

PAPERLESS INSIGHTS: SURVEY REPORT

# 2020 Part Buyer Expectations

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# Introduction

**The custom parts manufacturing industry is more competitive than ever, even during an uncertain economic climate, a widening industry skills gap, industry consolidation, and a growing tech revolution.**

Part buyers are under increasing pressure to reduce costs and are looking to the supply chain to reduce risk and expenses. More than ever, buyers are expecting high-quality customer service, fast quoting, short lead times, and prompt shipping, all without sacrificing quality of the product.

To stay competitive, job shops must satisfy these increasing demands and figure out how to set themselves apart from their local competition, larger manufacturing companies, and huge manufacturing networks. Unfortunately, for many job shops, there is no plan to modernize their shops to stay competitive in this new landscape.

To help job shops understand how to support the changing needs of part buyers, **Paperless Parts surveyed more than 400 part buyers** on their preferences for finding, selecting, and working with job shops.

The insights and strategies learned from the 2020 Part Buyer Expectations Report will help job shops prepare their business to stay competitive and grow their business.



## INCREASING BUYER AWARENESS

# How Do Buyers Find Suppliers?

**Job shops can't compete if buyers aren't aware of their businesses.**

Having a web presence is crucial in today's digital market: 70% of buyers used a Google or Internet search to find new suppliers in the last year.

Modern e-commerce companies like Amazon are not only changing customer expectations, but they are impacting the time to market for new products. The digital buying experience has evolved, and easy, seamless online transactions are now the standard. Buyers want a fast response to their RFQs, and expect to review, accept, and order their parts online. As buyers can shop for personal items seamlessly online, they expect the same from their business partners.

To maximize profitability, large companies are focused on streamlining procurement expenses. This forces buyers to manage more vendors, focus less on personal relationships, and deprioritize understanding the parts they are buying. To cater to these buyers who work on tighter budgets and shorter deadlines, job shops should have a strong online presence to make finding their shop as easy as possible.



**70% of buyers** used a Google or Internet search to find new suppliers in the last year.

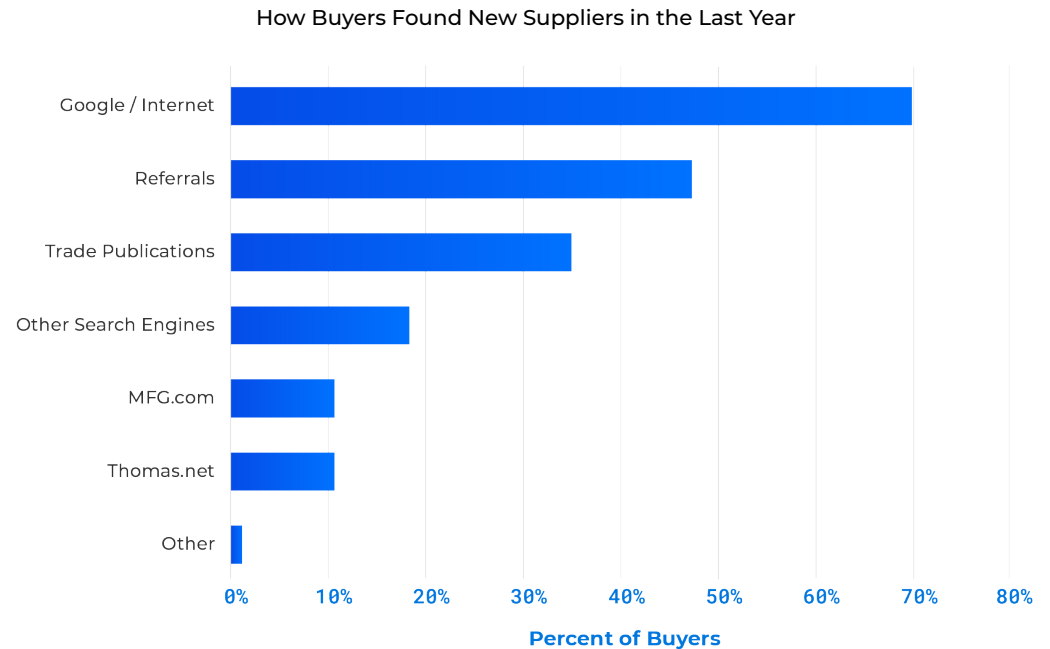


## Referrals

**Referrals (46%) are the second most common source for finding new suppliers.**

Knowing this, job shops must deliver a good customer experience to increase the chances of a referral. By consistently delivering a good customer experience that wins repeated referrals, shops can see a compounding effect on their efforts.

