to be an educator.

Executive buyers see costs in a way that some product managers don't consider when discussing the price of an offering. They are thinking about their time costs, political costs, opportunity costs, solution costs and ongoing support costs. Every time a provider wants to be clever, controlling or even asks for a meeting, there is a cost. Sophisticated and experienced buyers know this. Providers need to go out of their way to let the buyer dictate their own pace as they weigh all these costs.

We have all been there where the salesperson short circuits the entire buying process because he was pushing the sale instead of addressing the buyer's concerns. This seems to be a trend of not properly training people who deal with customers and uneven results seem fairly predictable. Marketing can achieve the same dismal results when they try to control information.

Stability

Cue the voiceover from every loud action film trailer “in a world full of unknowns, one name stands for stability”. Actually, there’s a lot of value to this in regard to choosing providers. With everything that has happened in the last decade, being a source of financial, operational and ethical stability is a point of positive differentiation. We have witnessed wars, lived through financial collapse as well as we are looking at a double-digit unemployment rate in 2010 even as we seem to be in the early stages of a recovery. A provider who is stable helps lower the risk profile for the buyer which is a point of unique value.

Let the Digital Buyers’ needs Lead the Dance

In dancing with another person it is polite to gently lead if a dance is new to one of the partners. If the partners dance often together, they learn to anticipate to the point that no one is leading. You are now both in the flow and people watch you with admiration. I have seen couples who have been married for years dancing together and becoming such a blur on the floor you would think it were one person. When you can dance at that level, you would just as soon not dance with anyone else.

Let’s suppose in working with the buyer, the provider starts leading the dance by insisting on what their selling needs are. It is at this point that both parties will start stepping on each other’s feet because the Digital Buyer’s expectation is that they should naturally lead in a world of too many choices. The smart thing to do is to let the buyer lead until you can predict most of their moves over time. Digital Buyers will lead in a world where the balance of control has shifted in their direction. Let them. By forcing your needs on them faster than they are ready you can bet they will be looking for a new partner. The buyer will be sending the provider signals about what is the next best move and providers can learn from the digital behavior of all of their buyers. Learn to listen and deliver the answers they need in a buying approach they are migrating to everyday.

Take Action for your Business

1. Understand the buyer’s digital migration
2. Alert your organization to the Digital Buyer
3. Internally educate on the Digital Buyer and their influence
4. Determine if you could improve your digital buying experience
5. Communicate authenticity, transparency and stability to your Digital Buyers
6. Let the Digital Buyer’s needs lead your buyer attainment and retention efforts

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A marketing strategist and executive leader, John Ryan has been a Vice President of Marketing for some of the largest technology companies in the world such as IBM/Tivoli and Siemens. He also helps startups and mid-size companies get integrated marketing efforts in motion to increase revenues. He has served on the board of directors at Webtrends, has turned businesses around and is known as a catalyst for marketing transformation. John is writing a book on how providers can change to win and retain more Digital Buyers. He lives in the NYC area.

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