

TECHNOLOGY DECISION MAKING AMONG SMBs

SMB Insights
2015

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2015 RESEARCH METHOD

5-499 Sized Companies

National Market Study

Telephone / Internet
Interviews

1,354 Interviews

Owner/Partners, C-Suite,
Key Decision Makers

Fielded January 2015

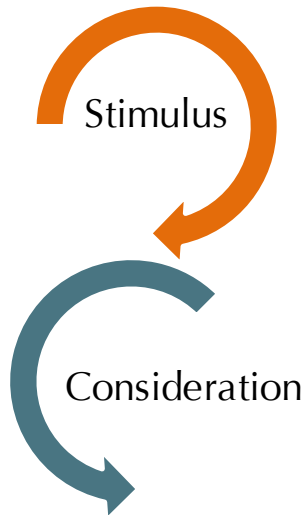
EXECUTIVE SUMMARY

Technology Decision Makers

- **Small and mid-sized business owners provide a prime target for technology brands and marketers.** The large majority of SMB key personnel (96%) make both technology hardware and software purchasing decisions for their companies.
- **Roughly six out of ten seek advice from other people and sources before finalizing their decision.** This advice seeking behavior provides marketers with a key opportunity to influence technology decision makers before they finalize their decision. As the technology buying cycle illustrates, there are a variety of approaches that can be used at each stage of the decision making process to influence and impact their choices.
- **Technology decision makers are men in their early 50's who are running moderately sized companies (average 24 employees). Most are well educated, upscale and live in urban or suburban settings.**
 - Those making technology decisions autonomously are younger, and running younger companies as well. Many of their businesses are experiencing high degrees of sales growth.
 - By contrast, decision makers who turn to other people and resources for advice before finalizing their technology decisions are running larger companies that are quite well established. Although their companies have strong sales, they do not experience the high rates of sales growth found among the younger, autonomous decision makers.
- **Technology is a category that SMB owners like and view as exciting.** They look forward to new technology advances for their companies, and even have technology brands at the top of their list of favorite stock picks.

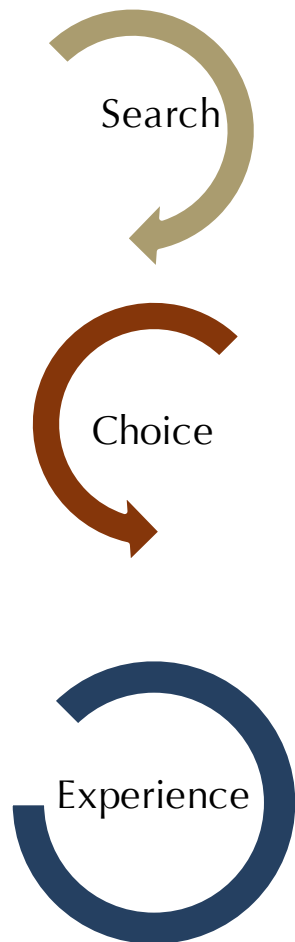
EXECUTIVE SUMMARY (CONT'D)

Technology Buying Cycle



- **The technology buying cycle occurs throughout the year with the decision making time frame ranging from 6 months to slightly over a year**, depending upon the size of the company. This lengthy, continuous process (presumably there are always companies engaged in the decision making cycle) provides marketers a year-round opportunity for influencing technology decisions in the SMB marketplace.
- **Optimization and growth are primary drivers of technology purchases.** The primary catalysts that drive SMBs to consider new technology purchases for their companies are: 1) the need to optimize a particular business process, and 2) a strong desire to support a growth opportunity for the company.
- **Among many consideration factors, the desire to do business with technology companies they respect stands out.** No matter if the company has five employees or 499 employees, this is a critical feature of their brand consideration and preferred style of working.
- **When it comes to technology brands, decision makers are familiar with many ...** from Cisco, Acer, Sharp and Intel to Dell, Adobe, Microsoft and Google. Similarly, many brands have been tried, and many are currently being used. The brands currently used by at least half of decision makers are: HP, Adobe, Microsoft and Google. Those used by slightly less than half are Dell, Yahoo and Apple.
- **Perceptions of the brands in their consideration set vary across technology sub-categories.** Among the software brands, there is great disparity across brands on key attributes, such as differentiation, relevance and leadership. Hardware brand imagery has shifted dramatically for many brands over the past year - brands that were perceived as strongly differentiated and highly relevant last year rapidly lost ground in 2015. Finally, the internet-driven brands have been the ones most likely to gain in awareness and leadership at a rapid fire pace.

EXECUTIVE SUMMARY (CONT'D)



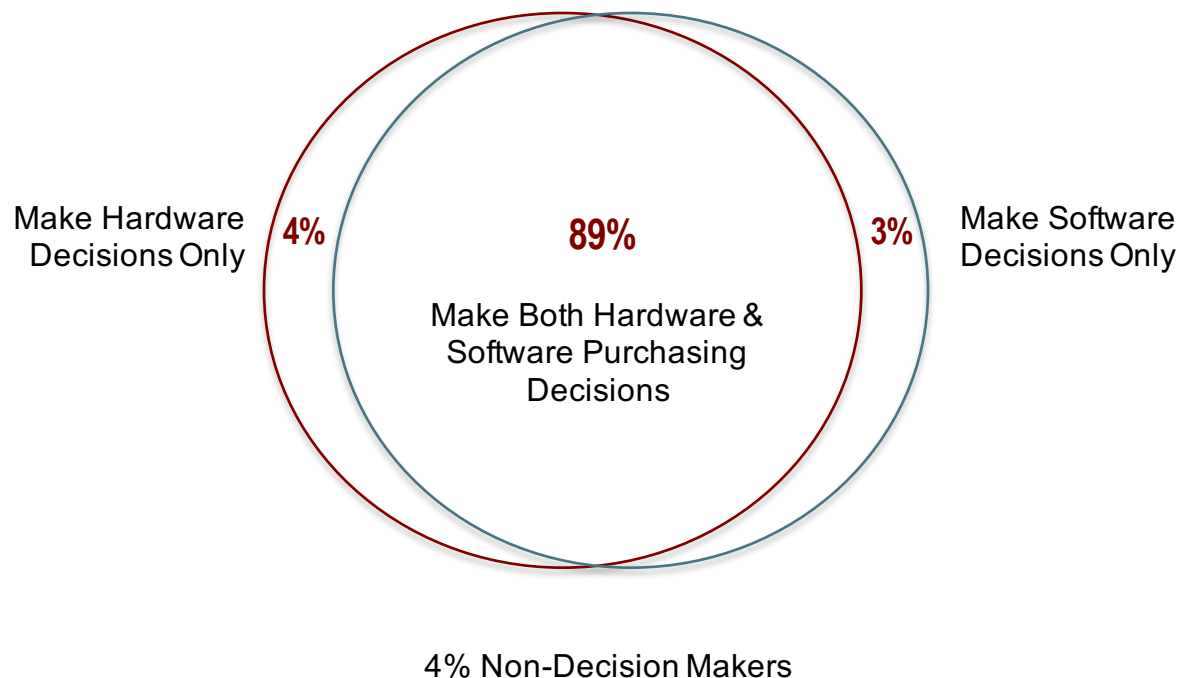
- **Business owners turn to different sources for technology advice based largely on the size of the company that they are running.** Those running companies with fewer than 100 employees tend to turn to business colleagues and peers for advice. Owners and key executives running 100+ sized businesses are most inclined to query in-house experts or department heads for decision making guidance. Importantly, no matter the size of the company, the majority look to the manufacturer or service provider itself for guidance. The Internet is another frequently used resource for researching products & services.
- **The key drivers of brand choice are influenced by the size of the company, and its particular needs.** For example, businesses with fewer than five employees find it highly important to work with other brands and companies that they see as being easy to do business with. Businesses with 5-19 employees are most driven by brands that they perceive as being industry leaders. The largest companies, those with more than 100 employees, are looking for brands that provide an easy business relationship and that have momentum.
- **The most used outlets for technology purchases are direct from the manufacturer and office supply stores.** These are the leading outlets used for both hardware and software purchases.
- **The customer's experience is an integral part of the buying process, because it so strongly influences the extent to which the next purchase needs to be vetted and considered.** If the experience is positive, the decision maker may skip the entire decision making process and jump immediately to choice, simply choosing the same brand that was used last time. Further, the leading brand selection criteria is that the brand have a proven track record or provides strong customer service and support. Nearly six out of ten (59%) agreed that this selection criteria was 'extremely important.'

