

MANUFACTURING FEATURE



The Buyer-Seller Disconnect: Industrial Buyers Are Shopping on the Web, But Suppliers May Be Missing the Sale

[By Linda Rigano, Director of Strategic Alliances for ThomasNet]

Industrial buyers seeking everything from nuts and bolts to sophisticated manufacturing equipment are turning to the Internet nearly twice as often as the offline information sources they have traditionally relied on, according to a recent study of industrial buying behaviors. But at the same time, this study also brings to light a major disconnect between online buyers and the suppliers they seek to do business with.

This joint study, conducted by ThomasNet and Google, revealed that industrial buyers are increasingly turning to the Internet when conducting searches for products and services, bypassing offline sources such as distributors' catalogs and sales reps. This sounds like good news for industrial sellers who are already online. After all, what company today doesn't have its own website?

However, the same research indicates that in many cases suppliers are not providing online buyers with the information they want when they are searching for it. In order to make better use of their online marketing dollars, suppliers need to increase their awareness of how industrial buyers are looking for their products and services on the

Internet. This includes knowledge of where industrial buyers go online and what types of information they are looking for.

Research...Compare...Purchase

The Internet has clearly become the primary source of information for industrial buyers. According to the joint study, nine out of 10 buyers start with the Internet to source products and services. This trend towards sourcing online has changed the ways that industrial buyers research, compare, and eventually purchase products and services, drastically shortening the process. Traditionally, the purchasing process, from identifying potential suppliers to selecting a supplier and purchasing goods and/or

services, took weeks or months—now it can take hours.

While buyers once did all of their sourcing offline, today more than 54% of industrial buyers begin their initial research phase of the purchasing process online, researching various products that might meet their needs. Most buyers learn enough from this initial phase to draw some conclusions or take some sort of action, including product comparison.

After conducting research and comparison phases online, nearly all of them—97%—take one or more actions either online or offline, including making a recommendation, sending a purchase order, or sending an RFQ to a supplier (Table 1).

Table 1: Buyers After Conducting Research and Comparison Phases Online



Where Your Customers Are Looking

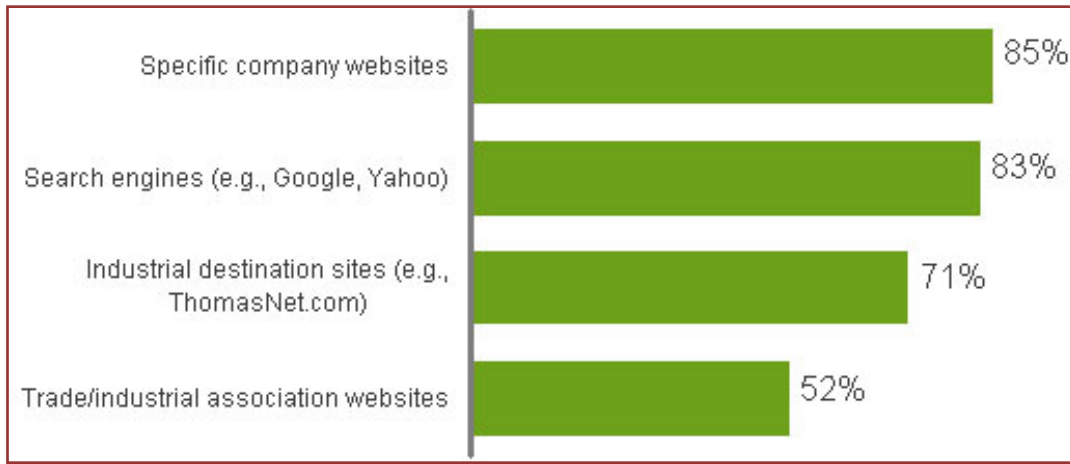
For industrial suppliers to effectively market their products and services online, it is important to know where potential

customers are searching. According to the joint study, search engines and specific company sites are the first places buyers look for products and services, followed closely by industrial destination sites, such

as ThomasNet.com. In addition, industrial buyers are making use of trade and industrial association websites (Table 2).

