



2023 G2 Software Buyer Behavior Report

The Value-Driven Buyer

Economic challenges drive businesses to invest in technology—and expect fast results



Cautiously optimistic buyers expect more value from their software purchases.

Economic challenges are putting software buyers in a difficult position: continue investing in tech with lower budgets and less room for error.

With every year that passes, it's easy to feel stunned by the disruption in every corner of the corporate world and dwell on how easy the years prior seem. It's been over 3 years since the economic effects of the pandemic set in, weighing on business in every sector and geography. And this year, governments around the world have taken major steps to curb inflation while businesses deal with the ramifications of the economic upheaval.

But software continues to eat the world—unphased. In fact, G2's latest research shows that despite the upheaval, most businesses are increasing their software spend.

To help software vendors navigate this turbulence and find growth on the other side, G2 surveyed over 1,700 global software buyers to understand their plans, behaviors, and attitudes. Our research uncovered that vendors vying for a piece of that increased spend still face significant roadblocks. Notably, businesses facing pressures to show results are urging vendors to not just tell them how their offerings can drive value but show them—within 6 months. Our research uncovered 5 insights defining today's (and tomorrow's) software buyer and delivers recommendations for you to move the insights into action.

Security remains an important theme, but 2023 will undoubtedly be remembered as the year AI stormed onto the scene with the spotlight on large language models and generative AI. Simply put, organizations are looking at how AI can save costs and support business growth—and they're willing to pay for it, as indicated by larger deal sizes.

The G2 team is thrilled to share our analysis to help you win, serve, and retain customers in 2023 and beyond. We hope that as you read, you identify tactics that can inform your own go-to-market strategies and support future growth.

Chris Voce

Vice President of Market Research at G2



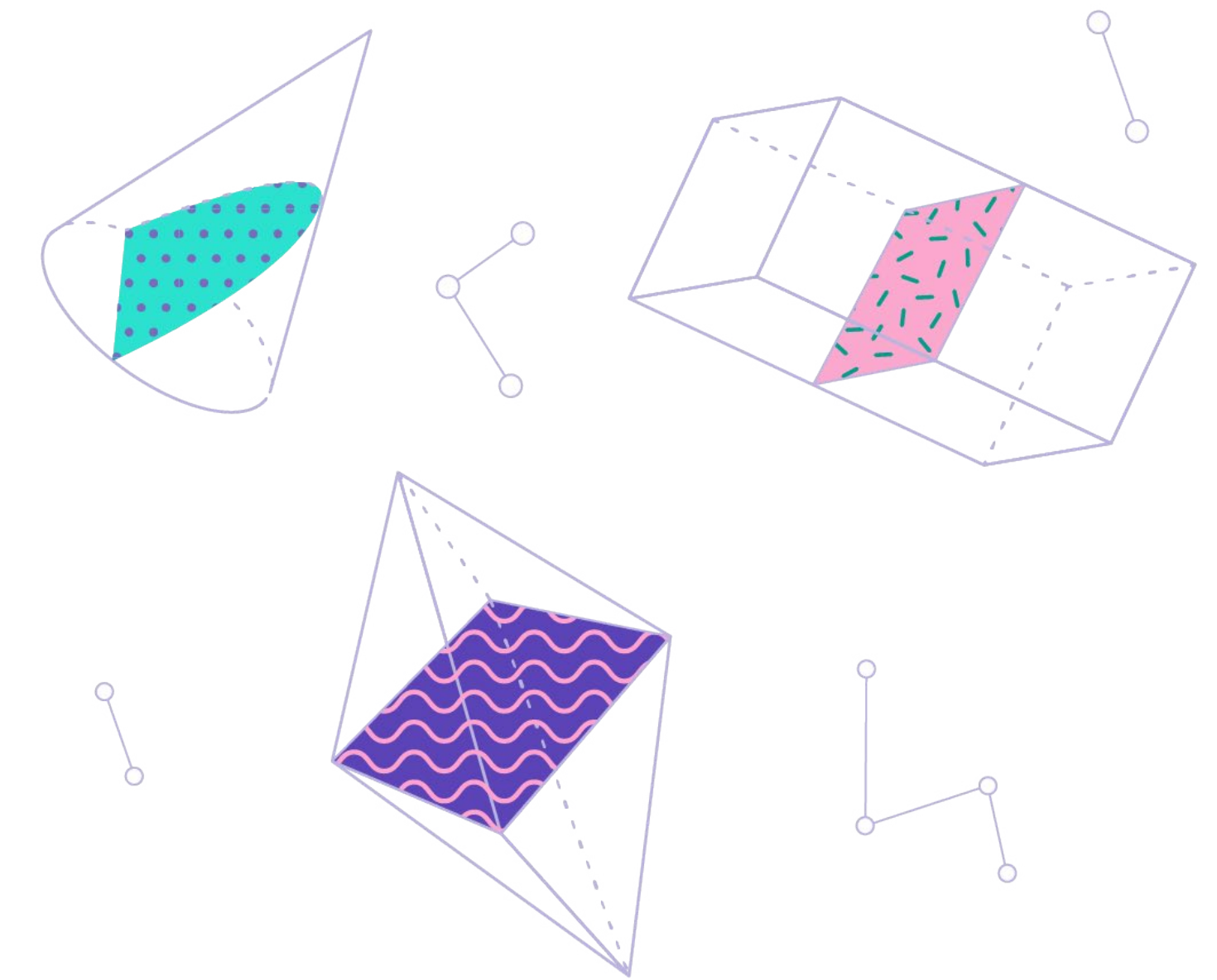
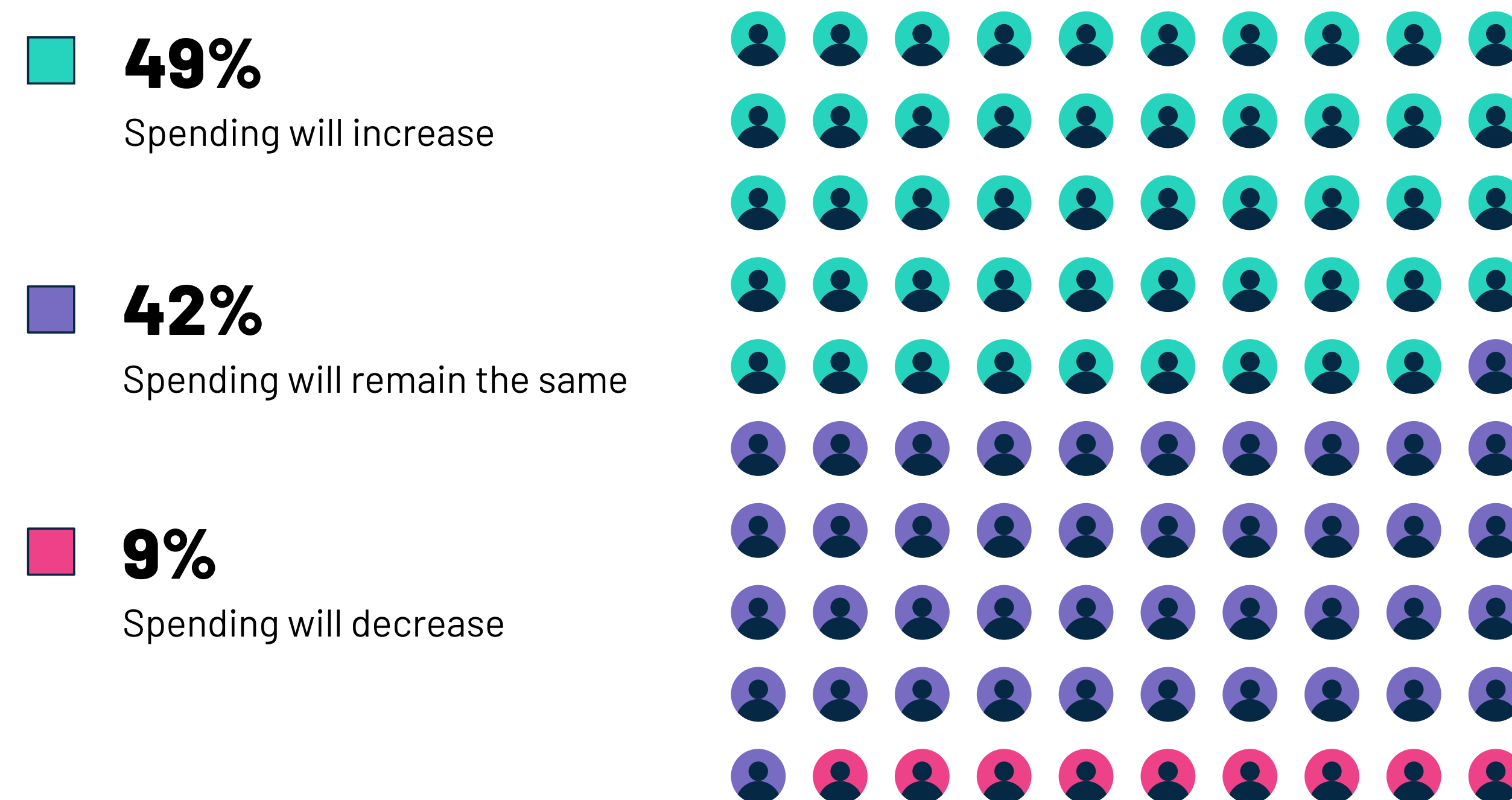
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Buyers forecast spending increases in the face of economic uncertainty

Businesses are increasing their software spend in the face of broader macroeconomic concerns as they lean into the competitive advantage of a digital strategy. Despite fears of a tech spending pullback, G2's 2023 Buyer Behavior study shows buyers are willing to invest in software

BUYER SPEND OUTLOOK FOR 2023



49% of buyers say spending will increase this year (2023). Only 9% say it will decrease:

- 77% (overall) say economic uncertainty was a factor in the change
- 76% of those who say spending will increase say economic uncertainty was a factor in the change (compared to 80% of those who say spending will decrease)

There was little change in buyers' spending outlook from last year to this despite the economic environment.

The outlook for software spend in 2024 is even brighter.