TECHNOLOGY DECISION MAKER PROFILE

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ALMOST ALL SMB OWNERS MAKE TECHNOLOGY HARDWARE & SOFTWARE PURCHASING DECISIONS

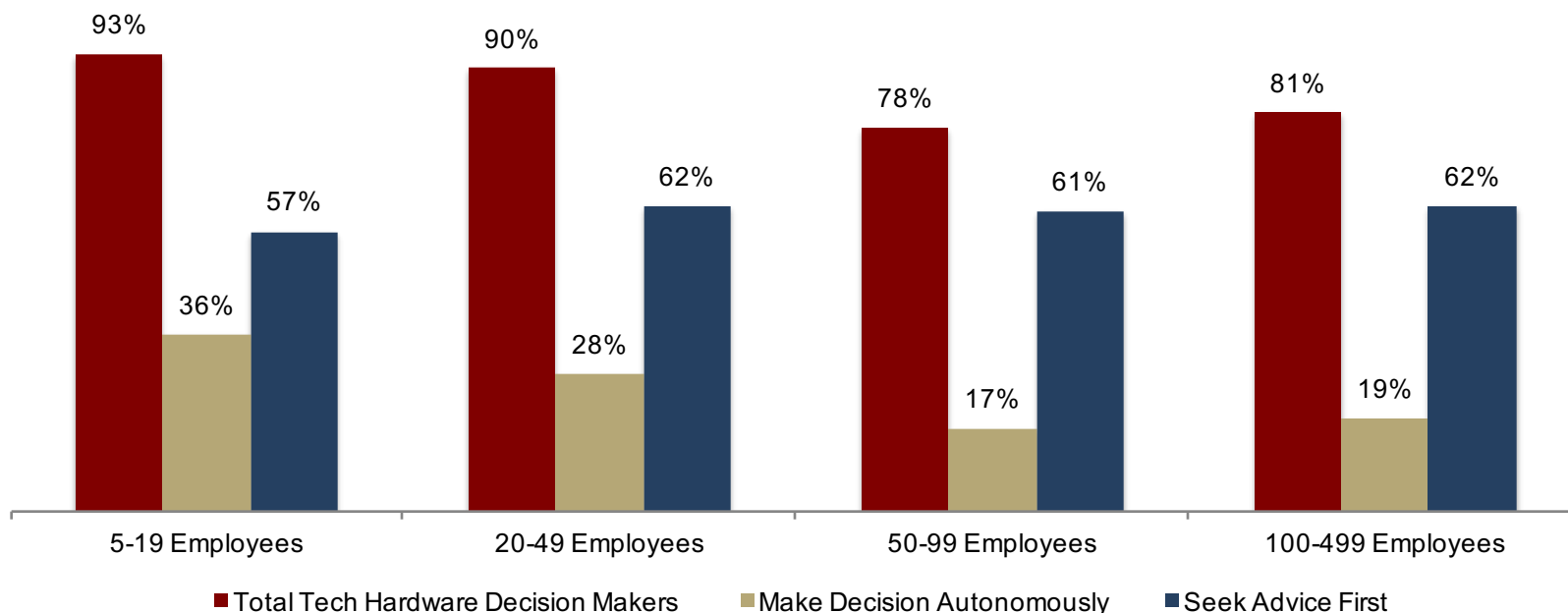
96% are Technology Decision Makers



“Your company undoubtedly interacts with & uses the services of many industries. Please indicate how vendor & brand decisions are made by your company for each industry listed below. You make the decision by yourself, you seek advice from others before the decision is made, this is an area you are not involved with, this is an industry not used by your company.”

TECHNOLOGY DECISION MAKERS SEEK ADVICE WHEN MAKING TECHNOLOGY PURCHASING DECISIONS

Technology Hardware Decision Making by Size of Company



“Your company undoubtedly interacts with & uses the services of many industries. Please indicate how vendor & brand decisions are made by your company for each industry listed below. You make the decision by yourself, you seek advice from others before the decision is made, this is an area you are not involved with, this is an industry not used by your company.”

TECHNOLOGY DECISION MAKERS WHO MAKE DECISIONS AUTONOMOUSLY ARE YOUNGER & RUN SMARTER COMPANIES; THOSE SEEKING ADVICE RUN LARGER, ESTABLISHED BUSINESSES

	Total Tech Hardware Decision Makers	Make Decision Autonomously	Seek Advice First
Annual Sales (average)	\$7.1M	\$5.6M	\$8.1M
11% Sales Growth	36%	41%	34%
# of Employees (average)	22	16	25
5-19 Employees	75%	81%	71%
# Yrs in Business (average)	26.3	24.1	27.7
<10 Years in Business	17%	20%	15%
Minority Owned	13	14	13
Men	69	67	70
Age (average)	52.4	50.3	53.5
Under 40 Years of Age	13%	17%	11%
College Graduate+	70%	66%	72%
Household Income (avg)	\$185K	\$184K	\$188K
Total Net Worth (avg)	\$1.5M	\$1.5M	\$1.6M
A/B Counties	78%	79%	77%
(Base:)	(1,228)	(440)	(788)

TECH DECISION MAKERS WORK PRIMARILY IN WHITE COLLAR INDUSTRIES; AUTONOMOUS DECISION MAKERS, CONSTRUCTION & SERVICES; ADVICE SEEKERS, RETAIL TRADE & FIRE

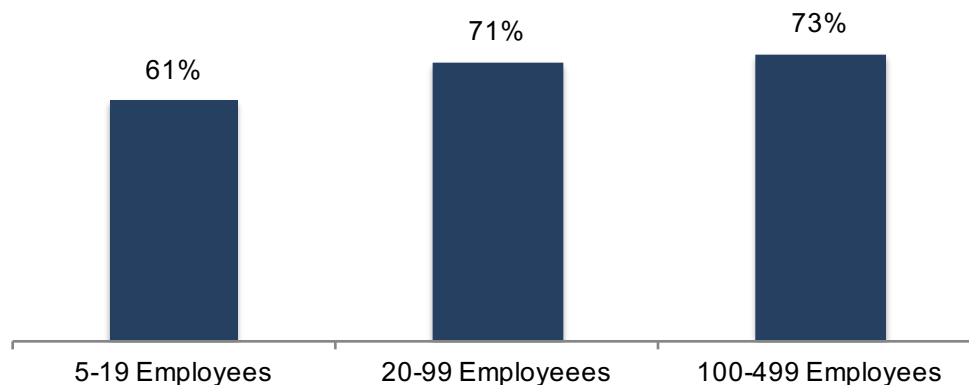
	Total Tech Hardware Decision Makers	Make Decision Autonomously	Seek Advice First
Blue Collar Industries (NET)	32%	34%	31%
Construction	9	12	7
Manufacturing	13	12	14
Transportation, Communication, Utilities	4	4	4
Repair Services	3	3	3
White Collar Industries (NET)	62	59	65
Wholesale trade	4	3	5
Retail trade	12	10	13
Finance, Insurance, Real Estate	9	8	11
Services	36	38	35
Miscellaneous Business Services	11	10	12
Non-Classifiable	6	8	5
Northeast	19	17	22
South	35	35	28
Midwest	23	22	25
West	23	25	25

TECHNOLOGY IS TOP-OF-MIND WITH SMB OWNERS; THEY ARE EXCITED BY IT AND ALSO CONSIDER IT FOR INVESTMENT PURPOSES

Top Two Favorite Stock Picks

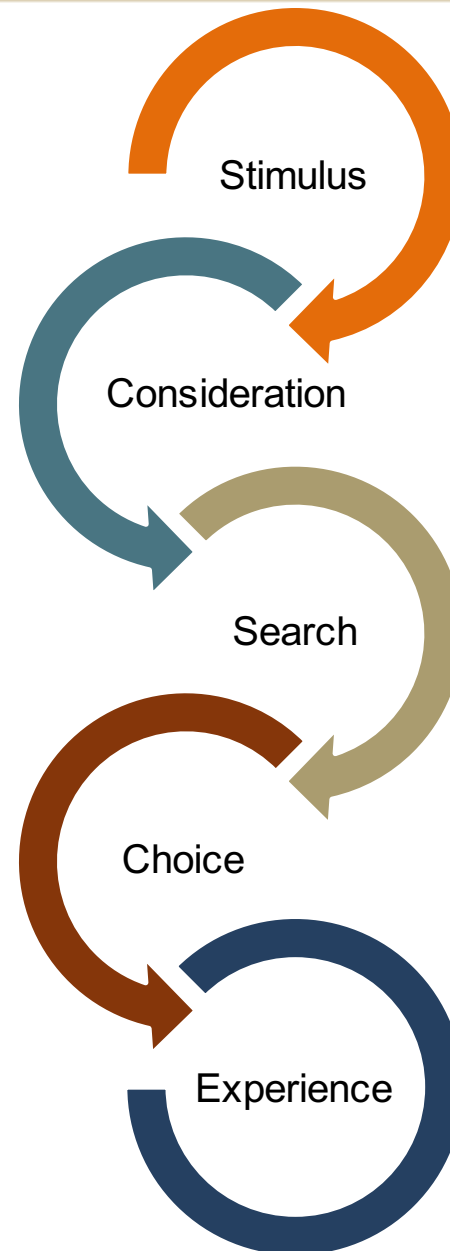


"I'm excited about the new technology available for my business"
% Agree Completely/Mostly



"What is your favorite stock in the stock market?" "Please indicate the extent to which you agree or disagree with each of the following statements about technology."