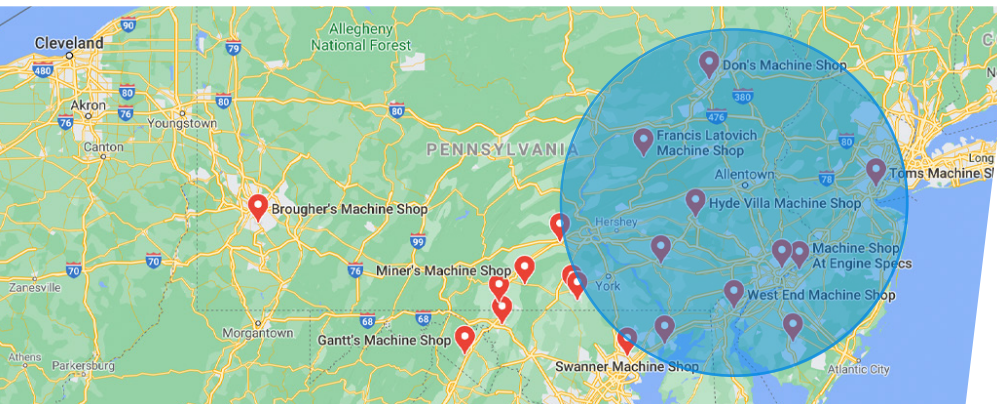
If job shops can consistently earn referrals, they can leverage their customer success stories as case studies in **trade publications – which is buyers' third most used source to find suppliers, with 35% of respondents looking here.** The more visibility job shops have, the more likely they will be discovered and considered by buyers.



## Location

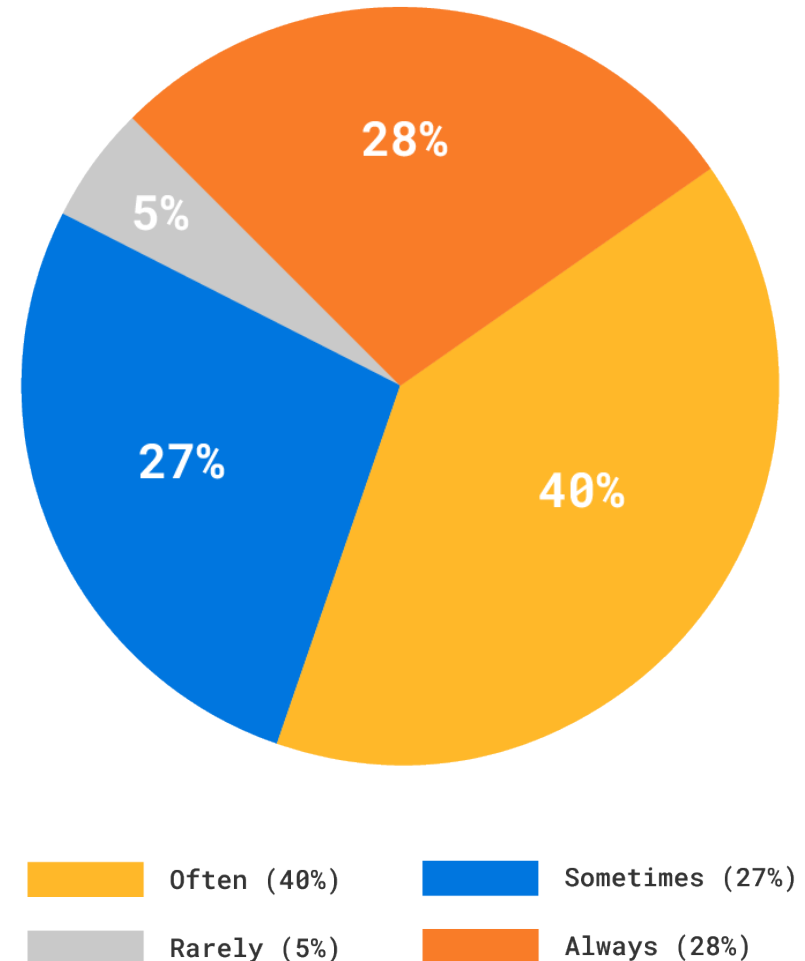
**At the beginning of a new job, 68% of buyers always or often look for local suppliers first.**

Location is another major determinant for how buyers find suppliers. Job shops can (and should) use this trend to their advantage. Proactively, shops can look at a map and identify every potential customer within 200 miles of their facility. Shops can then market to those buyers with print ads, local events and digital media that filters by location (e.g., LinkedIn or Facebook ads). It's important to understand the buyers and competitors in the local market and to spend more money marketing to fewer people.



