

## 4.4: Major Influences on B2B Buyer Behavior

### Learning Objectives

By the end of this section, you will be able to

- List and describe the external influences on B2B buyer behavior.
- Explain the internal factors that influence B2B buyer behavior.
- Examine the individual factors that impact B2B buyer behavior.
- List and describe the interpersonal factors that influence B2B buyer behavior.
- Explain the conditional factors that impact B2B buyer behavior.

Think about it: B2B buyers are people just like you. They don't make buying decisions in a vacuum; rather, they are influenced by many different factors throughout the B2B buying process, just as consumers are influenced in making purchases for their own consumption. These factors can be grouped into five major categories: external factors, internal factors, individual factors, interpersonal factors, and conditional factors (as shown in Figure 4.6). Let's take a closer look.

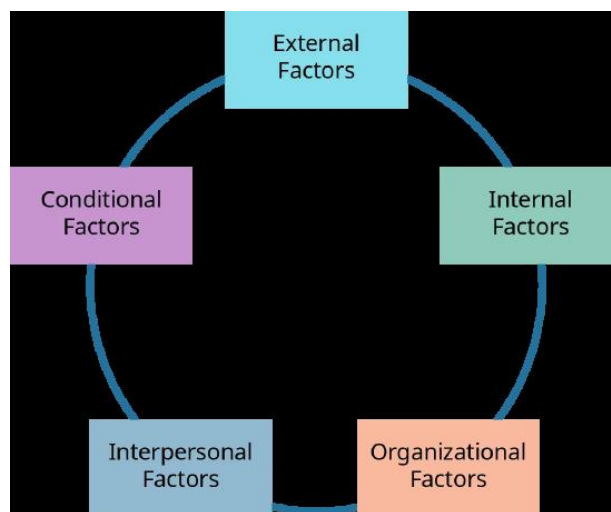


Figure 4.6 Influences on B2B Behavior (CC BY 4.0; Rice University & OpenStax)

### External Factors

External factors at work in the B2B buying decision can be economic conditions, the political/legal environment, competition, and the social environment.

First consider economic factors, such as the level of primary demand, the economic outlook, and the cost of money (i.e., interest rates). When the economy is strong, when unemployment is low, and when personal income is up, B2C demand increases, driving upward demand in the B2B market. Conversely, during economic recession, B2B buyers look for ways to cut costs, and buying is significantly reduced.

Political and legal factors also influence B2B buying decisions. These factors include the political system, the political situation, and government policies. Legal factors include laws, rules, and regulations, including tariffs (taxes on imported goods) and exchange rates (the value of one country's currency versus another.) To give you an idea of how such legal factors can negatively impact a firm, consider that, in 2018, after an expert panel found possibilities of health risks, the Indian government banned approximately 6,000 brands of medicine, dealing a blow to both domestic and foreign pharmaceutical firms (Mint, 2022). It doesn't take much imagination to recognize the impact this policy had on these pharmaceutical firms.

Competition also affects B2B buying behavior. It stands to reason that, when a competitor changes its product offering and garners more market share, a business will want to respond by going on the defensive and changing its product offering, triggering one or more B2B buying situations. The fast-food industry is just one example of this. Wendy's was the first national fast-food chain to introduce salads in response to consumers' desires for healthier food options (Leung, 2003). Shortly thereafter, many other competitors, including Arby's, McDonald's, Chick-fil-A, and Burger King, followed suit.

Finally, the social environment influences B2B buying behavior because each member of the class will likely approach the situation armed with different information, different perspectives, and perhaps different personal agendas. For example, the vice president of the marketing department may want to spend money on a new customer relationship management software package, whereas the vice president of the finance department may be more inclined to reserve capital and forego the purchase.

### Internal Factors

Organizational factors are those factors internal to the organization that affect buying decisions. Every organization has certain business objectives and goals, and goods and services should be purchased according to these objectives. For example, if a company experiences a period of poor sales performance, management might slow down or halt major purchasing decisions until the financial performance of the company improves. Conversely, a company with a strong sales track record may push for more strategic purchases to gain or maintain a competitive edge.

Consider how an organization's technology influences B2B buying behavior, particularly if the purchases must be compatible with the technology that is already in place in the organization. When purchasing a new product or service, decision-makers are often reluctant to change the existing technology and go with something new.

