



The Generational Differences In B2B Decision-Making



Introduction

This paper looks at the differences in the B2B buying journey across different generations, and how and where emotions play a part in the process. The findings are based on new research conducted by B2B International seeking to understand the role of emotions in B2B decision-making.

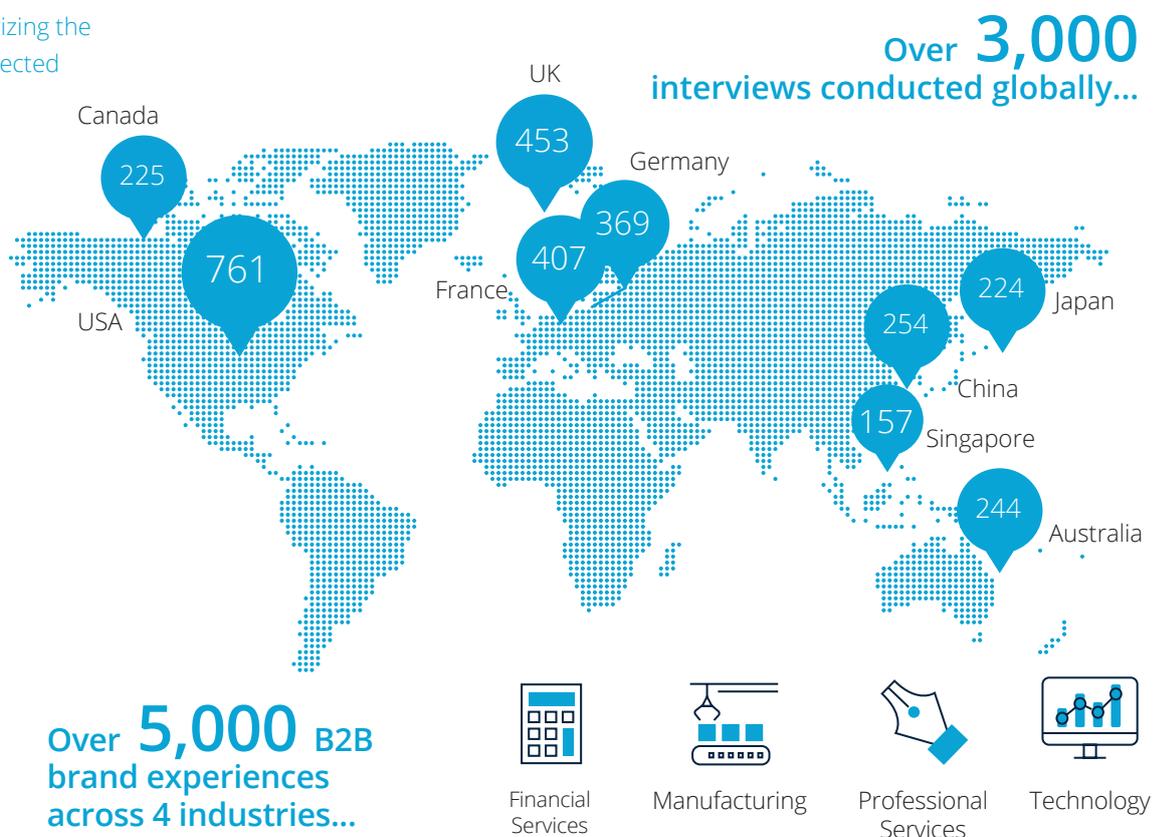
As business researchers, we recognize the importance of understanding the differences in people, customers, businesses - and the importance of companies not taking a 'one-size-fits-all' approach to their customers. Whilst this paper takes a look at the differences between generations, how they differ in the way they make decisions, and the emotions at play within the B2B purchase journey, one thing we should emphasize is the importance of still understanding the nuances of different target customers, what is important to them and how their attitudes and needs differ.

The insights in this paper are not intended to say that all people between the ages of 'x' and 'y' find 'this' or 'that' important, they are more intended to give some macro insights into decision-making across generations. It is a contextual backdrop as to how decisions are made - the same way we may look at macro factors (such as PEST analysis) in a marketplace to contextualize how businesses make decisions.

