



2022 G2 Software Buyer Behavior Report

Building trust in the age of the buyer requires seller transparency and multichannel outreach



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Building trust in the age of the buyer

The B2B technology world is built on a foundation of trust. A glut of software options and a lack of credible content in a perpetual buying cycle of increasing complexity make building trust with buyers more difficult than ever. G2's 2022 Software Buyer Behavior Report illustrates the crisis of trust in the market today and the avenues through which sellers can empower a diverse slate of buyers with the information they need.

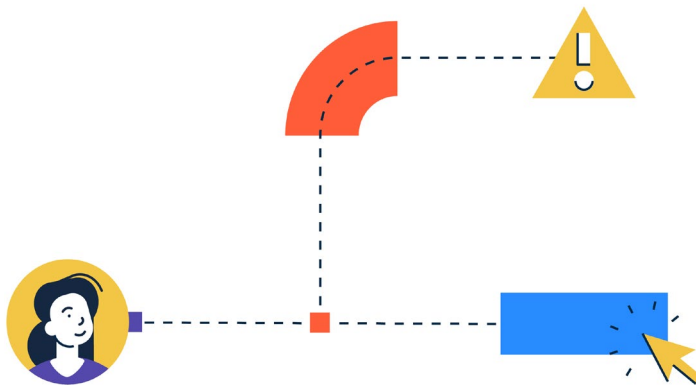
In our 2021 report, we saw the balance of power tip in favor of the buyer as business technology buying started to mirror consumer markets. That shift has solidified into a new reality, and this year's report shows that 2022 is the age of the buyer. Software buyers are spoiled for choice not only in the number of high-quality products available but also in how easy it is to access product and market information. For sellers willing to lean into an omnichannel strategy of transparency, the shift of power to buyers represents an opportunity.

Security, once an afterthought, is now a central part of the purchase process. Buying decisions are often made in under three months by committees of diverse stakeholders who prefer to do their own research. Sellers need to implement shorter sales cycles in which credible, self-service content is the 24/7 trusted guide for prospective buyers. The buying process is both constant and constantly evolving (leaning more heavily in the direction of self-service than ever before), so sellers who adopt an omnichannel strategy of buyer empowerment will gain credibility with buyers. Sellers who lean into cultivating trust through transparency have the opportunity to stand out amongst their competitors.



Early post-purchase experience shapes the rest of the vendor-buyer relationship

Driving prospective buyers to purchase is software vendors' proverbial foot in the door, but the key to brokering long-term client relationships is the early post-purchase stage. Implementation is the first step in the post-purchase process, and 93% of buyers indicate that the quality of the implementation process is important or very important when making the decision to renew a software product. Software buyers are looking for the least friction possible when adding a solution to their technology stack, and a high-quality implementation process helps them get part way to that frictionless ideal.



Return on investment (ROI) within six months was the second most important consideration for prospective buyers, and ease of use was third. The data shows what buyers know—they want to achieve ROI quickly, and a good implementation process and an easy-to-use product will help them get there. Pricing was second to last in the list of 12 considerations. A poor experience may be inexpensive, but inexpensive doesn't entice buyers. The sticker price is no longer a sales tool; proof of quick ROI is.

Sellers need to button up the post-sale process to make implementation as seamless as possible. To further cement the priority of the implementation process, 77% of respondents indicate they have either worked with a vendor's implementation team or have worked with a third-party vendor for implementation (as opposed to 34% of responses that indicate they handle implementation by their internal teams). Buyers trust the experts, and the experience those experts deliver shapes their impression of a product, which influences their decision to renew down the line.

Product adoption, particularly during the early stage of a buyer's contract, is another key to securing renewals. Weekly usage by all users is mentioned as one of the more important aspects of a buying decision, but there's a disconnect between what buyers say and what they do.

Top three most important buying considerations:



Ease of implementation



ROI within six months



Ease of use


13%

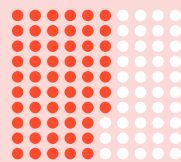
of buyers use tools to track software adoption.

When it comes to software adoption, this disconnect may be because there's only recently been a proliferation of SaaS spend management tools in the B2B technology landscape. If buyers won't take the extra step to gather empirical evidence of product usage, sellers must provide tools to show proof of adoption and ROI in the early stages of implementation and use.

