THE NEXT GENERATION OF B2B BUYERS

HOW THE MILLENNIAL BUSINESS BUYER IS CHANGING B2B SALES & MARKETING

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EXECUTIVE SUMMARY

Millennials are growing to be the largest generation in the U.S. labor force. As millennials are promoted in their companies or forge their own career paths, they are assuming more responsibilities as B2B purchasing decision-makers.

Merit was interested in learning what drives and motivates millennials in researching B2B products and services. We surveyed 2,000 millennials from across the United States about their buying habits, their usage of social channels and causes that they care about – all in a B2B context. We found that most millennials surveyed are involved in B2B purchase decision-making at their companies, with one-third of millennials being the sole decision-maker.

Our research revealed that millennials are turning primarily to digital channels in the initial phases of researching new products and services. These channels include search engines, vendor websites and social media. Millennials’ leading choices of social channels to research B2B products and services are Facebook and YouTube. Most millennials report using LinkedIn with just over half using LinkedIn on a weekly basis. More than one-third of millennials use Glassdoor to assess company reviews and decide whether or not to engage vendors.

Millennials rate video content as their most preferred channel to research B2B products and services. Marketing tactics that relay practical, relevant and specific data-driven information resonate with millennials. They find value in receiving training, demos and product news from vendors.

Millennials care greatly about social causes. Those in our survey indicate that a company’s social, environmental and philanthropic efforts are important when researching whether to engage with a vendor.

Our full report addresses specific insights regarding demographic differences (e.g. gender, race, age) in our survey data. For example the youngest millennial cohort (ages 20-24) has some unique perspectives. They consider social media, video and social causes more important than other cohorts (ages 25-29 and 30-35). Our research insights translate implications of the study’s findings for B2B professionals.

“Millennials are demanding... transparency, values, relevancy and engagement.”

IBM Institute for Business Value, 2015
WHY THIS RESEARCH MATTERS

THE MILLENNIAL DIGITAL EVOLUTION IN B2B

Millennials bring new expectations to the workforce because of their significant exposure to technology and experience as B2C consumers. PayScale (2012) found many differences between millennials and other generations. Many millennials don’t think workers should be expected to stay with an employer for more than a year. They are also more proficient in technologies that did not even exist 10 years ago. Millennials have more entrepreneurial spirit and are over two times more likely than past generations to either own or start a company.

Millennials also have unique beliefs and expectations as B2B purchasing decision-makers. This report investigates the most influential marketing channels, social channels, content types, information types and motivators in millennials’ decision-making process for B2B purchasing.

“Millennials have surpassed Generation Xers as the largest generation in the U.S. labor force. In 2015, there were approximately 55.2 million millennials in the U.S. workforce. The Department of Labor predicts that by 2025, the workforce will grow to include 74 million millennials.”

Pew Research Center, 2015
We surveyed 2,000 millennials across the United States about their buying habits, their usage of social channels and causes that they care about in regard to making B2B purchasing decisions. We defined millennials as adults between the ages of 20 and 35 (born 1979-1995). Of the 2,000 adults surveyed, 1,444 were employed (either full-time, part-time or self-employed). Only employed millennials were included in our analyses. Phone interviews were conducted from a database of individuals who self-selected to participate in online surveys and polls.

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1 The survey was live between July 21-28, 2015.
2 We used a weighted sample of 1,469 employed millennials.
3 Because the survey sample was elective and self-selected, the sample may be subject to typical sampling error, coverage error and non-response error.
DIGITAL BY DEFAULT
Though I’m not technically the sole decision-maker, I have a lot of influence on what we buy. I basically do the research to make the short list and my supervisor almost always approves my recommendation – as long as I have the facts to support it.

“Kendell,” 20, Atlanta, GA, Communications

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B2B PURCHASING DECISIONS

Millennials’ influence on B2B purchasing decisions will only increase as they assume leadership and more tenured positions in their career trajectories. When researching B2B products or services for purchase, most millennials head straight to the Web. Alternatively, some millennials seek out advice and opinions from colleagues or peers and occasionally sales representatives to learn about product and service offerings. Millennials do not always use desktops or laptops, but report that mobile devices are important to them as tools to research new products and services for their companies.

MILLENNIALS ARE THE NEW PURCHASING DECISION-MAKERS

73% of millennials are involved in product or service purchase decision-making at their companies. Approximately one-third of millennials report being the sole decision-maker for their department. Significantly more male millennials report being the sole decision-maker as compared to female millennials.

Decision-making responsibilities also increase with their age. Roughly two-thirds (67%) of millennials 20-24 years old report being involved in overall (net) decision-making. This number increases to 72% of millennials aged 25-29 being involved in overall decision-making and 77% of those ages 30-35 being involved in overall decision-making.