About the study

We at B2B International are part of Merkle B2B; a collective of five leading B2B agencies offering end-to-end global customer experiences for B2B brands. Merkle B2B teams identified the issues driving customer experience across a representative range of past studies, and we distilled this list statistically, using factor and cluster analysis to isolate the key drivers of customer experience. We then conducted 3,094 interviews with buyers and key decision-making influencers, exploring 5,622 B2B brand experiences relating to the purchase and use of financial services, manufactured goods, professional services, and technology solutions (Figure 1).

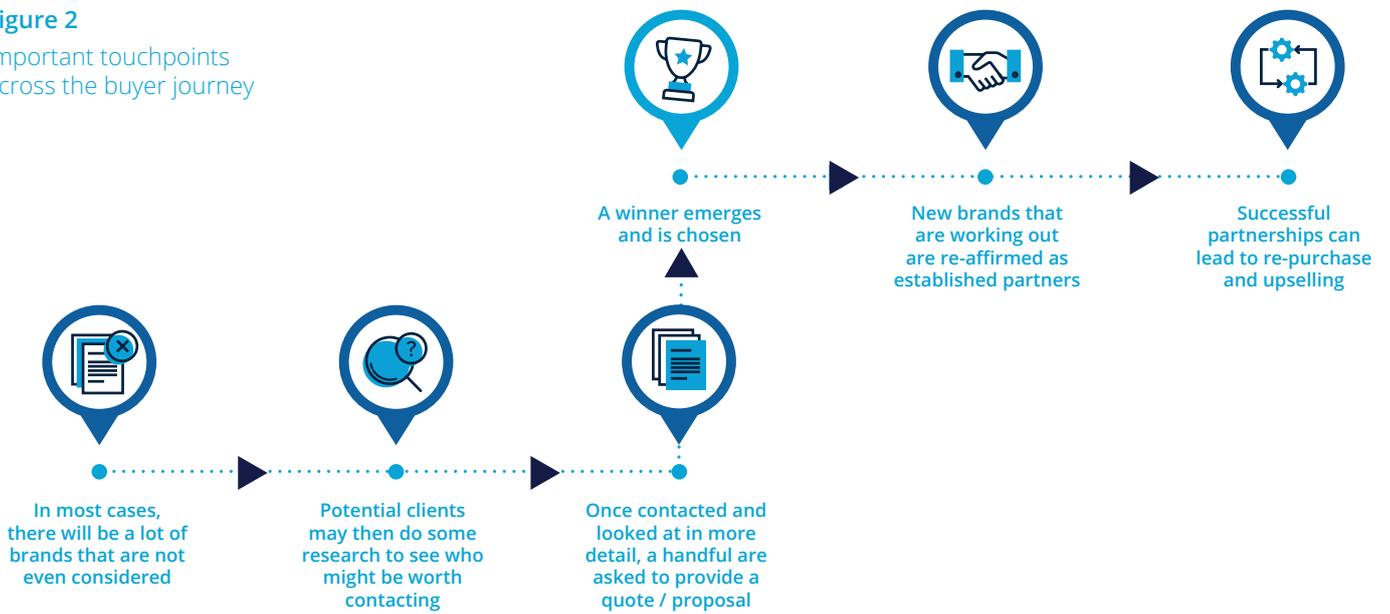
Figure 1
Summarizing the
data collected



We then explored these brand experiences along every touchpoint of the customer journey – cognizant that different factors affect the customer experience at different stages (Figure 2).

In order to architect the ultimate B2B customer experience, it is important to assess which issues impact the experience, where in the customer journey they have an impact, and how well (if at all) these experiences are being delivered. The research in this paper, explores the contrasts in these findings across different generations, as well as looking at some of the key differences in decision-making processes.

Figure 2
Important touchpoints
across the buyer journey





The different generational cohorts in the B2B decision-making unit

For the purpose of this paper, we have looked at three key generational cohorts:

Generational cohort	Born between the years	Approximate age in 2021
Boomers	1946 and 1964	57 to 75
Gen-X	1965 and 1980	41 to 56
Millennials	1981 and 1996	25 to 40

Millennials are well embedded as decision makers across many companies. Importantly, even where millennials are not decision makers, our research shows that firms are highly likely to seek input from them as users.