In 2024, 55% say spending will increase, and only 6% say it will decrease:

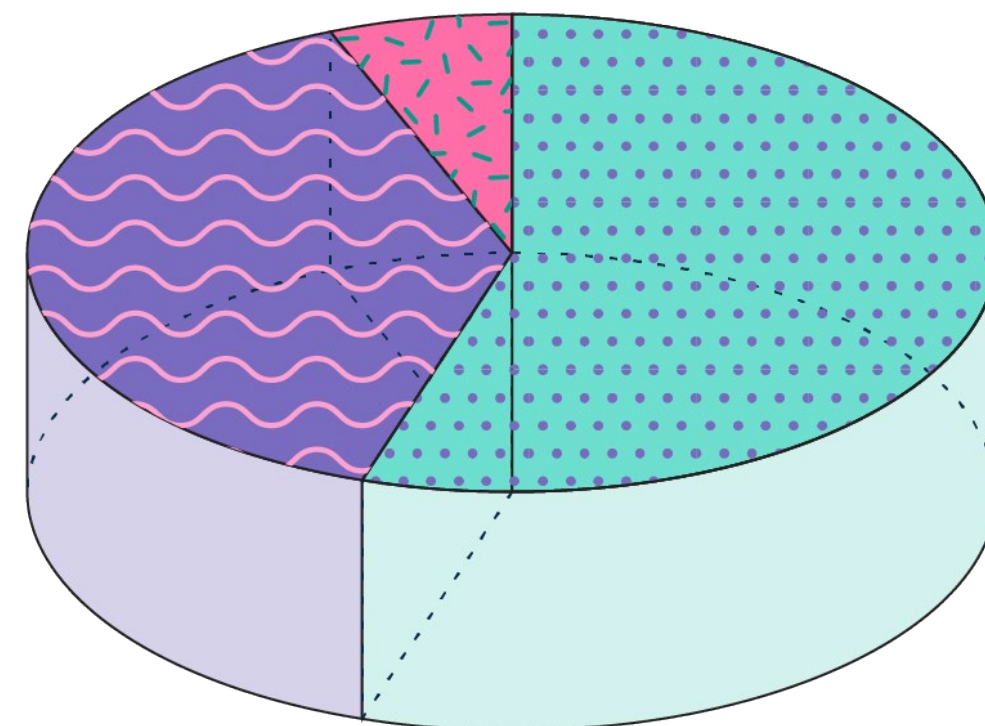
- **76%** say economic uncertainty is a factor in the change
- **75%** of those who say spending will increase say economic uncertainty is a factor in the change (compared to **78%** of those who say spending will decrease)

BUYER SPEND OUTLOOK FOR 2024

55%
Spending will increase

39%
Spending will remain the same

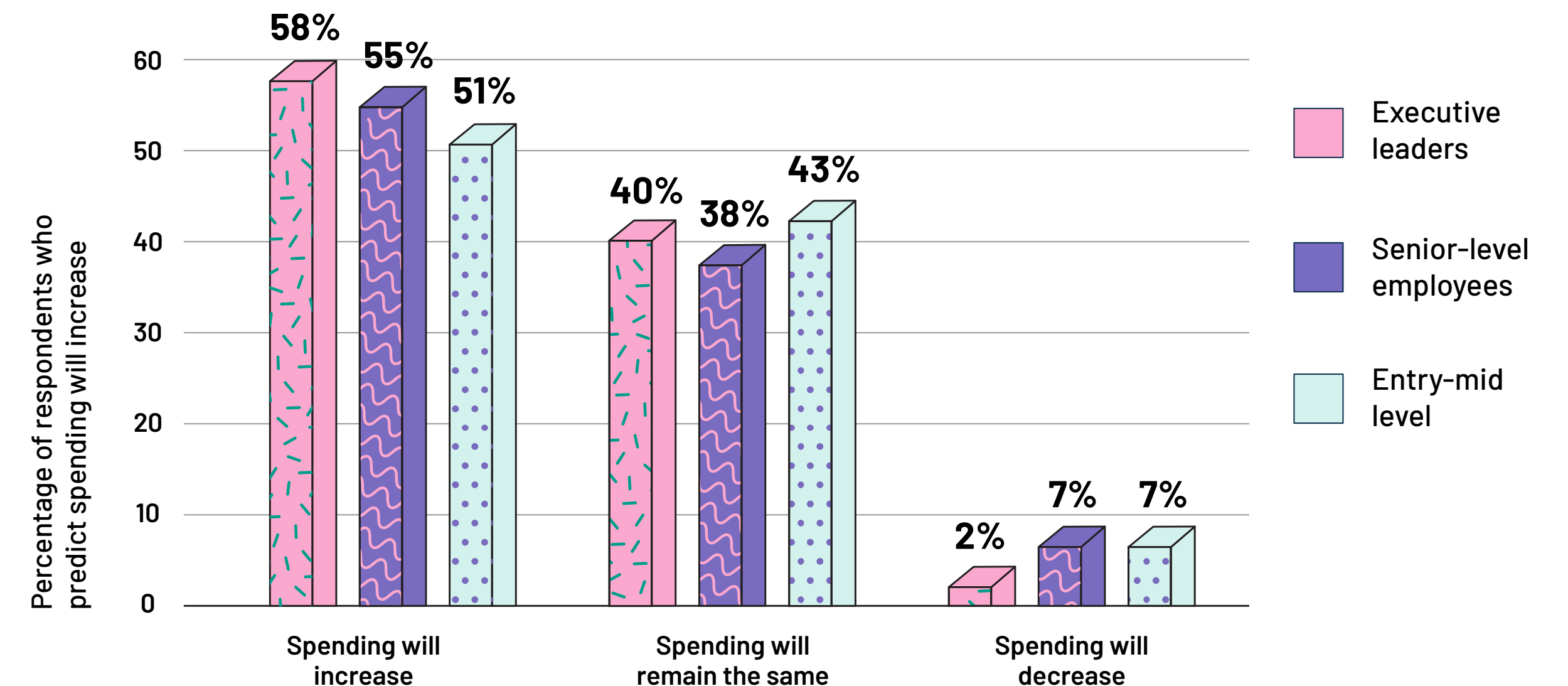
6%
Spending will decrease



Even pessimistic buyers are optimistic about next year. Of those who say spending will decrease this year, 39% say it will increase in 2024, compared to 25% saying it will decrease (37% say it will stay the same as this year).

Executive leaders (VPs, SVPs, C-suite) are the most optimistic about spending in 2023 and 2024, outpacing senior-level employees (managers, directors, high-level individual contributors) and entry and mid-level employees.

BUYER SPEND OUTLOOK FOR 2024 BY ROLE



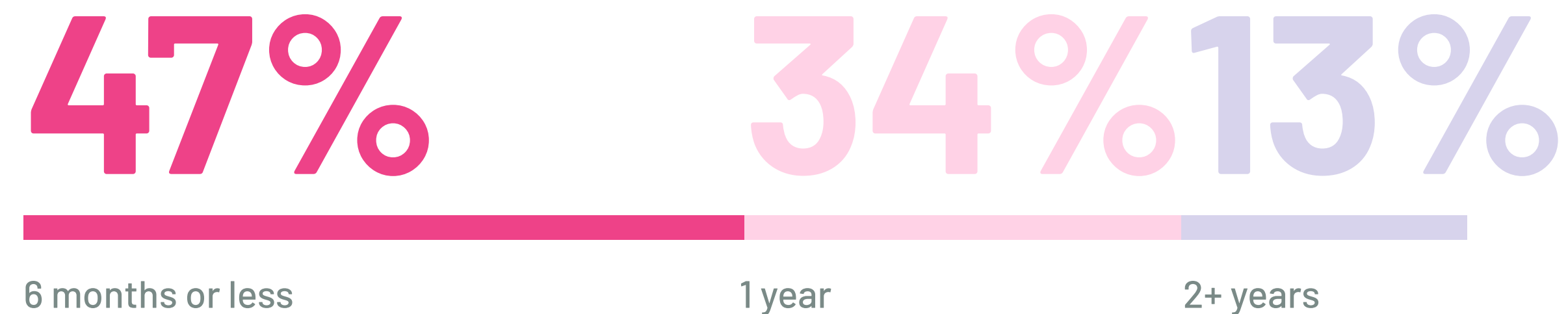
But...sellers face challenges as buyer expectations and scrutiny grow.

Though businesses will spend more than ever, sellers will face headwinds as buyers:

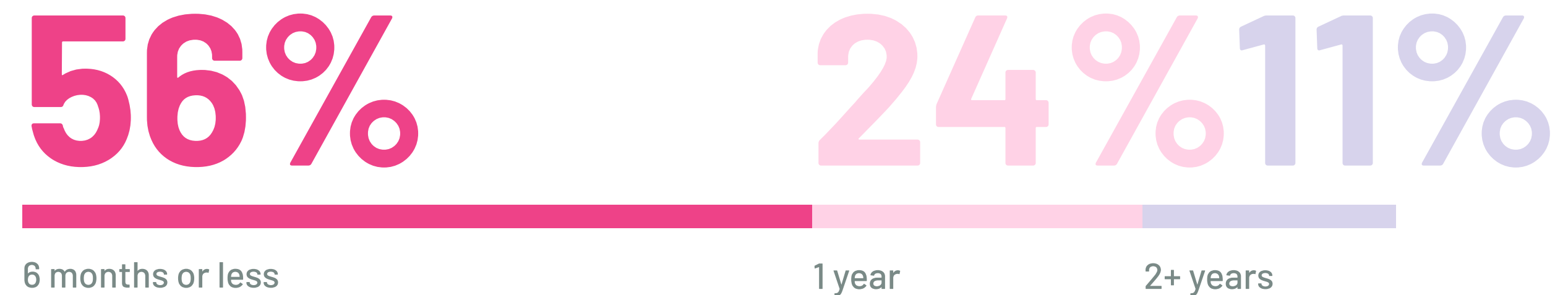
- **Seek quick returns on their investments.** Vendors are on the hook to show quick value. Of respondents who anticipate software spending to increase in 2024, the necessity to realize an ROI within 6 months is the most important consideration during the purchase process. The urgency to quickly demonstrate ROI is even greater in APAC as shorter contract lengths increase the pressure to show value within 6 months of purchase.

AVERAGE CONTRACT LENGTH BY REGION

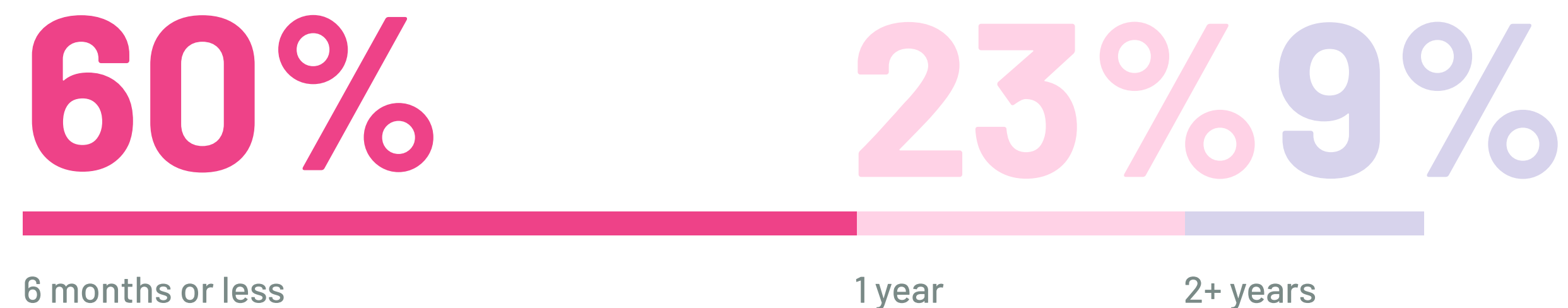
NORTH AMERICA



EMEA



APAC



- **Struggle to balance speed and security.** The disconnect between buyers' recognition of the importance of addressing security and privacy concerns and their behavior continues to be an issue.

