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Network actors' participation in B2B SME branding

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A B S T R A C T

This study explores how network actors participate in branding in the context of SMEs operating in business markets. Branding is conventionally seen as an internally governed process and its exposure to external influences has been generally overlooked. By using narrative interviews this study analyzes the branding actions of network actors which impact on an SME's brand image. This article shows that social and business network relationships influence the SME's brand image, as does the nature of the company's internal branding decisions and identity. The findings propose and define the concept of a branding pool, expanding the focus of branding beyond the boundaries of an individual organization into the context of nets. An SME cannot manage its branding pool, but it can mobilize stakeholders in branding to improve the brand performance in the market.

1. Introduction

A notable feature of marketing practice and associated academic thought today concerns the emergence of brands as key organizational assets and important managerial resources (see e.g. Louro & Cunha, 2001; Balmer & Grey, 2003; Hatch & Schultz, 2003). Brands have traditionally been considered to be property provided by the firm (Merz, He, & Vargo, 2009) developed and managed within a company to facilitate transactions with customers (Veloutsou, 2008). The emerging network economy creates needs for companies to interact and cooperate with others to increase efficiency and gain competitive advantage and thus presents challenges to traditional branding approaches (see e.g. Ritter & Gemünden, 2003; Håkansson & Snehota, 2006).

Although the importance of networks has been recognized, research has paid little attention to the contribution that network actors make to branding (Gregory, 2007; Leitch & Richardson, 2003). Branding has been seen as an internally-driven process (Balmer & Grey, 2003) and the stakeholders are viewed as targets of branding rather than partners in or co-creators of branding (Gregory, 2007). Thus, we lack research on branding processes where customers, brands and network actors together construct value through their interaction (Brodie, Glynn, & Little, 2006; Merz et al., 2009; Payne, Storbacka, Frow, & Knox, 2009). Leitch and Richardson (2003) further stress that theory building must move from being organization-centered to being relationship-centered, in other words to consider the network of relationships that organizations are embedded in as core parts of their identities rather than as external elements.

Networks are important, especially to SMEs with limited resources that are highly dependent on the resources and expertise of others (see Gilmore, Carlson, & Grant, 2001). The ability to utilize networks can, therefore, be seen as critical to the brand building efforts of SMEs. There is limited research on B2B branding in general (see overviews by Bengtsson & Servais, 2005; Beverland, Napoli, & Lindgreen, 2007; Glynn, 2011; Mudambi, 2002) and on SME branding in particular. Branding is usually associated with large consumer-focused companies (Krake, 2005; Merrilees, 2007). However, several studies (e.g. Boyle, 2003; Inskip, 2004; Juntunen, Saraniemi, Halttu, & Tähtinen, 2010; Merrilees, Rundle-Thiele, & Lye, 2011) show that brand orientation can be a positive force for market performance and small business growth. Accordingly, there is an underlying need to elaborate on how network actors participate in the branding processes of B2B SMEs. This study addresses the issue by using network research concepts to augment the branding literature.

The study views the branding process of SMEs in an inter-organizational setting, focusing on the activities of 'loosely' connected network actors (see e.g. Möller & Wilson, 1995; Håkansson & Snehota, 1995) contributing to an SME's brand substance, as opposed to a strategically organized network (see e.g. Jarillo, 1988; Parolini, 1999). Moreover, this study distinguishes itself from the network brand concept referring to a collectively constructed and governed brand of a strategic network (Hankinson, 2004). Instead, it builds on the brand co-creation discussion (Brodie et al., 2006; Christodoulides, 2008; Gregory, 2007) adopting a full stakeholder approach. However, while brand co-creation points to proactive stakeholder involvement, engagement and dialog as its foundations (Hatch & Schultz, 2010), we also detect the more incidental behavior and uncoordinated activities of network

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actors contributing to branding. The main objective of this study is to develop a model that is sensitive to the unique characteristics of B2B SMEs; one that illustrates how network actors participate in branding.

We start by discussing the relevant research on B2B branding in SMEs by focusing on branding as an interactive process, and present a model of a network of actors in B2B branding. We continue with the qualitative study and findings. A new concept – the branding pool – is proposed and defined with an empirically grounded model of network actors' participation in B2B SME branding. We conclude with a discussion of the theoretical and managerial implications, especially as they relate to the concept of the branding pool.

2. Literature review

2.1. Views of B2B branding in the literature

Peer and professional networks are important in value creation within business markets (Bendixen, Bukasa, & Abratt, 2004; Glynn, 2011), however, there is little research relating the network perspective to B2B branding. The focus has primarily been on the relevance of branding in B2B markets (see Mudambi, 2002); certain elements of brand equity (e.g. Kuhn, Alpert, & Pope, 2008; Lambkin & Muzellec, 2010); brand management and brand building (e.g. Ojasalo, Nätti, & Olkkonen, 2008) as well as the customer's perspective on B2B brand performance (see Bengtsson & Servais, 2005; Glynn, 2010). This indicates a rather fragmented view of B2B branding. Nevertheless, emerging discussion on the conceptualization of branding as an interactive process can be further developed.