With 68% of buyers interested in buying locally, shops should focus marketing efforts to potential customer within 200 miles.

How Often Do Buyers Look For Local Suppliers First?



## Location *(Continued)*

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**Job shops can also prioritize quotes by location:** knowing that people prefer to buy locally, job shops can assume they are at a disadvantage when they receive requests from buyers that are far away. In this case, job shops should communicate with the buyer and find out why they have reached out of their local market. Based on the buyer's reasoning, and their general location, job shops can determine which jobs are most winnable, and therefore, which quotes to respond to first.

By narrowing their focus, job shops will also better understand the industries that they have the capabilities to support, the unique needs of those industries, and the macroeconomics impacting work. In turn, shops can develop industry-specific expertise and marketing content, making them even more attractive to relevant buyers.

### Next Steps for Job Shops

- 1 Make sure your shop has a website with an updated list of capabilities and a positive online reputation.
- 2 Prioritize customer service and satisfaction, so buyers are more likely to refer new business.
- 3 Identify every potential local customer and market to them with print ads, local events and digital media.
- 4 Invest in tools that helps you track and prioritize RFQs to respond to local buyers first.



# How Do Buyers Choose Suppliers?

## Clear Communication & Marketing

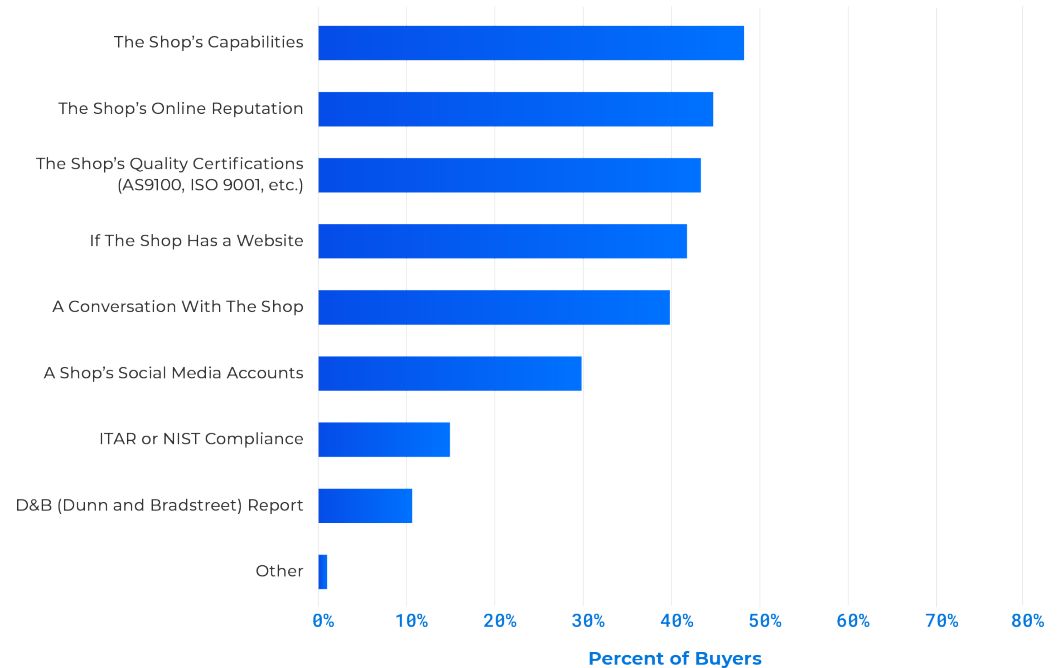
Once a buyer finds a job shop, how do they determine if it's the right fit? **According to 48% of buyer respondents, a job shop's capabilities is the primary deciding factor.** This emphasizes the importance of clearly communicating all capabilities on websites and promotional materials.

This is not as simple as listing equipment on a webpage. Buyers can no longer be expected to know what can be produced based on an equipment list, and the job shop must effectively communicate the types and sizes of parts they can make.

