



18 December 2000

Topic: **Are CAD/CAM users buying on the Net?**

CAD/CAM

With CAD vendors testing the water on direct Internet sales, we've taken a snapshot of the market to assess experience and attitudes to buying directly via this method. We interviewed 301 UK CAD/CAM users from a cross-section of sectors, as well as a selection of French and German users.

iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunications sectors.

The E-converted...

Only 15% of companies have bought CAD/CAM products over the Internet. Two thirds of these purchases were of software, 15% were of hardware, and a further 15% were of peripherals.

Resellers are joining the fray

With the prospect of vendors selling direct and bypassing the channel, there are clearly resellers viewing the Internet as an opportunity. **Half of those who have purchased over the Internet did so through a reseller.** A quarter did so through a manufacturer or vendor, and 15% bought from a non-specialist CAD supplier.

Are you in danger of being e-dumped?

There is a worrying indicator for suppliers of CAD/CAM products not yet offering sales on the Web. While a third of those who have bought via the Internet did so from their usual supplier, **nearly 60% found a new supplier through this method.**

They've tried it, and they like it

Nine out of ten CAD/CAM users who have purchased on the web will continue to do so to the same or a greater extent – and about a third of these intend to use this method much more in the future.

We asked CAD/CAM users:

- whether they had purchased over the Internet, what and from whom.
- whether they planned to make purchases in future and why.
- whether they use the Internet to compare products, prices and services.

What on earth are CAT users doing on the Internet?

If you want to understand more about how **your** target market is using or intending to use the Internet, find out how our [Research Services Division](#) can help you.

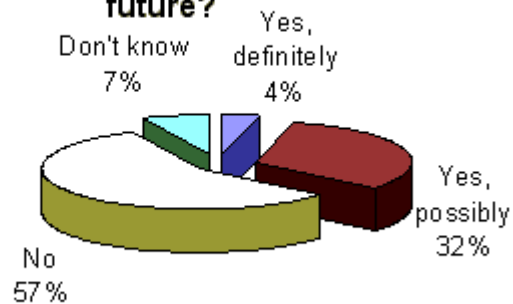


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The E-possibles...

Of the 85% of companies we spoke to who have not purchased CAD/CAM products on the Internet, a third said they would *possibly* do so in future. Time and/or cost savings were popular reasons behind this thinking. However, only 4% of those who have never bought on the Internet said they would **definitely** do so in future. One French architecture firm told us: *"We will definitely buy via the Internet in future. I think you can get a quicker, more efficient service, and it's a better source of information"*.

Would you consider purchasing in the future?



The E-against...

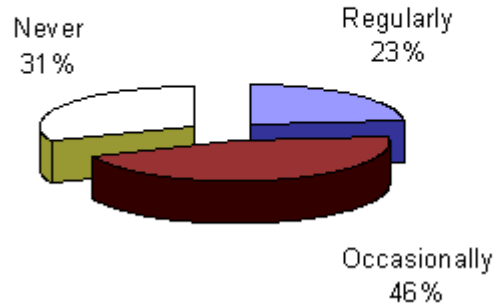
Nearly 60% of those who have not bought over the Web said they were not planning to do so in future. The most commonly cited reasons were that there was simply no need to consider this option, or that they had never really thought about it. Other popular reasons included satisfaction with current suppliers, a preference for a more personal service, and concerns over security. For some there are issues around the amounts that they feel comfortable spending via the web. A German geographic consulting company said: *"Buying over the Internet may be OK for less expensive items; but we have reservations over buying more costly software such as CAD"*.



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Web window shopping

How often do you use the Internet to access products/prices/services information?



Clearly those companies that use the web to compare products, prices and services of different suppliers are going to be the ones tempted to actually buy on the Internet. However only a small proportion seems to be routinely using the Web for this purpose; a quarter of companies are regular surfers for better products, services or deals. **A third of our sample said they never use the Internet for this purpose, and nearly a half only do so occasionally.**

Conclusion

Chris Turner, Managing Director of The Business Advantage Group Plc, observes: *"The finding that 15% of our sample has purchased CAD/CAM products over the web is no great surprise given the traditionally conservative approach of CAD/CAM using sectors towards adopting new ways of working. The rate at which this figure increases over time will be the key factor, and we will conduct a similar survey next year to track this. A quarter of on-line purchasers we spoke to bought directly from software vendors. We'll certainly keep a close eye on this and the reaction from the value-added reseller channel."*

"Many of the responses from companies who are not considering buying over the web indicated low overall levels of awareness about the potential benefits of e-commerce. The majority of these will not have developed a wider e-business strategy. When pulled by customer demand or pushed by competitor pressure to consider this option, the notion of obtaining products and services over the Internet will follow naturally. We should therefore expect a steady increase in direct Web sales, rather than a rapid uptake. However the growth rate for actual purchases is sure to be checked by alternative options provided by Internet subscription models, or ASPs."

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