45% of buyers renew what they already use without considering new options, an increase of about 3 percentage points year over year (YoY), while 53% conduct research and consider alternatives when a product is up for renewal. Each side highlights a different area of required focus for sellers. For those who renew without researching alternatives, a streamlined implementation process and proof of value early on is key to ensuring that they don't have a reason to search for other solutions. Switching costs may be lower than ever for software buyers, but some buyers have a strong aversion to change that makes getting in the door so important. It is vital to be present with transparent pieces of digestible information wherever buyers conduct research and purchase.

Buyers are looking for value early on

Delivering value is important, but delivery is not enough. Sellers must prove and communicate that value to secure initial contracts and subsequent renewals.


57%

of software contracts are six months or less.²

Sellers are under scrutiny from the moment the ink dries on the contract, and the majority of them have less than six months to either stand up to that scrutiny and secure a renewal, or not. The lack of multi-year deals (only 11% of contracts are over two years), combined with lower-than-ever switching costs for buyers in a cloud-based world, means that vendors are constantly selling, especially during product implementation and early-stage use.

There is less formal training happening internally this year compared to last year, which shifts the burden of product training to sellers. 16% of respondents said that their organization doesn't conduct any formal training and relied on employees to learn the software tool themselves compared to 5% who reported this in 2021. The lack of training infrastructure is an opportunity for sellers to create comprehensive product training programs that are sandwiched in with the implementation process.



The purchase process is becoming more complex: different points of purchase and a diverse slate of buyers

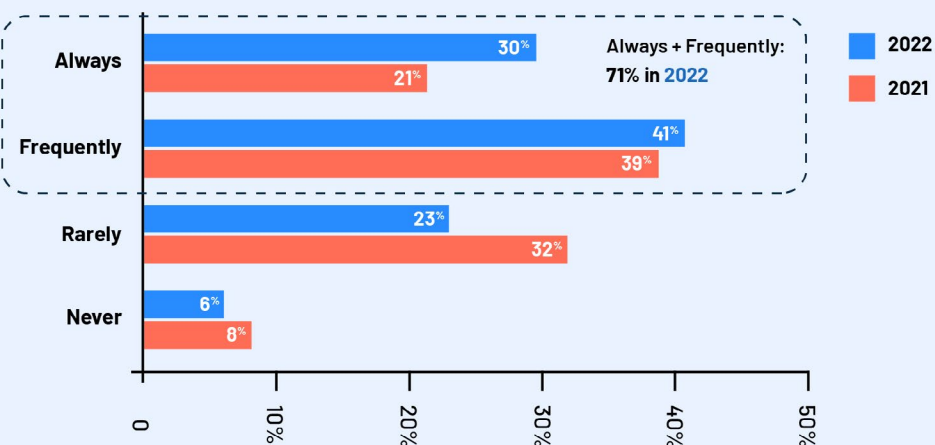
Focus on the post-purchase process requires strong links between sales and customer service. First impressions matter; the time immediately following purchase is vital to securing retention down the line. The selection team may be representative of, but ultimately is not, the user base whose adoption and reaction to the product will drive renewal decisions. Software uncomplicates business, but buying the right software is becoming increasingly complex with a growing number of requirements, stakeholders, and processes. The number of steps involved in the purchase has seen a steady increase, with about 30% of global B2B software buyers surveyed saying that there are 10 or more steps in their company's software purchasing process. This is an 8% increase from last year, where 22% respondents had more than 10 steps in their buying process.

As the buying journey progresses, different stakeholders get involved based on the expertise required and budget involved. 71% of respondents surveyed said that additional stakeholders are always or frequently added over the course of the buying journey, up from 61% who stated this last year.

