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What factors influence buying center brand sensitivity?

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ABSTRACT

Building on information processing theory (IPT), this empirical study investigates the factors that drive a buying center's level of sensitivity to brand information. The authors propose that buying center brand sensitivity is related in a curvilinear fashion with purchase importance and purchase complexity, and that these relationships are moderated by several environmental, firm, and product factors. Data provided by 273 organizational buying center members confirm the presence of an inverse U-shaped relationship between purchase importance and brand sensitivity, strengthened in conditions of high brand presence and high end-customer demand. Purchase complexity and brand sensitivity appear to relate in a U-shaped fashion but only in light of the moderating effects of product tangibility. The relationship between purchase complexity and brand sensitivity appears stronger when buying firms are small and have prior contractual ties with their selling partners. These results offer guidance to managers concerning when business-to-business (B2B) brand investments are likely to offer their greatest return.

Business-to-business (B2B) marketers increasingly use brand-building strategies to enable prospective customers to differentiate confidently and efficiently among the offerings within a competitive set. The success of recent corporate branding campaigns by firms such as BASF, Cisco, General Electric, IBM, UPS and many others suggest that B2B marketers who are willing to invest in their brands are rewarded with enhanced reputations and improved financial performance (Lamons, 2005; Rao, Agarwal, & Hahlfoff, 2004).

Unfortunately, B2B branding has not received the same level of attention as a research topic as business-to-consumer (B2C) branding within marketing literature (Mudambi, 2002); perhaps because classic organizational buying models (Sheth, 1973; Webster & Wind, 1972) tend to portray buyers as "rational" decision makers who rely primarily on objective attributes when making product choice decisions. This so-called rational view of organizational buyer decision making has not allowed a significant role for the subjective or self-expressive benefits often associated with brands (Wilson, 2000).

Despite this initial neglect, B2B branding phenomena have begun to receive increased attention from marketing scholars (e.g., Low & Blois, 2002; Mudambi, 2002). In general, extant research finds that brand information does indeed influence decision making in business markets. Precisely, B2B brands offer cues that can improve information processing efficiency, reduce risk perceptions, and simplify product selection (Gordon, Calantone, & di Benedetto, 1993; Keller, 2003; Kotler & Pfoertsch, 2006; Zablah, Brown, & Donthu, 2010). Such brand cues influence the decision process by communicating information about the product offering and the overall experience a customer might expect with a seller.

Although studies thus establish that brands influence decision making in business markets, they do not offer much insight as to *when* they are most influential. This is an important omission because B2B brands may not be equally important to all sellers, all buyers, or in all purchase situations. To understand when brand information matters most in business markets, this study asks and empirically investigates the following research question: What factors determine the extent to which brand information influences organizational buying deliberations? An understanding of when brands are most likely to influence organizational buying decisions is critical to determining whether substantial investments in brand development may result in desirable market and financial performance outcomes. Moreover, by examining when brand information is likely to permeate and alter the group decision process, we address calls to extend knowledge about buying group decision-making (Marketing Science Institute, 2008).

To develop a better understanding of when brands are most likely to influence organizational buying decisions, we build on information processing theory (IPT) to establish a conceptual model that posits curvilinear relationships between brand sensitivity—that is, the extent to which organizational buying deliberations actively include a consideration of brand information (Kapferer & Laurent, 1988;

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Zablah et al., 2010)—and two critical purchase characteristics, purchase importance and purchase complexity.[4] Our model also considers how these proposed curvilinear relationships may be influenced by key environmental (brand presence, end-customer demand), firm (company size, contractual ties), and product (tangibility) factors.

The remainder of this article is organized as follows: First, we offer a brief discussion of the theoretical differences between business and consumer branding. Second, we review relevant literature and thereby introduce our conceptual model and hypotheses. Third, we discuss our methodology, including the measures and analytical procedures. Fourth, we present the results of our hypotheses tests, and we conclude by discussing the study's results, managerial implications, limitations, and avenues for further research.

1. Branding in business versus consumer markets

Although consumer branding principles might apply to business markets, several factors strongly suggest that brand information plays very different roles in business markets (Bengtsson & Servais, 2005; Brown, Bellenger, & Johnston, 2007). The group decision-making process, nature of market demand (i.e., end-customer demand), and the more relationship-oriented promotional approach of B2B marketing suggest a reduced role for brands relative to consumer marketing contexts (Zablah et al., 2010). Consequently, a consumer-dominant approach to branding may offer some meaningful insights for B2B marketing managers, but it is apparent that a dedicated exploration of B2B branding topics that considers these and other complexities associated with organizational buying is warranted.

