

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 that alleges that, in B2B, 57% of the decision process is complete before the customer's first engagement with Sales.

The problem is that 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 it's at heart a self-serving vendor fantasy that misleads business owners and managers into spending enormous resources on products and services that will not only *not* provide a positive return on investment, but which in many cases generates a strong negative return on investment.

Background

The statistic comes from a report by the Marketing Leadership Council, (part of the CEB, or the Executive Board) called "The Digital Evolution in B2B Marketing," which was 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 is about identifying B2B digital marketing challenges, like how to structure digital marketing capabilities and supporting content-led marketing. And it does that very well. The problem is that it bases the need to identify and meet these digital marketing challenges this on the statistic. The statistic itself is not the result of the study. As it turns out, they base the entire need for a digital strategy on something they don't and can't prove.

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

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."

Well, in my view, this is really startling stuff. I mean, let's set aside that the purchase process doesn't begin with Due Diligence. And let's pretend that most B2B decision makers don't even know they have a need until they talk to a sales person. I would still really like to see the data. And I would really like to see how you can justify drawing inferences from a so-called 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. But if you're going to ask these 15 million business owners to spend a lot of money on digital marketing, you'd better have more than a skewed sample, and a bunch of inferences, to draw it from.

Hot on the Trail

So I followed the sourcing to see if I could find the study, or better, the raw data. I started by Googling the "MLC Customer Purchase Research Survey, 2011." This leads you to a presentation that reiterates the same set of assumptions about how much of the purchase process is done before engaging with sales. It also, by the way, includes a very telling chart - which somehow is conveniently lost in this process - that identifies the sources that customers use for information:

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

So I'm still wondering: How is 57% of the purchase process is done before engaging with sales, especially if 47% of the information comes from suppliers. It doesn't add up.

So I kept Googling.

And then I found something that, as a marketing scientist, is the avatar of unsubstantiated nonsense - the anecdote. The third hit down (on Google) for the source study (which you would hope would be the source study 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 their blog. And the fourth item down in their 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 certain an interesting observation - that one of their members told them that 70% of the purchase decision had already been made when their customers contact them as suppliers. And, if it were to generally be the case, it would be a scary statistic - as it would put proactive sales out of business. But it still didn't give me what I was looking for - the survey results needed to generalize.

But she 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 slide 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 is 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, right on page 5. Again, they cited the study; but I still couldn't find it.

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 relationship-building. And channel partners, for that matter.

And so, given these stakes, I kept looking.

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 so-called 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 getting up. Here was a statistic, one that I had seen repeated on LinkedIn over a hundred times, one that has been 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.

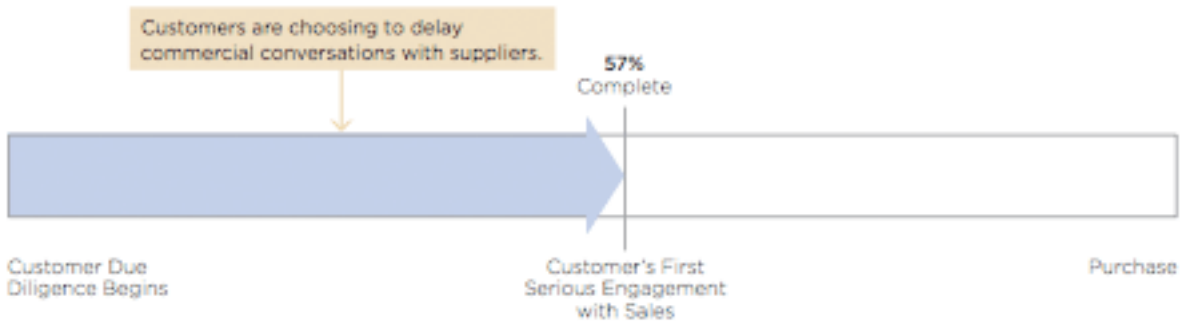
Implications

If you're in B2B 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, 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.

Customer Progress Through the Purchase Process Before Engaging Sales



n = 1,500.

Source: 2011 MLC Customer Purchase Research Survey.

The Rogue Statistic