80%

of companies have buying committees which influence buying decisions

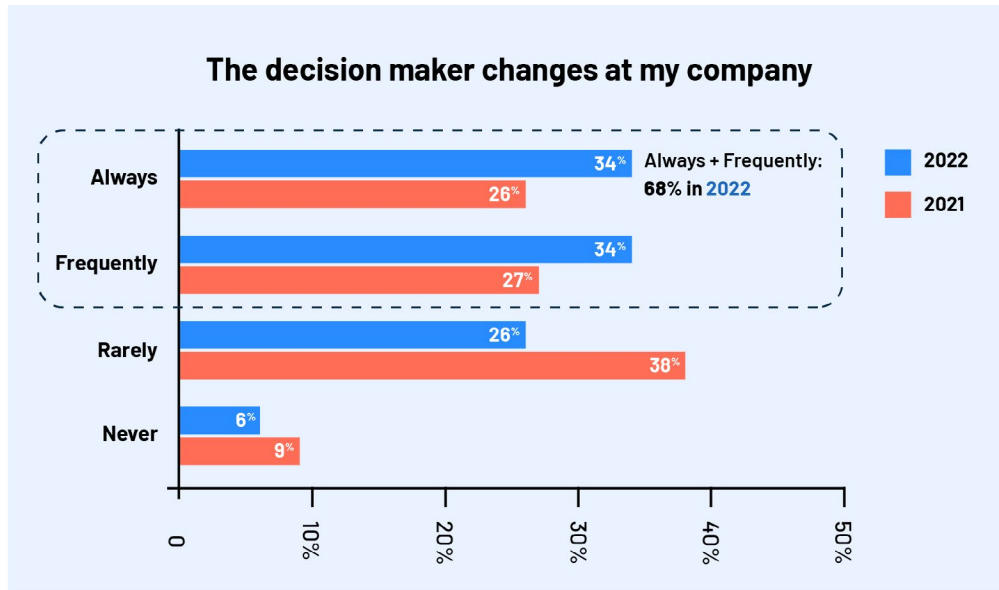
Additional stakeholders are added throughout the process



The addition of new stakeholders at different stages of the buying process increases complexity as each stakeholder joins with a distinct expectation. Our survey identified 22 distinct roles that get involved in the buying process, not counting varying levels of seniority. Vendors need to be cognizant of this and tune their conversations to cater to a diverse set of stakeholders throughout the buying process.



Another trend that we see is that decision makers keep changing during the buying cycle. In 2021, 53% of respondents shared that decision makers kept changing quite frequently. In 2022, this number is up 15 percentage points, with 68% of respondents indicating that decision makers keep changing frequently or always during the software buying process.



Frequently changing decision makers and new stakeholders joining at every stage complicate the buying process.

Final decision making seems to be shifting away from the IT department to the C-suite, especially in mid-size companies and enterprises. 33% of respondents considered the IT department to be the final decision maker, down 10 points from last year. 26% of respondents believed the C-suite to be the final decision makers, up 7 points from 2021.

Interestingly, about 20% of companies do not have an official software buying process. This number is greater in APAC and EMEA where 25% and 23% of the respondents stated the above, respectively. In North America, the number was lower, at 15%.

The point of purchase for software buying is shifting

Typically, companies prefer buying directly from vendors, but they are now exploring the option of buying from third-party marketplaces. There is an increase of 6 percentage points in preference to buy from marketplaces, while there is a 9 point decrease in buyers who want to directly buy from vendors. This change is even more pronounced in enterprise companies, where we saw a 10 point increase in respondents who prefer to use third-party marketplaces to purchase software.



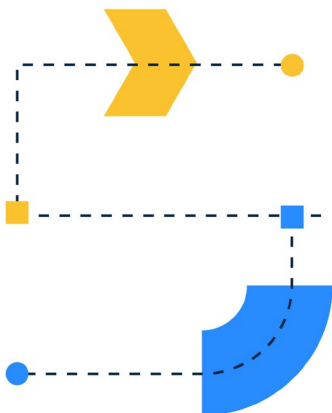
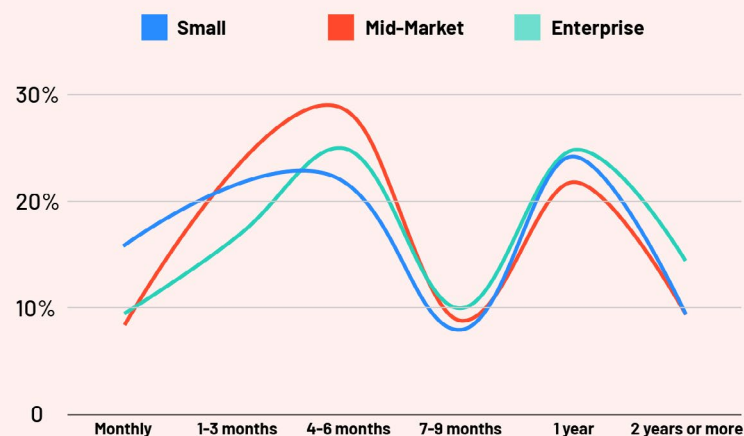
Software vendors need to make sure that their products' representation is comprehensive across all potential purchase points, particularly within marketplaces. Vendors have less control over where and how buyers purchase their products, making it more important to have comprehensive implementation and product adoption plans to convince buyers to purchase and renew.

