2021 G2 Software Buyer Behavior Report

Based on the results of a multi-part survey to B2B decision makers focused on identifying trends in software buying and the resulting implications for marketing and sales teams across the technology industry.

Contents

The consumerization of B2B software has been expected for many years.

This year's G2 Software Buyer Behavior Report suggests the reality of consumerization is here. Our survey, conducted in a very different environment to our last in 2019, demonstrates that the pace of technology adoption continues to accelerate in lockstep with the rapidly evolving profile of the software buyer.

Growing business software spending, with more solutions for buyers to choose from, and more hands on the company purse strings are trends no software seller can afford to ignore. There are more buyers, with different, sometimes conflicting agendas (think time to value versus security assessment) generating more deals that move at pace. The cherry atop this fast-moving feast is that the agile, cloud-built and delivered solutions that enable this transition also mean that those buyers can quickly change their mind, swapping solutions in and out as their experience changes—making subscription revenue look far from reliably recurring.

As the balance of power continues to tip in favor of the buyer, sellers of business software should celebrate rather than commiserate; at least those who recognize the changing market, and pay close attention to what their buyers, end users, and prospects say. Sellers focused on delivering products that directly meet the needs of end users, demonstrating value early and consistently as those needs evolve, while expanding into new use cases are the likely beneficiaries of the consumerization trend.

A shrinking buying cycle is shifting power to buyers

54%

On average, 54% of buyers need three months or fewer to make a software purchase decision of $20,000 or more.
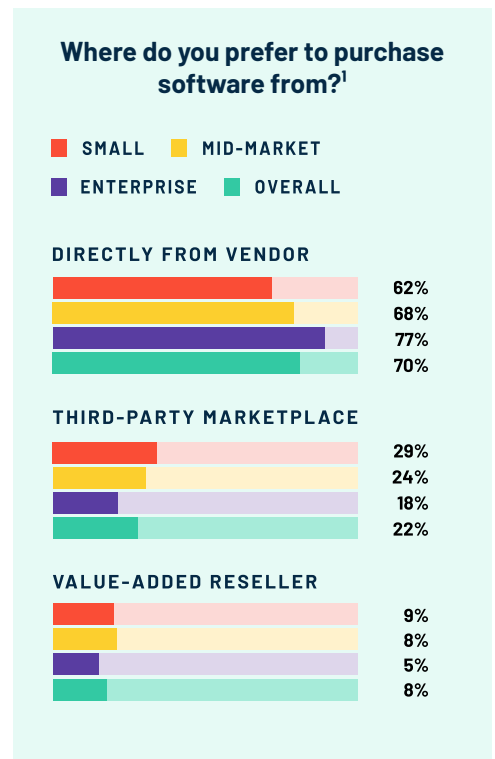
Business technology buyers are spending more time investigating software ahead of purchase, and less time buying it, mirroring the review-informed, instant-gratification culture prominent in consumer shopping habits. Software buyers conduct more independent research, across a range of sources, and expect to move quickly through the buying process once they've identified what's right for them. This is coupled with companies expediting their internal software acquisition processes—our survey shows 56% of respondents have five steps or fewer in their software purchase process, making for an accelerated buying cycle.

The fact that a majority of buyers take less than three months to make a purchase decision of $20,000 or more is matched to an even more surprising result from the survey—17% of enterprise-scale companies require less than one month to make a decision. Our survey showed that more than 50% of all buyers generally purchase software via credit cards, and the figure remains high at 48% of enterprise buyers. Credit card purchases are often a shortcut around longer, finance-based purchase processes usually associated with purchase orders and invoicing. More than one in five buyers across all segments, including 28% of small business buyers, prefer to purchase tools from a third-party marketplace, giving sellers less opportunity to engage.

1 in 5

1 in 5 buyers prefer to buy software from a third party.[1]

Quicker doesn't necessarily mean better, and those quick decisions may lead to poor choices and unnecessary spending by companies. This may be why enterprise buying committees are beefing up. Compared to last year, 25% of enterprise buyers say the number of people involved in each decision has increased—more than any other segment. The trend borne out by this data is more worrying for software sellers though, as there is less and less time to engage on, and influence increasingly complex purchase decisions.