## Online Reputation

A job shop's online reputation is a determining factor for many buyers. **45% of respondents review a job shop's online reputation** (for customer recommendations, comments, and reviews) before choosing a supplier. Furthermore, **30% of buyers say they look at a job shop's social media accounts (Facebook, LinkedIn, etc.)** to determine if a job shop will be a good manufacturing partner.

How Buyers Determine Which Suppliers to Work With



Combining the importance of web presence and capabilities, job shops must make sure they are clearly communicating their offerings across all online channels, ensuring anyone that interacts with potential customers is able to effectively communicate them. Estimators regularly cite that their sales teams deliver RFQs that are not suited for the shop's capabilities. This is often a product of not effectively communicating your shop's capabilities.



## Certifications

**For 44% of buyers, quality certifications are crucial when choosing a job shop.**

Shops that aren't ISO 9001, ISO 13485 or AS9100 certified aren't even being considered for these high value jobs. Shops that are avoiding certification because of the cost should know that there are grants available that can help cover the certification cost.

## Availability and Responsiveness

Make it a priority to be available for conversations: **40% of buyers say they need to have a conversation** with a job shop before requesting a quote. When shops don't pick up the phone, or are slow to respond to emails, buyers will bring their business elsewhere.

## Next Steps for Job Shops

- 1** Communicate your job shop's capabilities in detail on your website, and make sure to update them frequently.
- 2** Invest in getting ISO or AS certified. There are grants available to help cover the cost of certification.
- 3** Use tools that support secure internal and external communication.
- 4** Make it easy for estimators to message coworkers on the floor and still be available for conversations with buyers.



## Where Do Buyers Send RFQs?

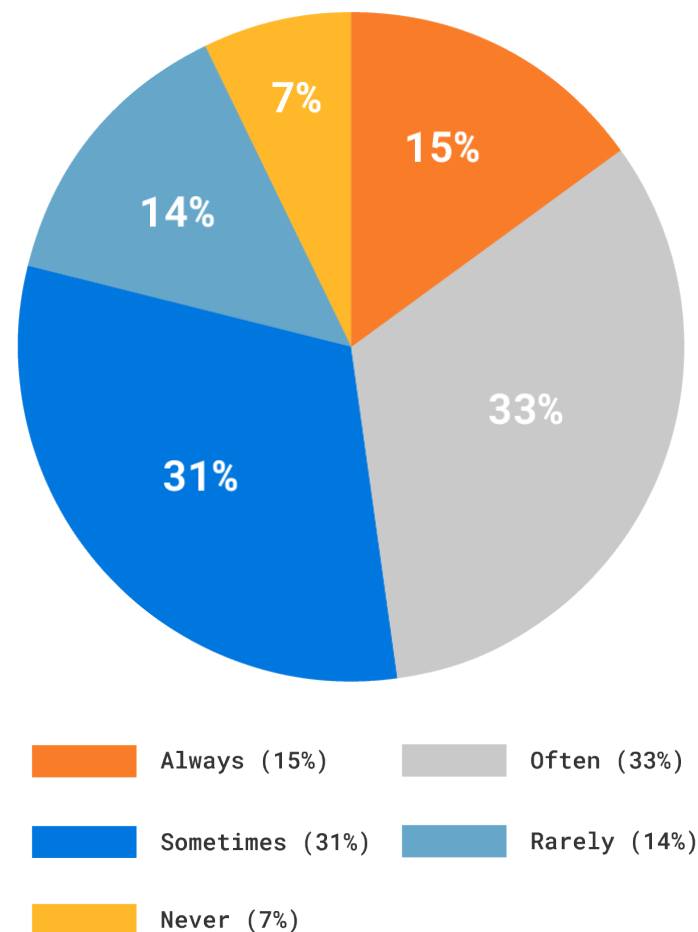
**48% of both prototype and production buyers always or often send RFQs to sourcing networks, and 18% are doing so first when they have an urgent need.**

This finding is consistent with the industry trend that buyers are looking to networks such as MFG.com, Xometry and Fictiv more and more often. But why? **Manufacturing networks are changing buyer expectations by regularly delivering a seamless digital experience and capacity for quick service.** Buyers are responsible for mitigating risk by ensuring the parts they order are high-quality and delivered as quickly as possible. Buyers are able to reduce uncertainty for their companies by using these sourcing networks - the networks have virtually unlimited capacity, and buyers know that both the product and experience quality is guaranteed. Job shops that want to stay competitive need to invest in modern digital solutions that enable them to deliver the same capabilities and service, so they can compete with the networks rather than becoming dependent on them.