Millennials play a crucial role in both choosing and influencing the decisions to use B2B companies – but how do they differ from other generational cohorts in terms of behaviors, attitudes, and needs?

The role of emotions across the generations in B2B decision-making

From our research we are able to infer the emotions and needs that are at play in a range of B2B buying journeys, across a range of sectors (such as Tech, Finance, Manufacturing, Professional Services). We have identified some interesting commonalities across cohorts, as well as some clear distinctions that separate cohorts. As part of this, we also sought to understand the balance of factors that add benefit to the individual (a 'personal value-add'), and those that add benefit to the business (a 'business value-add').

First the similarities – across all generations, one factor crucial for B2B businesses to deliver against is being “approachable and transparent”. This is common all through the buying journey, and through to re-purchase. If companies get this wrong, no matter what the generational cohort, they will struggle to win people over.

Some of the differences come in when we look at the 'personal value-add' issues. For Millennials, a very strong determinant of whether a company is chosen at the 'point of purchase', is whether the business has a “clear vision and working towards their obligations”. This often makes the difference between choosing one company and another. Millennials are also more likely to move companies through the buying journey that are “making work more enjoyable” for them. This indicates the balancing act of Millennials being tough on credibility around vision and obligations, but also wanting to know the relationship will be an enjoyable one. In comparison, Gen X replace this need for enjoyment, with the want to learn from the provider; whereas boomers want providers to help them grow their network; all 'personal value-adds', but all very different. We look at these needs in more detail later in this paper.



B2B brands must deliver in the research phase

With the above content in mind, companies will have to work hard to even get to the point of purchase with Millennials. One thing that sets them apart from others, is they like to do most of the front-end of the buying journey themselves, with easy-to-find support playing a crucial part. Millennials spend a lot of time doing research. They spend more time at this stage than other cohorts, and they will take brands out of the running order before they even get the chance to speak to them (it is at this stage where most brands fall out of the buyer journey). This is crucially important for B2B companies to deliver on.

On average, Millennials will spend 13 weeks on the initial research phase of a B2B decision, compared with 12 weeks for Gen X and 8 weeks for Boomers.

Average weeks spent at the initial research phase in a B2B decision.



