A LITERATURE REVIEW AND FUTURE AGENDA FOR B2B BRANDING: CHALLENGES OF BRANDING IN A B2B CONTEXT

Work-in Progress Paper

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ABSTRACT

Purpose of the paper and literature addressed: The existing body of research knowledge on brand management has been predominantly derived from business to consumer markets, particularly fast moving consumer goods. Business-to-business branding has received comparatively little attention in the academic literature due to the belief that industrial buyers are unaffected by the emotional values corresponding to brands. As a result branding in business-to-business marketing is at the nascent stage of its development.

Main Contribution: The aim of the current paper is to critically review the extant research with a view of consolidating the literature and propose a future agenda for research on B2B branding. The models of both consumer and business to business branding need to be examined and assessed in order to determine whether further refinement is needed. It is necessary to determine what level of branding i.e. product or company is useful to buyers in determining their purchase criteria.

Keywords: Branding, B2B brands, Literature review, Future research

WHAT IS A BRAND?

Branding is a discipline that has emerged from the consumer goods domain particularly fast moving consumer goods. Historically, brand has been inextricably linked to the product (e.g. Gardner and Levy 1955) and branding is seen as the process of adding value to the product (Farquhar 1989). A brand is a cluster of functional and emotional benefits that extend a unique and welcomed promise (de Chernatony and McDonald 2003). This conceptualisation of a brand is universal and applies to various domains including FMCG, internet services and B2B (de Chernatony and Christodoulides 2004; Lynch et al. 2007). What changes in every context is the enactment of the brand. It is argued that the concept of a brand is universal, however some adjustments are required in line with the specific context applied; in this case the B2B context.

Branding has myopically been viewed by business marketers as largely irrelevant to business markets. Associated mostly with emotional value, branding was believed to offer very little to what is traditionally considered a very rational process i.e. the organisational decision making process (Robinson et al. 1967). More recent research acknowledges that despite the differences between B2C and B2B contexts (e.g. fewer and larger buyers in B2B markets) both B2C and B2B brands need to engender trust and develop both cognitive and affective ties with stakeholders (Lynch et al 2004).

THE BENEFITS OF BRANDING IN INDUSTRIAL MARKETS

Branding in an industrial market must be perceived to convey benefits to various stakeholders for companies to financially invest in it. With regard to the company investing in branding a number of benefits have been identified. Cretu et al (2007) found branding had a positive impact on the perceived quality of the product or service. It was also perceived as providing a product with an identity, a consistent image and as conferring uniqueness (Michell et al 2001). A strong brand will be demanded and allow companies to demand a premium price (Low et al 2002, Ohnemus 2009). Due to the demand of the branded products competitive products will be rejected (Low et al 2002, Ohnemus 2009). However, the assumption that competitive products will be rejected suggests that there is only one strong brand in the market or the cost of purchasing the other brands is significantly higher which may not necessarily be true. It is suggested that when products or services are branded, communications will be accepted more readily (Michell et al 2001, Low et al 2002, Ohnemus 2009). Once a strong brand has been developed it can be built upon and developed (Low et al 2002). Hutton (1997) found that positive evaluations for one branded product category were transferred to another product category of the same brand. A strong brand may increase the company's power in the distribution network and open up opportunities for licensing (Low et al 2002, Ohnemus 2009). When a company has a strong brand the company itself may be worth more if sold (Low et al 2002). The marketers of an industrial brand may perceive their customers to have an increased level of satisfaction (Low et al 2002) and to be more loyal (McQuiston 2004).

With regard to industrial buyers research has found brands to convey a number of largely intangible benefits. As a brand is essentially a summary of associated values it can increase the buyer's confidence in their choice (Michell et al 2001, Low et al 2002). It increases the level of satisfaction the buyer feels with regard to the purchase (Low et al 2002) and provides comfort and the "feel good" factor (Mudambi 2002). Brands are useful for reducing the level of perceived risk and uncertainty in buying situations (Mudambi 2002, Bengtson et al 2005, Ohnemus 2009). The buying company's product may gain legitimacy through the incorporation of a branded product and being associated with a prestigious company.

THE PROBLEMS WITH B2B BRANDING

Despite the number of benefits a strong brand can convey to both the seller and the buyer it is surprising that more industrial companies are not utilising it. There are a number of factors which may be contributing to B2B companies reluctance to brand.