### Next Steps for Job Shops

- 1** Do a realistic competitive analysis: does your shop have the technology to compete against huge manufacturing networks?
- 2** Implement digital solutions that help you automate tasks, expedite turnaround times and increase accuracy for quoting and scheduling.

How Often Do Buyers Send RFQs to Manufacturing Networks?



# How Have Buyer Demands Changed?

**Sourcing networks are some of job shops' biggest competition. How have they impacted buyer expectations?**

The answer is simple: today's buyers prioritize speed over cost. 67% of respondents expect a quote in less than 24 hours. Only 6% of respondents are willing to wait longer than three days.

These findings show that job shops must return RFQs as quickly as possible. **The longer it takes to return an RFQ, the lower the chances of winning the job.**

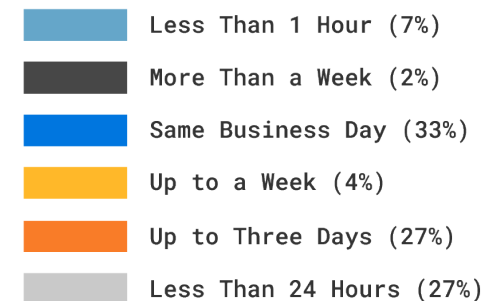
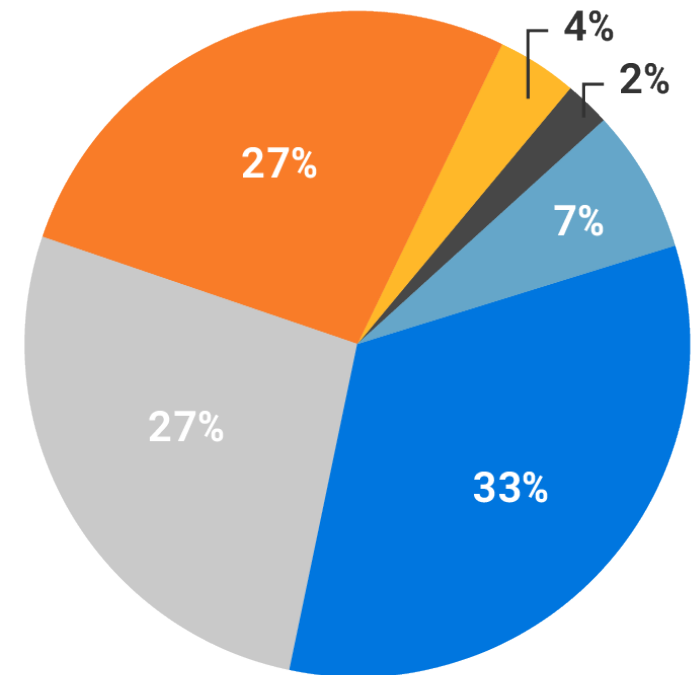
Many job shops are hindered by inefficient internal processes, bottlenecks and manual tools that make fast, consistent, quoting near impossible. This has a direct effect on the business: if too much time is spent engineering quotes that aren't won, there's less time for other work, and all that time and effort is effectively wasted.

To increase their chances of winning work, shops must prioritize fast responses to customers and efficient internal processes to speed up quoting.



If a RFQ is sitting in an estimator's inbox for more than 3 days, they are better off prioritizing other, more recent requests.