Boomers



Millennials



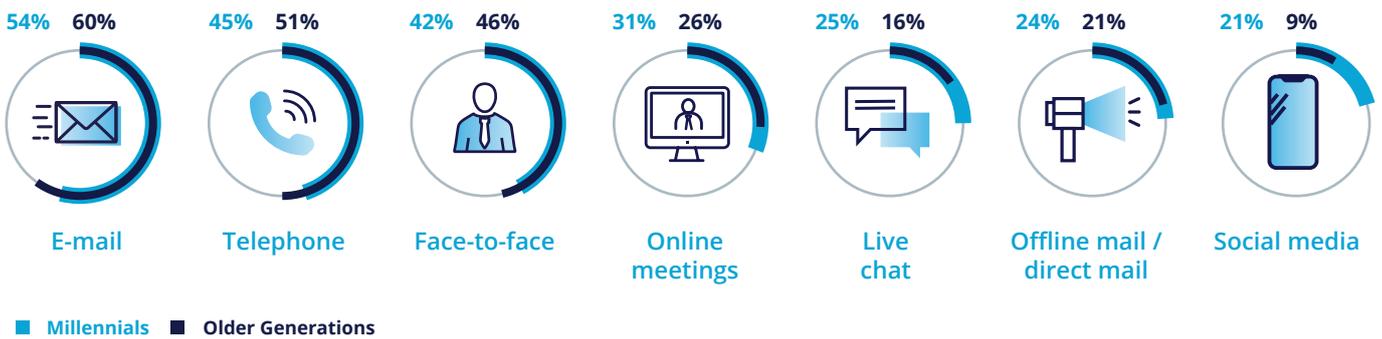
Gen-X



Preferred channels of communication and sources of information

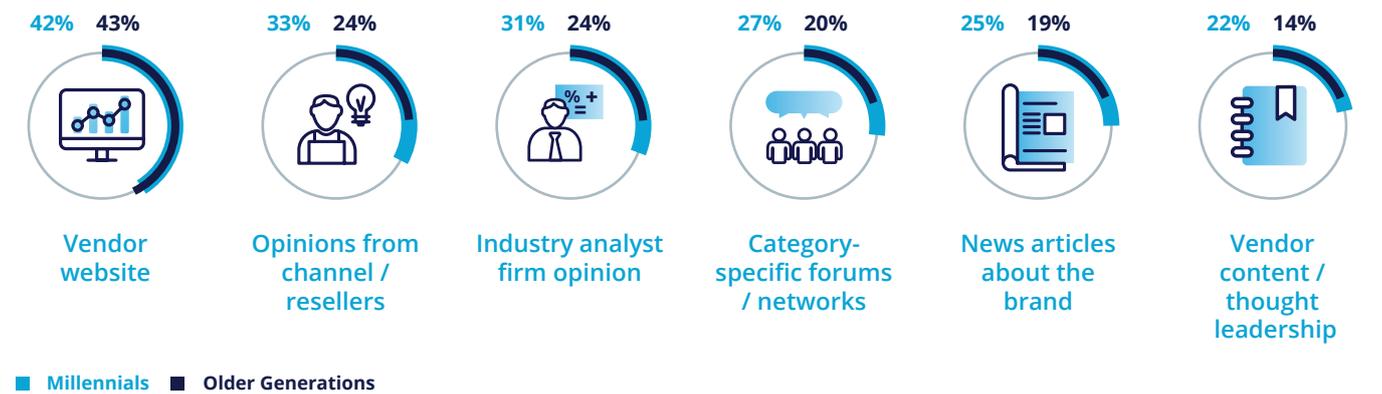
Whilst at the 'research stage' of the buyer journey, Millennials are also looking for an easier, effortless experience – when they are searching for information, they want it to be available when they need it, where they need it, and in the formats they need. This is highlighted in the channels of information used by Millennials when engaging with B2B providers – they use a wider range than other cohorts. In fact, our research shows that brands that don't have 'live chat' or 'social media' channels are less likely to be selected by Millennials. In not having those channels, they are unwittingly saying that they do not interact with this age cohort (Figure 3).

Figure 3 Communication channels using during the B2B purchase journey



Whilst traditional communication channels persist as Millennials progress through the purchase journey, there are clear signs of preference for quicker, digital-centric communications among Millennial B2B buyers. This cohort is more likely to augment vendor sites with opinions from a diverse range of sources (Figure 4).

Figure 4 Sources consulted during the purchase/re-purchase journey



This comes from mistrust of certain sources; in particular, Millennials are significantly more likely to agree "online peer reviews for B2B products and services are not reliable sources" (36%, compared to 25% for older generations).

Despite Millennials taking their time in the initial research phase of the buying process, once they are ready to purchase, they want to move quickly. Millennials are significantly more likely than older generations to agree that "it takes far too long to make a purchase from B2B suppliers".