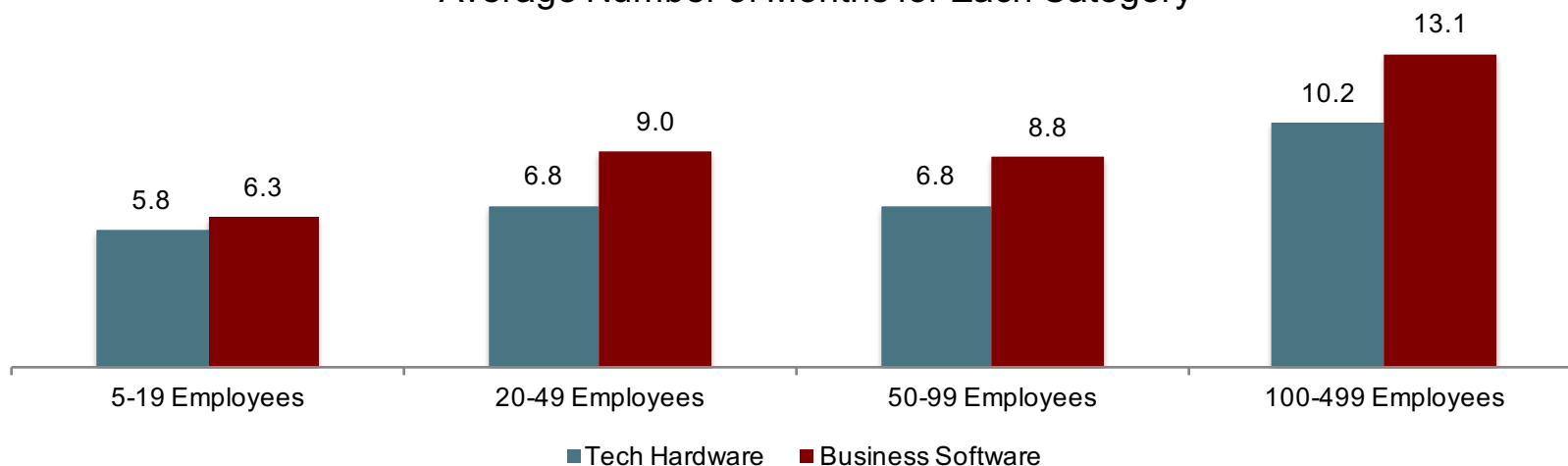
TECHNOLOGY BUYING CYCLE



THE TECHNOLOGY BUYING CYCLE RANGES FROM 6 MONTHS TO SLIGHTLY OVER 1 YEAR, DEPENDING UPON THE SIZE OF THE COMPANY

Length of Decision Making Process for the Selection of the Brand/Vendor

Average Number of Months for Each Category



Technology Hardware = computers, mobile devices, peripherals
Software = Business software

“Approximately how long is the decision making process from the time when your company initially realizes that a change needs to be made up to the actual selection of the brand/product and/or vendor to be used? Fill in the appropriate number of years, months and weeks for each industry.”

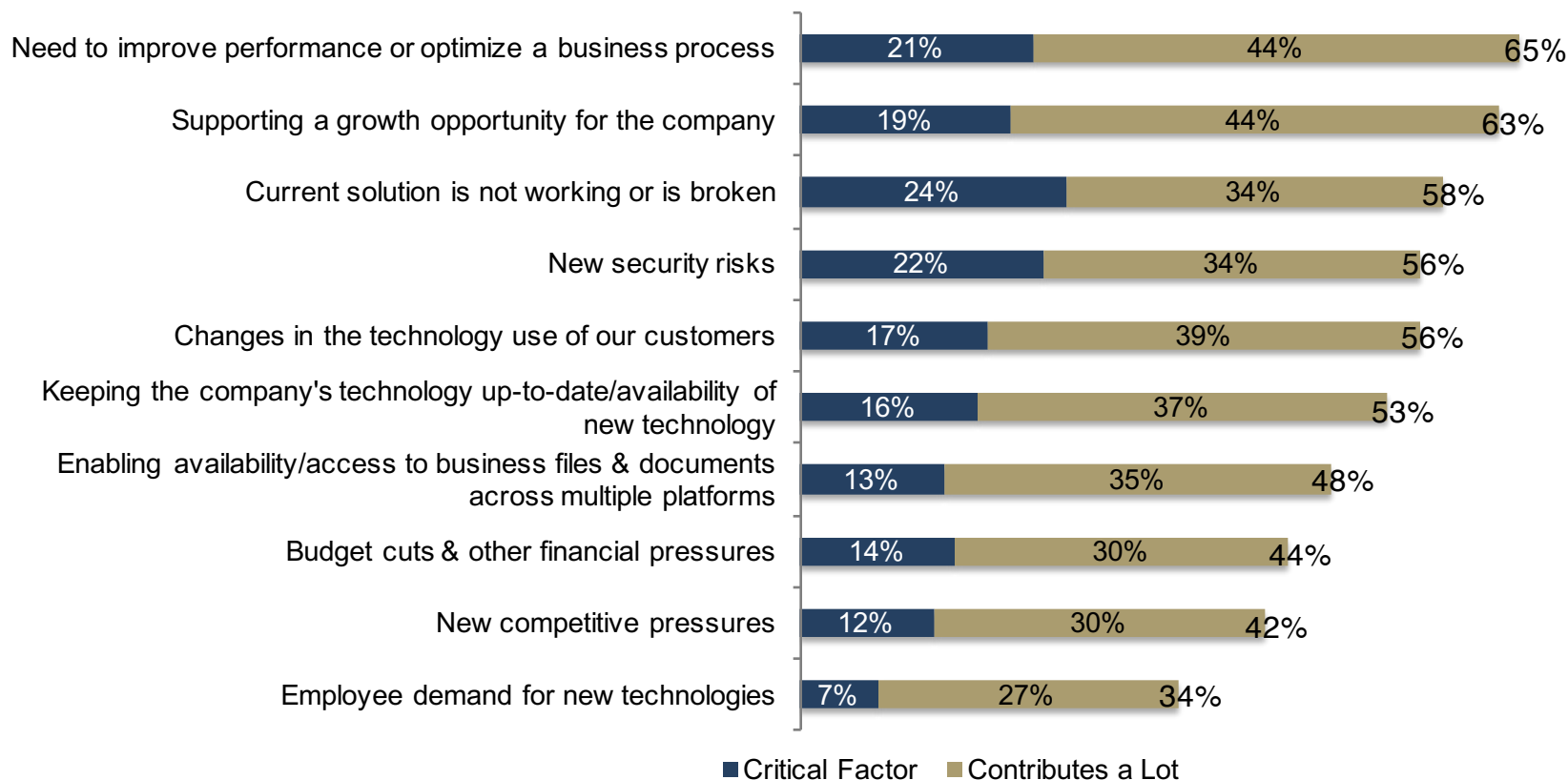


What are the stimuli that drive a new technology purchase?