Where do you prefer to purchase software from?[1]

SMALL **MID-MARKET** **ENTERPRISE** **OVERALL**

DIRECTLY FROM VENDOR
- 62%
- 68%
- 77%
- 70%

THIRD-PARTY MARKETPLACE
- 29%
- 24%
- 18%
- 22%

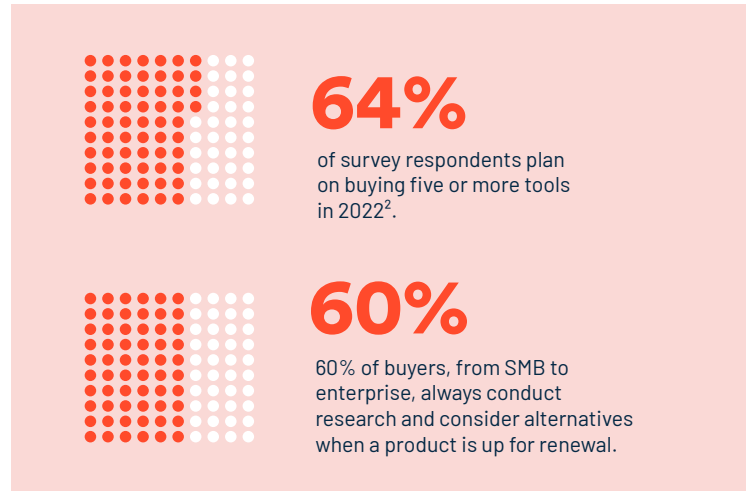**VALUE-ADDED RESELLER**
- 9%
- 8%
- 5%
- 8%

1. Where do you prefer to purchase software from? N=756

4

Quick to buy means more can be bought

The majority, 64%, of our survey respondents plan on buying five or more software tools in the coming year—in companies with over a thousand employees, it's even higher at 74%. Our survey's respondents also plan on spending more than last year—nearly 55% say their spending on software and technology will increase in 2022. The overall trend, especially in areas such as marketing and sales, is toward an ever-growing number of tools enabled by quick purchase of cloud-delivered point solutions. But as consumerization drives the speed and ease with which new tools can be adopted, the risk rises that without consistently high satisfaction among end users, those renewals will look less than secure.

64%

of survey respondents plan on buying five or more tools in 2022[2].

60%

60% of buyers, from SMB to enterprise, always conduct research and consider alternatives when a product is up for renewal.

$100,000 – $149,999

$100,000-$149,999 was the average software purchase in mid and enterprise segments over the last 12 months[3]

In some cases, this means that they will end up paying for too many tools or replacing a serviceable part of an already purchased solution. This is all in spite of the fact that our survey shows that 80% of buyers prefer to buy a product that solves multiple business problems. Add to this mix the fact that while 70% of respondents say their company has a formal review process for software renewals, as many as 40% of those surveyed don't consider another option when a product is up for renewal.

Consumerization means an omnichannel strategy is for B2B companies too

Sellers must optimize their touchpoints with stakeholders to get the right information in front of the right people before buyers seriously consider alternatives. Sellers can get ahead of this by vetting their buyer lifecycle to identify pain points, understand personas, and proactively reduce friction to facilitate a quick purchase process once a prospect contacts them. The buying journey is not linear, and meeting different buying personas with the right information, in the right place, is key.

What constitutes value for buyers is a mix of multiple factors, such as effectively meeting requirements, usage, ROI, and scalability. Unfortunately, these factors don't have the same importance to all buyers and sometimes not even to different stakeholders in the same organization. Vendors need to understand what buyers want, and how to communicate and demonstrate how their solution meets those needs in a form valuable to various stakeholders, at each stage of the buying process.
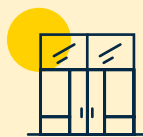
4%

4% of survey respondents trust traditional market research firms and analysts most when making major software purchase decisions.[4]

67%

67% of companies usually engage a vendor's sales team after they have already made a purchase decision.