1) Lack of Academic Research - Whilst there has been a vast amount of research into branding in a business-to-consumer context. There has been little research into branding in the business-to-business context (Lynch et al 2004, Ohnemus 2009). The fact that there is little academic research means that the research in B2B branding has dubious theoretical underpinnings (Ohnemus 2009). As a result companies will find it difficult to implement any information they do obtain on B2B branding.
2) Perception of Branding by B2B Buyers - Branding in the B2B context is perceived as being gimmicky (Mudambi et al 1997 in Low et al 2002). B2C brands which have an emotional aspect are perceived as irrational in the context of rational decision making in a B2B context (Rosenbroijer 2001).
3) Impracticality of B2B Branding - It has been suggested that the practice of branding industrial products is impractical due to companies having thousands of products (Bendixen et al 2004).

4) Financial - Building brand equity involves a long term financial investment that not all companies are prepared to make. In the current economic climate making a long term commitment often at the expense of short term business profitability is not a sacrifice that many B2B marketers would readily make. This would potentially lead to financial problems for the company (Balmer 2001 and Gronroos 1997).

Academic research needs to develop knowledge about branding in a B2B context in a cohesive coherent manner in order to eliminate these problems and enable B2B marketers to make informed decisions about their brand strategy.

BRANDING IN THE DECISION MAKING PROCESS

Branding is essentially used to convey a set of values to potential buyers which may be considered at various stages of the organisational decision making process including the determination of the characteristics of the product or service, the search for potential suppliers and the evaluation of proposals (Sweeney 2002). In addition to understanding the process of the decision making Lynch et al (2004) state that it is also necessary to understand the structure of the decision making unit and the evaluative criteria used to make purchase decisions. It is also necessary to understand the characteristics of the purchase situation and the nature of the organisational buyers. An understanding of these aspects of organisation buying will enable marketers to determine how branding can be successfully implemented.

THE EVALUATION CRITERIA USED BY INDUSTRIAL BUYERS

For industrial companies to consider investing in branding it needs to be a criterion which buyers are going to consider when they are making purchase decisions. The criteria buyers use to evaluate suppliers' products has been investigated. Bendixen et al (2004) found that branding only had a relative importance of 16% when buyers were deciding to make a purchase decision. Other attributes were found to be more important including delivery period (27% relative importance) the most desired attribute, followed by price (24%), technology (19%) and finally the availability of parts (14%). Clarification of what constitutes a B2B brand is needed as evaluative criteria used to select suppliers such as perceived quality may be an important facet of brand equity rather than an independent criterion.

Bendixen et al (2004) investigated how buyers rated nine attributes of their preferred brand. They found quality was the most desirable attribute, followed by reliability, performance, after-sales service, ease of operation, ease of maintenance, price, supplier's reputation, relationship with supplier's personnel. Abratt (1986) and Aaker (1991) also found quality to be one of the leading criterion for buyers. Further to this, Beverland et al. (2007) examined global B2B brands and concluded that what leading brands shared in common was that they built an identity around adaptability to customer needs and the provision of a total solution. If an industrial marketer wanted to create a strong brand these are the factors they should be aiming to convey and they are broad enough to be applicable to a number of sectors.

THE INFLUENCE OF ROLE IN THE DMU ON THE EVALUATION CRITERIA

In an industrial setting there is often more than one person involved in the purchase decision. Potentially the importance of different criteria will vary according to the role of each of these people in the decision making unit. Bendixen et al (2004) looked at the relative importance of attributes to each role player in the decision making unit and found that technical specialists were the only ones to rank "brand name" as the most important attribute (24% relative importance), equally placed with price. Users were the only ones to rank "brand name" as the most important attribute (28% relative importance). Buyers perceived brand name as having a relative importance of 16% and gatekeepers

7%. Price was the most important attribute to all the roles in the decision making unit. Technical specialists and users who both have detailed product knowledge and/or considerable experience of using the product are more capable of differentiating between the good brands and poor brands.