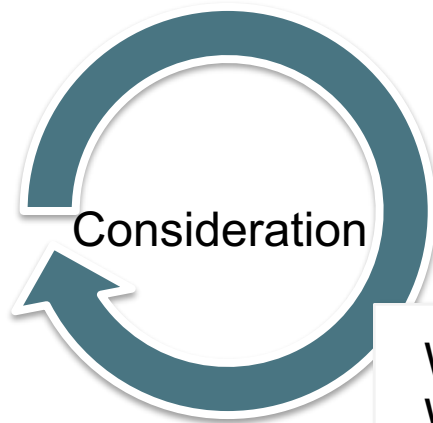
DECISION MAKERS PRIMARILY PURCHASE NEW TECHNOLOGY TO OPTIMIZE BUSINESS PROCESSES AND TO DRIVE GROWTH

Factors Driving New Technology Investments

Among Technology Hardware Decision Makers



"To what extent might each of the following factors drive your company's decision to make a new technology investment of some sort?"

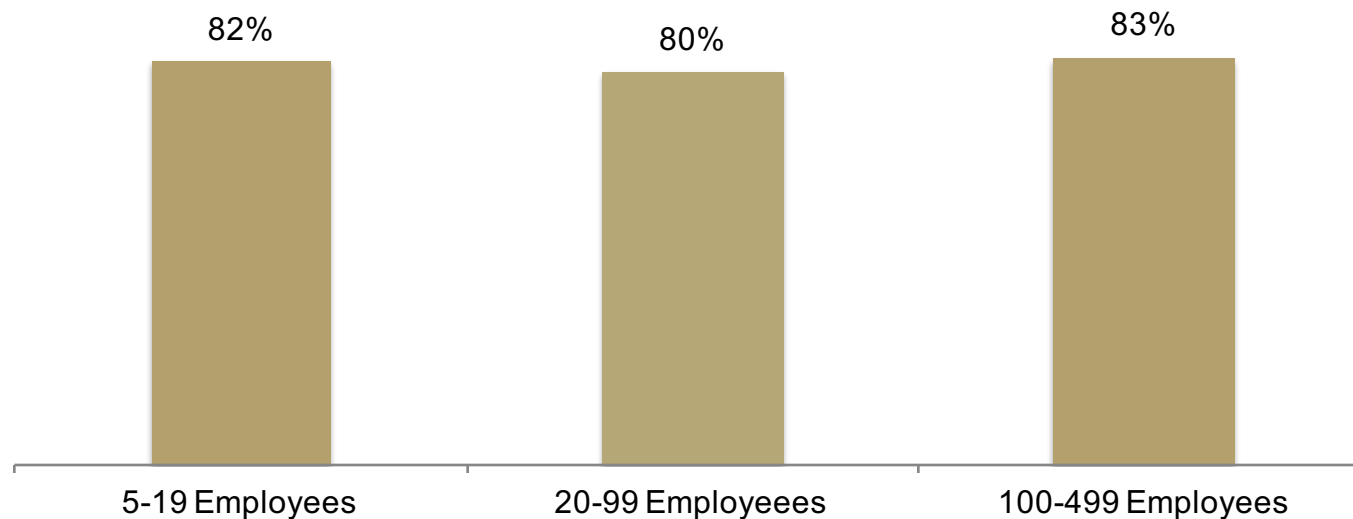


What do I need to know to make a decision?
Who are the players?

BUSINESS OWNERS, FIRST AND FOREMOST, LIKE TO DO BUSINESS WITH COMPANIES THEY RESPECT

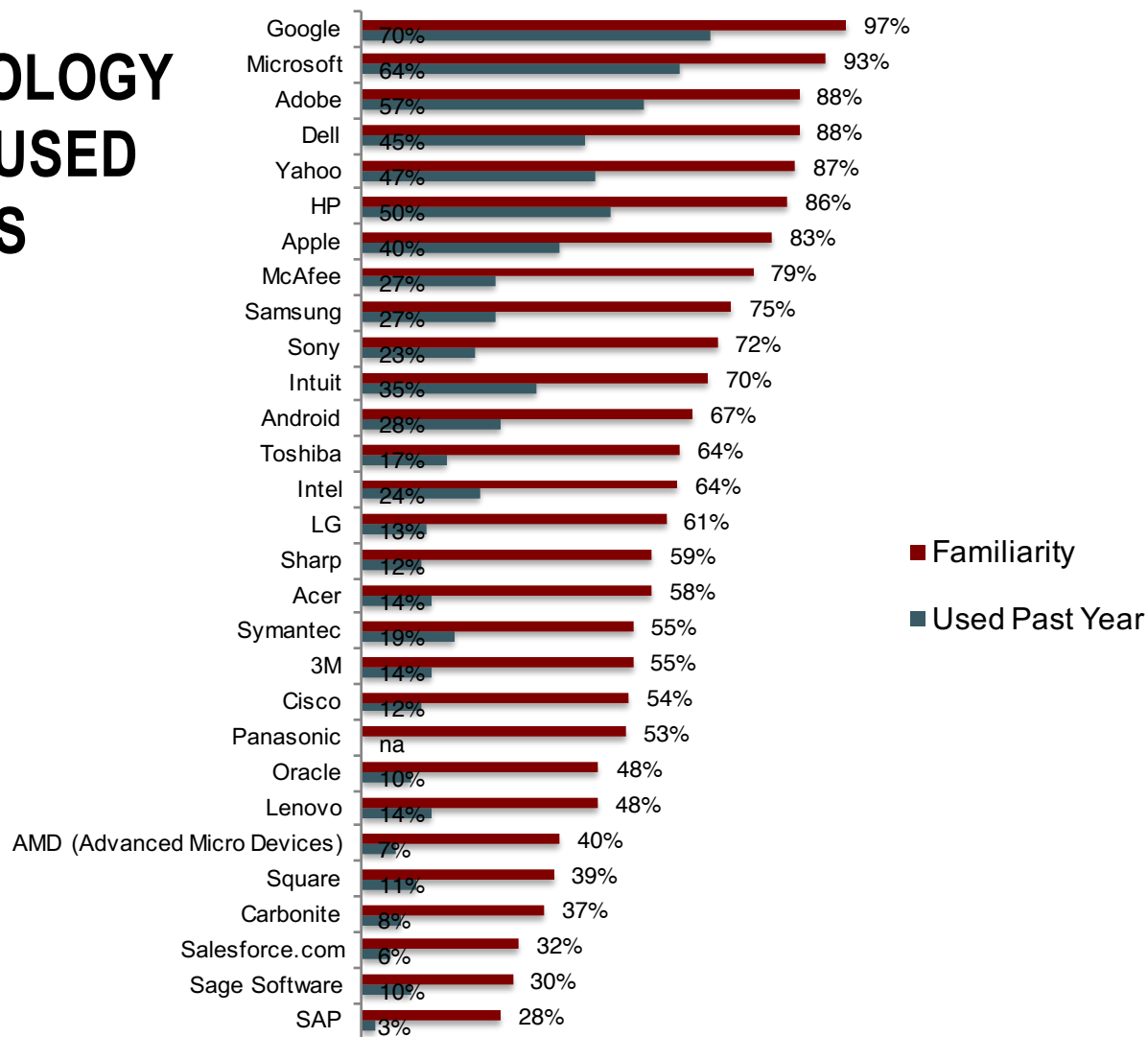
"I want to do business with companies I respect"