Although *corporate branding* is often most relevant for B2B companies (Davis, Golicic, & Marquardt, 2008), in this study branding refers to both product and corporate branding because in B2B SMEs they are often inseparable (Ojasalo et al., 2008). Moreover, we concentrate on branding as a collaborative process that takes place as part of the relationships between the firm and its stakeholders (Merz et al., 2009; see also Veloutsou, 2008). Such relationships are valuable resources and essential to the competitive positioning of the SME (Håkansson & Snehota, 2006; Jarillo, 1988), up to the point where the network may turn into the brand (Christopher & Gaudenzi, 2009). By influencing network actors, an SME may harness their resources to achieve its own objectives (Ritter & Gemünden, 2003).

Current branding research is ontologically influenced by the thinking of *the resource-based view*. For example, the co-creation view presented by Vargo and Lusch (2004) sees a brand as a resource—a rather firm-centric perspective. This study distances itself from the idea of a producer being solely responsible for brand building and communication (Veloutsou, 2008) or generating and controlling its brand image (Ballantyne & Aitken, 2007). Instead, it adopts a relational view of *interaction processes in branding*, with various networks of internal and external stakeholders, including employees, customers, investors, partners, suppliers, regulators, and local communities (e.g. Balmer, 2001; Roper & Davies, 2007; Westberg, Stavros, & Wilson, 2011). Leitch and Richardson (2003) point out that interactive relationship building and mutuality in stakeholder relationships are keys to brand building. Furthermore, as Ballantyne and Aitken (2007) propose, branding is essentially a communicative interaction process, and in particular, interaction between employees, customers and stakeholders entails the co-creation of brand experience.

Following the *Interaction and Network Approach*, no company totally controls a network or the outcome of all its relationships (see Håkansson & Ford, 2002). While the network provides an opportunity to influence others, at the same time, it is also a tool for other actors to influence the company (Håkansson & Snehota, 2006; Ritter & Gemünden, 2003). Thus, given the interdependencies in the networked economy, there is an increased chance that the reputation of a company can be seriously improved or damaged by the actions of network actors (Christopher & Gaudenzi, 2009). Furthermore, the external influences acting alongside a systematically planned branding process cannot necessarily be planned or managed (Einwiller & Will, 2002). This presents a challenge for brand management in terms of developing and implementing branding strategies within the network.

2.2. Network actors within B2B branding

According to the relational view of branding, a firm's competitive position emerges as the outcome of the interactions of network actors (i.e. stakeholders), and a complex web of actions and reactions determines the ultimate brand performance (see e.g. Ballantyne & Aitken, 2007; Brodie, Whittome, & Brush, 2009). For example, the stakeholder brand equity model proposed by Jones (2005) emphasizes not only branding through interactive relationships with various stakeholders, but also the interconnectedness of the relationships and, thus, their functioning as a network supporting or hindering the brand.

Unlike the original model by Jones (2005), Fig. 1 also illustrates the internal stakeholders within the company creating the brand identity. However, the focus of this study is on the contribution of the external network actors to branding, so Fig. 1 emphasizes their roles. Employees managing relationships with all the company stakeholders contribute to the branding (see e.g. Harris & de Chernatony, 2001; He & Balmer, 2006), and may sometimes even sabotage it (Wallace & de Chernatony, 2007).

Customers with high expectations and needs represent a potential source of word-of-mouth (WOM) (Christopher & Gaudenzi, 2009) that is a significant element of communication beyond the control of SMEs (Ojasalo et al., 2008). However, customers can build strong and self-organizing brand communities and actively participate in developing both the functional and emotional values of the brand (Andersen, 2005).

Due to increased outsourcing and co-producing activities, partner firms, such as value-adding customers, component manufacturers or service providers, have come to make more integral contributions to the product/service performance, and consequently the functional value of the brand. Especially in service network contexts, the performance of its partners is a key influence on customer assessments of a firm, including its brand image (Fyrberg & Jüriado, 2009; Morgan, Deeter-Schmelz, & Moberg, 2007). SMEs are understandably inclined to form cooperative relationships with reputable channel members to enhance legitimacy (Larson, 1992; Ojasalo et al., 2008), to acquire information, to reduce risk, to promote the business (Gilmore et al., 2006), and furthermore, to generate repeat business and positive WOM (O'Donnell, 2004).

Companies also use outsiders like consultancies and advertising agencies to support their branding (Inskip, 2004). SMEs often lack branding knowledge and resources (Krake, 2005; Wong & Merrilees, 2005) and need assistance to translate the company's vision into a distinctive brand concept (Inskip, 2004). However, Ojasalo et al. (2008) note that due to the limited financial resources of SMEs, such cooperation tends to be short-term.

Jones (2005) highlights the influential role of the media and various non-governmental organizations (NGOs) whose actions might have long-term consequences for brand image and value (see also Hatch & Schultz, 2010). The media in particular, but also people or organizations with a vested interest in the business, can play a crucial role in revealing scandals, particularly when companies have failed to deliver their branding pledges (Christopher & Gaudenzi, 2009).

In conclusion, several studies shed light on the contribution that different key stakeholders such as customers (Merrilees, 2007), employees (Krake, 2005; Wong & Merrilees, 2005), partners (Morgan et al., 2007), suppliers (Campbell, Papania, Parent, & Cyr, 2010; Erevelles, Stevenson, Srinivasan, & Fukawa, 2008) or resellers (Ojasalo et al., 2008) can make to constructing brands. Consequently, successful branding is a result of understanding and responding to multiple internal and external stakeholders (Roper & Davies, 2007), and being receptive to their input