THE NATURE OF THE BUSINESS BUYER

Based on the literature business-to-business buyers are different from consumer buyers in that they are profit-motivated and budget constrained (Webster and Keller 2004). The nature of the person involved in the buying decision may mean they are more or less receptive to the concept of branding. Mudambi (2002) surveyed 116 buyers and found three clusters. The Highly Tangible buyers made up 49% (n=57) perceived price and product information to be more important in their purchase decisions whilst the more intangible aspects were less important. These buyers perceived themselves to be more knowledgeable and more objective. They were more likely to rank or formally rate suppliers. The Branding Receptive cluster (37%, n=43) rated the branding elements significantly more important to them than the other clusters. The Low Interest group (14%, n=16) rated none of the attributes investigated as more important than the other cluster. Mudambi (2002) has found that branding is something that is not going to be equally important to all purchasers.

THE CHARACTERISTICS OF THE PURCHASING DECISION AND THE INFLUENCE OF BRANDING

The characteristics of the buying situation may affect the importance of branding in a purchase decision. Mudambi et al (1997) suggested that branding might be more important in a complex buying situation. Where there is a degree of uncertainty such as need uncertainty or technical uncertainty branding may become more important as an evaluation criterion (Mudambi et al 1997). Similarly, as the degree of risk increases, whether to the individual or the organisation the importance of branding may increase (Bengtson et al 2005). The criticality of a product may affect the importance of branding. A branded product may be preferred if is a crucial component. Individually these factors may increase the importance of brand as an evaluative criterion but if there are a number of them in a buying situation brand importance may increase significantly.

BRANDING IN A RELATIONSHIP CONTEXT

Branding is potentially useful to buyers during the early stages of the decision making process (Webster and Keller 2004). It may be useful in determining the characteristics and quantity of needed item, in the search for and qualification of potential suppliers, in the acquisition and analysis of suppliers' proposals and in the evaluative stage of the purchase decision making process. Branding is potentially used only at the beginning of a relationship when the buyer is evaluating suppliers and differentiating between offerings. Once the relationship is entered into what becomes important is whether the supplier can deliver on the most important selection criteria such as quality, delivery time etc. Of course the role of branding within a B2B relationship depends on how it is defined. If B2B brand definition includes an emotional element such as trust (e.g. Lynch et al 2004) then the concept links into the development of relationships. There are a number of models describing how brands are constructed in the B2C context (e.g. Aaker 1991; Keller 1993) but these have largely been untested in a B2B context which emphasises the importance of relationships.

As stated in the B2B context there is an emphasis on developing long term relationships between suppliers and buyers (Hakansson 1982). Hakansson (1982) found 70% of relationships to be greater than five years old and Ford et al (2002) found 88% of relationships to be greater than five years old. The role of branding within the context of long term relationships needs to be determined. Once a relationship becomes established what role does brand play in maintaining the relationship. Its importance may diminish significantly as other factors such as reliability, trust, willingness to adapt become more important. In relationships which are more transactional and long term branding may be more important in determining who to do business with. A buyer may just repeatedly buy the same brand product which is used intermittently to minimise search costs etc. Essentially, the nature of the relationship may determine the importance of branding. The nature of the relationship may interact with the characteristics of the buying situation and the nature of the individual to affect the importance of brand.

BRAND ARCHITECTURE: PRODUCT BRANDING VS CORPORATE BRANDING

There is an assumption that B2B companies should brand at the product level as in consumer markets, however this is not necessarily going to be feasible with the product variations that may exist in some industries and also with the production of customised products. Research is needed to determine what product or service attributes are worth investing in with regard to branding and also when companies should be branding product lines rather than products themselves. It is also necessary to determine when it is simply more appropriate to develop a corporate brand.

A strong corporate brand will provide customers with a positive perception of the qualities the company wants to be associated with. The aim is to instil confidence in potential customers as to the supplier's quality, reliability, integrity etc. and create an impression of trustworthiness (Bengtson et al 2005). This will be created through corporate branding and PR. It will also be confirmed or not through word of mouth from customers past and present. Corporate brand and reputation have been differentiated by researchers. Mudambi (2002) suggests that reputation refers to the image of the company perceived by all of its stakeholders whereas branding focuses on the how the company is perceived by its customers. Cretu et al (2007) similarly to Mudambi perceives reputation as the combination of stakeholders' assessment as to whether the firm meets its commitments and reaches their expectations and whether they met their identity claims. Wartick (2002) suggests that in looking at reputation companies can focus on the customers as they have the biggest influence. The concepts of corporate brand and corporate reputation differ in their audiences does this imply they be should developed in slightly different ways or can they essentially be the same. If they can be perceived as one and the same then reputation essentially can be used as a heuristic. Customers perceive companies with a good reputation as more credible and trustworthy and as providing greater value (Wartick 2002). Customers will also have more confidence in suppliers with a good reputation.