What three factors are most important when purchasing software?[5]

	Small Business	Mid-Market	Enterprise
1st Priority	Integrations	Security	Security
2nd Priority	Scalability	Scalability	Integrations
3rd Priority	Security	1-Year ROI	Scalability

4. What information source do you trust the most/rely on the most when making major purchasing decisions for your company? N=756
5. When making a software purchase decision, how important are the following considerations: Cost, ROI, Number of Features, User Adoption, Implementation, Support, Scalability, Integration, Security Features. N = 756

The buying cycle doesn't end with the sale

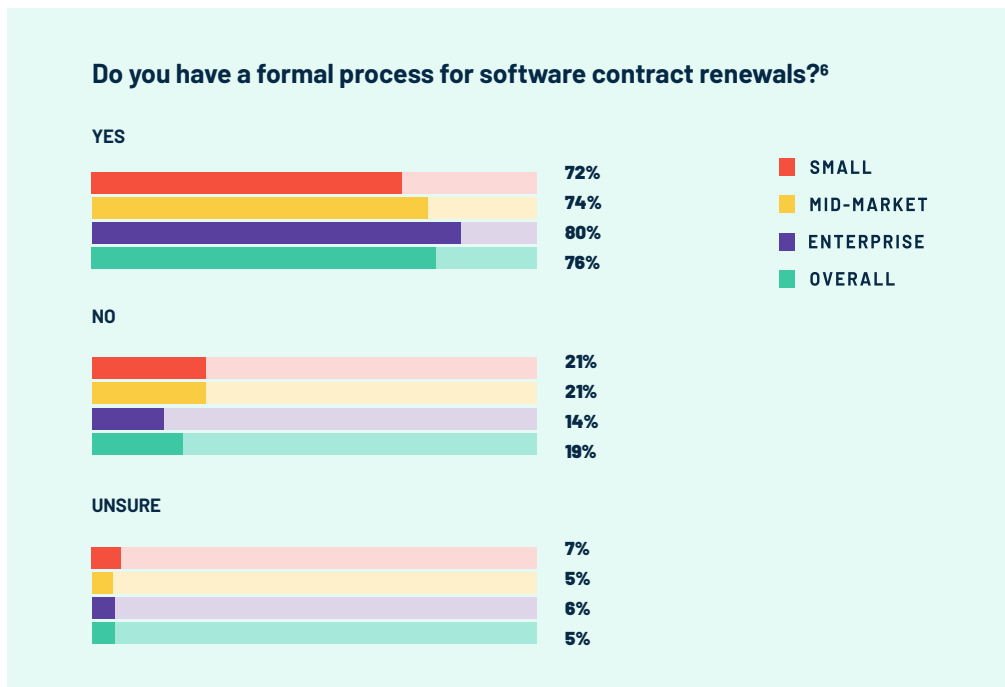Businesses are always hungry for the best tools to help them succeed, and we know they're willing to spend, and spend frequently to achieve that success. We've already highlighted survey results that point to the majority of companies making more than five software purchases per year, and spending more on software than ever before. Companies adopting more tools is nothing new, but the trend toward a perpetual buying cycle powered by consumer-like behavior is.

The range and scope of cloud-based business solutions continue to expand, and the cost of switching tools decreases, companies are constantly evaluating, expanding, and evolving their tech stack. As a result, research has empowered buyers and challenged sellers.

Nearly 60% of survey respondents indicate they always conduct research and consider new alternatives when a product is up for renewal; coupled with the total number of software products being used, the buying cycle begins to look endless. A perpetual buying cycle requires perpetual selling to both new and existing customers. This requires servicing and strengthening relationships with existing customers, as well as crafting a smart, omnichannel messaging machine touting the strengths of the solution to anyone interested.

Do you have a formal process for software contract renewals?[6]

YES

SMALL	72%
MID-MARKET	74%
ENTERPRISE	80%
OVERALL	76%

NO

SMALL	21%
MID-MARKET	21%
ENTERPRISE	14%
OVERALL	19%

UNSURE

SMALL	7%
MID-MARKET	5%
ENTERPRISE	6%
OVERALL	5%

■ SMALL
■ MID-MARKET
■ ENTERPRISE
■ OVERALL

6. Do you have a formal process for software contract renewals? N=756

Businesses should take full advantage of the expanding range of tools and information at their disposal, not just the power of third-party validation from their customer base. Buyers research and consume information via multiple channels, and our data suggests they likely combine views from multiple sources in order to validate and grow confidence in their selections.