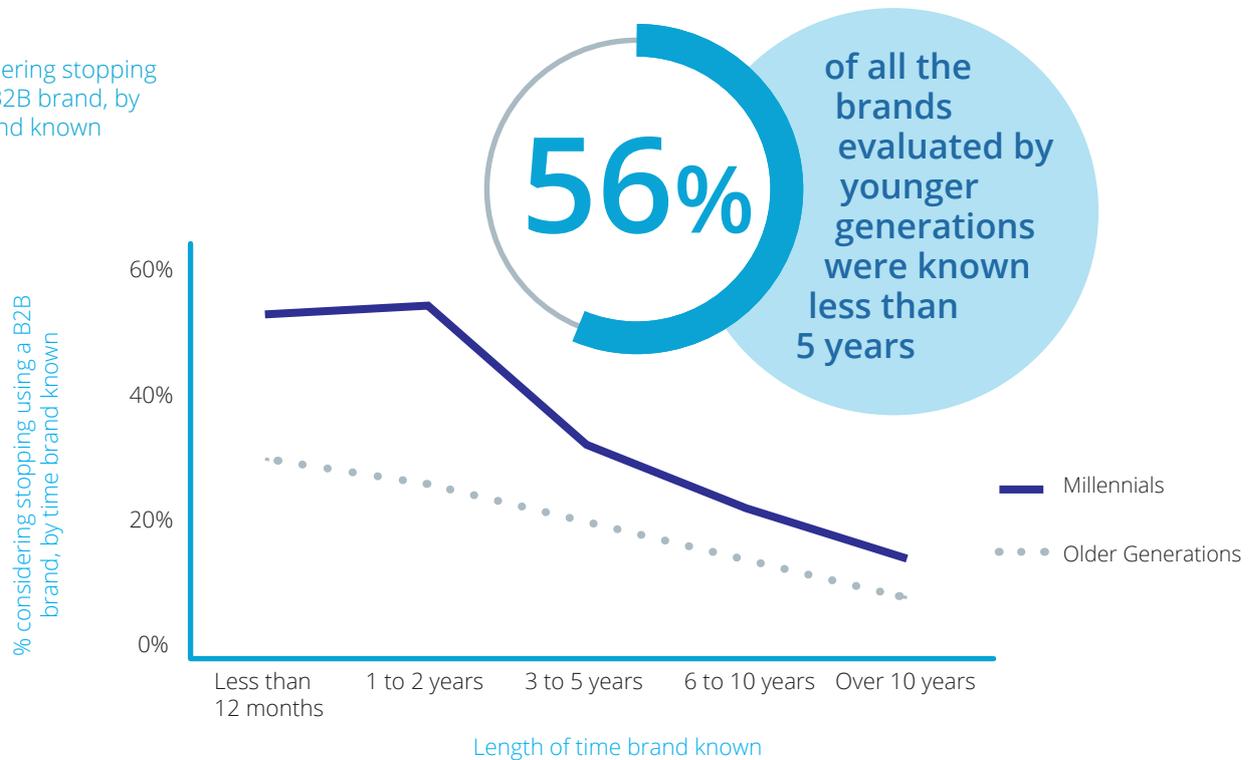
An opportunity for B2B brands

Millennials are more likely to switch B2B suppliers, even when they report a strong NPS for a brand. This is both an opportunity and a threat for B2B companies – Millennial decision makers are more likely to have their heads turned away from their existing provider.

This is further evidenced by Millennials being happy to switch provider if they have known the brand for 2 years or less (Figure 5).

Figure 5

% considering stopping using a B2B brand, by time brand known

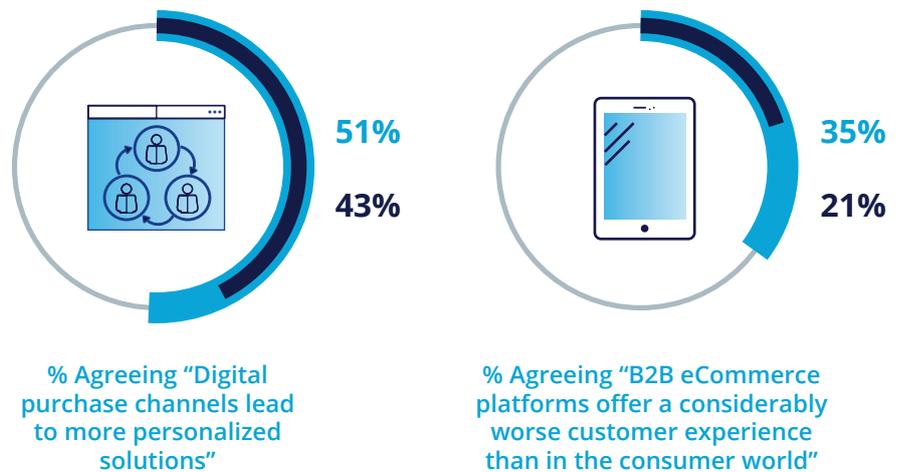


This suggests B2B brands have an opportunity to build more loyal potential customers by starting to build brand recognition with 'younger' potential customers, which could have implications for how brands structure their advertising targeting. Indeed, Millennials are more convinced that digital purchasing channels are key to delivering personalization (51% compared to 43% of older generations) - though they are also more critical of current B2B ecommerce experiences, with 35% agreeing that "B2B eCommerce platforms offer a considerably worse customer experience than in the consumer world", compared to 21% (Figure 6).