Bengtson et al (2005) have a different perspective of corporate brands in that they perceive them as being about relationships. They perceive effective relationships to require a thorough knowledge of the company's own capabilities and an ability to listen and understand various audiences' requirements along with the ability to interact and create benefits. This interpretation of corporate branding is somewhat broad and not necessarily useful however the corporate brand may act as the reference point for a successful relationship with the organisation. Further research is expected to assess which type of relationship (brand or organisation employee) is more valued by business buyers. It may well be that small B2B firms rely more on the human interaction with customers whereas larger firms adopt a branding perspective to relationship building to maintain consistency.

INDUSTRIAL BRAND EQUITY

The term brand equity emerged in the early 1980s to denote an intangible market-based relational asset that reflects bonds between the brand and its customers (Christodoulides and de Chernatony 2010). One of the most widely used definitions of brand equity is Aaker's (1991) who defines it as "a set of assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers" (p.15). This definition implies that the brand value can be examined from two perspectives depending on the beneficiary of value (firm or customer). Research into firm-based brand equity has focused on the financial measurement of the brand asset. For marketers it is more important to understand the drivers of brand equity in different markets and most research in marketing has taken this direction

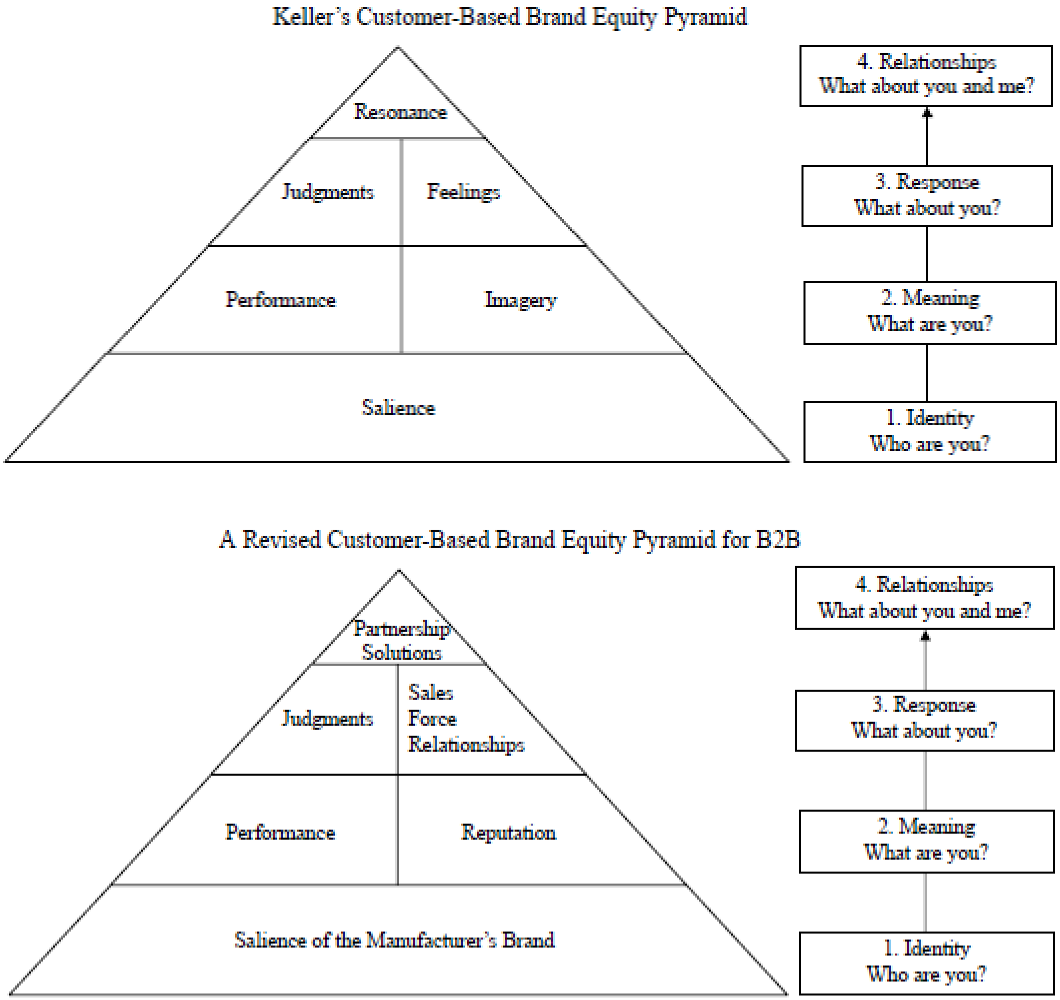
(Christodoulides and de Chernatony 2010). Aaker (1991) identified five sources of brand equity which (applicable across products and markets as he claims) namely brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets such as patents and trademarks. It is notable that the first four sources of brand equity correspond to customer-based brand equity while patents and trademarks reflect firm-based brand equity. Keller (1993) focused on customer based brand equity (CBBE) which he defined as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (p.2). Brand knowledge is the main source of CBBE made up of brand awareness and brand associations. Keller (2003) has further identified four hierarchical levels for building a strong brand: from brand identity to brand meaning, brand responses and finally brand relationships.

