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A literature review and future agenda for B2B branding: Challenges of branding in a B2B context

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ABSTRACT

The existing body of research knowledge on brand management has been predominantly derived from business-to-consumer markets, particularly fast moving consumer goods and has only recently started to expand in other contexts. Branding in business-to-business markets has received comparatively little attention in the academic literature due to a belief that industrial buyers are unaffected by the emotional values corresponding to brands. This paper provides a critical discussion of the fragmented literature on business-to-business branding which is organized in five themes: B2B branding benefits; the role of B2B brands in the decision making process; B2B brand architecture; B2B brands as communication enablers and relationship builders; and industrial brand equity. Drawing on the gaps and contradictions in the literature the paper concludes by proposing an agenda for future research.

1. Introduction

Branding is a discipline that has emerged from the consumer goods domain particularly fast moving consumer goods (FMCG). Historically, brand has been inextricably linked to the product (e.g. Gardner & 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 & McDonald, 2003). This conceptualization of a brand is universal and applies to various domains including FMCG, internet services and B2B (de Chernatony & Christodoulides, 2004; Lynch & de Chernatony, 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 organizational decision making process (Robinson, Faris, & Wind, 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 & de Chernatony, 2004). Various changes in the business environment such as the increasing homogeneity of product quality and the decreasing number of personal relationships due to digital communications have also lead to an increase in the interest in B2B branding (Baumgarth, 2010).

The paper makes an attempt to bring together the fragmented body of research on B2B branding. Through a systematic and critical review we identify contradictions and gaps in the pertinent literature and propose an agenda to push B2B branding research forward. It is noted that the majority of studies on the subject were predominantly published in the last decade with a substantial research stream appearing in the literature only very recently (e.g. Gupta, Melewar, & Bourlakis, 2010a, 2010b; Ohnemus, 2009; Roper & Davies, 2010; Wise & Zednickova, 2009; Zablah, Brown, & Donthu, 2010; Zaichkowsky, Parlee, & Hill, 2010). The paper is organized in five sections. It opens by reviewing the main benefits and problems associated with B2B branding. It then focuses on the decision-making process of industrial buyers by highlighting the relative importance of brand as an evaluation criterion as well as the role of the decision making unit and nature of the buyer in branding decisions. Next we examine alternative brand architecture options for B2B organizations and contextualize branding within a relationship marketing paradigm. The last section of the literature review focuses on the concept of brand equity by discussing the applicability of consumer-based brand equity models in a B2B setting. The paper concludes with a proposed agenda for future research.

2. 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

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it. With regard to the company investing in branding a number of benefits have been identified. Cretu and Brodie (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, King, & Reast, 2001). A strong brand will be demanded, it may be placed on the bid list and allow companies to demand a premium price (Michell et al., 2001; Low & Blois, 2002; Ohnemus, 2009). Due to the demand of the branded products competitive products will be rejected (Low & Blois, 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. In bidding situations a branded product may be more readily placed on the bid list, it may help achieve consensus in the decision making unit and it can sway a bidding decision (Wise & Zednickova, 2009). It is suggested that when products or services are branded, communications will be accepted more readily (Michell et al., 2001; Low & Blois, 2002; Ohnemus, 2009). Once a strong brand has been developed it can be built upon and developed (Low & Blois, 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 & Blois, 2002; Ohnemus, 2009). It may also raise the barriers to entry for other companies (Michell et al., 2001). When a company has a strong brand the company itself may be worth more if sold (Low & Blois, 2002). The marketers of an industrial brand may perceive their customers to have an increased level of satisfaction (Low & Blois, 2002) and to be more loyal (McQuiston, 2004). Finally, strong B2B brands are more likely to receive referrals (Hutton, 1997; Bendixen, Bukasa, & Abratt, 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 & Blois, 2002). It increases the level of satisfaction the buyer feels with regard to the purchase (Low & Blois, 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; Bengtsson & Servais, 2005; Ohnemus, 2009). The buying company's product may gain legitimacy through the incorporation of a branded product and being associated with a reputable company. Table 1 summarizes the benefits of branding for B2B suppliers and buyers.

3. 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 many industrial companies are not utilizing it. There are a number of reasons why there is a lack of branding amongst B2B companies. There is a lack of academic research in B2B branding, whereas there has been a vast amount of research into branding in a B2C context (Lynch & de Chernatony, 2004; Ohnemus, 2009). B2B branding does not seem to be an important issue according to research it is perceived as gimmicky (McDowell Mudambi, Doyle, & Wong, 1997) and it has been suggested that the practice of branding industrial products is impractical due to companies having thousands of products (Bendixen et al., 2004). It is not clear whether B2B branding will increase the financial reward. Building brand equity involves a long term financial investment. 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). The fact that even basic questions regarding the perceptions of B2B branding, the level of branding that should be used in a B2B context and whether the investment will generate financial reward means that the much of the research in B2B branding has little or no theoretical underpinnings (Ohnemus, 2009). As a result companies will find it difficult to implement any information they do obtain on B2B branding. 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.

Table 1
Benefits of B2B Branding for Suppliers and Buyers.

Benefits for Buyers		Benefits for Suppliers
higher confidence risk/uncertainty reduction increased satisfaction greater comfort identification with a strong brand	**Strong B2B Brand**	quality differentiation higher demand premium price brand extensions distribution power barrier to entry goodwill loyal customers customer satisfaction referrals

Source: The authors (based on Cretu & Brodie, 2007; Hutton, 1997; Michell et al., 2001; Low & Blois, 2002; Ohnemus, 2009; McQuiston, 2004; Mudambi, 2002; Bengtsson & Servais, 2005; Wise & Zednickova, 2009).

4. 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 organizational 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 and de Chernatony (2004) state that it is 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 organizational buyers. An understanding of these aspects of organization buying will enable marketers to determine how branding can be successfully implemented.

4.1. 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. Branding has been found to have a limited influence on organizational decision making (Bendixen et al., 2004; Zablah et al., 2010). 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%). Zablah et al. (2010) found branding to be secondary to pricing, logistics, and service. 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. With regard specifically to B2B brands Roper and Davies