Our survey revealed that trustworthiness was broadly considered similar across the majority of information sources we asked about (including peers and colleagues, market research firms, and product review sites), so focusing on a single channel is not an option; especially in an age when all sources of information are so easily available to buyers and no single source stands out as significantly more trustworthy than the others.

Retention requires continuous engagement, education, and value

Despite peoples' obvious penchant for researching new solutions, one in three buyers prefers to buy tools and complementary products from the same vendor. The desire to stick with a single vendor highlights a significant opportunity for product-led growth within a single organization. Sellers with a multiproduct portfolio may find significant opportunities present in expanding existing relationships into multiproduct deals.

Businesses have a glut of options to choose from and the ability to research, select, and switch to a new product with little trouble. 20% of small and mid-market companies have no formal renewal process, and more than half of all software purchases are made via credit card. The software buyer profile continues to change, and power is further concentrated in their hands, making client retention more difficult than ever before. Omnichannel messaging to existing clients regarding new product features and their benefits is vital to securing renewals and reducing churn.

Software buying is a team sport with an ever-changing roster

Buying decisions are collective, and made by groups that include a wide range of roles from technical specialists and executive leaders, to marketing and finance professionals. Throughout the buying process, the pool of decision makers and influencers grows, often while the project scope evolves.

According to our survey data, one third of buyers state that decision makers change frequently, and 63% of mid-market companies and 64% of enterprise companies frequently or always add additional stakeholders during the buying process. The average number of people involved in a single purchase decision increased by 20% over the past year, and over a quarter of companies expect the number of people involved to increase in the next year. A growing, shifting buying committee requires a many-pronged approach.

The numbers illustrate the need for multi-persona selling. Gone are the days of building presentations for, and selling to a single persona. The G2 Software Buyer Behavior Report shows that the majority of companies have five or more people involved in decision making for software purchases. Sellers need to adopt an omnichannel, multi-persona approach to educate each individual with decision-making and decision-influencing power. Technical specialists, the most often included group in purchasing decisions in the mid-market and enterprise segments at almost 50% and 61% respectively, need detailed feature and interoperability information, while executives may want context on how a product drives organizational impact.

1/3

One third of our survey respondents say that decision makers change frequently in the buying process.

20%

20% of survey respondents report that buying committees have increased in size since last year.[8]

Who is ultimately responsible for making software purchase decisions?[7]

IT department	43%
C-Suite	19%
Department lead	17%
True consensus	8%
Legal	5%
End user	5%
Procurement	3%
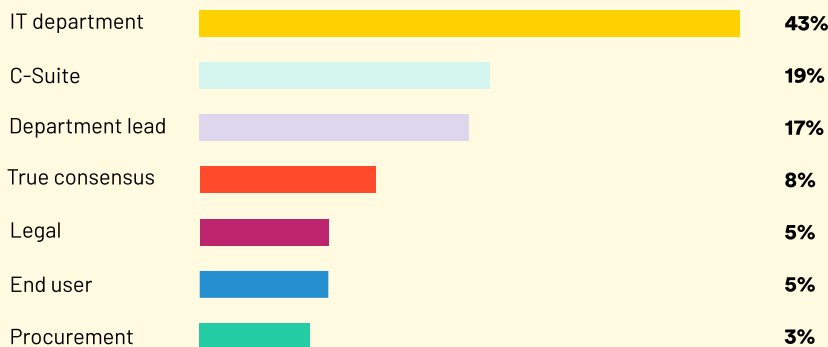
7. At your company, who is ultimately responsible for making a software purchase decision? N=756
8. Compared to last year (2020), how has the number of people at your company that are involved in any single technology or software purchase decision changed? N=756

Buying groups grow over time and change alongside project scope. To address these added complexities, sellers should consider the full breadth of their product's potential, and proactively push user and customer-tailored messaging for relevant use cases.