In a business to business context, brand equity is gaining significant ground (Ohnemus 2009). Business to business brands like IBM, Cisco, Oracle and Intel have managed to build substantial equity and today feature amongst the most valuable brands globally (Interbrand 2009). Empirical research into brand equity attests to its existence in B2B markets. Bendixen et al. (2004) found that business to business buyers are willing to pay a price premium for their favourite brand which is a consequence of high brand equity. Other benefits of brand equity were willingness to extend the brand's goodwill to other product lines and willingness to recommend the brand to others (Bendixen et al. 2004). Kuhn et al. (2008) examined the applicability of Keller's (2003) CBBE pyramid to a B2B context. Their findings provided only partial support highlighting the particularities of B2B branding:

1. Evaluating the equity of the corporate/manufacturer brand is more relevant than measuring the equity of individual products or product lines.
2. Relationships with B2B representatives are more important than with product brands
3. Brand associations are mostly about product performance features.
4. The purchase process is more rational than emotive and therefore feelings are not so relevant
5. Sub-dimensions of imagery such as personality traits were not mentioned by respondents.

Figure 1 shows Keller's (2003) original CBBE pyramid and also the modified CBBE pyramid for a B2B context proposed Kuhn et al. (2008)

Figure 1: Customer-Based Brand Equity Pyramids



Source: Keller (2003), Kuhn et al. (2008)

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

This paper presents our work in progress towards developing a thorough literature review on B2B branding and identifying an agenda for future research. Our review of the pertinent literature has suggested that the academic inquiry on the subject is limited, dispersed and inconclusive. Whilst the mainstream branding literature has almost unanimously embraced a multi-faceted perspective of brand that goes beyond the mere name and logo, the majority of B2B branding research still adopts a narrow and myopic view of the brand. To enable comparisons between studies subsequent research on B2B branding should provide a definition of a brand. Table1 shows the questions that future research on B2B branding needs to address.

Table 1: B2B Branding: Future Research Directions

Theme	Further Research Directions
The B2B Brand Concept	• What does "brand" mean for B2B marketers? • Is the concept of a brand as a cluster of functional and emotional benefits applicable to a B2B context? • Are emotional benefits important to members of the decision making unit? • What is their relative importance?
To Brand or not to Brand?	• Is branding suitable for all B2B brands? • When should a B2B brand? When should it not brand? • What are the barriers to branding in B2B organisations?
Brand Architecture	• Is corporate branding more suitable for B2B brands than product/product line branding? • When should B2B organisations adopt product vs. product line vs. corporate branding strategies?
Evaluative Criteria and Importance of Brand	• What is the importance of brand equity/reputation in the selection of a B2B brand in a buying situation? • Under what circumstances is the brand more/less important? • Is the importance of the brand different for different types of purchases?
Brand Relationships	• Do buyers in a B2B context value their relationships with B2B organisations? • Are relationships with firm employees preferred over relationships with the B2B brand? • Under what circumstances should B2B organisations promote their brands as relationship builders?
Brand Equity	• What are the components of industrial brand equity? • Are existing measures of brand equity applicable to B2B markets? • How can industrial brand equity be measured? • What are its antecedents and consequences?

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