WHAT IS YOUR LEVEL OF INVOLVEMENT IN RESEARCHING AND PURCHASING NEW PRODUCTS OR SERVICES FOR YOUR COMPANY?

Q

I AM THE SOLE DECISION-MAKER

SHARE IN DECISION-MAKING RESPONSIBILITIES

SOME INFLUENCE, BUT DON’T MAKE THE FINAL DECISION

NOT INVOLVED IN DECISION-MAKING

39% 24% 15% 22%

28% 25% 15% 32%

34% 24% 15% 27%

MALE FEMALE

8
MILLENNIALS DEFAULT TO DIGITAL

During the initial research phase of seeking out products and services, millennials said that digital channels are increasingly important.

The majority of millennials (56%) indicate that digital channels such as search engines, vendor websites and social media are the most important channels for researching new products and services. After digital channels, people channels are the most important – peers, colleagues and sales persons. Millennials are less likely to rank industry publications and trade shows as being important.

Interestingly, the youngest millennial cohort (ages 20-24) shows differences in digital behavior versus older cohorts. The youngest millennials indicate the highest preference for digital channels (ages 20-24 – 62%; 25-29 – 52%; 30-35 – 57%). Older millennial cohorts indicate a slightly higher preference, than the youngest, for using peer or colleague channels.

The youngest millennial cohort prefers social media the most. One-fifth of the youngest millennials (ages 20-24) indicate that social media is the most important channel for researching new products and services.

Google it. I search for the “best” and for reviews – customer reviews, company reviews, product reviews.

“Daniel,” 26, Austin, TX, Biotechnology
MOBILE MATTERS

A 2015 Pew research study found that mobile device ownership is near saturation for millennials.

- 86% of adults ages 18-29 have smartphones compared with 83% for ages 30-49.
- Tablet ownership is 50% for millennials ages 18-29 and 57% for ages 30-49.

Our study indicates that most millennials feel that mobile devices are very or somewhat important when researching new products and services for B2B purchasing. Hispanic millennials (89%) and African-American millennials (86%) consider mobile devices to be important in the purchase process more so than Caucasian millennials (80%).

Millennials indicate that they may also use mobile for research when traveling, between meetings and at home. They said that videos are easier to watch than reading text on mobile devices.

82% of millennials think mobile devices are important when researching new products and services.

HOW IMPORTANT IS A MOBILE DEVICE WHEN RESEARCHING A NEW PRODUCT OR SERVICE FOR YOUR COMPANY?

- VERY IMPORTANT
- SOMewhat IMPORTANT
- NOT VERY IMPORTANT
- NOT IMPORTANT AT ALL

Q
85% of millennials use social media to research products and services for their companies. Facebook is millennials’ primary choice for a social channel and encompasses 40% of their social channel preferences.

FACEBOOK REIGNS OVER OTHER CHANNELS
Millennials were asked what one social media channel they use the most often to research new products and services for their companies. The leading social channel of choice for millennials is Facebook. Forty percent of millennials use Facebook to research new B2B products and services. Significantly more females than males said that Facebook is their preferred social channel.

Male millennials report a significant preference for YouTube, more so than females. They also prefer LinkedIn and Twitter. Female millennials are more likely than males to use Google+. Females also use ‘Other’ social media channels, such as Pinterest and Instagram.

The youngest millennials indicate that they use social media channels significantly more than older millennials (20-24 years old – 88%; 30-35 years old – 82%). They also report a significant preference for YouTube (21%) over older millennials (15%).

I actually use Facebook the most. Sometimes to check in and see what my friends think and sometimes I look for reviews or what people write on companies’ pages.

“Maria,” 30, Phoenix, AZ, Entertainment & Recreation
Millennials are largely on LinkedIn

Most millennials (63%) report using LinkedIn with one-third using it on a weekly basis or more. While no sex differences emerged in the use of LinkedIn, males access LinkedIn more frequently (once a week or more, males – 36%, females – 29%).

Millennials in the Northeast use LinkedIn the most while millennials in the Midwest use it the least (Northeast – 67%, Midwest – 58%, South – 63%, West – 63%).

Millennials who report a household income of $100K+ use LinkedIn more than millennials with a household income of $35K or less (over $100K – 75%, $35K or less – 53%). Millennials who are college graduates use LinkedIn much more than millennials who are high school graduates (college grads – 73%, high school graduates – 38%).

I was not a big fan of LinkedIn initially... but now I tend to use it a lot to network, look for opportunities and keep on top of trends, keep up with my college friends – at least once a week. A lot of my friends have gotten hired from their LinkedIn profiles alone.

“Ken,” 25, Miami, FL, Software
GLASSDOOR CAN BE A FACTOR

Millennials use Glassdoor to assess company reviews to decide whether or not to engage with a company. Fifty-eight percent of millennials in our study have heard of Glassdoor. Thirty-seven percent feel information on Glassdoor is important to consider when researching new B2B products or services.