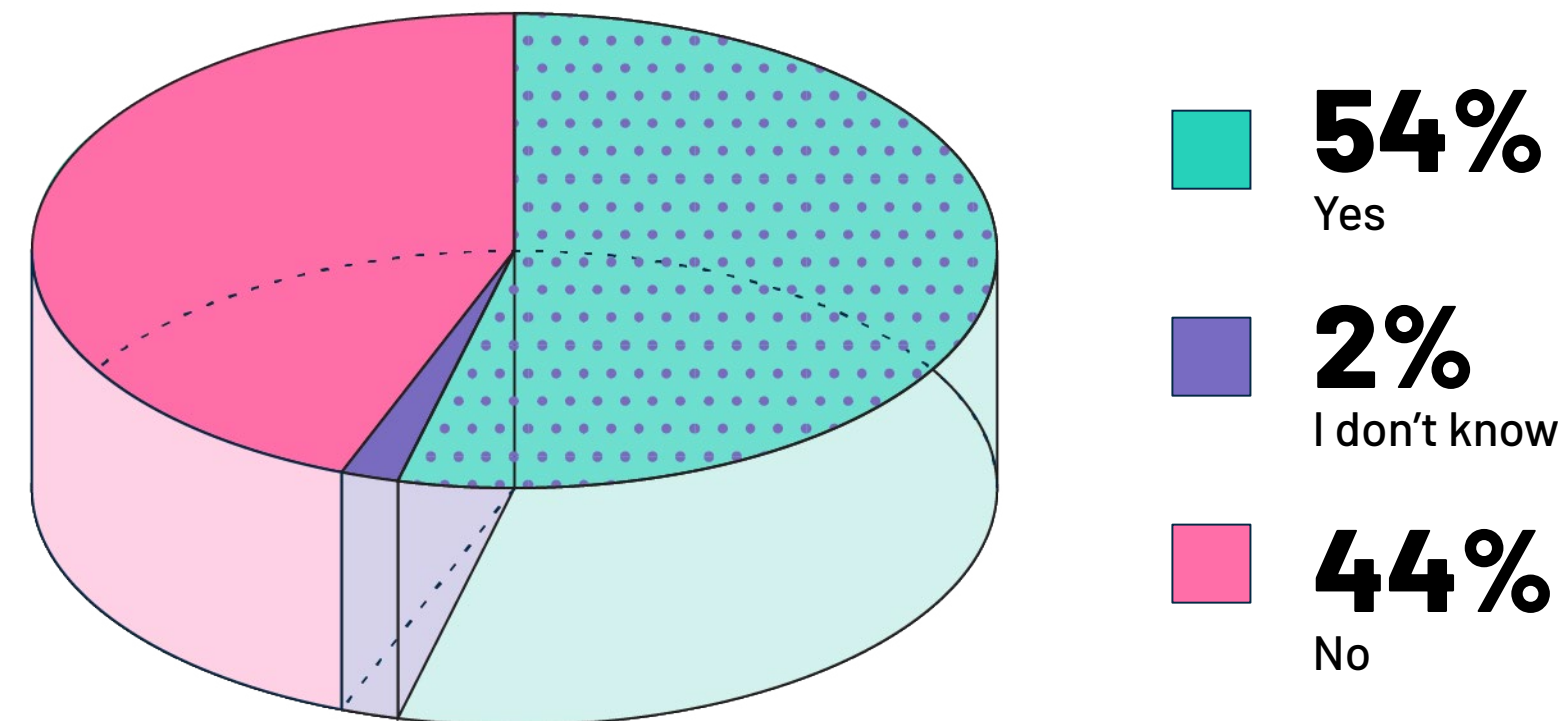
Overwhelmingly, 88% of respondents cite "needed to move quickly to deliver results from software so didn't have time" as the main reason for leaving IT and InfoSec teams out of the software purchasing decision.

Additionally, even with 86% requiring a security assessment prior to software purchase, more than half (54% of respondents) admit to buying software that has not been approved or vetted for security by their organization's IT or InfoSec team. All of this can lead to purchase delays and needless customer churn.

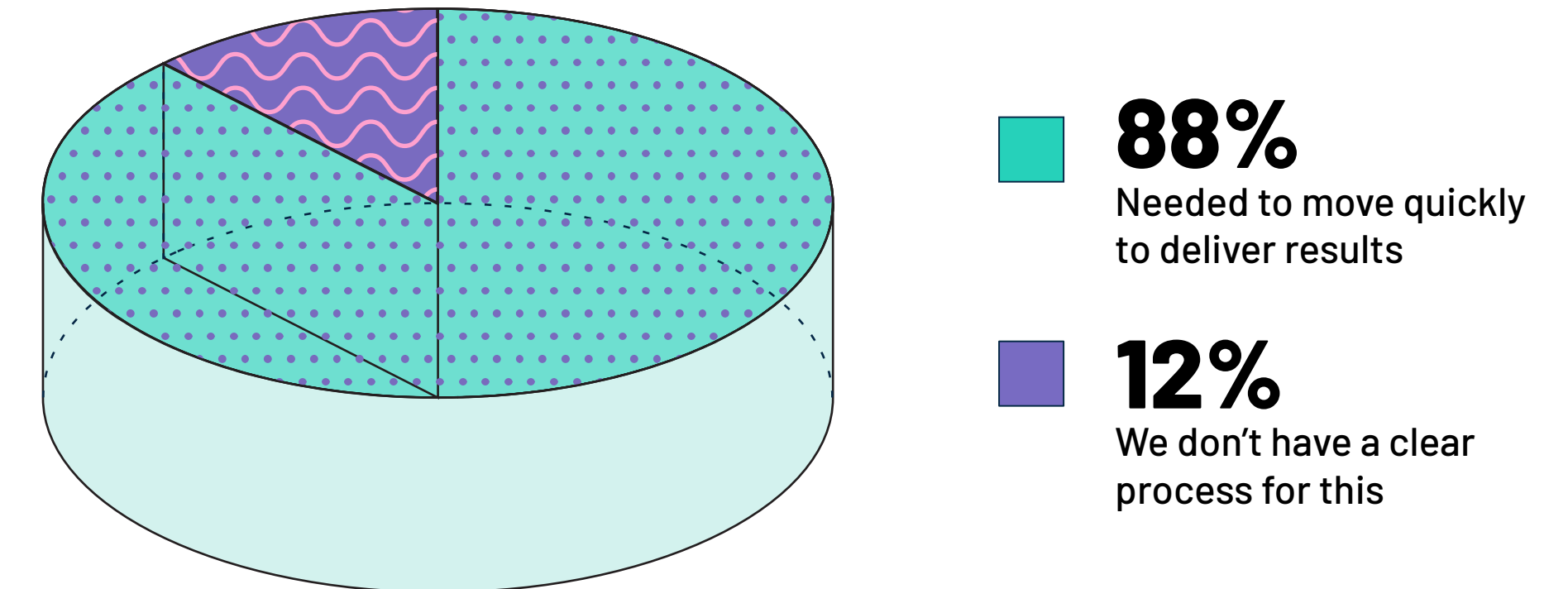
86% of buyers require a security assessment prior to purchase, but only 24% involve a security stakeholder during the research phase of the buying process. 14% leave it until implementation.



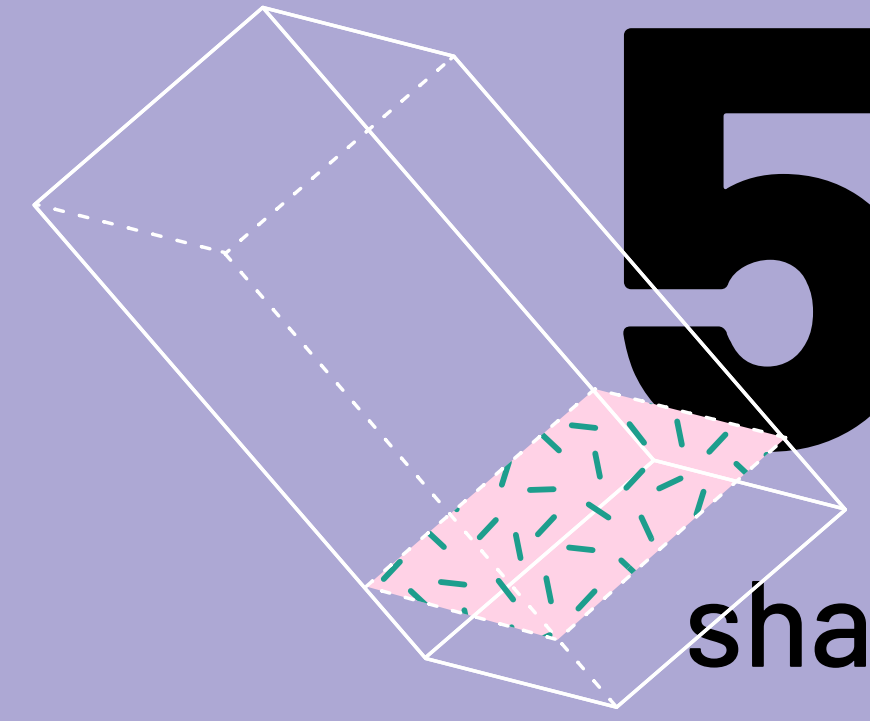
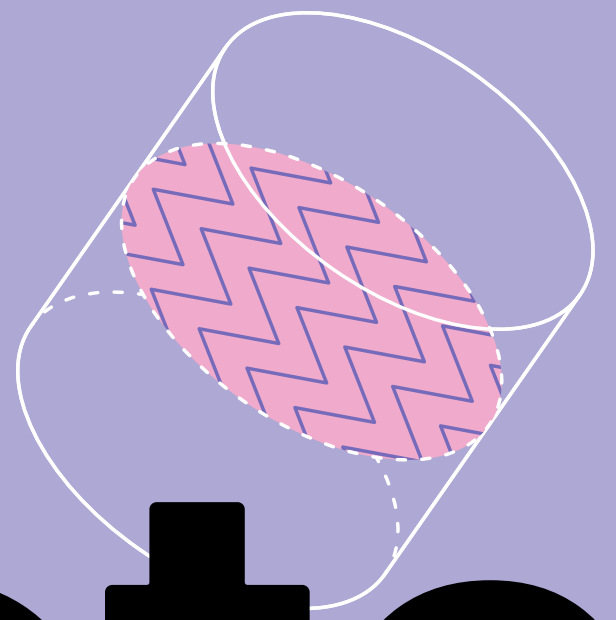
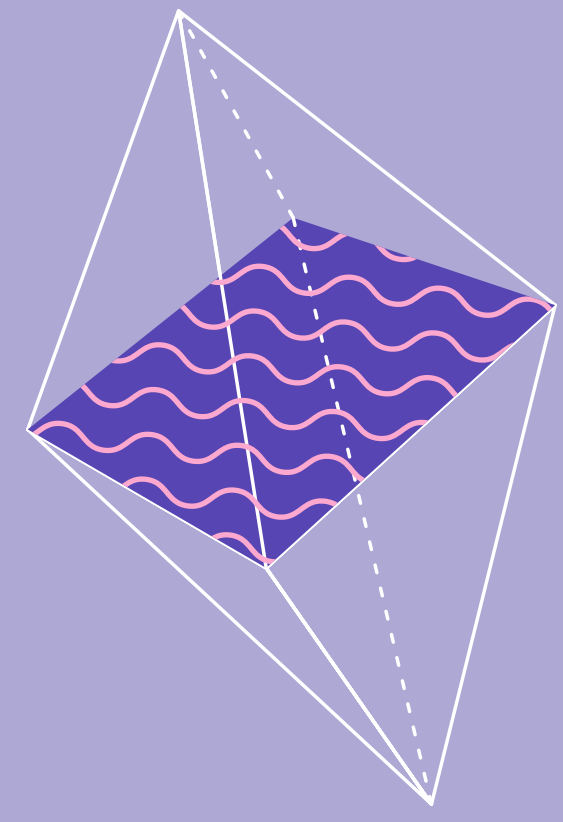
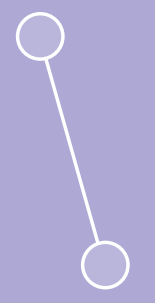
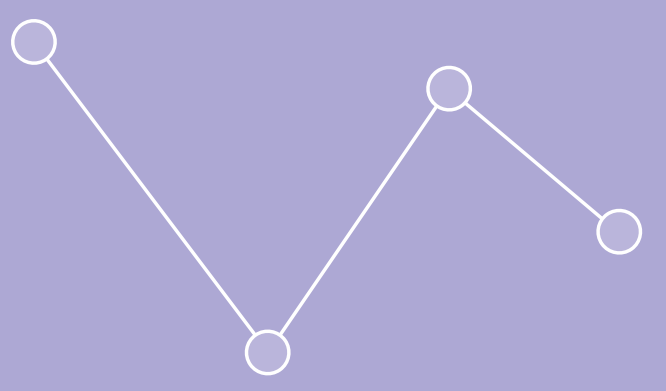
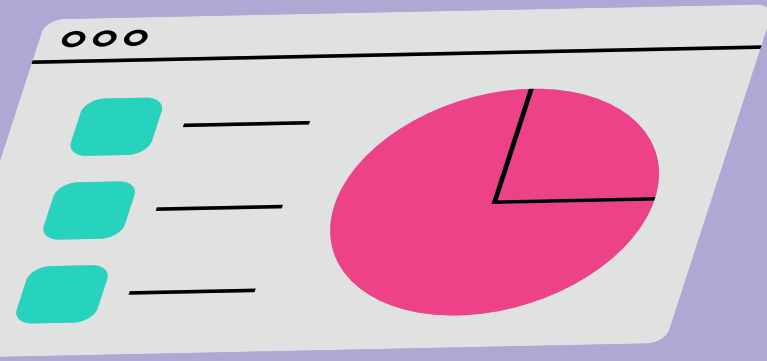
HAVE YOU EVER PURCHASED SOFTWARE AT WORK THAT HAS NOT BEEN APPROVED OR VETTED BY YOUR IT OR INFOSEC TEAM?



