

# 57% of the Purchase Decision Process Is Complete Before the Customer's First Engagement with Sales – NOT!

By Jeffrey L. Josephson

There is a widely quoted study which alleges that, in B2B sales, 57% of the decision process is complete before the customer's first engagement with a salesperson.

Despite its various details (57%, 58%, 68%, etc.) and repetition, the real problem is that the statistic is unsubstantiated. It's what is referred to as a "rogue statistic." At best, it's an inference drawn from the B2C world into the B2B world. But at heart it appears to be a self-serving vendor fantasy that misleads business owners and managers – particularly in small to mid-sized businesses (SMBs) – into spending enormous resources on products and services that will not only *not* provide a positive return on investment, but which will in many cases generate a strong negative return on investment.

## Background

I originally encountered the statistic in a report by the something called the Marketing Leadership Council, (part of something else called "the CEB," or the Executive Board) called "The Digital Evolution in B2B Marketing," which was evidently co-sponsored by Google. You can find it at <http://www.executiveboard.com/exbd-resources/content/digital-evolution/pdf/Digital-Evolution-in-B2B-Marketing.pdf>.

The report itself talks about identifying B2B digital marketing challenges, such as how to structure digital marketing capabilities, and supporting content-led marketing. And it does that reasonably well.

The problem is that the report bases the need to meet these digital marketing challenges on the statistic, which is shown above. That is, the 57% statistic itself is not the *result* of the study; it's an *assumption*. And so they base the entire conclusion (i.e. the need for a digital strategy) on something they don't, can't and won't prove.

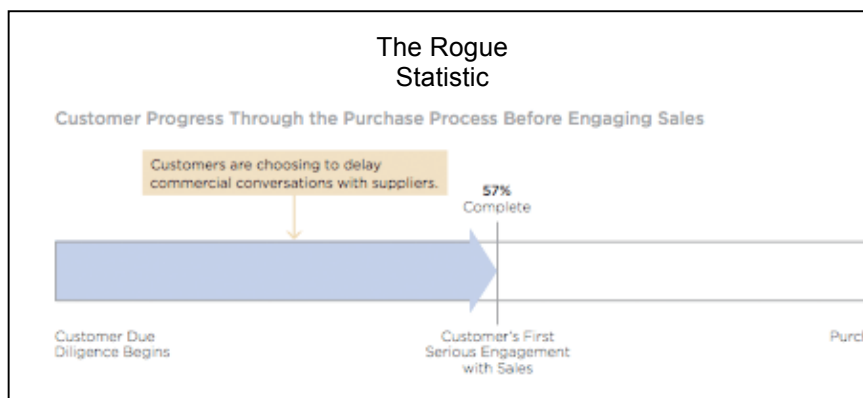
Anyway, if you look at page 2 of the so-called study, it clearly states:

CEB's Marketing Leadership Council (MLC) surveyed more than 1,500 customer contacts (decision makers and influencers in a recent major business purchase) for 22 large B2B organizations (spanning all major NAICS categories and 10 industries). In a striking finding, the survey revealed that the average customer had completed more than one-half of the purchase decision-making process prior to engaging a supplier sales rep directly (Figure 1). At the upper limit, that number ran as high as 70% (Figure 2).

Accompanying this is a slider graph that shows a purchase decision process, with endpoints of when "Customer Due Diligence Begins" and the "Purchase", and a marker at 57% of the way through the process, showing where the "Customer's First Serious Engagement Begins."

In my view, this is really startling stuff. I mean, let's set aside that the purchase process doesn't actually begin with Due Diligence, making it hugely misleading. And let's pretend that it's not true that most B2B decision makers don't even know they

have a need until they talk to a sales person – an idea that has underpinned the practice of sales for almost a hundred years. I would just really like to see the data. And I would really like to see how you can justify drawing



inferences from an alleged survey of 22 large businesses, who likely make 90% of their purchases (by dollar volume) through Supply Chain Management anyway, to the 15 million SMBs in this country.

Now, I'm not saying you don't need a Web site. And I'm not saying you don't need to submit it to the search engines, or put some content on it, and maybe write some white papers. But if you're going to ask 15 million business owners to spend a lot of money on digital marketing, you'd better have more than a skewed sample from an unpublished survey, and a bunch of inferences, to draw it from (especially if you're going to redefine the sell cycle as starting from due diligence, and ignore the role of the salesperson in uncovering needs.)

### Hot on the Trail

So I followed the sourcing to see if I could find the study, or better yet, the raw data. I started by Googling the "MLC Customer Purchase Research Survey, 2011," the source that was given for the graph. This led me to a presentation that simply reiterated the same set of assumptions about how 57% of the purchase process is completed before engaging with sales. It also, by the way, included a very telling chart - which somehow was conveniently lost in the process. It identified the sources, according to the authors, that customers use for information:

Suppliers	47%
Third party consultants	22%
Colleagues/Other Customers	23%
Other Sources	08%

So, at this point, I was left wondering: How is 57% of the purchase process completed before engaging with sales if 47% of the information comes from suppliers? It didn't add up. If "suppliers" didn't include salespeople, did that mean that *no* information came from salespeople?