More male millennials are familiar with Glassdoor than females. Male millennials also tend to consider Glassdoor as more important to the B2B purchase decision-making process as compared to females.

Younger millennials also feel Glassdoor is more of an important factor to consider as compared to older millennials (43% ages 20-24; 34% ages 30-35). African American and Hispanic millennials consider Glassdoor more than Caucasians (African-American – 49%, Hispanic – 45%, Caucasian – 32%).

I take time to check out Glassdoor reviews if there’s a vendor who we would want to engage with for a long-term project. I know reviews can be biased, but I still look.”

Jason, 36, Philadelphia, PA, Financial Services
SEEING IS BELIEVING
VIDEO IS KEY FOR MILLENNIALS

Millennials report that video is definitively their preferred content format for researching new products and services for their companies. However, webinars, which are also dynamic and interactive – and sometimes in video format – rank lower in their preference. Presumably, millennials may be seeking highly engaging, visual, readily accessible and succinct information to inform their purchase decisions.

MILLENNIALS WANT TO SEE YOUR PROOF

When researching new products and services to make B2B purchasing decisions, millennials prefer video-based content and case studies. Younger millennials (ages 20-24) prefer video-based content the most (35%) as compared to the other millennial age segments (ages 25-29 – 27%; ages 30-35 – 27%). Infographics and webinars resonated the least with millennials.

*Ingrid,* 23, New York, NY, Publishing

*Reading long papers takes too much time. I’m a more visual learner. I like to see the product in action. I have 5 minutes max – though I think videos should be short, more like 2 to 3 minutes.*

"Ingrid," 23, New York, NY, Publishing
TARGETED PRODUCT INFORMATION is important to millennials. Millennials rate training, demos and product news as being the most helpful information to receive from vendors. Millennials care less about industry news, company news and thought leadership. They may prefer more practical, relevant and specific information as compared to more broad or general topics (e.g., company or industry news). They also may have other sources they go to for industry or thought leadership, may feel this information is less relevant to their purchase decisions or may have less time to read it.

Female millennials indicate a more significant preference (44%) for training and demos than male millennials (34%). Males prefer more industry news as compared to females (males – 14%; females – 9%) and more thought leadership information (males – 6%; females – 3%).

“Training and demos let me ask questions right away. I don’t have to wait for an answer. You can watch a demo online with your team and make an immediate decision. I want to see it work before I talk to the sales people.”

“Katie,” 33, San Diego, CA, Federal Government
COMPANIES WITH A CAUSE
MILLENNIALS CARE ABOUT BRAND BENEVOLENCE

Our study indicates that millennials take into account companies’ moral compasses when researching whether a vendor might be a good match for their needs. In fact, the majority of millennials care about how vendors address and contribute to environmental, philanthropic and social causes. Not only do millennials’ passion for these causes encompass the choices they make in the B2C market, but this social conscience is also a key differentiator in attracting the attention and business of millennial B2B buyers.

SOCIAL, ENVIRONMENTAL AND PHILANTHROPIC EFFORTS MATTER

Eighty percent of millennials in our survey sample indicate that social, environmental, or philanthropic efforts of companies are important to their purchase decisions. The youngest millennials indicate that these causes are important more so than the oldest millennial cohort (ages 20-24, 84%; ages 30-35, 77%).

Other segments that indicated that social causes were especially important included Hispanic millennials, millennials with children, millennials with incomes of $75K per year or less and millennials with some college or less.

“If I had to choose between two equals, if one supported social causes I cared about, it would definitely tip me in that direction.”

“Kelsey,” 27, Springfield, MO, Accounting

Q: HOW IMPORTANT ARE ENVIRONMENTAL, SOCIAL AND PHILANTHROPIC EFFORTS WHEN RESEARCHING A PRODUCT OR SERVICE FOR YOUR COMPANY?

- VERY IMPORTANT: 29%
- SOMEWHAT IMPORTANT: 51%
- NOT VERY IMPORTANT: 5%
- NOT AT ALL IMPORTANT: 15%
The insights derived from these research findings can have immediate implications for your brand. Selectively addressing the following key considerations to fit your brand strategy can impact millennials’ perception of your company’s brand.
Most millennials turn to digital channels such as search, vendor websites and social media to research new products and services. Google’s research indicates that most B2B researchers start online queries with generic search terms, and they average about 12 online searches before engaging with a specific vendor’s site (Think with Google, 2015). This implies that millennials are initially searching with product or service-based terms to learn about potential offerings. Millennials use vendor websites to learn about new product and service offerings. These websites must clearly and succinctly convey the company’s value proposition and key product or service differentiators. Websites must be responsive as millennials indicate that mobile devices are important in their research processes.