There is also a sign that some sectors are not adapting quickly enough to the demands of the younger generation. Younger Millennials are a tough crowd to please across many B2B categories. However, they are particularly critical of the experience they receive from professional service companies, and those companies in the industrial goods sector - the parts of the B2B world that have not yet digitized properly.

For the B2B companies that can get this right, however, our research confirms that companies will be rewarded with stronger cross & up-sell opportunities among Millennial buyers.

Figure 6
Agreement with statement about digital purchase channels



■ **Millennials** ■ **Older Generations**



The generational differences across the 4 B2B brand superpowers

With some of these key differences in the decision-making process in mind, we will now look at the specific generational differences across the key factors in B2B decision-making. The following insights are based around the four B2B brand superpowers, and the differing components which make up the superpowers.

Reliability



Understanding



Enrichment



Pre-Eminence



Business Value-Add

Personal Value-Add

Superpower 1 Reliability:



This superpower is about making a meaningful difference to the company the buyer works for; being trusted to deliver.

B2B companies could be doing more to help their target customers 'sell in' their products & services to the wider decision-making unit. In particular, both Millennials and Gen X need B2B companies to demonstrate that they comply with regulations, laws and standards – something that our research shows most companies do pretty well at the moment.

Millennials need support with expertise from providers, and they need to have confidence that products and services will just work without failure.

For Gen X, another key need is for companies to help them demonstrate clear business improvements to their colleagues – particularly, key ingredients here such as improvements in productivity – as well as demonstrating a clear impact on increasing revenue.

Superpower 2 Understanding:



This superpower relates to the meaningful difference made to the company that the buyer works for; demonstrating you understand what the company needs.

Across all generations, one of the ingredients that is crucial for B2B businesses to deliver against is being “approachable and transparent”. This is common through all of the stages of the buying journey, and through to re-purchase. If companies get this wrong, no matter what the generational cohort, they will struggle to win people over.

When they are searching for information, they want it to be available when they need it, where they need it, and in the formats they need – B2B companies aren't doing well at this at the moment. This aligns with what we saw earlier in this paper – that Millennials use a wider range of channels when engaging with B2B providers.

Superpower 3 Enrichment:



This superpower is about making a meaningful difference to the buyer themselves; making their work life better.

Across all generations, an important factor is “feeling safe contracting with the company”. This is something the Gen X and Boomers say brands do well – however, Millennials say brands are less consistent.

There are some interesting differences when we look at the ‘personal value-add’ needs across the generations. Millennials are more likely to move companies through the buying journey that “make work more enjoyable” for them.

In comparison, Gen X replace this “make work more enjoyable and interesting” ingredient with the desire for their potential supplier to “teach them new skills and knowledge”.

Baby Boomers want suppliers to help them grow their personal network.

Superpower 4 Pre-Eminence:



This superpower also equates to making a meaningful difference to the buyer themselves, but being a company that individuals are proud to be associated with.

For Millennials, a very influential ingredient of a B2B customer experience is whether the business has a “clear vision and is working towards their obligations to society”. This is something that most B2B companies don’t do a great job of building into their customer experiences, but nevertheless is deemed by the Millennials that we interviewed to be a key success ingredient in B2B decision-making.

Gen X want companies to be innovative, and to be active thought leaders in their sector. This is an area where B2B organizations could improve – it is a big opportunity for those companies that can do this well and stand out from the crowd.

Boomers want the companies they work with to be an inspiration to the wider world of business – and also want them to have a progressive approach to all stakeholders.

Summary

As mentioned at the start of this paper, the insights uncovered provide a good contextual backdrop to some of the other nuances of decision-making which will differ by individual, sector and product. It gives us a broad understanding of which factors play a significant role in the decisions of different generational cohorts, as well as indicating the areas where companies have an opportunity to differentiate from the crowd.

There are clear signs that many B2B companies are not adapting quickly enough to the demands of all the generations we interviewed, be they Millennials, Gen X or Boomers. Too many companies operating in the B2B world are stuck trying to demonstrate how they add value to the company that the buyer works for. Of course, this is crucial for all businesses to do – however, they also need to place more of a focus on adding value to the individuals involved in the buying decision. This is something that can make or break the whole B2B decision-making process.



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