So I kept Googling.

And then I found something that, as a marketing scientist, represents the epitome of unsubstantiated proof - the anecdote. The third hit down (on Google) for the source study (which you would hope would be the source research itself, but wasn't) was a link to "A Sneak Peek into MLC's 2011 Agenda." This link, if you click on it, brings you to the company's blog. And the fourth item down in the blog says:

"One of our B2B members recently told us that 70% of a purchase decision has already been made when their customers contact them as suppliers. That's a scary statistic and one all B2B organizations are facing in one way or another. We're fielding a survey of how

customers research purchases, how social media and online communities influence the consideration set and ultimate purchase, and what are key influencers in the early stages."

Hmmm. It's certainly an interesting observation - i.e. that one of their members told them that 70% of the purchase decision had already been completed by the time their customers contact them. And, if it were to generally be the case, it would be a very scary statistic indeed - as it would put proactive sales out of business. After all, what's the point of prospecting if the customer is going to do all the work?

It also raised the question of how 70% became 57%. Did someone apply the old "precision implies credibility" trick to the anecdote? Did 70% seem too high to be credible, so they lowered it? Or did they actually get that from the survey?

In either event, it still didn't give me what I was looking for - the survey results needed to generalize to the broader population. But it did cite the survey they were doing. So I went back to Google.

The next hit I got was a presentation from the CEB called "Marketing Talent in 2011," from October of that year. The goal of that study was to make the case for something called "Foundational Marketing Skills." And there on the third page was our slider chart again, showing that 57% of the purchase process is complete before the customer's first serious engagement with Sales.

Now I'm not saying this is up there with "the big lie" where, if you repeat something often enough it becomes true. But the timing was starting to make me nervous. Because here we have an October 2011 presentation that cites their 2011 Customer Purchase Research Survey. But no survey.

So I went back to Google, and got the next hit - which was another presentation by the CEB called "Influencing the Empowered Customer." And, wouldn't you know it, there was the slider chart again, right on page 5. And again, they cited the metric; but I still couldn't find the study itself.

Here, by the way, though, they say some interesting things about it. For example:

"This statistic holds across industries, purchase complexities, and purchase type (new versus old products and new versus existing supplier)."

Wow, that is just Earth shattering. For if it's true that B2B customers don't engage with Sales until 57% of the purchase process is done - after Due Diligence even - then the entire, historic sales model is junk. No longer would there be a need for sales training, for example, as the idea of discovering needs would be pointless. And building value would be useless, as well, since everything would become commoditized. The same with building relationships. And signing channel partners, for that matter. All you'd need was marketing mavens and order takers.

And so, given these enormous stakes, I kept looking for the data.

And then I hit a wall. The next hit was to a White Paper by a company called SilverPop, which had a reference to the "study" in their footnotes. And the next hit was for an unrelated survey by Credit Suisse. And the next hit was for a consumer survey by Google.

So now my spider sense was tingling. Here was a statistic, one that I had now seen repeated on LinkedIn over a hundred times, one that is being used to justify billions of dollars in expenditures on social media marketing by hundreds of thousands of B2B companies, and there was no sign anywhere on Google of the underlying study.

So I called the Marketing Leadership Council.

They can be reached at 866-913-6451, Monday-Friday, from 7am-7pm. I spoke to a very nice young lady named Melanie, who searched her database of studies.

I told her I was interested in purchasing the study. And if I had to join the MLC to do so, let me know.

### **The End Game: A Dry Hole**

Clicking away at her computer, she found nothing under the title "MLC 2011 Customer Purchase Research Survey." And she found nothing related to any combination of those terms.

She did, however, offer to refer me to one of their salespeople, who might be able to help. So I left my contact information, and I'm still awaiting their call.

### **Implications**

If you're in B2B sales or marketing, this is serious stuff. That is, one of the most widely cited statistics justifying the use of Social Media Marketing, content

marketing, inbound, SEO and Web 2.0 in B2B, is entirely unsubstantiated.

If you have a copy of the study, call me. My contact information is below.

And if you're a victim of this rogue statistic, call us. If you're lucky, it might not be too late to save your company.

### **Epilog**

I finally heard back from the CEB. Here is their response verbatim:

Hello Jeff,

Thank you for your interest in CEB membership. As you may be aware, CEB provides research and services through a range of membership programs organized into several practice areas. As such, we do not offer memberships to companies in areas with which we share competitive space. Josephson Venture Marketing Inc. is considered a competitor in the Marketing sector, of which the Marketing Leadership Council is a part.

Thank you again for your interest, and please do not hesitate to contact us again if we may be of service in the future.

Best regards,  
CEB

I guess I'm glad to know that they think I'm a competitor.