Enterprises are purchasing like small and medium-sized businesses (SMBs)

While the size and number of purchases vary significantly between small and large businesses, we observed many similarities in their buying processes.

The majority of respondents of all company sizes (more than 80%) need less than six months to make a purchase decision of \$20,000 or more. Software contract length is also similar for all company sizes.

Software contract length by company size



The reason behind this similarity could be that SMBs are buying more robust tools to replace multiple free or cheap solutions. Enterprises that already have robust software like ERP or CRM solutions tend to buy cheaper tools to fill the gaps. Cheaper tools might not require procurement and can be bought using credit cards to fill technology gaps. 48% percent of respondents from enterprises said they use credit cards to purchase software. Credit card purchases are quick, and the high percentage of enterprise buyers that use credit cards to purchase may be driving quicker purchase cycles for their companies. Not every enterprise purchase is for a piece of software that'll be used company wide. The similarity in purchase behaviors between all segments may be down to smaller portions of larger companies (departments, specific teams) handling software purchases for themselves.



Overall, the buying outlook remains positive considering the current conversation around the economic outlook, with 51% of the respondents believing that spending on software is set to increase in 2023, while 40% expect it to remain the same, up 4 points from last year.

Disjointed trust convolutes the buying process

The adage “trust is earned, not given” seems more relevant than ever in the software world. Despite their efforts to be more customer centric, software sellers don’t always seem to know what buyers want or need very well. As a result, buyers may choose to bypass vendors and choose self-service options for software selection.

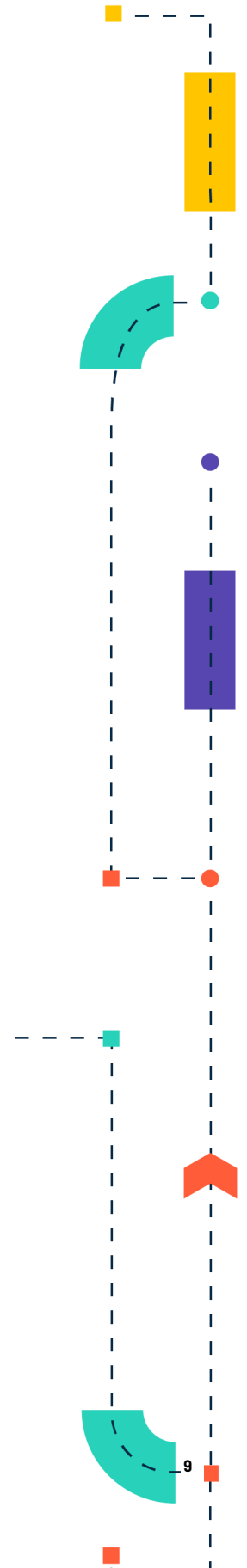
Vendors are not the only ones helping buyers with software purchasing. There are analysts, experts, peers, and review websites, but buyers worry that vendors may influence these, negatively impacting their credibility. Other than vendor influence, these information sources may be disconnected and even provide contradictory data, which muddles the buying process.

We asked software buyers what information sources they use when planning to purchase software, which ones are the most influential, and the main obstacles they face when buying software.

Buyers have mixed feelings about vendors and sales

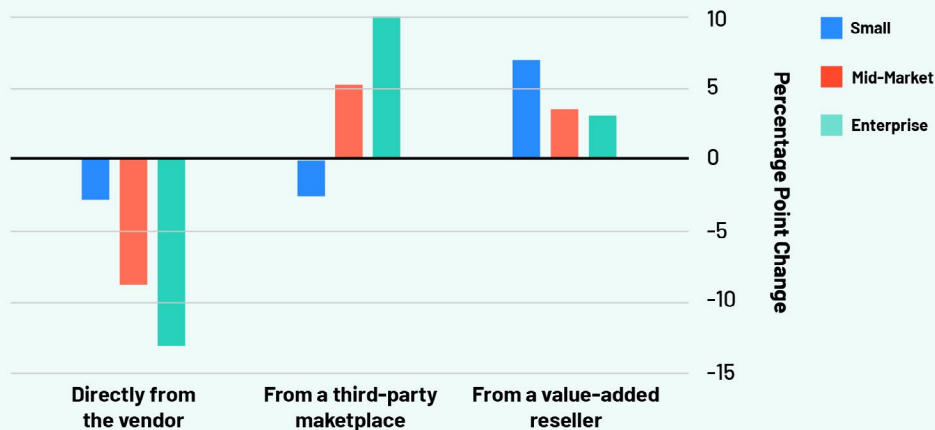
When planning to buy software, companies rely mainly on the vendor website (60%), internal supplier portals (43%), and salespersons at the software company (40%). Compared to 2021, a vendor’s website and its sales teams’ importance declined by 5 and 4 percentage points, respectively, while reviews websites gained 5%.