Buyer Expectations for RFQ Response Times



## Faster Purchasing Decisions

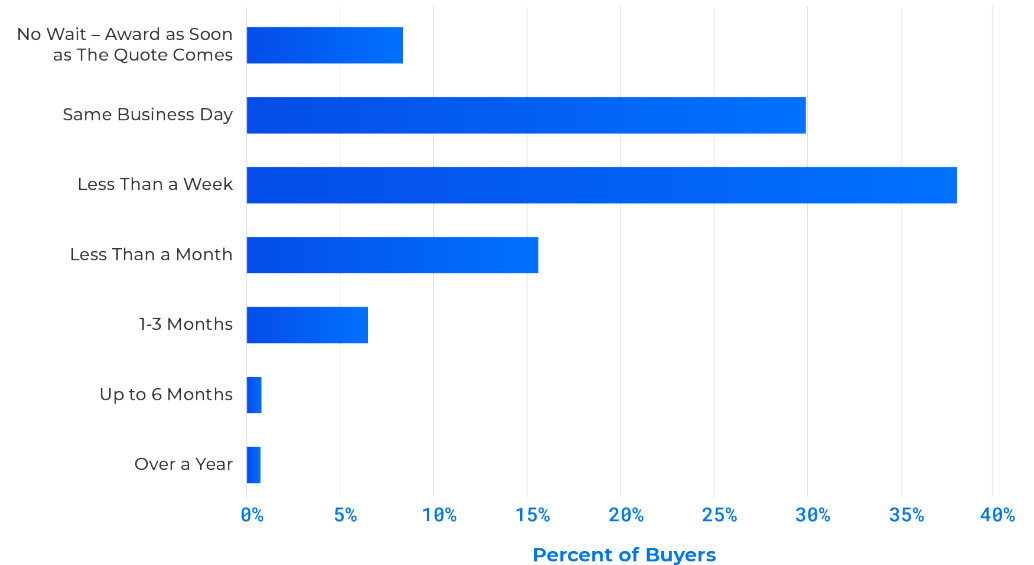
### Buyers make their purchasing decisions quickly.

75% of respondents say they make a decision in a week or less after receiving a quote.

Beyond rapid quoting, **the best way for job shops to increase win rate is to follow up on every quote they send.** Many job shops set aside potential capacity for work that was quoted several weeks earlier. However, these findings indicate that if a buyer has not responded to a quote within a week, the work is likely lost, freeing up capacity for additional work.

Job shops should invest in tools that provide insight into the status of quotes (from when it was sent to if it was opened) so salespeople know when to follow up with buyers.

Time Between Receiving a Quote and Making a Purchasing Decision





## Prioritizing Speed Over Cost

### Buyers prioritize speed even after the order is placed.

Consumer shopping is easier and more convenient than ever, and the same expectation is being placed on manufacturing vendors. Job shops need to offer options for expedited service, or else they risk losing business to competitors (or sourcing networks) that do.

Buyers are facing pressure to get their jobs done faster, handle more procurements and manage more vendors. Anything that job shops can do to make buyers' lives easier will be rewarded with business.

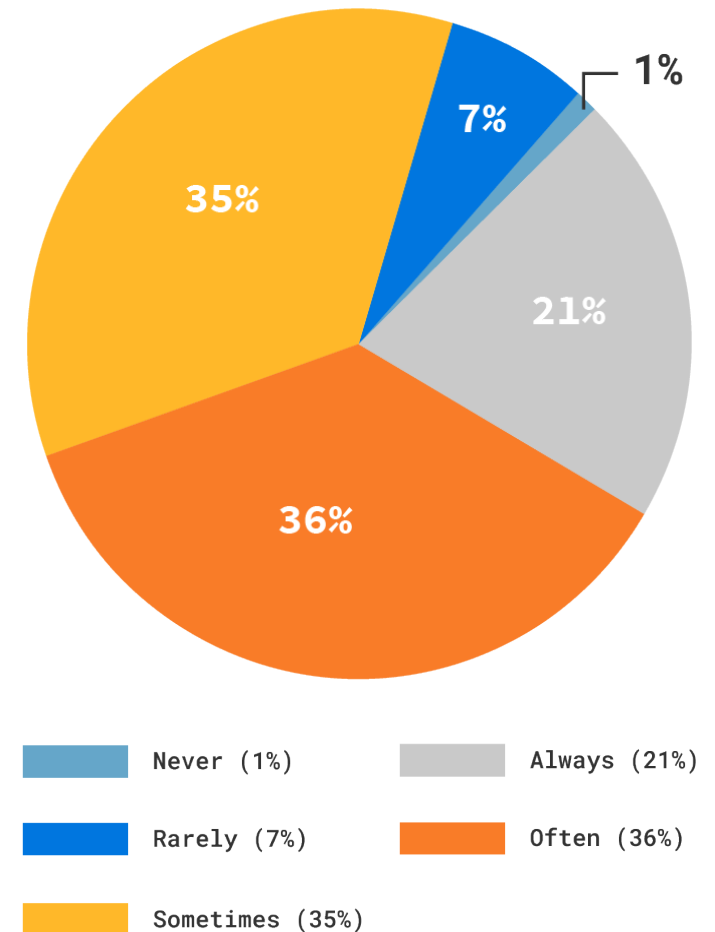
92% of buyers are willing to pay more to get parts faster. **Buyers are willing to pay for speed because there is an opportunity cost associated with slower delivery, and buyers are often responsible for mitigating the risk of late deliveries.**

Job shops should not hesitate to offer customers an option to pay more for expedited service on every quote, because buyers don't always communicate when they need it or are willing to pay more for it.



