



Do you understand your customer's buying process?

By Todd Peter | FocusCFO

20 years ago, the world was replete with a surge of new internet-based businesses, typically in the B2C space, all claiming and ready to change the world forever with exploitation of an anticipated overnight conversion of purchasing behavior from bricks and mortar-based retail to e-commerce. Many had no discernable revenue model and based their capital raises on clicks and eyeballs. The collapse of the NASDAQ index post 2000, bolstered the critics and naysayers. We now sit 20 years later with reports of Amazon continuing to devour retail sales, Walmart in a digital war against them, and social media platforms ingrained in our political processes.

The changes in retail, like most innovation cycles, have taken longer to reach broad adoption, However, the trends are now obvious. Let's take a quick look at one of the most famous examples and look how the buying process can lead to insights that can change a business model.

Think of hiring a cab ride in 1998. In NYC for example, you first got to street level in whatever weather was present, risked your life stepping off the curb to gain visibility, waved furiously with the hope of attracting an open cab, gave your destination, prayed the cabbie would not take you on a circuitous double cost route, and debarked paying cash, hoping you would not be identified as a target for a wallet/purse snatch (you may note that I am not a native NYC denizen for whom all this is routine!). Today, from the lobby, you can enter your destination, get a price, lock in a driver, track their progress to you, step into your UBER, rate the driver, and never deal with cash. Every aspect of the buying

process (determining availability, price, quality control, and paying the bill) has been made simpler and better for the Buyer.

Technology Has Changed Everything

I recently was lucky to attend a private panel discussion with 3 CEO's of digital marketing firms discussing their insights on the buying behavior they are seeing in their clients' industries (largely B2B). Two trends were most compelling. First, SEARCH is the beginning of everything. Sourcing, vendor identification, product research, user opinions, everything! This is true across almost every age demographic and for the younger generations SEARCH is virtually the only thing. Second, is buying cycle compression. The stage in the process that involved initial "vendor contact" traditionally occurred early when a buyer was gathering background information, but now when contact is initiated the buying process is well developed. This results in a compression of the cycle and limits the Seller's ability to shape the process.

UBER's radical change to the buying process was created by the technology of GPS enabled cell phones with enormous computing power coupled with digital payment technology. Amazon's brilliant search technology (among its' product offerings) coupled with a reordering of the logistics value chain makes going comparison shopping almost effortless.

Are You Ready?

Understanding how technology is changing the way your customers proceed through the buying process is critical to shaping your sales and marketing plans and more fundamentally to driving your business model. Remember that as the current generation of 20 – 30 year old's transverse into the authorized decision makers in B2B commerce, their world is a search enabled super computer in their hand, powered with ever growing AI intelligence, and that they expect you to seamlessly deliver goods and services that they can evaluate, compare and purchase with a swipe of the finger. Are you ready?

Am I exaggerating to make a point – absolutely. Yes, I know B2B is more complicated and it is that complexity that creates the opportunity to rethink the buying process and make sure yours is the company capturing the sales, not your competitor, or an upstart. And not every business can follow the UBER model, that is not the point. Thinking through the process and how it is changing will lead to insight.

With the Covid pandemic, gradual trends are becoming torrents in B2C, and the idea of the face to face sales call in B2B may be taking a position on the endangered species list. The exact adaptations will evolve, but the compelling economics of new buying models will outlast the public health factors that have introduced change.

It is time to question exactly how your customers or potential customers are evolving their buying process and how your business model and processes fit in that model. Moreover, can you embrace change to jump the curve and create a competitive advantage?

Todd Peter is a FocusCFO Principal based in Cleveland.