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The truth about cross-cultural B2B relationships

PART 1: EMOTION IN BUSINESS



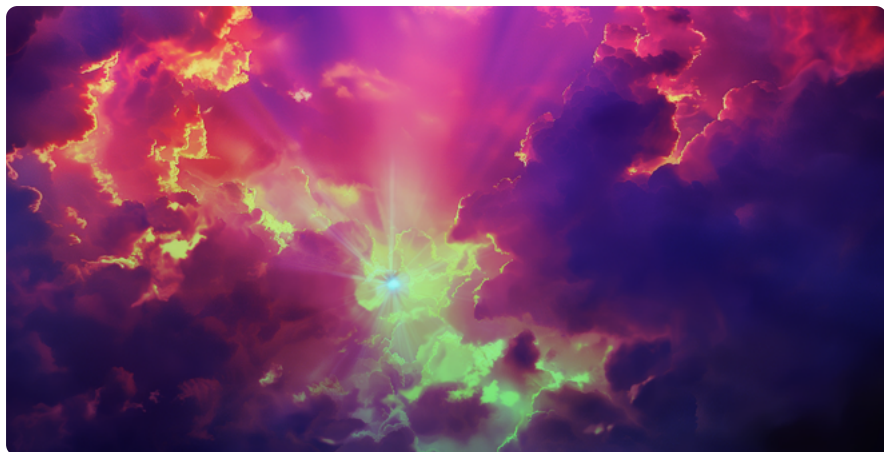
Introduction

What are the dimensions of business culture and emotional priorities in diverse markets and business settings?

In a strategic collaboration, the International Chamber of Commerce (ICC), Jus Connect, and McCann Truth Central have united to answer this question. This six-part global research report looks at the role of emotion, culture and behavioral tendencies and their impact on B2B relationships.

This study, based on desk research, 1,701 new quantitative surveys with business leaders, and over 20 in-depth interviews with global experts in B2B relationships, provides valuable insight into the influence of cultural factors on the approach taken to forming and maintaining long-term, successful business relationships, and the differences at play when entering and attempting to resolve disputes.

We provide new principles for a new cross-cultural playbook and the opportunity to remap the world, not by geographic regions, but by business culture and practice.



Key insights for this series include:

CURRENT Part 1 - Emotional influence in B2B

Contrary to some perceptions that the Business-to-Business (B2B) journey is a functional and rational one, research shows a significant influence of emotion and culture on the B2B journey. Business leaders should develop training programs for teams on emotional intelligence and cultural awareness to enhance cultural fluency and develop relationship-building skills.

B2B relationships are emotionally charged from initial engagement to long-term partnerships. The emotional journey in B2B relationships encompasses various stages, from the highly positive emotion of initial identification of business need, through the more considered journey of contracts and onboarding, to the emotional highs of establishing long-term relationships and potential emotional lows of relationship friction, disputes, or termination. During this journey a mix of positive and negative emotions can be experienced, with businesses often engaging more emotionally across all stages of the journey than typically acknowledged. Business leaders should implement regular check-ins with clients and suppliers to address emotional highs and lows, ensuring strong communication.

Part 2 - Business culture fluency reduces friction

When understood, business culture and behavior offer a framework for anticipating a client's or supplier's needs and help to avoid or address points of friction. Remapping the world according to business culture rather than geographic or economic criteria offers insights into achieving business cultural fluency.

Part 3 - Contracts or people?

For some, the contract is an opportunity to lock a scope; for others, it's the basis for a flexible relationship. Finding out your client's or supplier's cultural perspective on contracts helps provide clearer approaches to using them.

Part 4 - Win-win is better than win-lose

Business leaders favor amicable approaches to building long-term business relationships and, when things go wrong, prefer similar win-win dispute resolutions over legal proceedings (what is also called “interest-based outcomes”).

Part 5 - Siloed departments limit business success

Departments traditionally assigned a single role (like legal teams or marketing teams) can be integrated deeper into the B2B journey to bring their skills to other stages of the process.

Part 6 - One size does not fit all

Not only does this series of reports show that one global approach to B2B relationships doesn't work, but it also demonstrates differences between countries and within different groups, like different genders, ages, and professions.

Business relationships are emotional endeavors

The combined involvement of ICC, Jus Connect, and McCann Truth Central gave us a unique starting point for testing and challenging perceptions and assumptions.

International business can be seen as a negative, challenging prospect and full of problems and risks. There is also a tendency to view B2B communication and decision-making as a mostly rational or functional decision-making process. An international lawyer said, in one of our discussions: “Dispute resolution isn't about emotion; it's about contracts.” Some assume that B2B relationships are built on detailed product specifications, detailed contracts, detailed scopes of work... detail, detail, detail!