**92% of buyers** are willing to pay extra to get their parts faster.

How Often Will Buyers Pay Extra to Get Parts Faster?



## More Payment Options

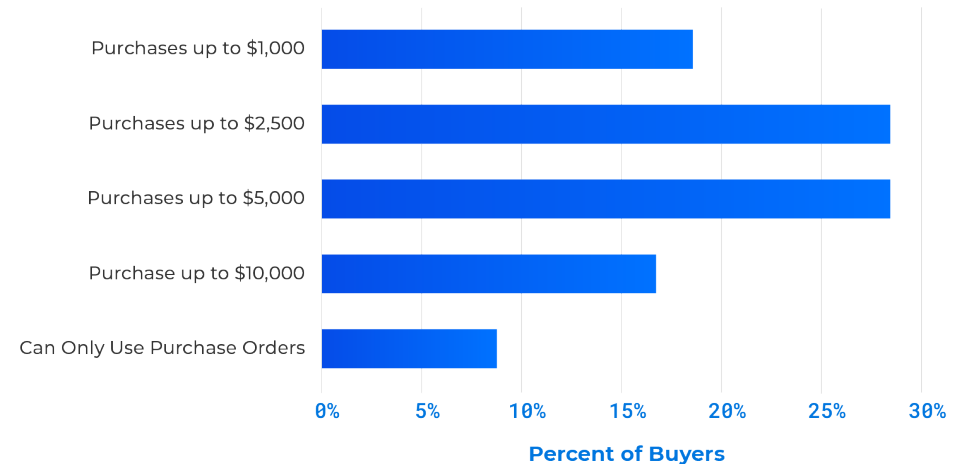
### Buyers need parts on order as fast as possible.

Job shops should do everything in their power to make the buying experience as frictionless as possible. Allowing payment with a credit card makes it easy for buyers to complete their order.

**45% of surveyed buyers can make purchases up to \$5,000 on a credit card.** On the other hand, only 9% of buyers can only use purchase orders. Allowing buyers to check out with a credit card for low dollar-value orders will streamline purchasing and increase win rates and margins.

To reduce buying friction even further, use software with digital quotes and an integrated shopping cart, so buyers can easily check out with just a few clicks.

Buyer Ability to Place Orders with a Credit Card



### Next Steps for Job Shops

- 1 Automate the laborious aspects of quoting, from manual data entry to preliminary engineering to deliver quotes faster.
- 2 Invest in a tool that provides insight into the status of quotes, so salespeople know when to follow up with buyers.
- 3 Always offer the option for buyers to pay more for expedited delivery.
- 4 Use software that enables digital quotes and an integrated shopping cart so buyers can check out with a few clicks.
- 5 Eliminate inefficient front-office processes and bottlenecks such as manual notetaking and spreadsheets.
- 6 Allow buyers to use credit cards on low dollar-value purchases.