At the same time, more than 60% of buyers agree and strongly agree that vendor sales aren’t involved in the research phase. Also, buyers want sales to proactively engage earlier (75% agree and strongly agree) in the purchasing process, but they only involve sales at the last stage (68%). This is explained by a lack of trust in sales and the fact that they tend to be reactive instead of proactive, which may force buyers to adopt self-service alternatives like reviews websites.





YoY change in buying sources by company size

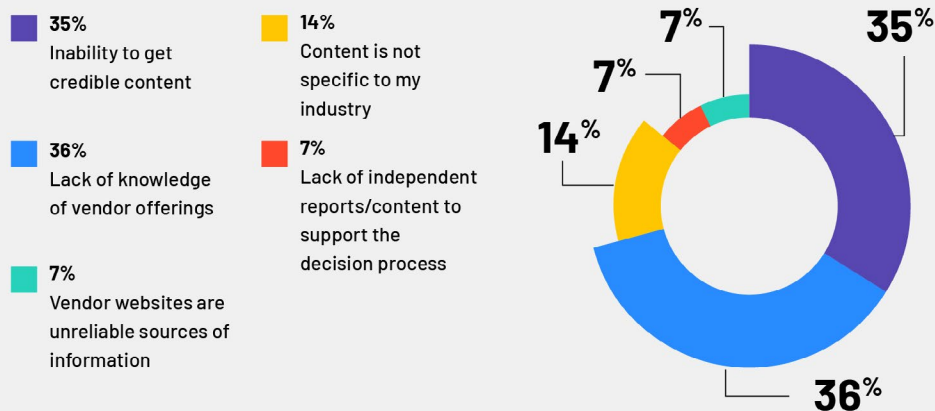


Vendors are missing out by not engaging buyers early or sharing helpful information.

Buyers don't trust information about vendors and software

The most crucial obstacle buyers face when making decisions is the lack of credible content. One in two respondents mentioned that they couldn't find credible content or knowledge of vendor offerings, that content isn't specific to their industry, vendor websites are unreliable, and it's hard to find independent content to support them.

Main reasons why buyers consider content to be a major obstacle when making decisions





Vendors are not living up to their buyers' expectations regarding content.

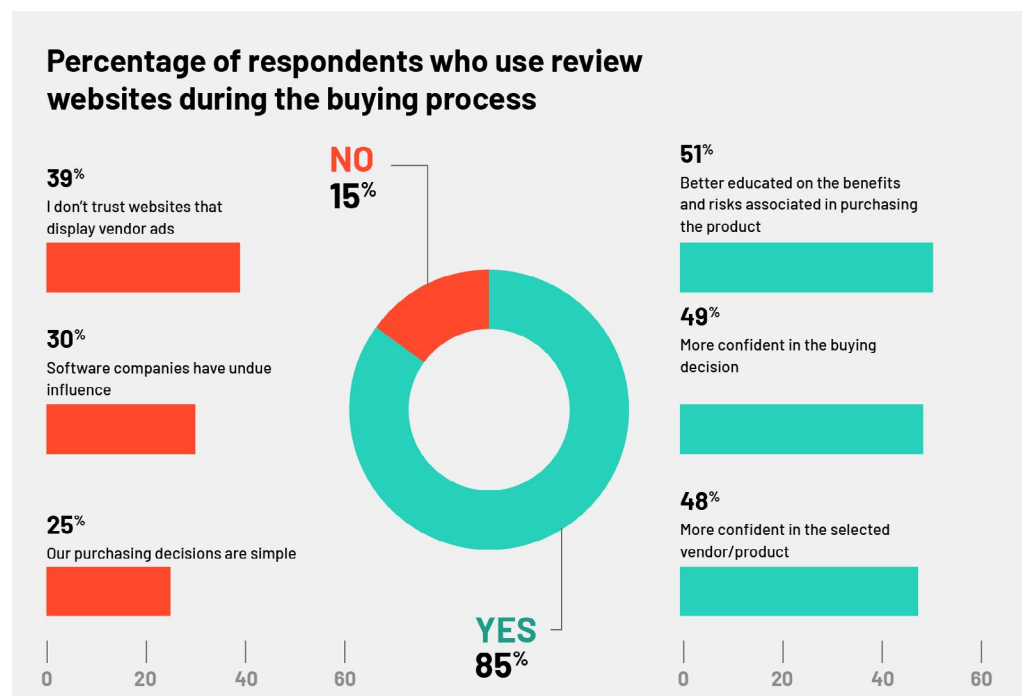
Ironically, software company websites are the most important source of information buyers rely on when planning to make purchases (60%). At the same time, only one in three buyers consider vendor websites the information source they trust most when making major purchasing decisions. Also, only 10% mentioned that relevant vendor-supplied content is influential when making decisions.