WHAT PROMPTED YOU TO PURCHASE SOFTWARE THAT WAS NOT APPROVED OR VETTED BY YOUR IT/ INFOSEC TEAM?

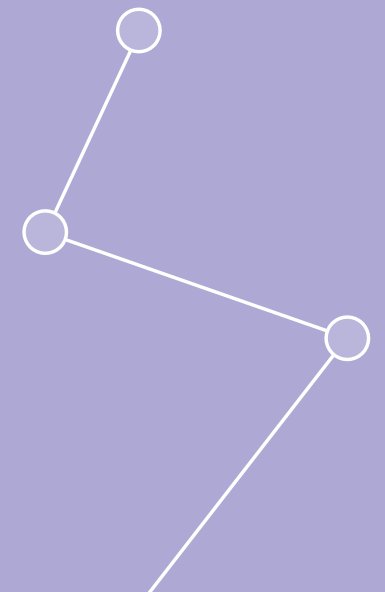
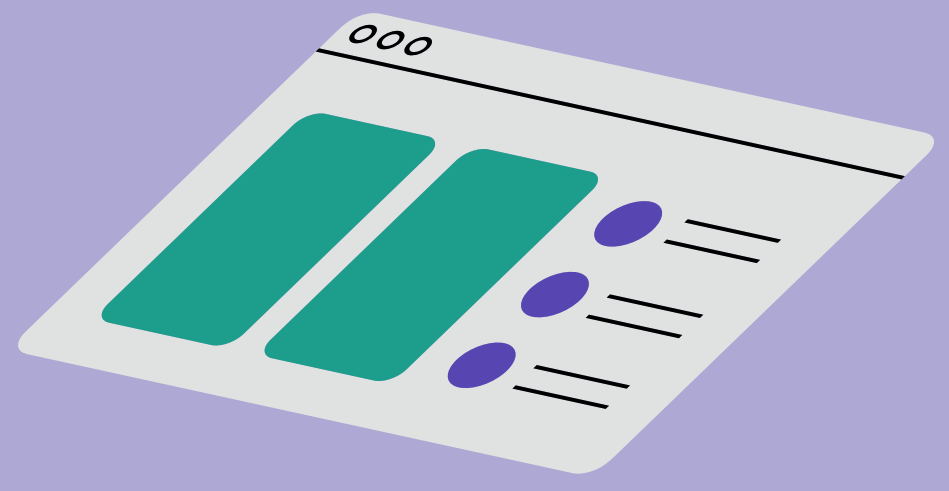
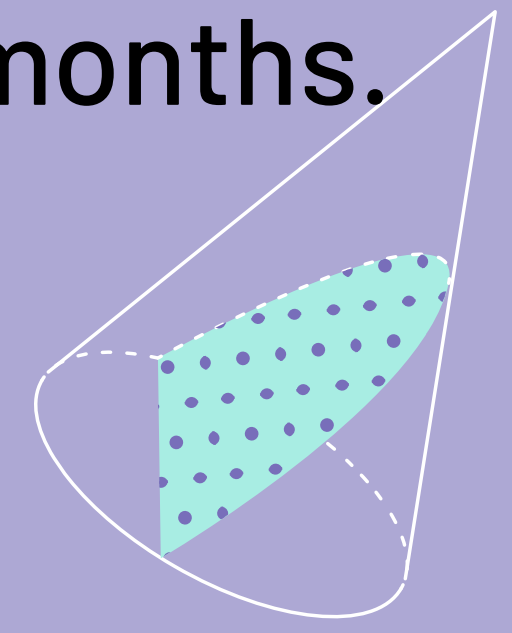
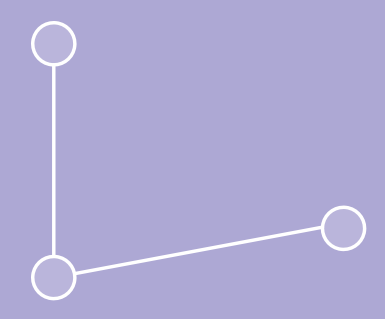
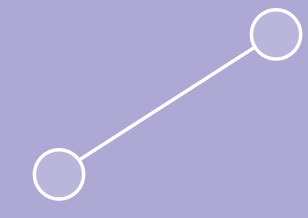


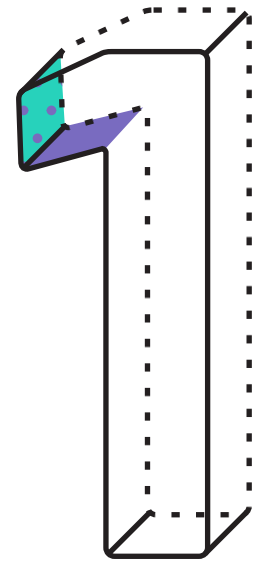
- Favor the incumbent.** Buyers prefer to work with sellers whose products they already use. 83% of buyers prefer buying products from the same vendor instead of switching vendors. This is because using multiple vendors to build a tech stack offers buyers a chance to explore best-of-breed solutions but adds complexity. It requires managing more contracts and potentially complicates integration—and 82% of buyers say it's important for the software they buy to integrate with tools they already have.



5 factors

shaping the buyer over the next 12 months.

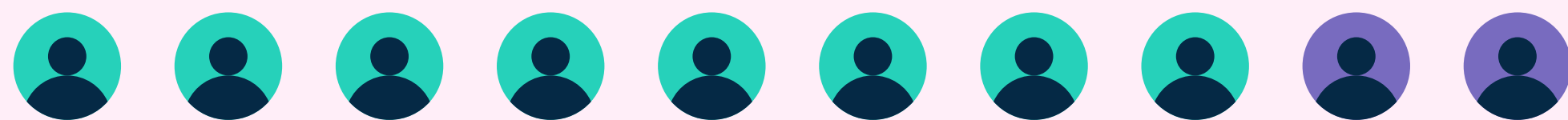




Buyers see AI as foundational to their business strategy.

Hype around generative AI has spurred a genuine frenzy of businesses looking to secure a competitive advantage. In fact, 81% of respondents say that it is important or very important that the software they purchase moving forward has AI functionality—and less than 5% say AI functionality is not important at all.

Buyers trust AI-powered solutions—78% trust or trust strongly the accuracy and reliability of AI-powered solutions. This built-in level of trust is a competitive advantage for any AI-powered product.



81% of buyers say it's important that the software they purchase has AI.



78% trust the accuracy and reliability of AI-powered solutions.

AI buyers are...

- **More willing to spend.** Companies are willing to spend on AI despite economic uncertainty, and often because of it. 59% of AI buyers anticipate spending in 2024 will increase—10 percentage points higher than overall.
- **Involved in bigger deals.** 84% are typically involved in deals larger than \$50,000 compared to 75% for non-AI buyers. 72% are typically involved in deals larger than \$100,000 compared to 60% for non-AI buyers.
- **Often eschewing IT.** 55% have purchased shadow IT. Circumventing established IT and InfoSec vetting processes, particularly with complicated AI-powered solutions that handle sensitive data, may present significant future business risks.

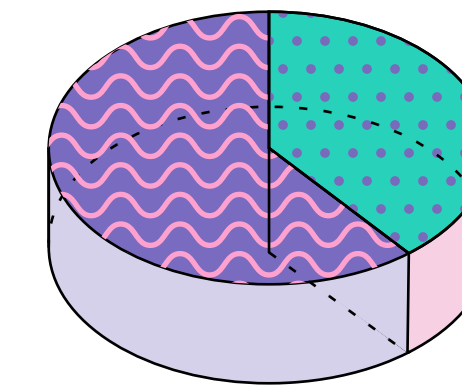
Unsurprisingly, AI buyers trust AI and view it as an important part of their technology strategy going forward.

84% trust or trust strongly the reliability and accuracy of AI-powered solutions (6 points higher than overall), and 88% say it's important or very important that the software they purchase moving forward has AI functionality (7 points higher than overall). AI buyers are leaning into its importance for their businesses and trusting the technology to drive results.

Trust in AI remains high overall, but APAC buyers, in particular, are hungry for AI-powered solutions and willing to trust them to deliver a competitive edge in a rapidly growing market.

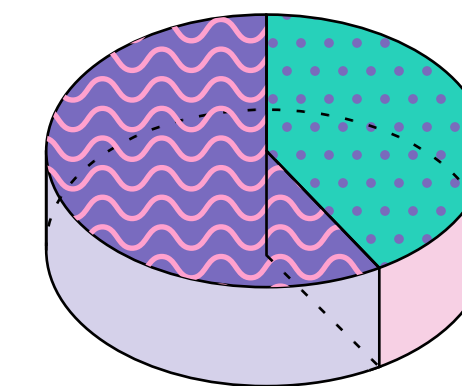
APAC buyers trust AI solutions' reliability and accuracy more than their EMEA and North American counterparts. 47% of APAC respondents trust strongly in AI reliability and accuracy—16 percentage points higher than North American respondents and 10 points higher than those in EMEA.