% Agree



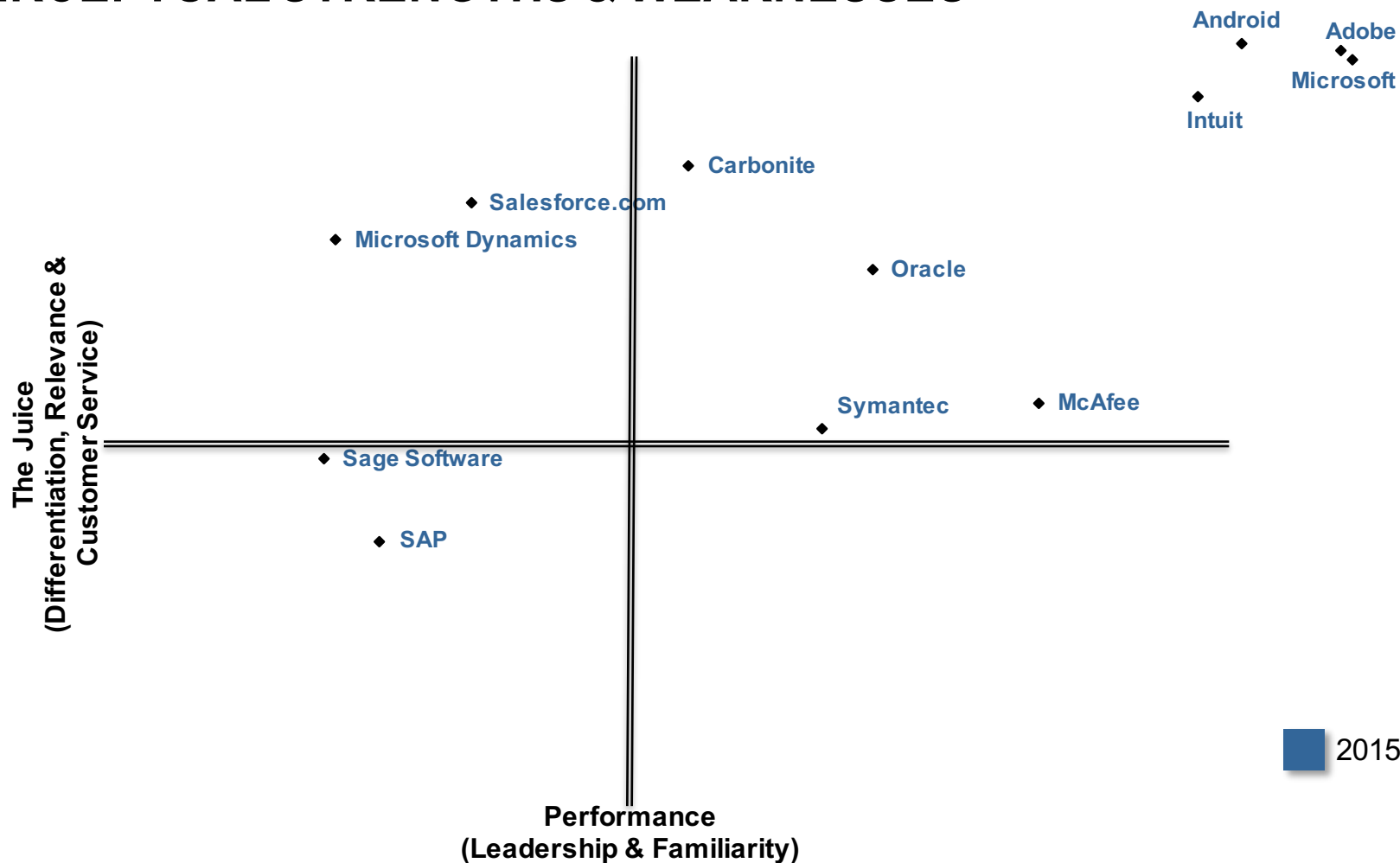
“Following are a series of statements which may/may not reflect how you think about business, or life in general. Please indicate whether you agree/disagree with each one, using a 0 to 10 point scales, where 10 means you ‘strongly agree’ and 0 means you ‘strongly disagree.’”