As millennials identify their top brand contenders, they can shift from researching products to researching vendors. Companies’ digital brand presence becomes key. Millennials turn to social media, such as Glassdoor and LinkedIn to investigate others’ experiences with companies of interest. Creating a unified customer experience is key to winning millennials’ business and loyalty. Vendors must create a synergistic ecosystem for the brand experience to thrive. Digital channels must integrate with mobile and other marketing channels with keen attention to the brand interactions at each touchpoint as well as the experience between them.

Key considerations:

- How well does your product or service perform in regard to digital search performance?
- What is your digital ecosystem? How do digital touchpoints relate to, complement and support each other?
- How do digital channels support your greater B2B customer experience?
- Are your digital touchpoints mobile friendly?
- Does your website communicate clear and succinct value propositions and brand or product differentiators?
- Does your website have clear calls-to-action for millennials to access sales staff or customer service on their own terms?
Our research indicates that millennials largely want to learn in video format. YouTube is a channel that appears to be growing in popularity among younger millennials. In addition, millennials across age groups perform B2B research on Facebook which frequently embeds video content. Millennials may be looking for informative, engaging and interesting video content that entertains them, educates them and adds value – especially in getting to know vendors’ product or service line offerings. In our research, millennials’ second most preferred content type is case studies. This preference suggests that millennials are looking for anecdotal evidence and data that vendors’ products or services deliver on their promises.

Another reason that millennials might prefer video or case-study based content is that they are seeking an authentic brand story. Nielsen (2014) reports that when interacting with social media, millennials “value authenticity – they want to feel like they have a personal, direct interaction with the brand – and in return, they’ll advocate and endorse that brand.” Videos allow millennials to observe what it is like to interact with products or services providing multi-faceted sensory content. Videos also offer on-demand convenience, as compared to webinars. Millennials can watch videos in accordance with their own agendas and timelines.

Key considerations:
- Are you clearly communicating pertinent information on your products or services in succinct video formats?
- Are you providing anecdotal evidence or data on the impact that your product or service delivers?
- Are you educating your buyers on using your product or service – promoting training and education if necessary?
- Is your brand story authentic and personable?
- Are you collecting social feedback from your customers to help guide your brand strategy?
BRANDS NEED TO EVOLVE AND HAVE MEANING, BEYOND THE PRODUCTS THEY REPRESENT.

Millennials care if vendors have a social conscience. Most millennials believe that vendors’ social, environmental, or philanthropic efforts and engagement are somewhat or very important when researching new products or services for their businesses. Nielsen (2014) found that cause marketing appeals to millennials – particularly causes focused on education, poverty and the environment. Millennials indicate that they are willing to spend more on products and services from socially engaged companies (Nielsen, 2014). Some millennials may gravitate to a vendor they know supports social causes that they endorse; other millennials may weigh factors regarding corporate responsibility as a tie-breaker when choosing between two otherwise equally attractive vendors.

Brands need to transcend traditional elements of visual identities, taglines and marketing content targeted on product and service lines. Your brand is an experience and in B2B your experience needs to be humanized, intelligent and responsive, simplifying a complex buying ecosystem. Millennials’ perception of your brand is emotional. It is the sum of how they were treated and how they see you treat others, at each touchpoint in their cross-channel journey.

Some touchpoints matter more than others and stand out as “moments of truth” for your brand. In the digital age, your customers can become your brand; millennials can become an extension of your marketing team – championing causes they care about. Millennials want to know that the vendors they endorse authentically care about their clients, their clients’ companies and their communities and invest in making the world a better place.

To successfully market to millennials, B2B vendors need to understand the unique behaviors and psychology of the millennial buyer and work toward earning their endorsements and loyalty. Although millennials are often tethered to digital devices, they strive to work with companies that they feel create a positive real-world impact. To reach millennials, B2B companies must understand and optimize their customer experience. Research shows that individuals are much more satisfied when they purchase experiences as opposed to purchasing material goods (Van Boven & Gilovich, 2003). Companies that create the best experiences possible are most likely to satisfy millennial buyers who will share their experiences with others – promoting and advocate brands that they care about.

Key considerations:
- What emotional attributes do you want your brand to embody and inspire?
- Have you mapped out your customers’ journeys – looking for opportunities for your brand to transcend to a more universal human experience?
- How does your brand give back to society and further social causes?
- Is corporate and social responsibility more than just a subsection of your website? Is it embedded in your culture and promoted in your messaging?
ABOUT Merit

Merit helps B2B brands tell compelling stories and create exceptional experiences that motivate markets, customer teams and individual buyers. Through a unified approach to brand strategy, digital media, customer experience and public relations, we go beneath the surface to uncover critical truths that help transform brands. That’s the art of B2B.

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B2B REPORT

Merit has exerted their best effort in preparation of this document. However, Merit assumes no responsibility for any use of or decisions made with the data and information provided in this report.

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