PERCENTAGES OF RESPONDENTS WHO TRUST STRONGLY IN AI:



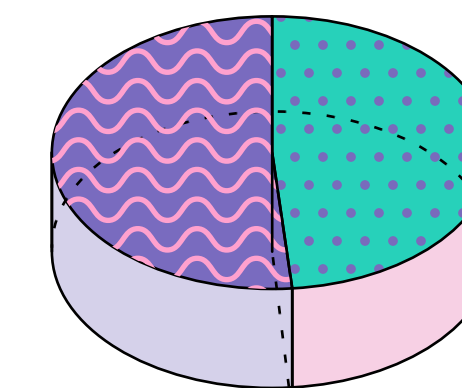
31%

NA



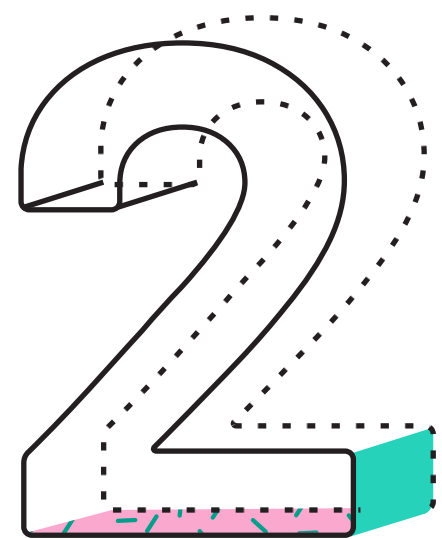
37%

EMEA



47%

APAC

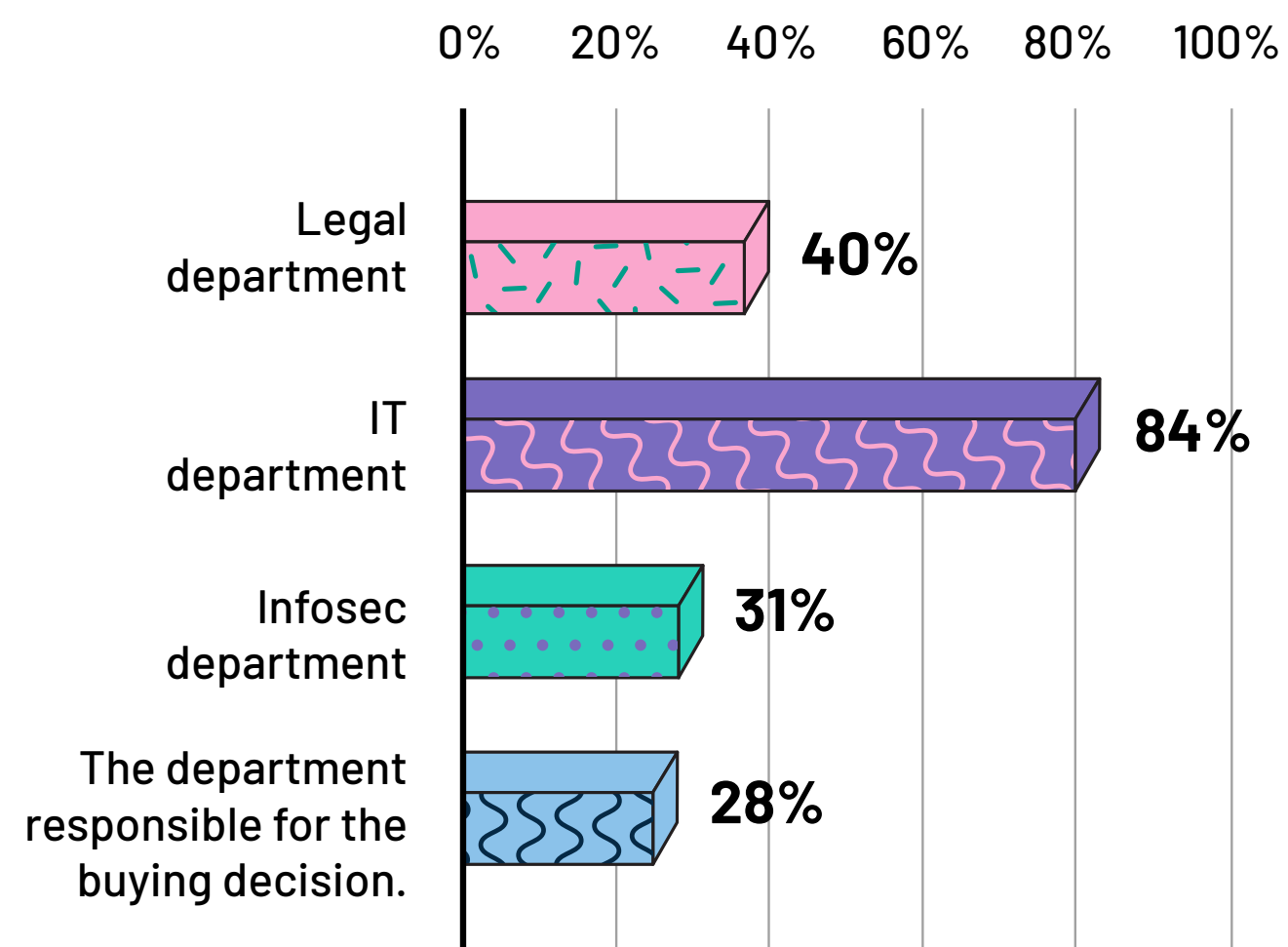


AI will drive legal teams to be increasingly involved in software purchases.

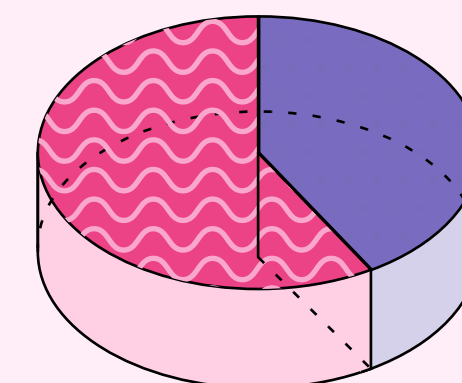
84% of overall respondents indicate their IT department is responsible for conducting security or privacy assessments when evaluating software. But 40% indicate their legal department is involved as well, and this shoots up to 55% in EMEA countries due to its more stringent digital regulations. Over the coming year, G2 believes legal's role will become increasingly prevalent around the globe. This is because generative AI solutions increase the necessity for legal involvement. Buyers and vendors have to scrutinize how their own company's data will be treated and the risks associated with generative AI output.

PERCENTAGE OF RESPONDENTS WHO IDENTIFY A DEPARTMENT AS RESPONSIBLE FOR CONDUCTING SECURITY OR PRIVACY ASSESSMENTS

IT Departments run security assessments, but Legal's responsibility is increasing.

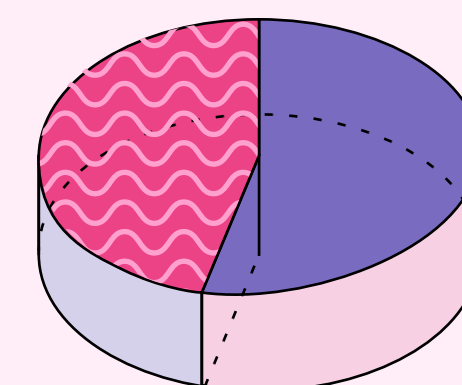


PERCENTAGE OF ENTERPRISE RESPONDENTS WHO SAY THAT LEGAL IS RESPONSIBLE FOR CONDUCTING SECURITY AND PRIVACY ASSESSMENTS



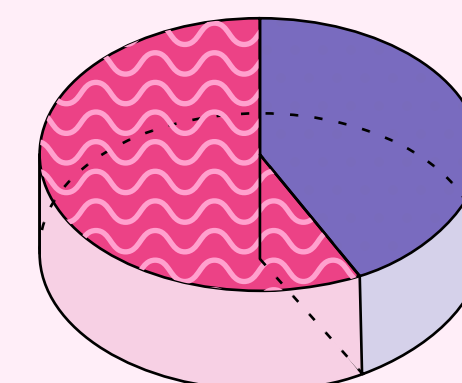
36%

NA



55%

EMEA



38%

APAC



Buyers stick to processes but still succumb to timing pressure.

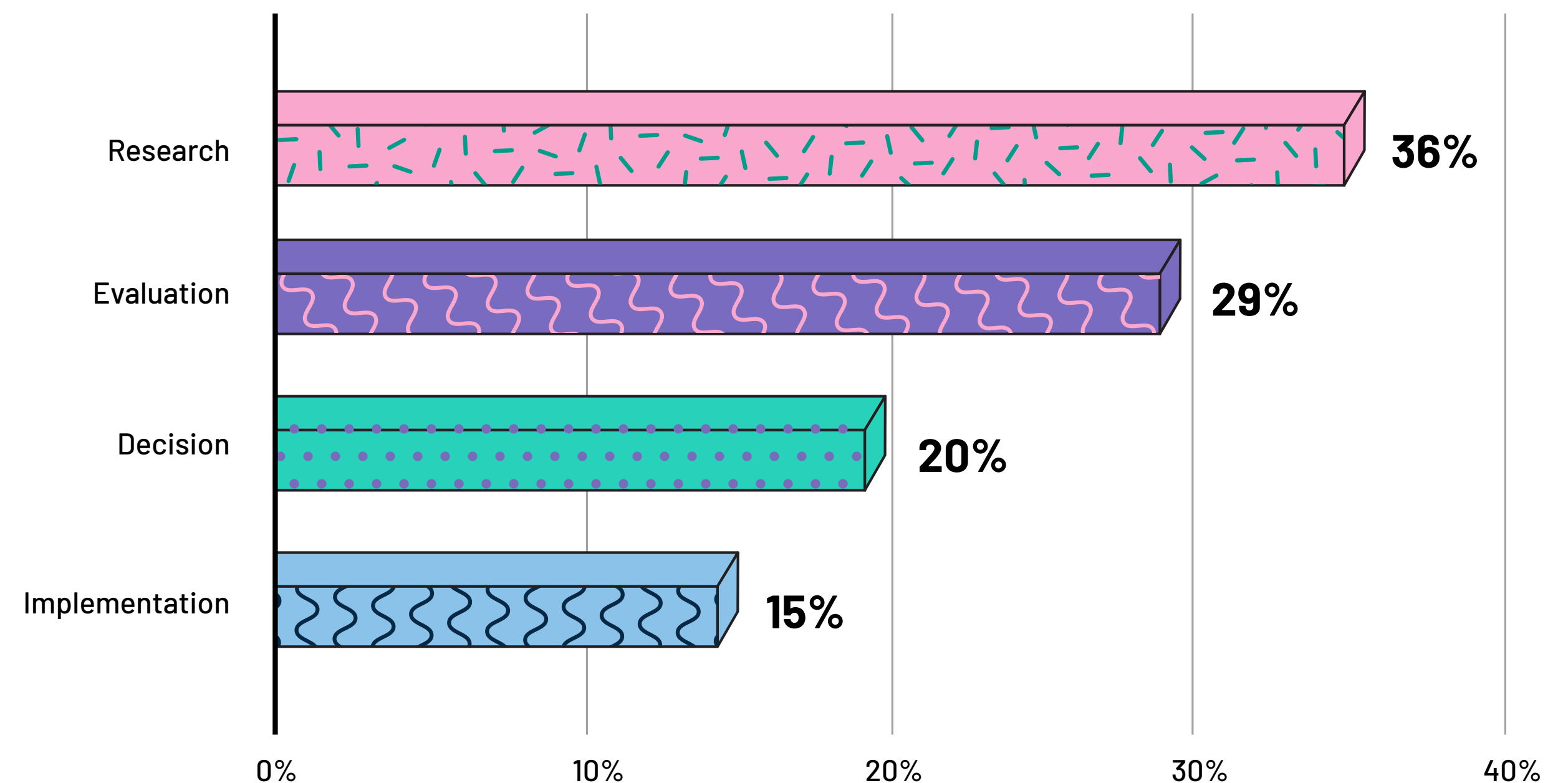
A majority of companies have a set process in place for buying software. 83% of respondents say they have an official buying process, though only 67% of small businesses say they have an official process.

Research is the most time-consuming aspect of the buying journey, according to 36% of respondents, with evaluation coming in second at 29%.