User-generated content is king

User-generated content, such as reviews, is essential for buyers. 76% of respondents think that product and service reviews websites are trustworthy or highly trustworthy, and 21% moderately trustworthy. As a result, one in two buyers feel better educated on the benefits and risks of purchasing software and more confident in the buying decision as well as in the selected product.

On the flip side, while only 16% don't use reviews websites, one in three respondents mentioned that ads and vendor influence are the main reasons they choose not to rely on reviews websites for software purchasing.

Reviews are essential for buyers when they are balanced with both positive and negative feedback and when reviewers are validated and verified transparently.





Security innovation is outpacing adoption

While software procurement can be expensive, time consuming, and pose financial risks, choosing not to develop security programs poses a more readily apparent security risk. That risk comes atop the risks of an expanding attack surface. If managing financial risk comes at the expense of implementing security programs for business-critical applications, the security risk can outweigh the immediate costs.

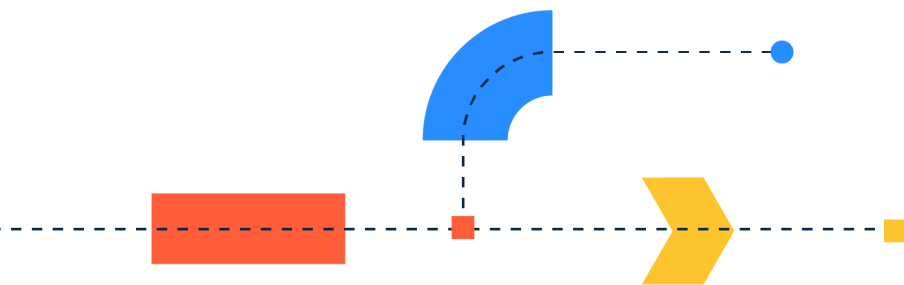
Security is a top priority for businesses of all sizes. According to the survey, 50% of respondents said that the kind of security a software has is very important (the highest percentage of any consideration), and 88% say the kind of security the software provides is either important or very important. 97% of respondents involve a security stakeholder in the software purchasing process and more than four out of five consider a vendor's history with breaches when evaluating new tools.

Many companies have been forced to rapidly adapt to support remote and hybrid work environments. They've also been managing growing data security and privacy compliance requirements. Countless factors have spurred the need for numerous additional security initiatives despite a major shortage of skilled cybersecurity workers across the world.

But despite the clearly significant value placed on security as a concept, the survey showed adoption of proper security procedures is not where it needs to be. There was no change in the average overall percentage of respondents who said their company requires a security or privacy assessment when purchasing software (83%). Fewer than one in four respondents who conduct security assessments involve information security (infosec) teams for conducting security or privacy assessments when evaluating software.



More than four out of five buyers consider a vendor's history with security breaches when evaluating software.