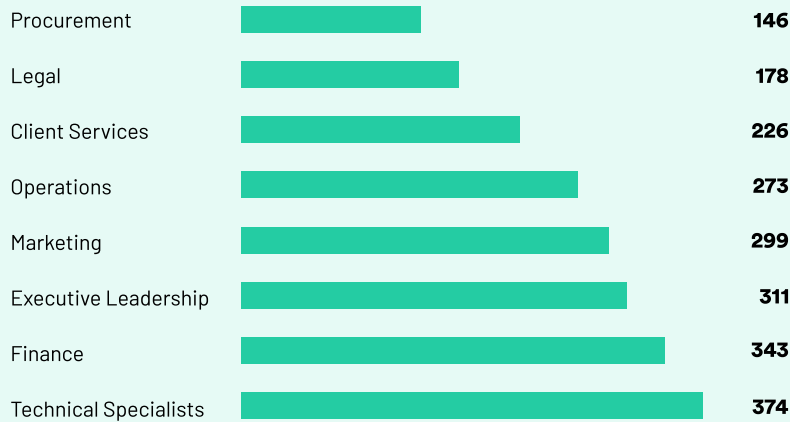## Security is a constant, but requirements vary

Some companies may have overlooked security concerns in the past, but it is a top priority for modern businesses. Security was the number one consideration for buyers, with 88% of respondents considering security very important or important. These concerns are vital for buyers and will continue to grow in importance as stronger security requirements and privacy regulations are implemented.

Most companies are adding security and privacy assessment requirements themselves, including yet another step in their buying cycles, to both ensure compliance and protect themselves. Today, 83% of buyers say their company requires a security or privacy assessment when purchasing software. 86% of these are conducted by their IT department, often expanding the buying committees beyond business stakeholders.

83%

83% of buyers say their company requires a security or privacy assessment.

When making technology or software purchase decisions for your company, which teams are involved in the decision process?[9]

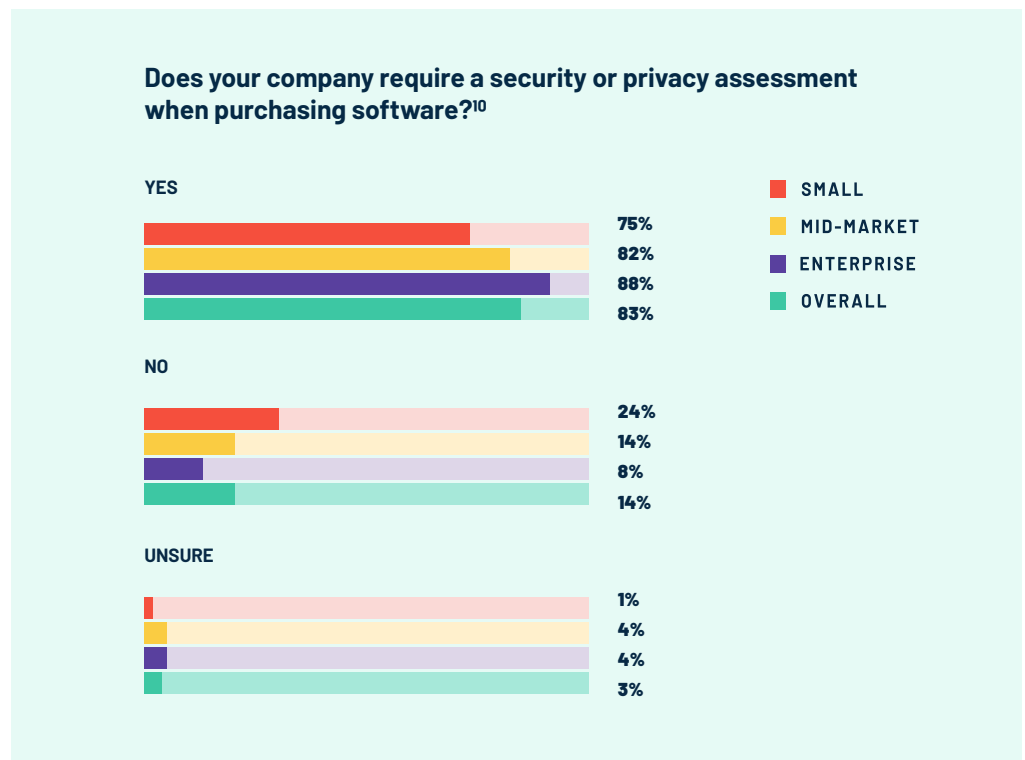| Team	Value
Procurement	146
Legal	178
Client Services	226
Operations	273
Marketing	299
Executive Leadership	311
Finance	343
Technical Specialists	374

