

**Topic:**  
CAD/CAM Market  
Statistics

## How loyal do CAD/CAM Users feel towards their Suppliers?

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

*"Keep the customer satisfied"* is a standard business mantra, and we've all heard the estimates of how much more expensive it is to gain a new customer than to retain one. So how satisfied are CAD/CAM users with their suppliers? How loyal do they feel? We spoke to 300 end-users to gain a snapshot of current attitudes - and to several French and German end-users for their views.

Overall, CAD/CAM users felt that they get a good deal from their suppliers. **Nearly half reported that they are receiving an excellent or very good level of service.** Three fifths of end-users also rated the technical knowledge of their suppliers to be in these top categories, with similar satisfaction levels indicated for the ability of suppliers to understand their needs. Only a tiny proportion thought they were receiving a poor all round service. However, just under half feel that they receive only a 'quite good' level of service from their supplier, which offers a chink of hope for suppliers looking to wrench business away from competitors.

The vast majority of the survey sample, indeed nine out of ten CAD/CAM users, are so satisfied with their suppliers that they are not considering changing them.

Our researchers queried the reason for their apparent loyalty. It is interesting that **only one in five mentioned price as a factor**, compared to half who cited a good overall standard of service. One third mentioned good relationships, or the fact that the supplier takes an interest in them, or just 'we've always used them' as a reason for staying loyal. These are important personal factors not to be overlooked by suppliers hoping to acquire and maintain new business via the Internet.

### Methodology

Telephone interviews were conducted during August and September 2000 with 301 UK based CAD/CAM users representing a range of industry sectors and company sizes. A smaller number of in-depth interviews were conducted with French and German CAD users. The term 'supplier' was defined as the company that provides goods/services and after sales support to the end user.

### Did you know?

Almost three fifths of end-users make CAD/CAM purchases from only one vendor, and a further third purchase from between two and three vendors. Less than one in ten shop around and make purchases from four or more resellers.



However, one French architect's comments remind us that current satisfaction with a supplier should not necessarily be confused with loyalty: *"We are not really loyal as such. Our reseller has answered our needs so far, but we will change quickly if necessary."*

**Overall less than one in ten respondents said they were considering changing their supplier** - with the fact that their current supplier did not sell what they needed most often cited as the reason. The survey backs up the view that SMEs are more likely than larger companies to want to get as close as they can to trusted suppliers and stick to them - only 4% of our sample with less than 50 employees are considering changing their supplier, compared to 14% of those with more than 50 employees. The latter figure hints at the potential for reward for those suppliers willing to invest in gathering market intelligence and effective direct marketing.

### Considering Changing Supplier



One small French architectural firm our researchers spoke to provides an example of an SME with no qualms about changing its supplier. The MD told us: *"We are now trying to buy as much as possible direct from the developer. The resellers we have tried do not know the products they are selling, and supply very little technical support. As for the quality of their telephone support, I can't comment - we could never get through."*

We see an interesting split between CAD users who are not currently considering changing their supplier. A fairly impressive two fifths feel that their supplier is the best available - clearly there are high levels of value added services and effective customer retention strategies reflected here. **However, nearly half of those who are not considering a change are not convinced they have the best supplier available, but do not feel it is worth the effort seeking a better one.**

### Not Considering Changing Supplier



There are two strong messages here. Firstly, there is a lot more that many suppliers should be doing to convince their customers that they are irreplaceable. **Improving or extending extra services might both improve loyalty and increase revenue from current customers.** Secondly, there is scope for suppliers seeking to acquire new business from their competitors to achieve it by tackling the inertia among the many CAD users who are unable or unwilling to seek out better suppliers.



One German Facilities Management company with 3,000 staff, is sticking with the 2-3 resellers it uses despite being able to identify clear areas where it would like their services improved: *"We feel they could offer free training for new applications, a senior manager told us, "and also provide better access to information for solving small problems without their help."*

There is further evidence that there is a large body of CAD users prepared to consider alternative suppliers if the right approach is made. **Of the companies in our sample who are not considering changing their supplier, about a third said they might try a supplier approaching them with a better all round service.** However, as we have already seen, overall satisfaction with suppliers is high, so in the vast majority of cases it will need to be an extremely impressive all round package of products and services to win business from this group. Knowledge of rival suppliers' marketing activity and levels of service provision, combined with a precisely targeted direct marketing campaign, will be powerful tools to make this possible.

## Conclusions

- In a market where the differentiation between rival manufacturers/suppliers is based on levels of service rather than product features, the majority of end users are satisfied with their supplier(s). Suppliers seeking to increase market share must make themselves aware of these end user perceptions and target their marketing to overcome them.
- There is significant inertia about finding new suppliers among the end users who are currently satisfied with their suppliers. Our survey found that a third of these end users feel there are better suppliers around, but are not prepared to seek them out. Suppliers who have key customers in this category should guard against complacency. They should identify them and 'raise their game' as appropriate - or risk losing them.
- A significant proportion of end users who are not actively looking for a new supplier will consider a switch if the right approach is made. The attitude of this group suggests that active, targeted marketing is required to bring alternative services/products to their attention.

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(Click: [Customer Satisfaction Research](#))

Would you like to understand why your competitors are successful?  
(Click: [Competitor Analysis Research](#))

In the *next* issue of **iCAD** we will look at one possible method for suppliers to persuade end users to try a different product/service - **trailing**. We will also look at another potential test of end users' loyalty - **the impact of the Internet on purchasing habits**.

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