MANY TECHNOLOGY BRANDS ARE USED FOR BUSINESS

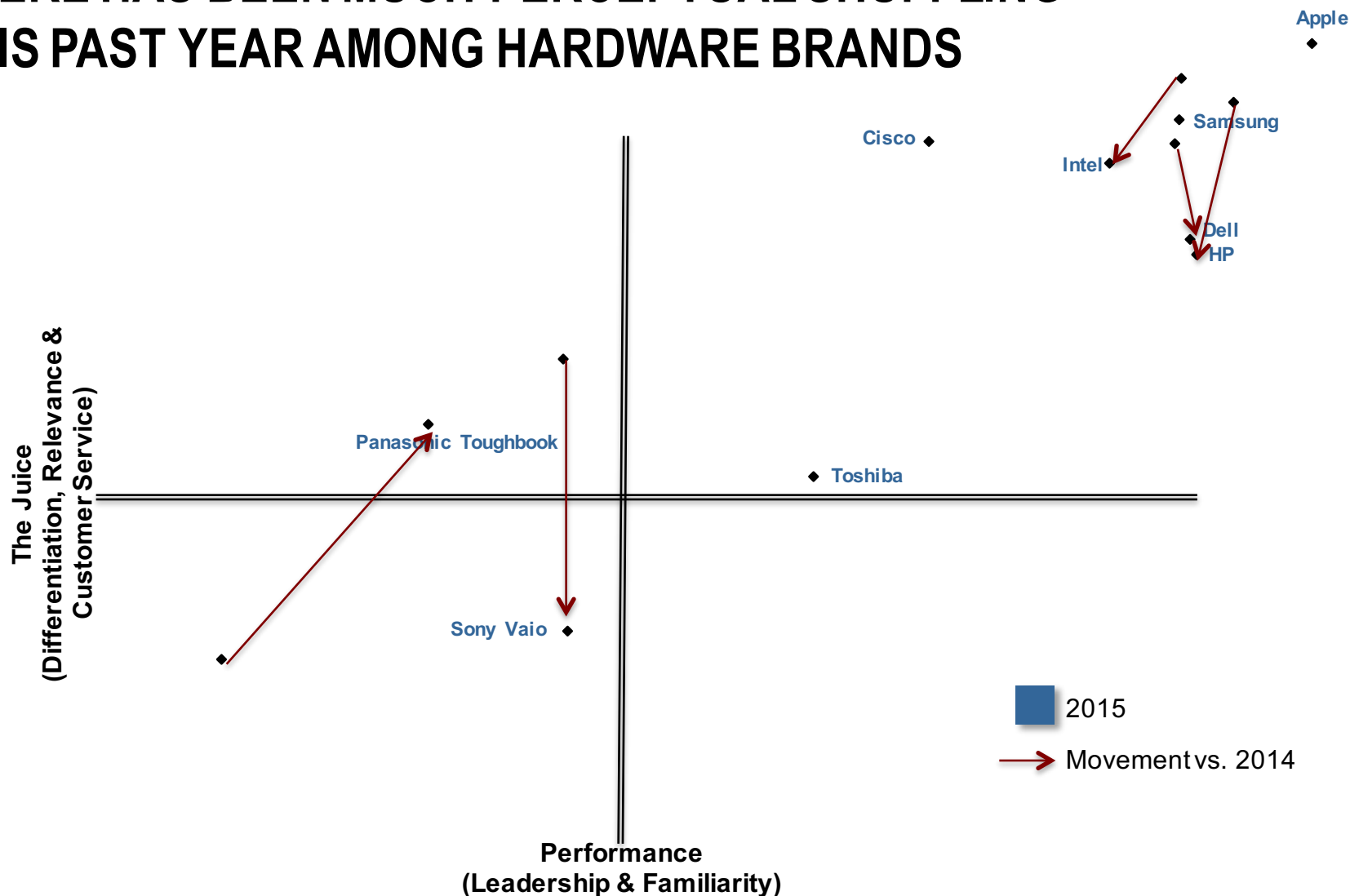


Base: Technology Hardware Decision Makers in Businesses with 5-499 Employees

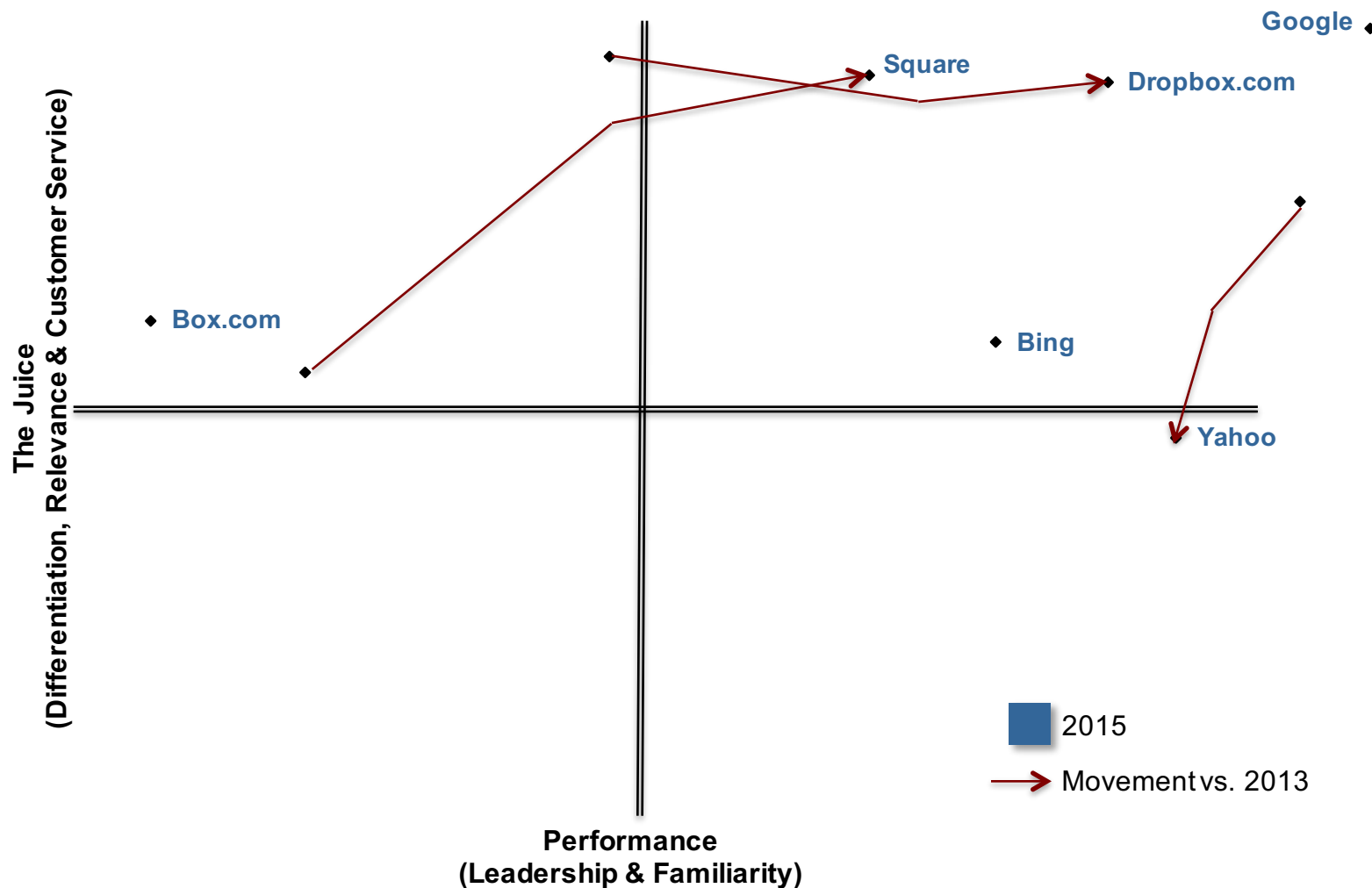
SOFTWARE BRANDS ARE VIEWED AS HAVING DIFFERENT PERCEPTUAL STRENGTHS & WEAKNESSES



THERE HAS BEEN MUCH PERCEPTUAL SHUFFLING THIS PAST YEAR AMONG HARDWARE BRANDS



CERTAIN INTERNET-DRIVEN BRANDS HAVE RAPIDLY BECOME EXCEEDINGLY POPULAR



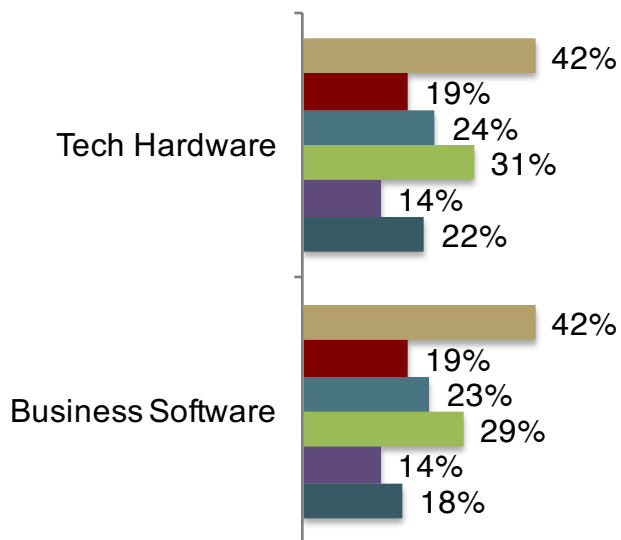


Where and how will I get my information?

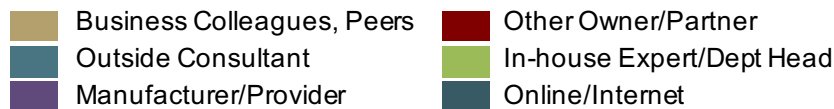
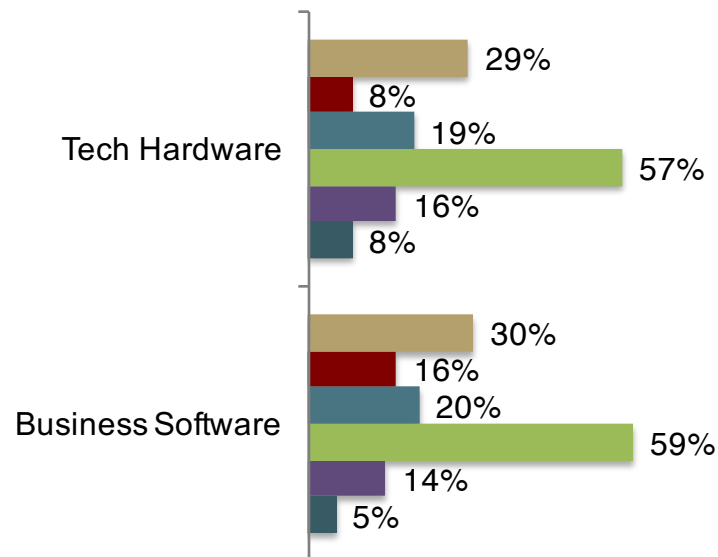
SMALLER BUSINESS OWNERS TURN TO COLLEAGUES FOR ADVICE; LARGER BUSINESS OWNERS QUERY IN-HOUSE EXPERTS

Sources Used for Advice in the Technology Purchases

Businesses with 5-99 Employees
(58% Seek Advice)



Businesses with 100-499 Employees
(58%-62% Seek Advice)

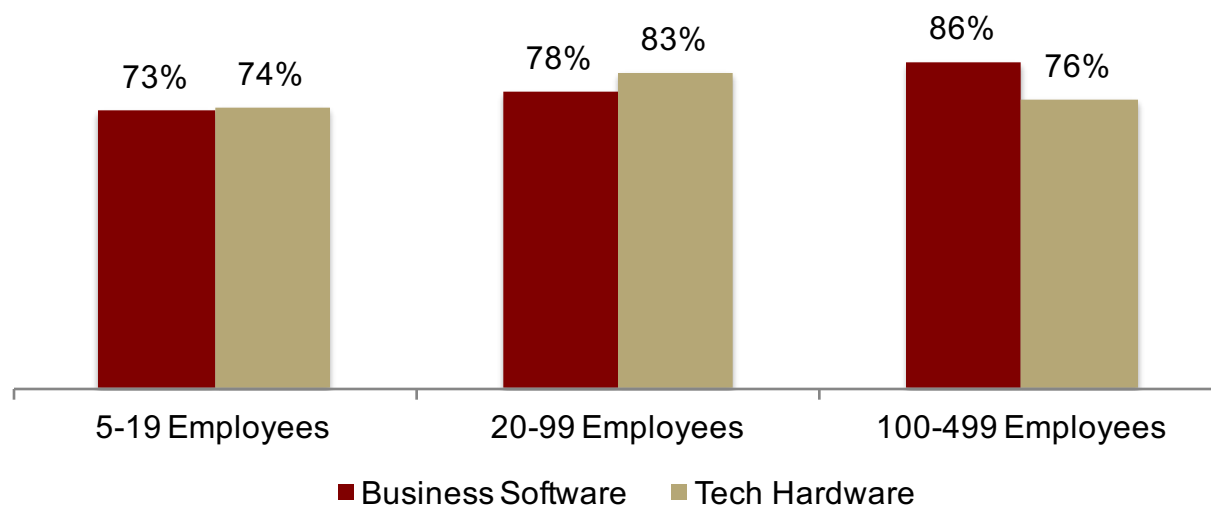


“Listed below are the industries in which you mentioned seeking the advice from others before a final decision is made. For each of these industries, please indicate the specific sources of that advice.”

THE MAJORITY TURN TO MANUFACTURER OR SERVICE PROVIDERS FOR HELP MAKING THEIR TECHNOLOGY PURCHASING DECISIONS

Company Has Turned to Provider/Manufacturer for Decision Making Guidance

% Agreeing 'Yes, All of the Time' or 'Yes, Sometimes'



"In your experience, has your company ever turned to a manufacturer or provider of the product/service in each of the following industries in order to seek guidance and critical decision making information?"