9. When making technology or software purchase decisions for your company, which of the following teams are involved in the decision process? (Select all that apply) N=756

Enterprise companies are especially focused on security as the top factor in their decision-making process with 89.4% of buyers considering security very important or important. While many security assessments may not be as in-depth as they should be (53% of decisions are made in under three months), companies are adopting more measures to remain compliant and ensure protection.

Across all markets, sellers need to highlight security features and compliance achievements to remove barriers to purchase.

Does your company require a security or privacy assessment when purchasing software?[10]

YES

SMALL	75%
MID-MARKET	82%
ENTERPRISE	88%
OVERALL	83%

NO

SMALL	24%
MID-MARKET	14%
ENTERPRISE	8%
OVERALL	14%

UNSURE

SMALL	1%
MID-MARKET	4%
ENTERPRISE	4%
OVERALL	3%

Legend: ■ SMALL ■ MID-MARKET ■ ENTERPRISE ■ OVERALL

10. Does your company require a security or privacy assessment when purchasing software? N=756

11

Buyers, now more than ever, rely on trusted user validation

The G2 Software Buyer Behavior Survey asked questions about participants' use of different information sources in their buying journey—an overwhelming majority, 86%, of buyers across all segments told us they use peer review sites when buying software. We know that the buying committees that guide many purchases are increasingly filled with diverse professional personas, and those personas have different trust levels of different sources of information.

There is no single source that is viewed as being ultimately trustworthy, at least significantly more than others, making third-party validation a key to building trust and demonstrating transparency. Resources including software review sites, vendor content and websites, online search, social media, industry influencers, and market research firms can complement each other and help the buyer build a well-rounded acquisition plan backed by trusted user validation.

Cross-source validation is key to building buyer trust

Buyers claim their primary obstacles are an inability to get credible content, a lack of knowledge of vendor offerings, and a lack of customer references. The most often consulted source of information is a software company's websites but only 38% consider them the most trustworthy resource and/or rely on them the most when making major purchasing decisions for their company. Since buyers don't trust traditional information sources (case studies, reports, marketing, etc.), they rely more on peers for objective information.

Most buyers use review websites but the main reason some buyers choose not to use them is because of paid ads and placement on them. Informational resources should limit paid promotion and make it obvious where present. Sellers advertising should also note the limitations of paid promotion on review sites and shift focus towards gathering new, positive reviews.

86%

86% of software buyers, across segments, use peer review sites when buying software.

60%

60% of those surveyed, across company sizes, said they were more confident in buying decisions as a result of using online review sites.

As companies buy more software, sellers must build trust and awareness

Today, 54.5% of buyers say their company's software and technology spending will increase in 2022 compared to this year and 64% of all companies buy five or more pieces of software per year, 73% for enterprise businesses. While continued engagement from sellers, even without a renewal on the line, will increase retention, many of these tools will be brand new technologies that fit a newly discovered need rather than replacing legacy solutions.