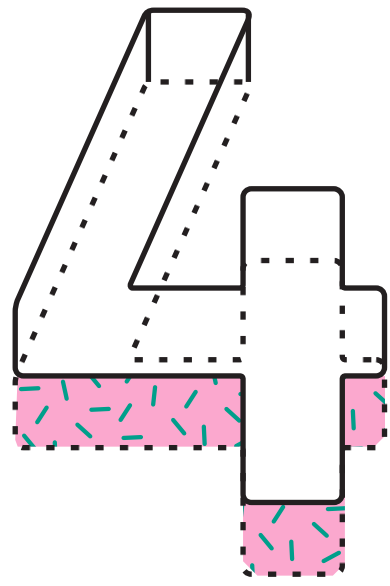
But, business pressure still drives changes in behavior.

Of those who purchased shadow IT, medium-sized companies (87%) and enterprises (93%) did so because they needed to move quickly, compared to 76% of small businesses. Processes in large companies tend to be more complicated and slower, while their departments or business units demand faster results.

RESPONDENTS SAY RESEARCH IS THE MOST TIME CONSUMING PART OF THE BUYING JOURNEY



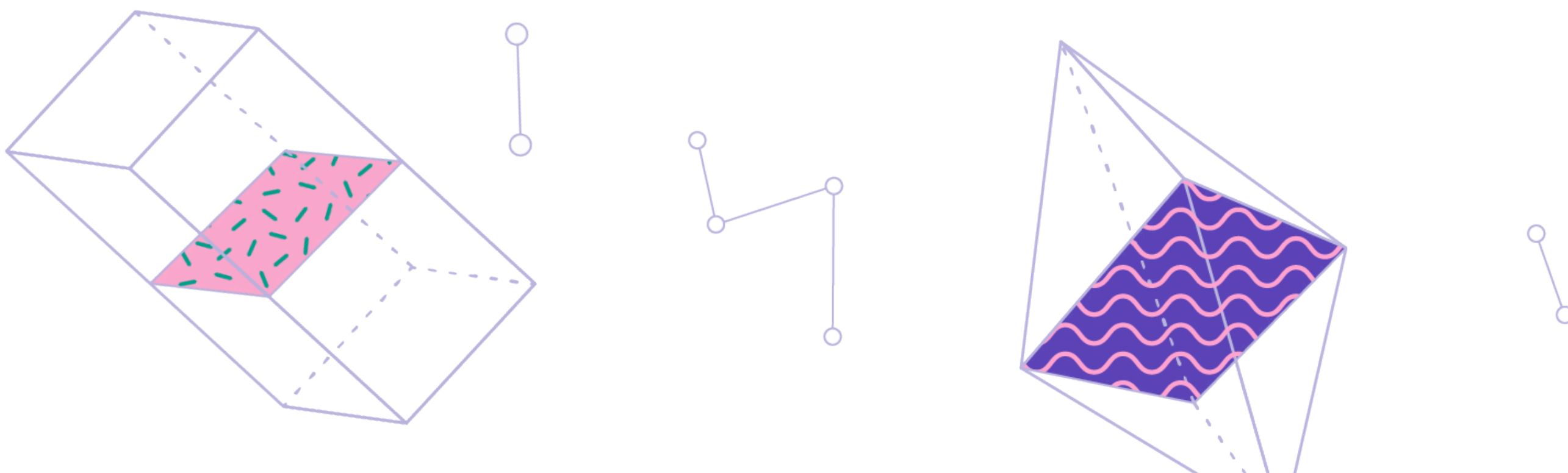
Respondents who say they spend the most time on a stage.



Value, scalability, and ease are top considerations for software buyers, but priorities shift based on company size.

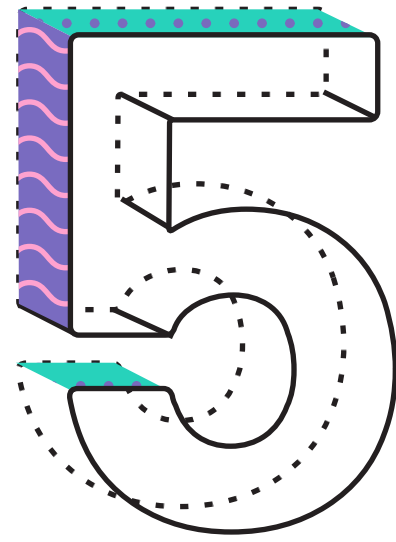
Out of a list of 14 considerations for purchasing software, the top 5 were consistent regardless of company size. Small business buyers prioritize ease of use and ease of implementation. Medium-sized and enterprise companies need solutions that will be able to keep up with their growth, with both ranking scalability as the third most important criteria.

Buyers prioritize value over cost; regardless of size, buyers are more concerned about showing value than focusing on software costs or total cost of ownership (TCO).



THE TOP 10 CONSIDERATIONS FOR PURCHASING SOFTWARE, BY COMPANY SIZE

	Small businesses	Medium-sized companies	Enterprises
1	How easy the tool is to implement	Receive ROI within 6 months	How easy the tool is to implement
2	How easy the tool is to use	How easy the tool is to implement	Receive ROI within 6 months
3	Receive ROI within 6 months	Ability to scale as my my team/company grows	Ability to scale as my team/company grows
4	Receive ROI within 1 year	How easy the tool is to use	Receive ROI within 1 year
5	Ability to scale as my team/company grows	Receive ROI within 1 year	How easy the tool is to use
6	At least weekly usage by all users	At least weekly usage by all users	At least weekly usage by all users
7	Quality of customer support	Quality of customer support	Quality of customer support
8	Number of features	That the tool easily integrates with other software we already use	That the tool easily integrates with other software we already use
9	That the tool easily integrates with other software we already use	Number of features	Number of features
10	How much the software costs	How much the software costs	What kind of security does the software provide

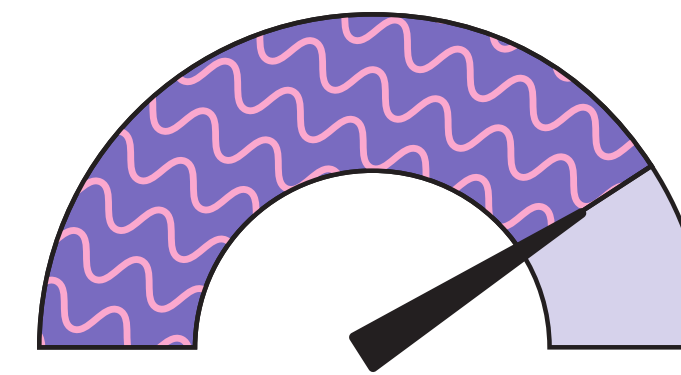


Solutions that work together without added complexity are key.

82% of respondents mention it is important to them that the software they buy integrates with their existing solutions. Buyers rank ease of integration higher than the cost of the software, the kind of security it provides, or its TCO. Buyers prefer to work with fewer vendors (78%) and use a single solution instead of multiple tools (84%). When multiple solutions are required, 77% of buyers prefer to buy complementary products from the vendors they already work with.

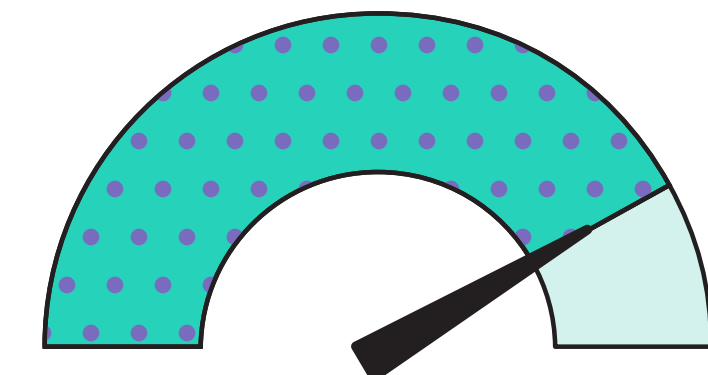
When it comes to contract renewals, 83% of respondents (36% strongly agree, 47% agree) prefer buying products from the same vendor instead of switching vendors. As for the products, 60% always conduct research and consider new alternatives, but 45% renew without considering new options.

I WOULD PREFER TO PURCHASE ONE TOOL TO SOLVE MULTIPLE BUSINESS PROBLEMS THAN MULTIPLE TOOLS.



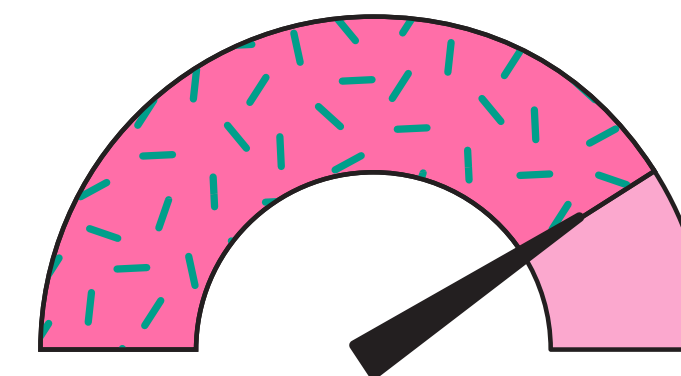
84%
AGREE

IT IS IMPORTANT TO ME THAT THE SOFTWARE I BUY INTEGRATES WITH TOOLS I ALREADY HAVE.



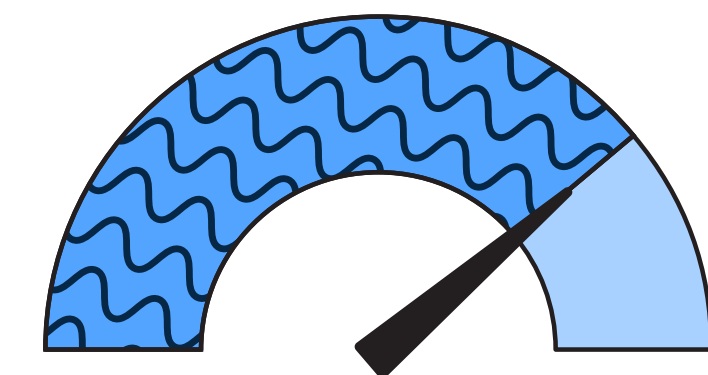
82%
AGREE

I PREFER TO RENEW A PRODUCT THAN SWITCH TO A NEW VENDOR.



83%
AGREE

I LIKE TO BUY COMPLEMENTARY PRODUCTS FROM A SINGLE VENDOR I ALREADY WORK WITH.