When we conducted an audit of B2B advertising, the same pattern

emerged: a significant proportion of B2B advertising is focused on products, facts and figures, brought to half-life by generic smiling stock imagery.

It's true, of course, that the process of finding and appointing a new B2B supplier is not the impulse purchase of an ice cream or a pair of trainers. The B2B decision and onboarding journey can last months or even years before the first product or service is delivered. Detail, detail, detail is absolutely at the heart of a B2B decision process.

But our research shows it's a mistake to assume that a detailed process means the decision-makers are influenced mainly by functional, rational, and objective information.

Data analysis shows that B2B relationships are not the emotionally neutral engagements that they are sometimes portrayed to be. In fact, B2B relationships were found to be an emotional rollercoaster.

This finding was also echoed in research conducted by CEB/Motista, which discovered that business leaders were two time more emotionally connected to B2B brands (such as Cisco, Oracle, and SAP) than FMCG brands (e.g., Apple, Amazon, and McDonald's).

The study shows the biggest reasons for being more emotionally connected are personal benefits. 43% of business leads said the biggest benefits of a successful business deal is connected to personal and emotional outcomes (such as pride, confidence, and social benefits like popularity), compared to only 21% who said the biggest payoff is the business benefit (e.g., the financial business outcomes or the functional benefits delivered).



Business relationships start on a positive

The implications of B2B decisions are significantly more emotionally charged than consumer purchase decisions. Buy a great burger and you'll still be hungry in a couple of hours. Strike and deliver a great business deal, and it can make your career, influence where you live, your children's education, your plans for vacations, etc. Get it wrong, and you're facing significant risks to your personal life and well-being.

This is why there's so much detail in B2B decisions. Not because it's a solely rational decision but because the implications of getting it right (or wrong) are so hugely emotionally impactful.

With these risks, it could be assumed that the main emotion at the start of a business deal is worry or fear, but surveys of business leaders show the opposite. People feel happy, trusting (not trusted), and excited at the start of the international B2B journey, as it's a chance to discover new relationships and opportunities.

Emotions fluctuate during the journey, creating engagement and moments of attention-based risk

To measure how emotions change across the B2B journey, business leaders were asked to rank their emotions at different stages of the relationship on an emotional love/hate scale.

6x more mentions of **Happiness** than **Fear**

Figure 1 (What is the defining emotion at the start of an INTERNATIONAL business relationship?) Source: ICC / Jus Connect / McCann Truth Central. N=1701

“Combination of excitement and nervousness.”

— Business lead, United Kingdom

“Enthusiasm, because it gives me the opportunity to grow and learn from them.”

— Business lead, Mexico

The eight stages identified and measured were:

Acquiring business and finding suitable suppliers

1—Business need identified

A need for goods or services is identified, supplier brief is written, proposals requested

2—Supplier engagement

Meetings between customers and suppliers, information sharing, evaluating proposals and reputation