# Conclusion

**With increasing workloads and demands from their companies, buyers are expected to do more with less.**

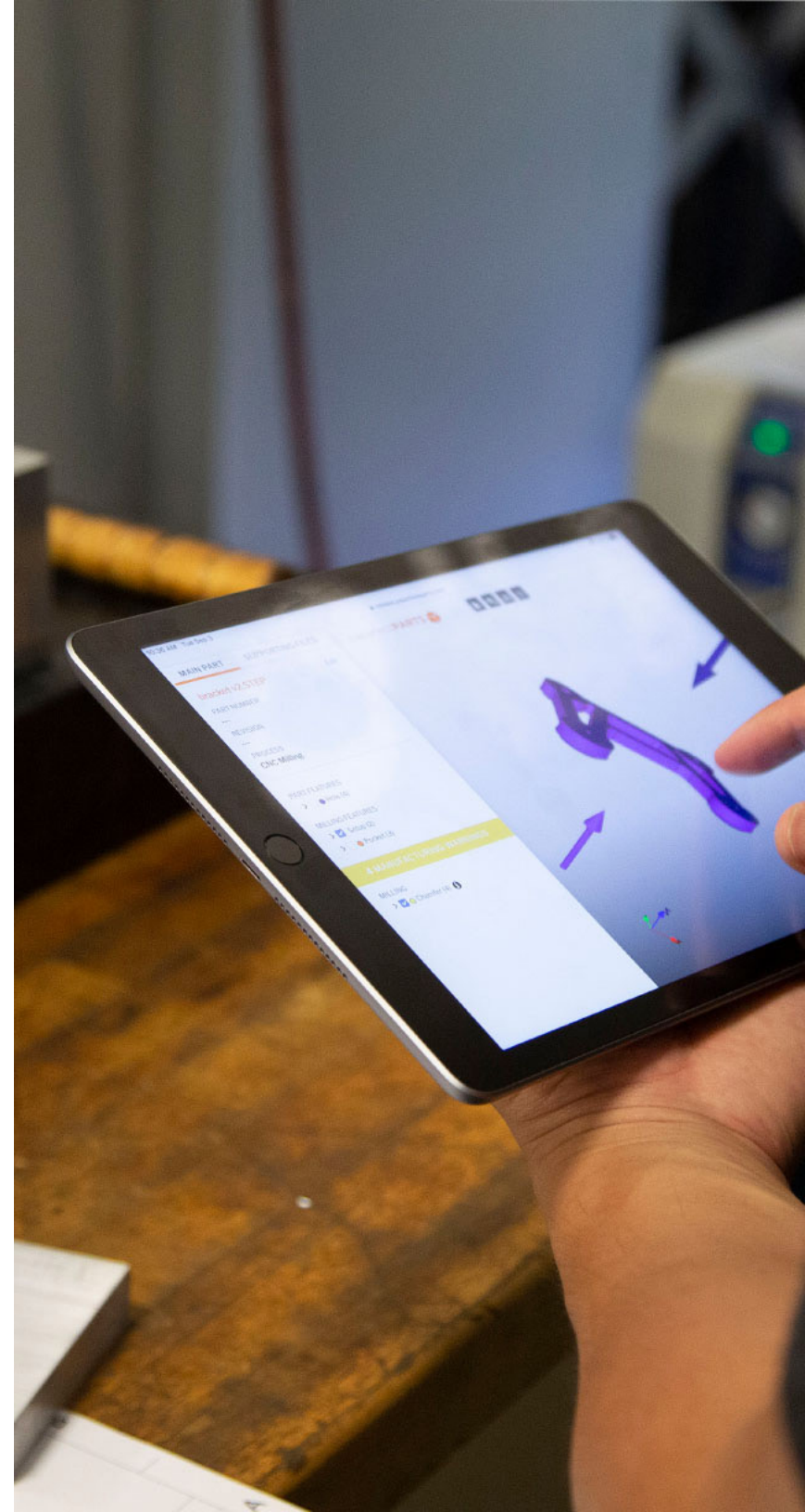
With the right digital tools, job shops can eliminate inefficient manual processes and provide the fast turnaround times, high-contact customer service, and the modern buying experience that buyers expect. Additionally, these digital tools should enable job shops to compete with manufacturing networks by offering the same frictionless checkout experience, but with more privacy and security when storing customer information.

Digital quoting can help job shops quote faster and more accurately, minimizing time wasted on over-engineering, and reducing RFQ response time. The less time job shops spend quoting, the more time they can spend focusing on making parts, marketing, customer experience, and winning business.

Buyers are increasingly demanding excellent customer service, fast quoting, short lead times, and prompt shipping. Job shops that use modern software to meet these demands will remain competitive and ensure growth both today and into the future.

### Methodology

Paperless Parts partnered with ResearchScape to survey 417 U.S. part buyers and engineers working within procurement who buy prototype and/or production parts at their organization. The survey was fielded from July 21 to August 11, 2020.





## About Paperless Parts

**Paperless Parts is the secure, ITAR registered and compliant cloud-based platform that is revolutionizing manufacturing.**

Paperless Parts is the #1 Sales and Quoting Platform for 2D / 3D CAD and drawings. The powerful geometric analysis engine unlocks hidden insights and enables job shop manufacturers to modernize and grow their business.

Manufacturers use Paperless Parts to increase win rates and reduce time spent on estimating, quoting and order processing. Paperless Parts seamlessly integrates with ERP systems to make quoting and customer communications faster and more efficient by rapidly pinpointing manufacturability issues, creating quotes, and processing orders for additive manufacturing, sheet-metal fabrication, milling and machining production processes.

Paperless Parts drives manufacturing operations for a wide range of industries, including aerospace, national defense, technology and the private sector.

Learn more at <https://www.paperlessparts.com>.