In the current market, finding and working with potential buyers, and building trust with them has become more difficult. Expanding buying committees filled with changing buyer personas, bring new and dynamic requirements to the buying cycle. Many buyers simply don't trust vendor sales and marketing alone, forcing sellers to consider how they build a broad, connected web of information that allows for validation: building the trust that leads to purchase.
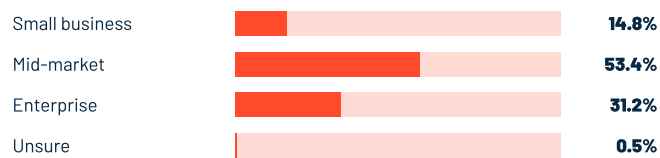
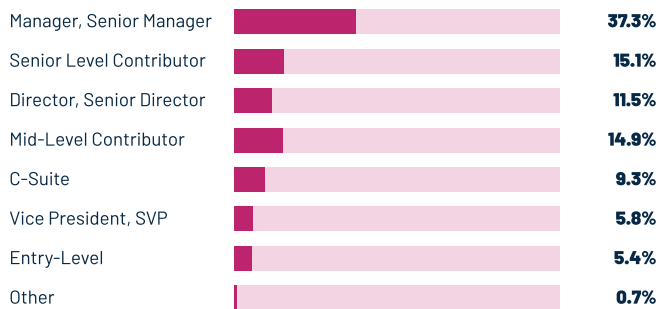Learn how G2 can help you reach the modern software buyer.

Request a demo
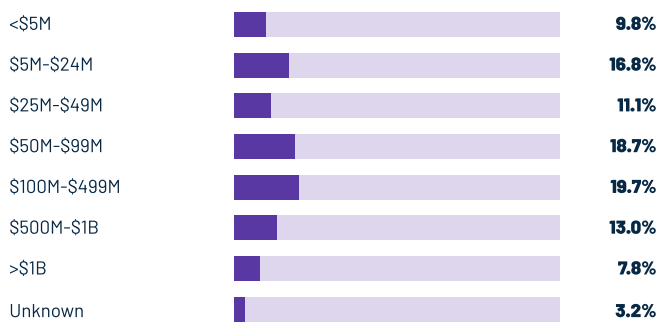
Respondent demographics

Company Size

Small business		14.8%
Mid-market		53.4%
Enterprise		31.2%
Unsure		0.5%

Primary Work Responsibility

Information Technology		43.1%
Accounting/Finance		8.7%
Senior Management		8.5%
Engineering/R&D		7.7%
Operations		6.7%
Sales		5.4%
Purchasing/Procurement		5.0%
Customer Service/Support		3.3%
Marketing		3.3%
Other		3.0%
Human Resources		2.6%
Facilties		2.5%

Job Role

Manager, Senior Manager		37.3%
Senior Level Contributor		15.1%
Director, Senior Director		11.5%
Mid-Level Contributor		14.9%
C-Suite		9.3%
Vice President, SVP		5.8%
Entry-Level		5.4%
Other		0.7%

Annual Company Revenue

<$5M		9.8%
$5M-$24M		16.8%
$25M-$49M		11.1%
$50M-$99M		18.7%
$100M-$499M		19.7%
$500M-$1B		13.0%
>$1B		7.8%
Unknown		3.2%

Survey methodology

G2 fielded an online survey among 756 B2B decision makers with responsibility for, or influence over, purchase decisions for departments, multiple departments, operating units, or entire businesses. Respondents had job titles ranging from individual contributor to manager, director, VP, or higher. G2 defines small business as a company with 1–100 employees, mid-market as a company with 101–1,000 employees, and enterprise as a company with 1,001+ employees. The survey was fielded in June 2021.

Credits

Researched and written by:
Aaron Walker
Gabriel Gheorghiu
Kara Sargent
Patrick Szakiel
Tom Pringle

Edited by:
Sinchana Mistry

Designed by:
Daniella Alscher
Hillary Fortin

Additional contributors:
Abhigyan Sarma
Alina Fu
Amanda Malko
Carolyn Dorant
Margaret Kellas
Megan Casady
Michael Hupp
Mike Weir
Palmer Houchins
Sara Rossio

About G2

G2 is the world's largest and most trusted software marketplace, helping more than 60 million people every year make smarter software decisions based on authentic peer reviews. Thousands of companies partner with G2 to build their reputation, manage their software spend, and grow their business — including Salesforce, Hubspot, Zoom, Adobe, Lyft, and more.

To support its mission to become "the place for software," the company has raised over $250M in funding from IVP, Accel Partners, Permira, LinkedIn, Emergence Capital, Pritzker Group, Chicago Ventures, Hyde Park Ventures, and industry leaders and founders, which includes our Series D round of $157M. Founded and headquartered in Chicago, the company operates globally with remote employees and offices in London, Bangalore, and Singapore.

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