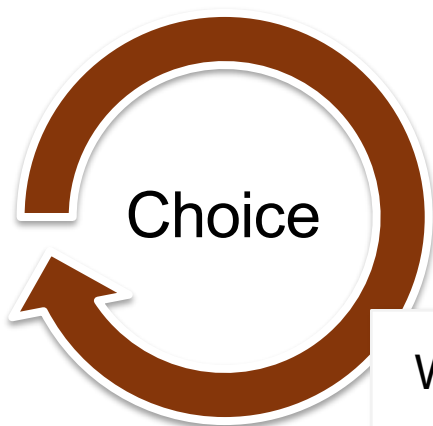
THE INTERNET IS ALSO A SOURCE FOR EXPLORING OPTIONS

“When shopping for the business, I often research products & services on the Internet and then visit a retail location to make the purchase”

% Agree Completely/Mostly



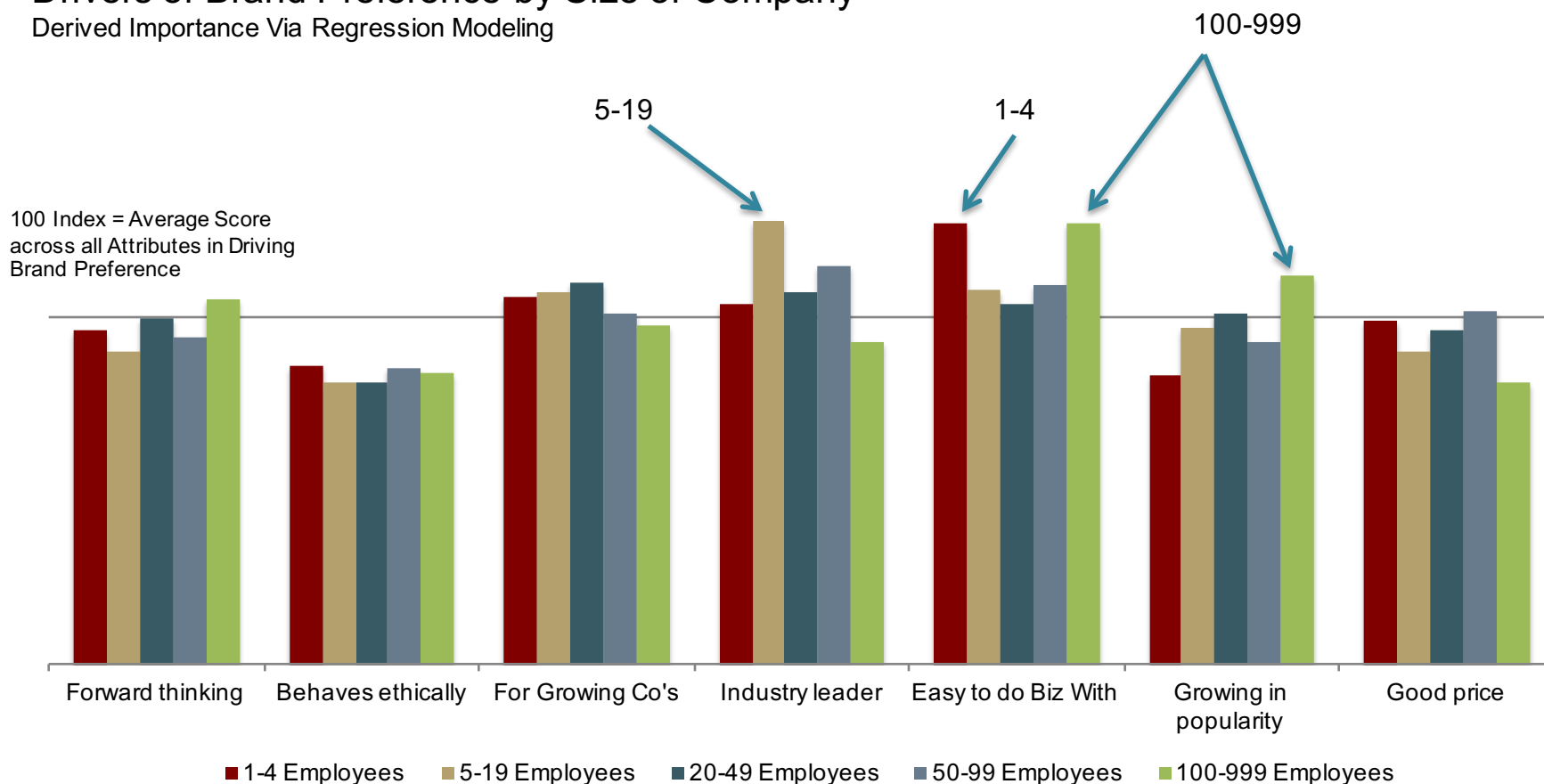
“Please indicate the extent to which you agree or disagree with each of the following statements about technology.”



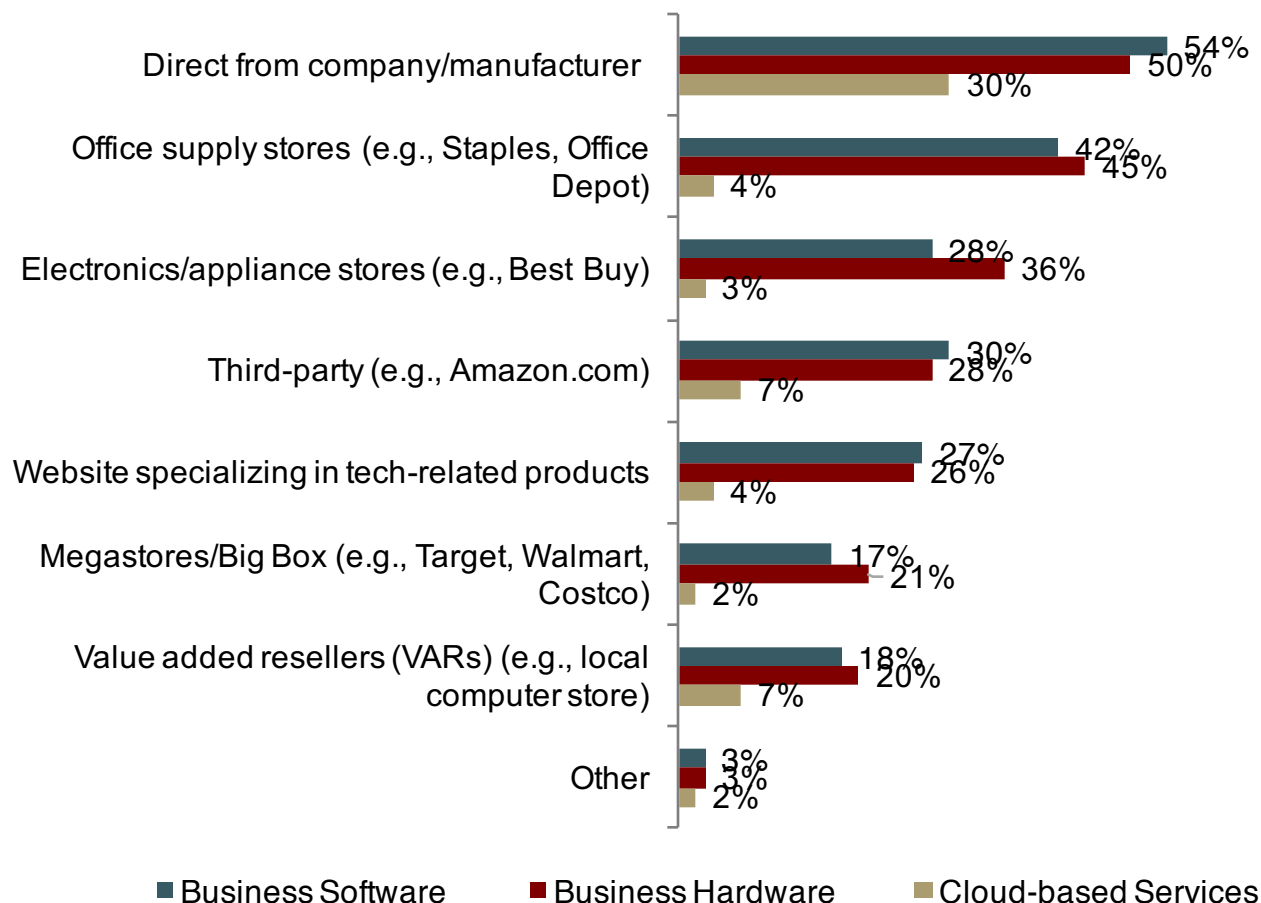
Which one do I get? Where do I buy it?