78%
AGREE

Recommendations

To win, serve, and retain customers in the upcoming year, G2 believes vendors should:

Lead with a richer view of value

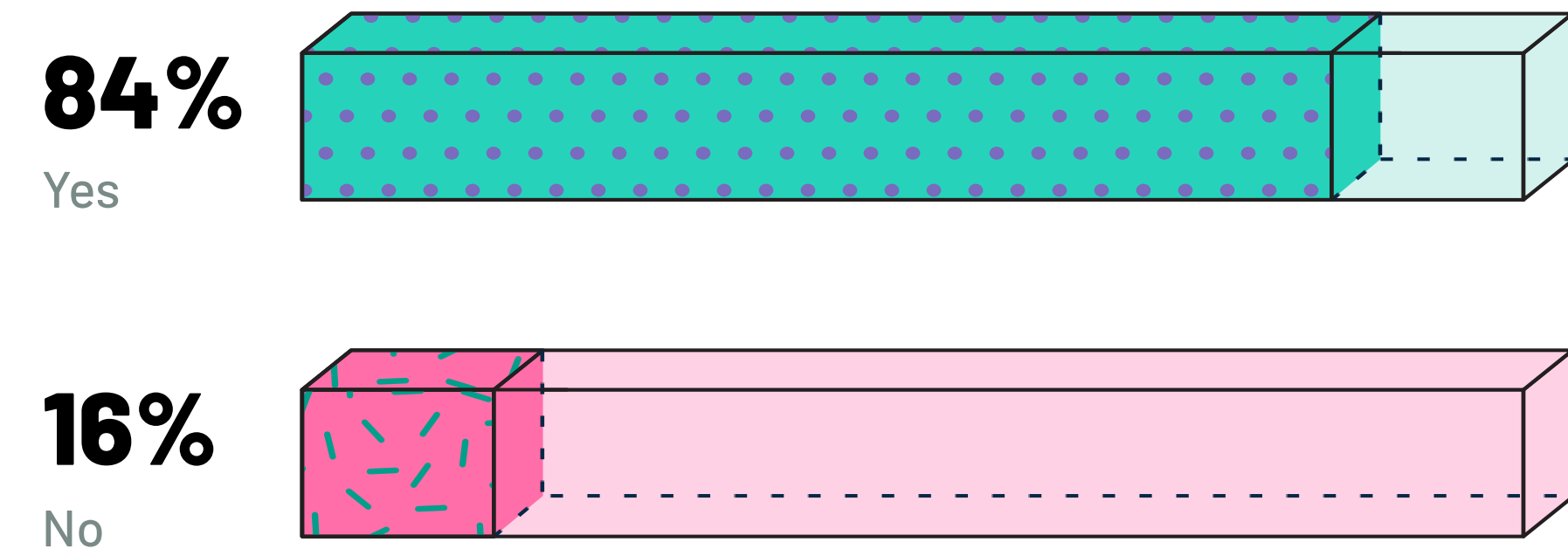
Simple ROI calculations fail to capture the full impact of a solution's potential on a customer's environment. Vendors are more frequently employing business value advisory consultants to learn about and advise on how solutions create business value over time. More complete assessments include bottomline cost savings or risk mitigation, topline business growth examples, and strategic growth opportunities.

For instance, digital workspace solutions that enable remote work can lower the bottomline. They enable device cost savings using thin clients and reduce breaches. But they also potentially allow contact center workers to help more customers. Buyer interest in AI opens up opportunities to communicate both bottomline and topline value.

Use buyers' preferred channels to earn their trust

Buyers are decreasing their reliance on salespeople and gravitating to other trusted sources of information and self-service. The top 85% of most influential sources include industry experts, colleagues or professional networks, online reviews, and other internal influencers.

PERCENTAGE OF BUYERS WHO USE ONLINE REVIEW SITES



A Software company salesperson is the least influential source in purchasing processes at 1%, decreasing from 3% year over year (YoY). The importance of vendor-published content has reduced from 10% to 7% YoY.

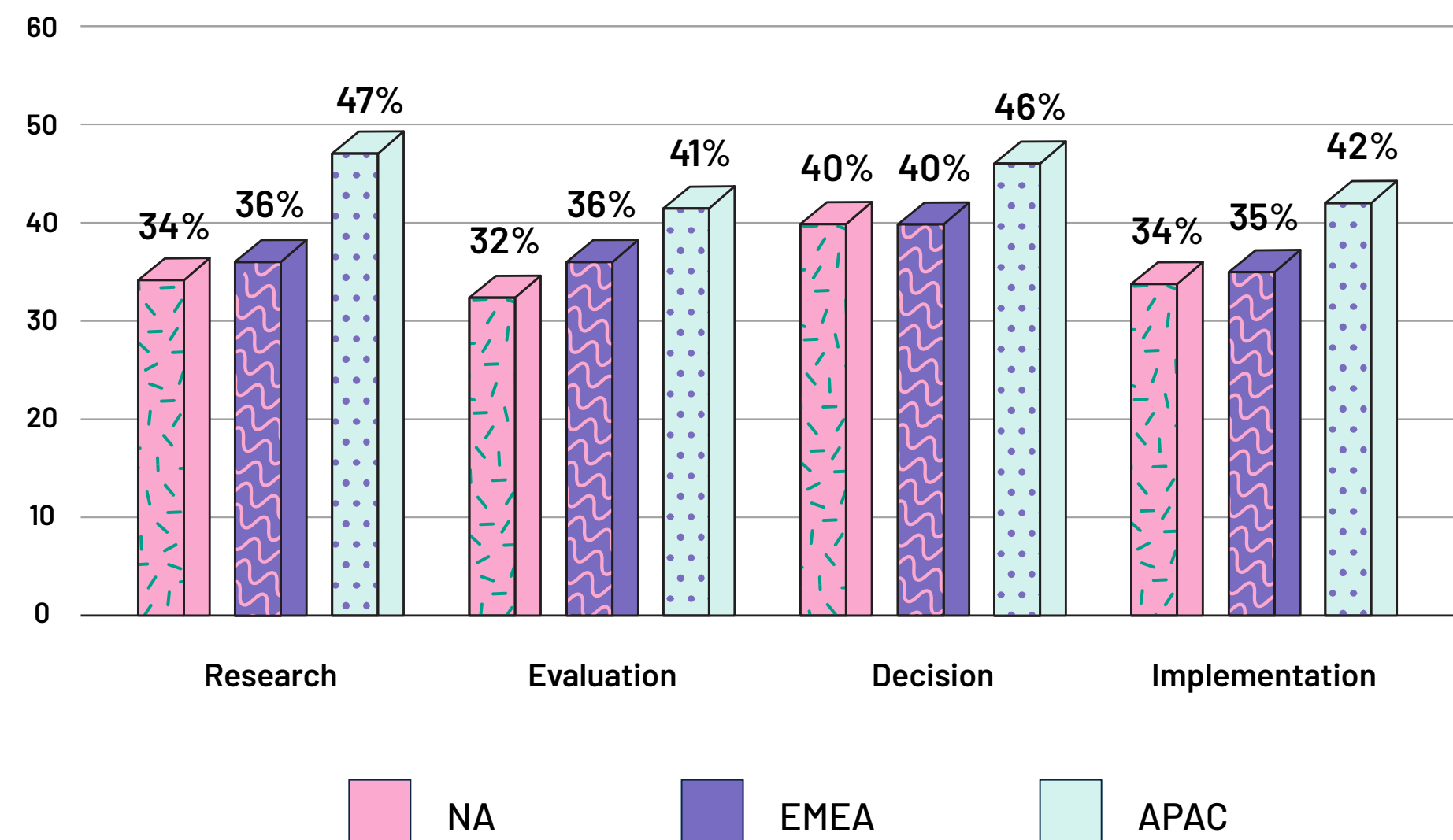
Vendors must build product awareness across communities, experts, and review platforms. Buyers still trust software company websites and rely on them most when making major purchasing decisions for their company, but they are slowly reducing in importance YoY, going from 38% in 2021 to 33% in 2022, and 32% in 2023.

66% of respondents say salespeople at a software company are not generally involved in the research phase of the purchasing process—up from 63% who said this in 2022 and 60% in 2021.

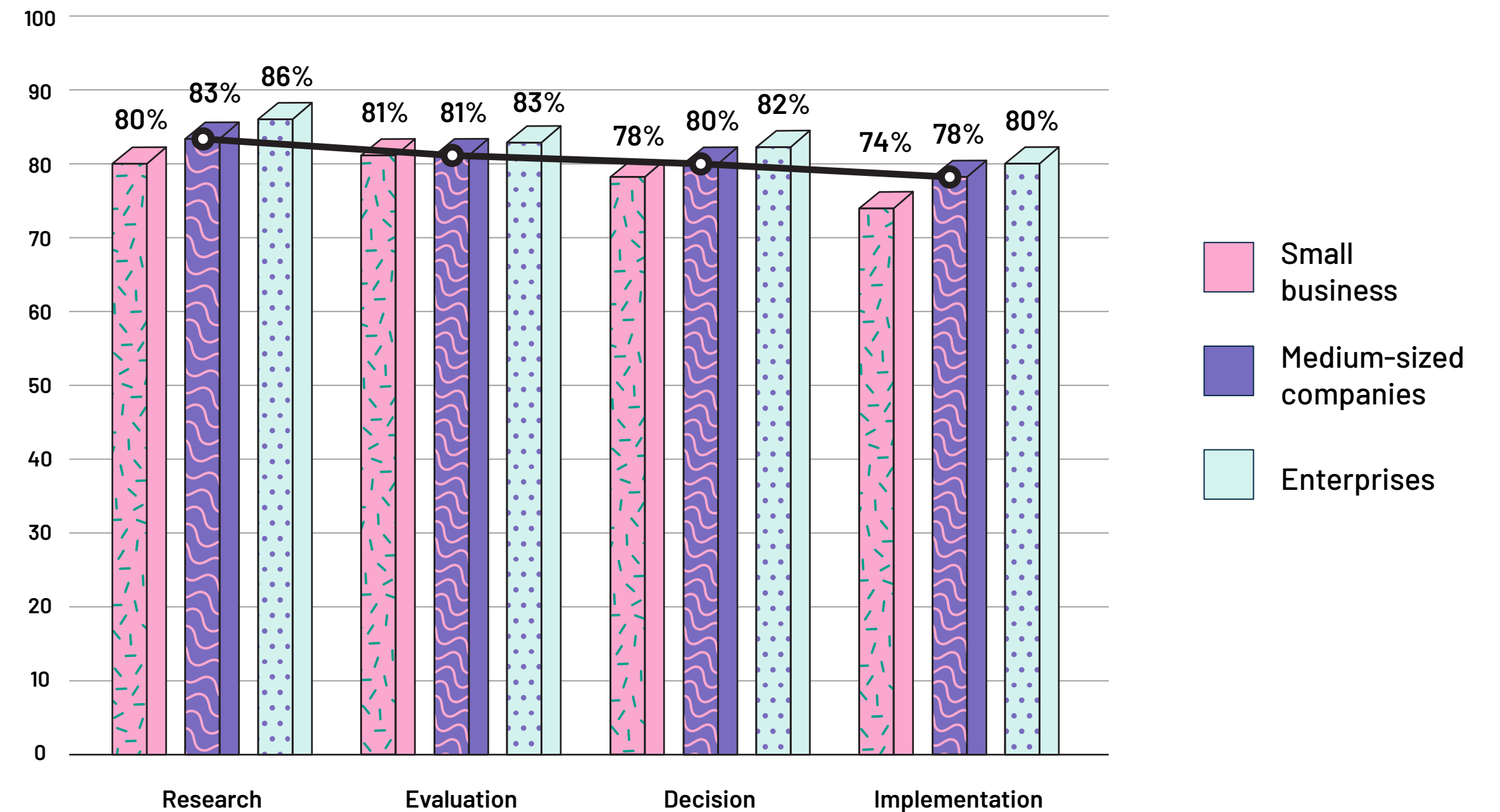
Offer self-service options across multiple channels throughout the process

Buyers are looking for self-service options at every stage of the buying process. Enterprise buyers, in particular, want the majority of the software purchase process to be self service. Regionally, APAC buyers prefer self service the most:

PERCENTAGE OF RESPONDENTS THAT ARE LOOKING FOR SELF-SERVICE OPTIONS AT EVERY STAGE OF THE BUYING PROCESS



PERCENTAGE OF RESPONDENTS WHO WANT ALL OR MOST OF THE FOLLOWING PARTS OF THE BUYING PROCESS TO BE SELF SERVICE



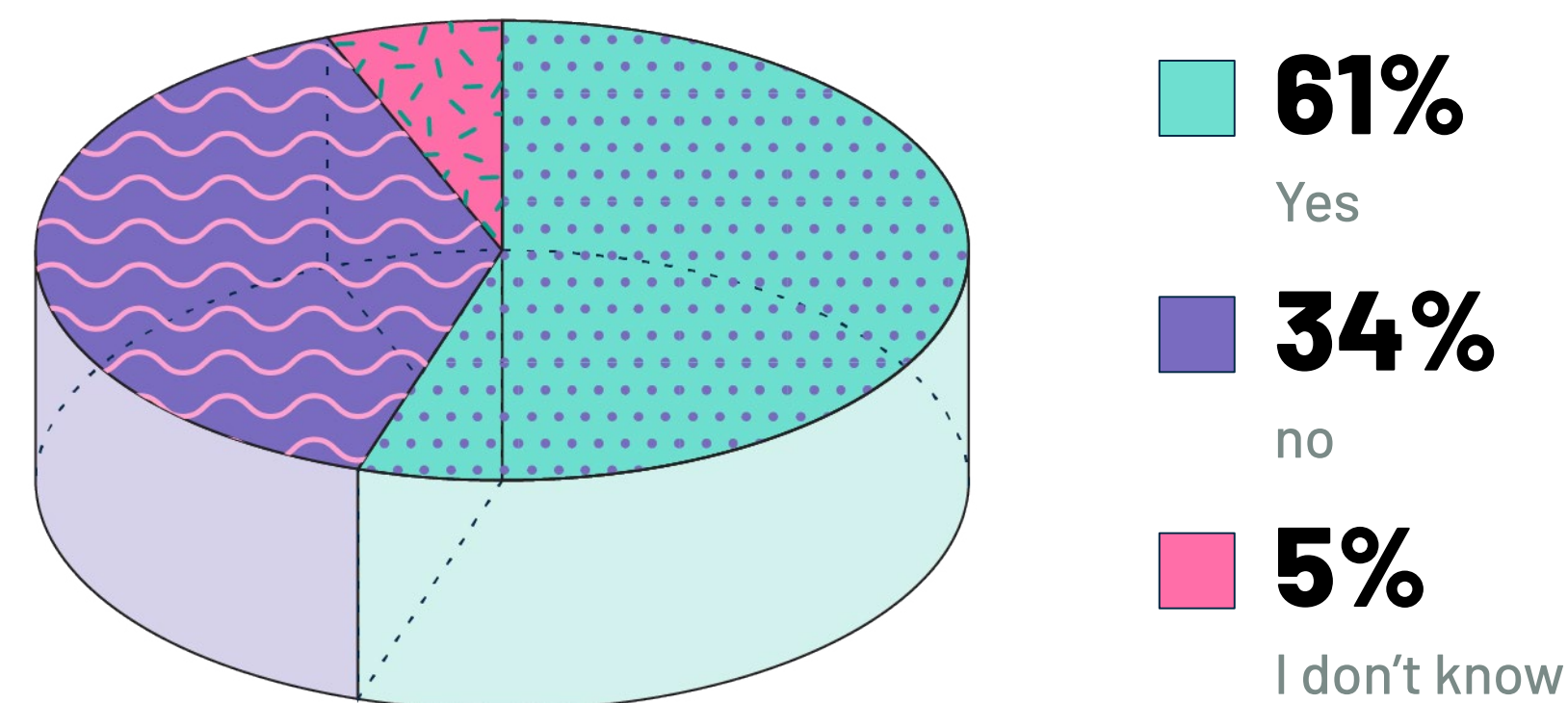
Implementation is not as cut and dry as the other stages, particularly for more complicated pieces of software, doubly so for complex solutions that need to integrate with an entire tech stack of different tools.

Buyers may want the majority of the implementation process to be self service (the importance buyers attribute to ease of implementation, ranked first among buyer considerations across all respondents, highlights this), but just 41% of enterprise buyers want all of the process to be self service.

Introduce offerings to help buyers but they may not want to talk just yet.

Buyers are flooded with contacts from salespeople every day and may take steps to avoid even more. For example, 61% of respondents indicate they are less likely to purchase software if the vendor requires personal information (email address, name, etc.) prior to releasing pricing data or product demos. This indicates buyers want time to conduct research before entering into discussions with sales.

ARE YOU LESS LIKELY TO PURCHASE A SOFTWARE PRODUCT IF A VENDOR REQUIRES YOU TO PROVIDE INFORMATION (EMAIL ADDRESS, NAME, ETC) PRIOR TO RELEASING PRICING INFORMATION OR PRODUCT DEMOS?



Offer multiyear deals for buyers seeking consistency in their tech stacks

Multiyear deals are rare (across all respondents, only 12% say their typical contract length is 2 years or more), but there are levers to pull to entice buyers to sign longer-term contracts.

THE MOST POPULAR REASONS WHY SOMEONE WOULD SIGN A MULTIYEAR CONTRACT:



Only 3% say nothing would sway them, they prefer yearly or monthly deals. Enterprises tend to sign more multiyear deals, at 14% compared to 10% for medium-sized companies and 10% for small businesses. The primary driver for larger companies to sign multiyear contracts is discounts, but 16% of enterprise buyers look to multiyear deals for leverage to request product enhancements and integrations.

Enterprise buyers also consistently research alternatives more than their mid-market and small business counterparts (63% always research alternatives when a product is up for renewal). To limit the risk of customers researching alternatives, sellers should look to secure multiyear deals by leaning into customer feedback on product development, desired features, and integrations.

Discounts are a common lever for securing multiyear deals. Sellers who are responsive to customer feedback and open to product roadmap suggestions have an additional tool that may help them secure consistent business.

Help buyers navigate complex security requirements

Small businesses are less likely to have security or privacy vetting process requirements than larger companies, but most still do. 77% of small businesses require a security and privacy assessment when purchasing software, compared to 86% of medium-sized businesses and 89% of enterprises.

To accommodate buyers from these verticals and company sizes, vendors must:

1. Lead with product security credentials
2. Conduct buyer interviews to dive into their security and privacy vetting process
3. Design information or implementation according to buyer needs and resources

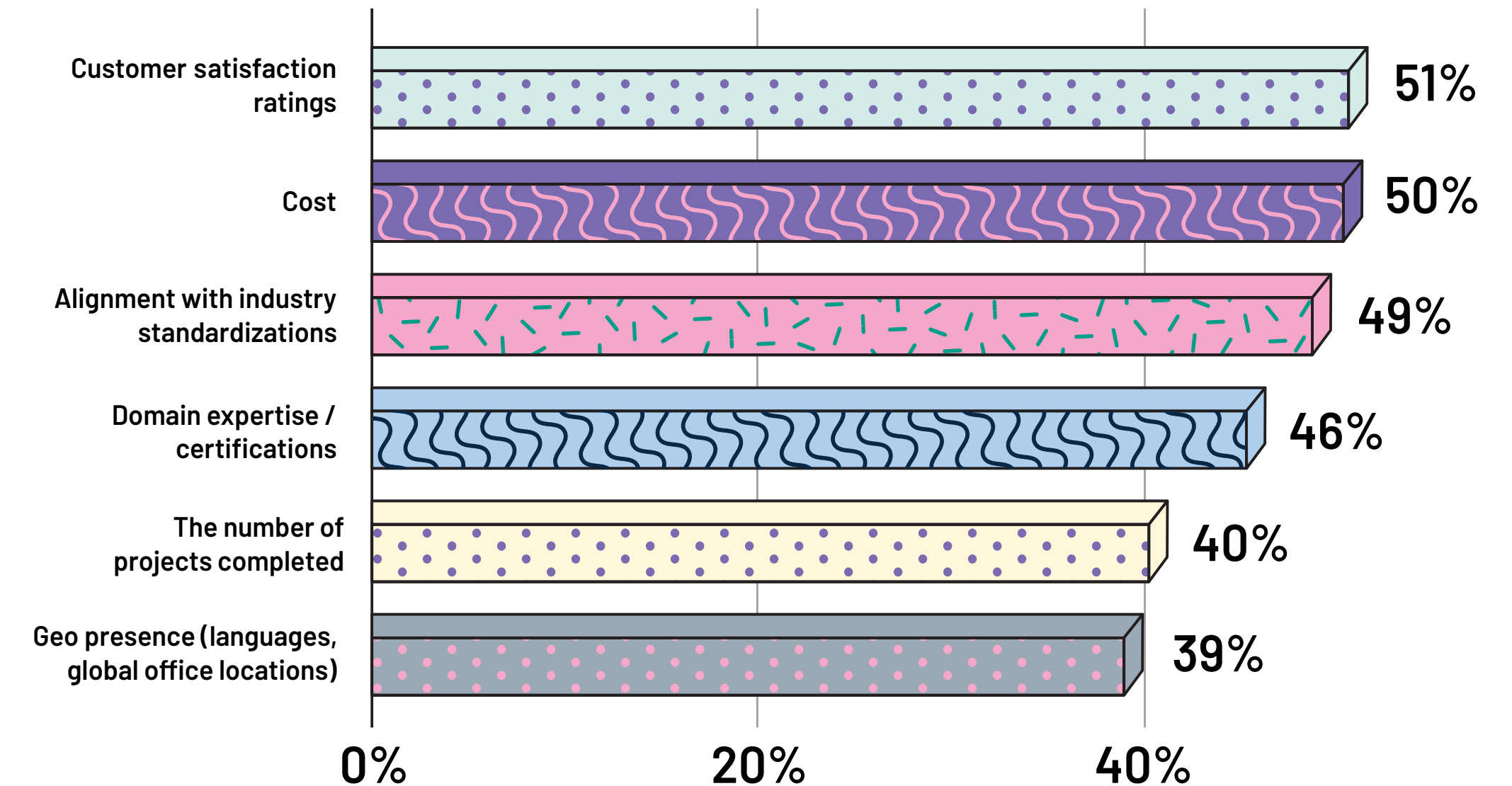
Bridge the software implementation gap

The process of software implementation is arguably as important as the product itself. In fact, 93% of respondents say that the quality of the implementation process has a significant influence on the decision to renew a software product.

Respondents prefer vendors' implementation teams over third-party and in-house implementation teams. 63% of respondents have used the vendor's implementation team, while 53% have worked with third-party implementers. In comparison, only 37% have used in-house teams to implement software.

For those who worked with a third-party implementation provider, 33% chose a provider based on the software vendor's recommendation, the highest of any options, followed by peer suggestion (25%) and third-party reviews (24%).

COST AND CUSTOMER SATISFACTION RATINGS ARE THE MOST IMPORTANT FACTORS WHILE SELECTING SOFTWARE PROVIDERS



When it comes to selecting IT services, cost (50% consider it to have a high influence) and customer satisfaction (51% consider it to have a high influence) ratings are the most important factors that influence selection. 49% consider alignment with industry compliance standards (ISO, ASTM, ANSI, etc.) to be very important in a service provider. Meeting project requirements and staying within budget are the most important qualities in a service provider, according to respondents.

Methodology

G2 fielded an online survey among 1,704 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 March 2023 and includes a global pool of respondents across North America, EMEA, and APAC.

About G2

G2 is the world's largest and most trusted software marketplace. More than 80 million people annually – including employees at all Fortune 500 companies – use G2 to make smarter software decisions based on authentic peer reviews. Thousands of software and services companies of all sizes partner with G2 to build their reputation, manage their software spend, and grow their business – including Salesforce, HubSpot, Zoom, and Adobe. To learn more about where you go for software, visit www.g2.com and follow us on Twitter and LinkedIn.

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