MANUFACTURING FEATURE

Table 2: Where Industrial Buyers Go to Research Products



What Your Customers Are Looking For

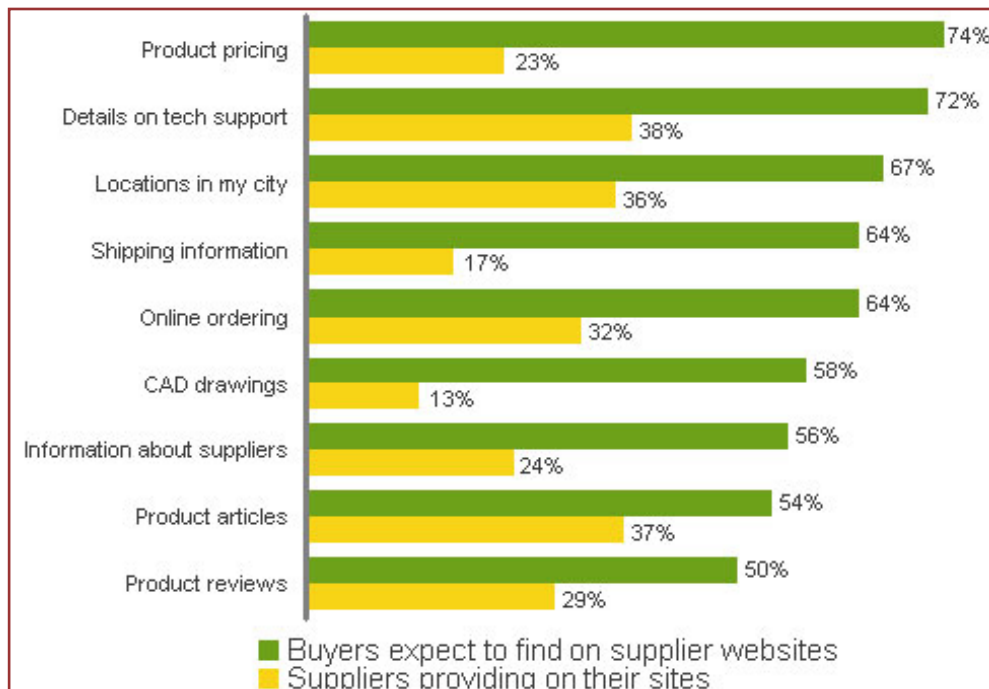
Knowing where potential customers are searching on the Internet is only part of successfully turning online visitors into customers. It is equally, if not more, important to know exactly what information industrial buyers are looking for when they search for products and services online.

According to the respondents polled for the joint study, industrial buyers are looking for specific product information and online tools that make researching, comparing, and purchasing products and services efficient and intuitive.

While this study data might seem elementary, the study results pointed to a surprising disconnect that exists between

online buyers and sellers. Research indicates that if potential buyers manage to find a potential supplier's company website, they are likely to find the information presented lacking. Simply put, most industrial suppliers are not providing the information or online tools that potential customers are looking for (Table 3). This is causing industrial businesses to unwittingly lose business that might have otherwise been won.

Table 3: The Buyer-Seller Disconnect



MANUFACTURING FEATURE

While many supplier websites provide product descriptions and applications, that alone is not enough. Savvy online buyers are looking for more in-depth information, including product pricing, tech support details, local distributor locations, shipping and ordering information, and CAD drawings/plans. In addition, online buyers are looking for supplier information, as well as product articles and reviews.

Bridging the Gap

It is vital to the success of their businesses that industrial suppliers learn to use the Internet as a viable tool to market their products and/or services. Research shows that nearly every online buyer who was able to effectively research and/or compare products online made a recommendation, sent a purchase order, or sent an RFQ to a supplier. Suppliers cannot afford to miss this opportunity. Industrial companies interested in bridging the buyer-seller gap need to increase their overall focus on enhancing their online offerings.

The first step suppliers can take is maintaining a visible presence in all the places their potential buyers are looking for information. For example, this means advertising on the destination sites and search engines that attract industrial buyers. This will most likely result in increased quality traffic to a supplier's company website.

However, simply driving potential customers to a supplier website is not enough. What

good is driving potential customers to a supplier website if they do not find what they are looking for once they get there?

Suppliers need to provide all the necessary product/service information and tools that an online buyer needs to make a choice. This includes searchable online catalogs, application notes, extensive product information, and pricing information on the supplier website. When dealing with design engineers, this also means providing downloadable CAD drawings. It is important to keep all of this information up to date and easy to access. While this might mean a website revamp, the potential for return on investment through increased online sales is worth the expense.

With the Internet as their primary tool, buyers are searching online for detailed product information that will allow them to make purchasing decisions as quickly as possible. Surprisingly, most suppliers do not provide this information on their company websites, costing them business.

For suppliers seeking to enhance their online marketing efforts to reach potential customers, increasing visibility and accessibility in all the right places is a start. In addition, suppliers need to provide the information and online tools that potential customers are looking for. Taking these steps will help to bridge the gap between industrial buyers and suppliers, allowing online buyers to find the information they need and drive supplier sales.

Questions? Comments? Feel free to email me at lrigano@thomasnet.com or call 212-629-1522.

About the Author

Linda Rigano, director of strategic alliances for ThomasNet, is responsible for identifying and developing opportunities for high-value reciprocal business partnerships with leading companies seeking to expand their presence in the industrial small business marketplace.

Beginning in April 2001, Rigano directed the alliance program at Thomas Regional, establishing partnerships with high-profile companies such as Barnes&Noble.com. She has also been in charge of several special projects, including a partnership with MasterCard International to co-develop the largest existing small business survey and a partnership with the U.S. Small Business Administration, MasterCard, and ADP to develop the recent "Small Business Growth Series" survey and seminar.

ThomasNet.com is where industrial buyers go to find the exact products, services, or suppliers they need when they're ready to buy. ThomasNet.com gives buyers immediate access to the detailed information they need to make purchasing or specifying decisions, including detailed product or service information, catalogs, CAD drawings, and more.

EmploymentCrossing is the largest collection of active jobs in the world.

We continuously monitor the hiring needs of more than 250,000 employers, including virtually every corporation and organization in the United States. We do not charge employers to post their jobs and we aggressively contact and investigate thousands of employers each day to learn of new positions. No one works harder than EmploymentCrossing.

Let EmploymentCrossing go to work for you.