KEY DRIVERS OF BRAND PREFERENCE ARE INFLUENCED BY COMPANY SIZE: 5-19 COMPANIES LOOK FOR LEADERSHIP; 100+ SIZE COMPANIES DESIRE MOMENTUM & RELATIONSHIPS

Drivers of Brand Preference by Size of Company
Derived Importance Via Regression Modeling



THE MOST POPULAR OUTLETS FOR PURCHASING TECHNOLOGY ARE DIRECT FROM MANUFACTURER & OFFICE SUPPLY STORES



“From which of the following sources have you or your business purchased business software/business hardware/cloud-based services for your company?”

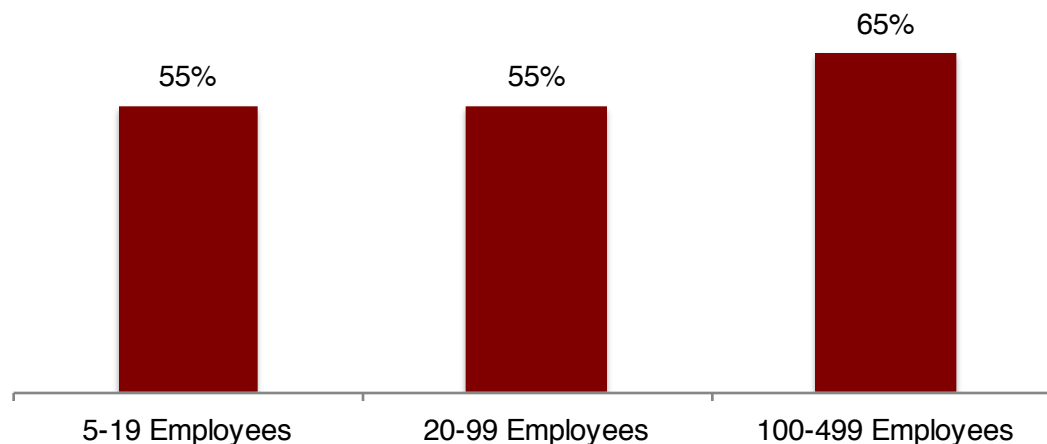


How do I feel about my experience?

THE SALE IS NEVER THE FINAL STAGE OF THE BUYING PROCESS – THE BRAND EXPERIENCE IS THE BEGINNING OF THE NEXT CYCLE

*“I like to be reminded by things I see & read that I’ve
bought a good product or service”*

% Agree



“Following are a series of statements which may/may not reflect how you think about business, or life in general. Please indicate whether you agree/disagree with each one, using a 0 to 10 point scales, where 10 means you ‘strongly agree’ and 0 means you ‘strongly disagree.’”

THE “EXPERIENCE CLOSES” THE LOOP FOR THE NEXT PURCHASE

Overall Brand Selection Criteria

Among Tech Hardware Decision Makers

% Rating Extremely Important



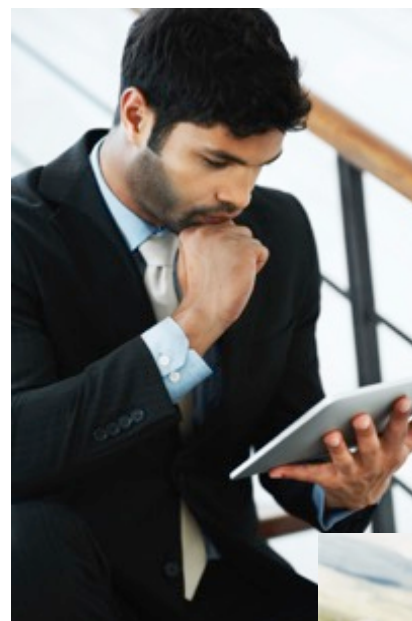
“How important are each of the following criteria when deciding which brands or vendors to consider?”

Conclusions

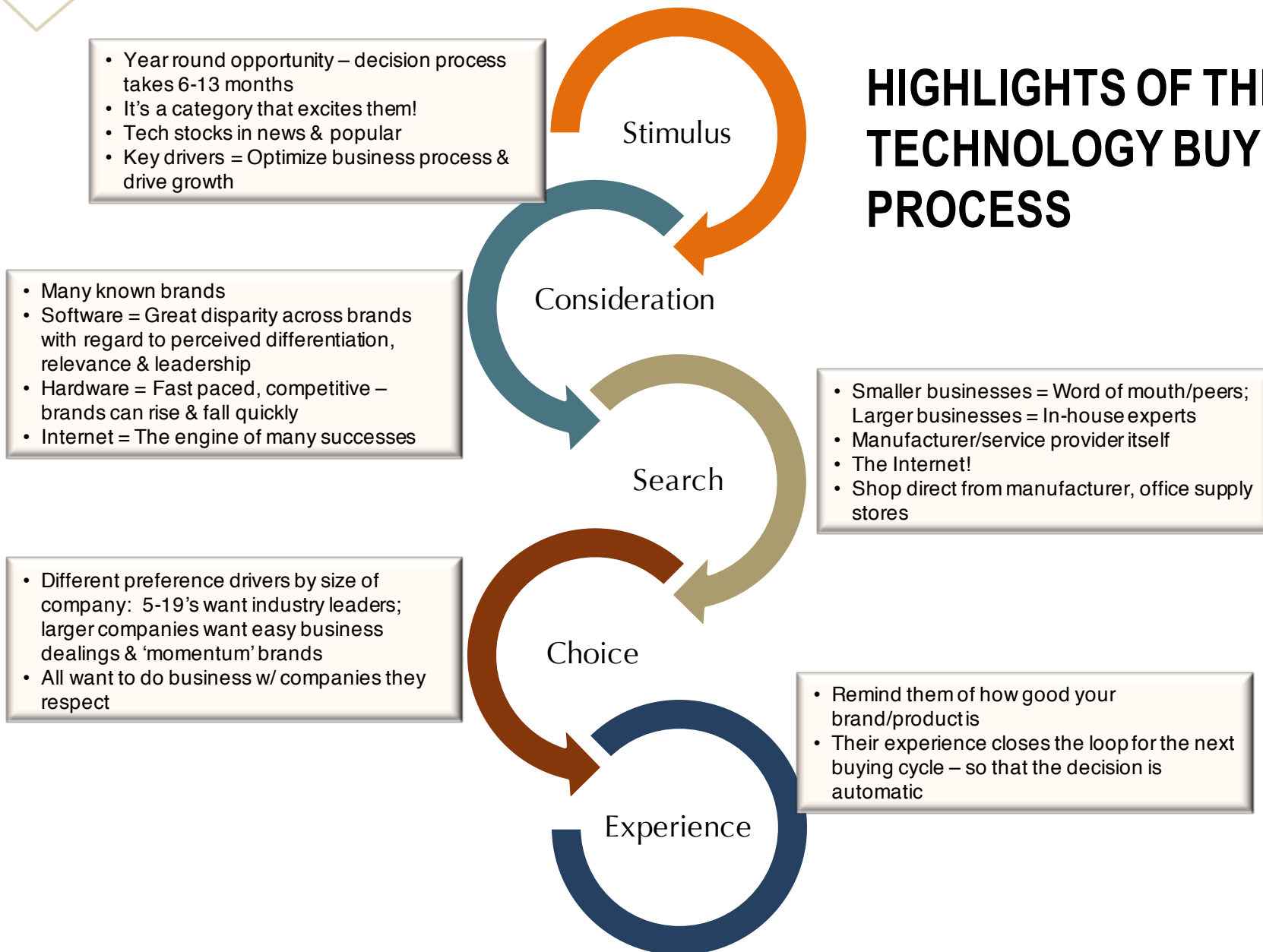


TARGETING SMB TECHNOLOGY DECISION MAKERS

- Almost all SMB owners (96%) make hardware & software purchasing decisions for their companies
- No matter company size, most seek advice before finalizing the decision ... Word of mouth is critical
- The lion's share are in companies with 5-19 employees (75%)
- Most are men (69%)
- They are 35-54 years of age ... autonomous decision makers include more under 40's (Millennials) though still at low levels (17%)
- They are urban, suburban dwellers
- Primarily in white collar industries
- There is a slight bi-coastal skew among those who seek advice before finalizing their decision



HIGHLIGHTS OF THE TECHNOLOGY BUYING PROCESS



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