Finally, workforce skills are as important as the decision-makers and the products or services themselves because the workers are the ones who will use the new equipment or service and (hopefully) make the most of it. Thus, new purchases must be compatible with the existing workforce skills, or employees must be offered training on the new technology.

### Individual Factors

Just as with consumers, B2B buying decisions are influenced by the characteristics of the individuals in the buying center. Consider just one factor: age. In 2020, FINN Partners compiled its B2B Buyer's Influence Report and discovered several interesting statistics. Millennials (i.e., born between 1981 and 1995) were generally the most optimistic about purchase decisions. A whopping 83% were confident that they were paying a reasonable price, and 97% believed that the vendor would deliver as promised. This compares with only single digits for baby boomers (those born between 1946 and 1964) (Finn Partners, 2020).

The B2B buyer's education also plays a role. A more educated buyer is assumed to select goods and services carefully and approach the buying decision rationally, whereas a buyer with less education may decide to buy based on a hunch.

Job position typically conveys an individual's status within the organization. Those individuals involved in the buying decision who are higher up in the organization's hierarchy may have more influence than those with less formal authority within the organization.

Those involved in B2B buying decisions are, after all, human beings, so it stands to reason that personality will play a role. Personality refers to an individual's distinctive patterns of thinking, feeling, and behavior, all of which play a role in making buying decisions. Examples of the many personality traits of B2B buyers and consumers include self-confidence, aggression, and competitiveness. For example, some risk-averse individuals may prefer to do business with a known supplier rather than a vendor they are unfamiliar with. Likewise, personal preferences play a role in the B2B buying situation. Some individuals in the buying center may favor products of a certain quality, brand, price point, and so on.

### Interpersonal Factors

Business buying decisions are typically collective and follow procedures established by the organization. The buying center usually consists of individuals with different formal or informal authority, status within the organization, and technical expertise.

If the buying situation involves a highly complex product or service, an individual with significant expertise will exert more influence in the buying decision. It's also important to note that some individuals in the buying center may have more influence than others, whether due to their position within the organization or their personal persuasiveness.

Finally, organizational politics and culture may also impact who the decision-makers are and the degree of power or influence they exert on the decision process. Companies with a strong hierarchical structure may foster a tendency for decisions to be made at a higher level within the organization. This may be particularly true in international B2B transactions, which will be covered in more depth in Marketing in a Global Environment.

### Conditional Factors

It stands to reason that the present financial condition of the organization will play a large role in the buying decision. If the organization is financially struggling and cash is in short supply, it may decide to make a purchase from suppliers who offer credit

or may choose to purchase a less expensive product that is within its budget.

Likewise, availability of the product or service will play a significant role in the buying decision. An organization may choose to go with a supplier who can readily deliver the product or service within the time constraints of the project, even if the price is higher.

### Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

Garrett's company is considering whether or not to purchase new manufacturing equipment that will lower its manufacturing cost significantly and improve its profit margins. Which factor appears to be influencing the B2B purchase?

- a. Workforce skills
- b. Personality
- c. Business objectives and goals
- d. Social environment

2.

The local government has just passed an ordinance requiring manufacturing firms to reduce pollutants from their manufacturing processes. As a result, Shereace Manufacturing Company is investigating the purchase of pollution control equipment. What factor appears to be influencing the B2B purchase?

- a. Political and legal factors
- b. Economic factors
- c. Competition
- d. Workforce skills

3.

Shane's company has been experiencing a downturn in sales, and cash is tight right now. This has caused Shane to look only at suppliers who offer credit to the company. Which factor appears to be influencing the B2B purchase?

- a. External factors
- b. Internal factors
- c. Interpersonal factors
- d. Conditional factors

4.

Interest rates have gone up significantly in the past few months, prompting Johnson Manufacturing to reconsider purchasing a new building. Which factor appears to be at play in this B2B transaction?

- a. Political and legal factors
- b. Economic factors
- c. Workforce skills
- d. Competition

5.

A worldwide shortage of microchips has prompted Vorderman Enterprises to use a new vendor that has higher prices but can deliver the product on time. Which factor appears to be at play in this B2B transaction?

- a. External factors
- b. Political and legal factors
- c. Economic factors
- d. Conditional factors

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