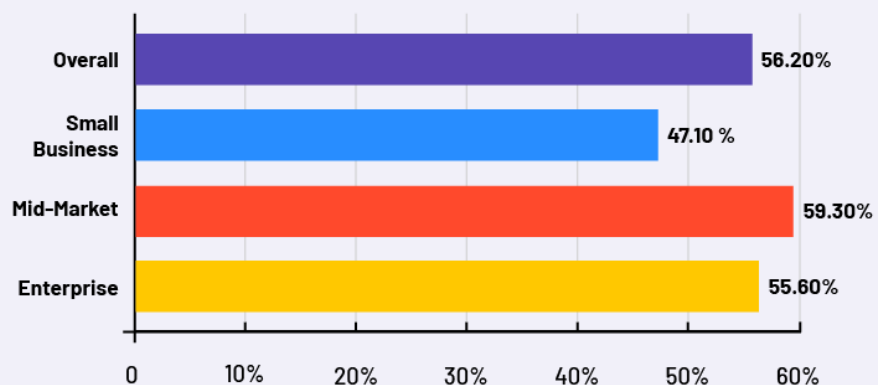


With fewer resources and staff, it's difficult to construct and maintain security teams, properly vet potential tools, and consistently monitor complex computing environments. Nearly one in three companies with fewer than 50 employees conduct no security audit when purchasing software. Together, these figures demonstrate many security risks are not being addressed, at least as quickly as they should be. Without these initiatives in a mature state, companies are risking exposure from an enormous, unmonitored attack surface.

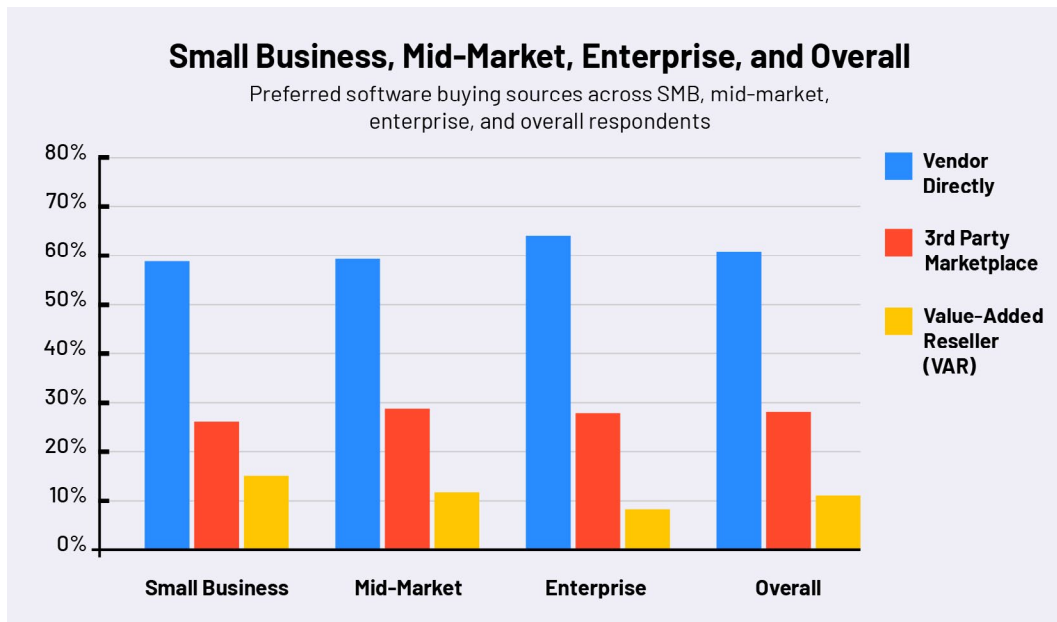
So while there has been progress over the past few years, it appears some of the urgency to update security systems is waning. Fifty-six percent of respondents said they have used software tools that have not been approved or vetted for security by their IT or infosec team, commonly referred to as shadow IT. This is especially true for small businesses. . This trend appears more present in North American markets (62%) and slightly less in the EMEA (54%) and APAC (48%) markets.

North American businesses prefer to purchase software with a credit card (56%). APAC and EMEA respondents had the smallest percentage of software purchased with a credit card (40% and 41% respectively). It appears APAC markets are ahead in terms of avoiding shadow IT, if only slightly.

Have you ever used software at work that has not been approved or vetted for security by your IT or InfoSec team?



Attack surfaces aren't expanding solely because of unsafe procurement practices. In addition to the rapidly growing number of remote workers across the world, it's becoming easier to use unapproved and unsecure software without knowing.



As the modern workplace continues to evolve, companies must take action in refining security processes, but not without taking their time to properly evaluate and implement new tools. Digital transformation performed hastily can expose a business to supply chain security vulnerabilities, misconfigured sensitive data, and countless other high-risk incidents. Human error will always be the most common cause of security breaches and cyber attacks, but reducing their ability to expose sensitive data or compromise networks is possible through thorough security vetting, proper implementation, and first-hand security training for employees.

Survey methodology

G2 fielded an online survey among 1,002 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 July 2022 and includes a global pool of respondents.



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