3—Purchase and agreements

Procurement reviews, terms and conditions, scope of work agreed, contract signed

Onboarding and maintaining relationships

4—Onboarding

Contract start, team introductions, initial collaboration, and team integrations

5—Establishing long-term relationships

Partnership established, ongoing delivery, two-way communication and review

Navigating and resolving friction and disputes

6—Friction and challenges

Performance evaluation, issue identification, missed delivery, drop in standards

7—Alignment and resolution

Standards reset and agreements are made on future supply of product/service

8—Renewal or termination

Decisions made to keep or change relationship, contract revisions, next steps

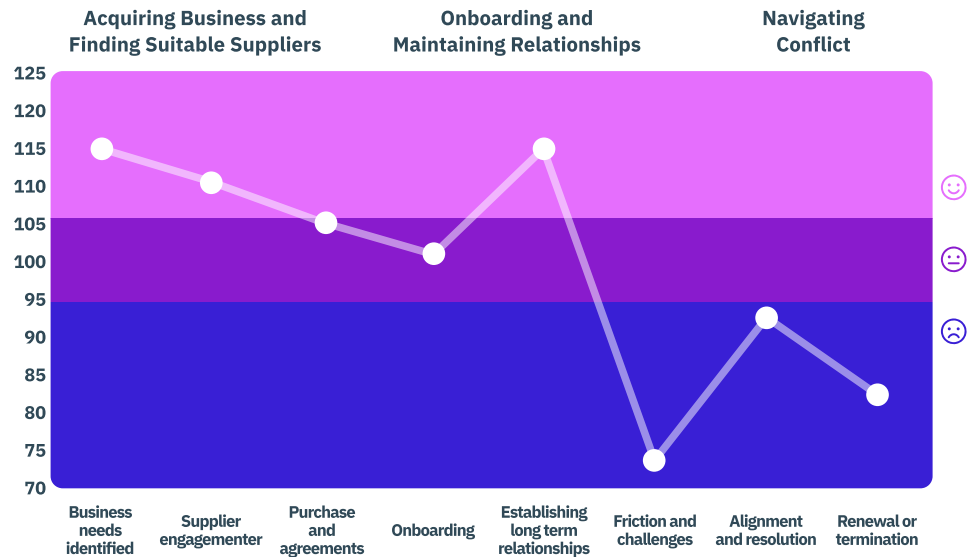


Figure 2. (When you're involved in each stage, how does each of them make you feel?). Source: ICC/Jus Connect/McCann Truth Central. N=1701

The emotional measure showed an important trend: The start of an international business interaction, when the need is first identified, starts with an emotional positive (an index of 115 vs. an average emotion index of 100). This is one of the two emotional peaks in the journey or the “Happiness” and “Excitement” identified in the previous question.

The challenge for B2B leaders is to ensure they, and their teams, remain emotionally engaged through the rest of the supplier selection and onboarding process.

For B2B, the time between a need being identified and the work actually starting can take many months or even years of supplier proposals, a scope of work being written, procurement contracts being reviewed and agreed, and then delivery teams being identified and introduced. While a business leader might start the process with the excitement of finding an innovative or trusted solution to their business need,

they might be feeling fatigued and weary by the time the supplier is about to be onboarded. They want to get to the second emotional peak of establishing long-term relationships (index of 117 vs. average of 100): the partnership, delivery, and co-creation of the solution they were looking for.

The biggest emotional swing from the average for B2B journeys is when business deals start to struggle. With an index of 74, it's the furthest from the average of 100. The impact on business continuity for both suppliers and customers, as well as the personal impact to reputations of business deals being at risk, makes them the most emotional moment in the journey.

Business leaders need to consider how to engage in these moments of dispute in a way that is able to find mutual resolution. Despite the optimism of this peak, sentiment plummets to its lowest point in the following phase, where the parties experience friction and challenges, before increasing in positivity temporarily as these challenges are addressed, and then becoming more negative once the difficult decision to either renew or terminate the contract is due to be made.

Implications

Between identifying a need and starting the relationship, emotion drops. This creates risk of lower engagement and higher chance of errors in a scope of work or set-up.

Use specialisms like legal, procurement and logistics to keep attention focused and use effective communication platforms to keep engagement high chance.

Conclusions

This comprehensive study, illuminates the pivotal role of emotion and culture in shaping B2B relationships. Contrary to traditional perceptions that view B2B transactions as purely functional and rational, our findings reveal a landscape rich with emotional engagement and cultural intricacies that significantly influence business interactions and outcomes.

Recommended action for business leaders:

- 1. Train teams for emotional intelligence**, helping them understand and adapt to the personal and emotional implications of business deals running well vs. business deals struggling.
- 2. Incorporate check-ins** throughout the B2B journey ensures emotional attention and engagement remain high, especially during the phases where some people naturally tend to disengage, such as finalizing contracts, scope of work, and onboarding.
- 3. Encourage the involvement of other departments** who might be traditionally used in earlier or later phases to be instrumental in the other phases that need support. Legal roles being more active in defining a scope of work and marketing and communication specialists being involved in the onboarding process can both help to ensure attention to detail and engagement in the moments that matter most.

About the Organizations

International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

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Jus Connect

Originating from the extensive Jus Mundi arbitration and international law database and empowered by Conflict Checker, Jus Connect epitomizes informed decision-making. We provide legal teams with unparalleled data-backed profiles and analytics, enabling them to strategically choose external counsel, experts, or arbitrators while avoiding conflicts of interest. But it's not just about selection; law and expert firms find in us a partner that amplifies their reach and revenue. With our tailored business development solution, arbitration teams can showcase their practice, setting them apart in a competitive market.

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McCann Worldgroup Truth Central

McCann Worldgroup Truth Central is McCann's global intelligence unit dedicated to unearthing the macro-level truths that drive people's attitudes and behaviors about life, brands, and marketing. Truth Central leverages its expertise in global marketing and communications to navigate and articulate complex cultural nuances, shaping insights that drive strategic business decisions.

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→ Next time

In the next installment of this series, we will delve deeper into how businesses can implement the frameworks developed from understanding business culture to proactively manage and meet the evolving needs of clients and suppliers. We will explore case studies and strategies that illustrate successful applications of cultural fluency, showing how businesses can adapt their operational approaches to enhance effectiveness across different cultural contexts.