2. Conceptual framework

Few marketing studies examine information processing dynamics and their effects on organizational decision making (Low & Mohr, 2001; Moorman, 1995). Yet organizational (e.g., Galbraith, 1974; Payne, 1976) and consumer (e.g., Bettman, 1979; Chaiken, 1980; Petty, Cacioppo, & Schumann, 1983) information processing theories provide a useful framework for understanding group buying decisions and examining the conditions that may lead buyers to use various decision criteria including those instances in which brand information may be a factor in decision making. Dean and Sharfman (1993) acknowledge that relatively little is known about why some group decisions seem to involve a more structured collection and analysis of information compared with others. According to IPT, not all decision processes involve objective information; instead they often involve the use of judgment, experience, and other less rational factors. Moreover, people are limited by their "bounded rationality" (Cyert & March, 1963). That is, IPT recognizes that information processing can be overwhelming to the point where it exceeds decision makers' processing capacities (Moorman, 1995; Ronchetto, Hutt, & Reingen, 1989; Siggelkow & Rivkin, 2005; Tushman & Nadler, 1978). Past a capacity threshold, decision makers adopt various shortcuts and decision heuristics, including heavily weighing brand information or the reputation of market leaders, to reduce their cognitive strain and risk perceptions (e.g., Anderson, Chu, & Weitz, 1987; Galbraith, 1974; Payne, 1976).

We present an IPT-based conceptual model of the determinants of buying center brand sensitivity in business markets. In "perfect" organizational environments, buying groups process all available information and willingly exert the effort to analyze alternatives rationally. However, we argue that organizational buying is an imperfect process in which buying center members employ heuristic-based evaluation strategies, often times based on brand cues, in order to minimize the amount of effort needed to arrive at a choice decision. We further posit that buying center members are likely to actively consider brand information more or less depending on the nature of the purchase situation, various environmental and firm factors, and their individual information processing constraints (Keller & Staelin, 1987; Maltz & Kohli, 1996). As we illustrate in Fig. 1, the model proposes that buying center sensitivity to brand information relates in a curvilinear fashion to purchase importance and purchase complexity. Moreover, these curvilinear relationships may be moderated by environmental, firm and product characteristics.

2.1. Brand sensitivity

Theories of brand management generally contend that brand information: (1) facilitates the identification of products, services and businesses, (2) communicates their benefits and value, and (3) reduces the risk and complexity of the buying decision (Kotler & Pfoertsch, 2006). Strong B2B brands can be of particular value because organizations and individuals seek to mitigate the heightened risk and uncertainty inherent in certain B2B buying contexts (Homburg, Klarmann, & Schmitt, 2010; Webster & Keller, 2004). This suggests that, in some instances, buying groups are likely to be more sensitive to brand information than in others. On the basis of prior research (Hutton, 1997; Kapferer & Laurent, 1988; Zablah et al., 2010), we define brand sensitivity as the degree to which brand information and/or corporate associations get actively considered in organizational buying deliberations. Brand sensitivity provides the key outcome variable for this study because we focus on understanding *when* brands are most likely to influence the organizational buying process. Given this objective, it was essential that our focal measure capture the degree to which organizational members integrate brand information into the decision process. Other commonly employed brand constructs, brand equity, brand image, and brand loyalty, for example, do not necessarily fully account for the extent of influence of brand information on the decision-making process (Zablah et al., 2010).

2.2. Role of purchase importance and purchase complexity

The relationship among purchase importance, purchase complexity, and risk is widely studied in organizational buying literature (e.g., Johnston & Lewin, 1994; Robinson, Faris, & Wind, 1967). To manage the buying risks inherent in important and complex purchases, organizations tend to establish informal communication networks whose purpose is to identify and process information relevant to the purchase decision (Johnston & Bonoma, 1981; McQuiston, 1989). Consistent with this view, IPT suggests that risky and uncertain decisions (i.e., important and/or complex decisions) involve the collection and analysis of information relevant to the decision process (Dean & Sharfman, 1993; Galbraith, 1974). Consequently, when considered within an IPT framework purchase importance and purchase complexity should be critical determinants of a buying center's level of brand sensitivity.

Purchase importance refers to the buying center's perception of the relative impact of the product purchase as it relates to business objectives (Cannon & Perreault, 1999). At the lowest levels of importance, buying center members may use brand information as a choice heuristic (Chaiken, 1980; Petty et al., 1983) because brands seem to provide a reasonably accurate assessment of the alternatives but require less information processing effort. However, because of the minimal importance of the purchase, risk should be lower, so other informational factors (e.g., price or logistics and distribution) likely receive consideration. As a purchase moves to moderate levels

[4] We do not consider purchase novelty. Hawes and Barnhouse (1987) suggest that modified rebuy tasks give buyers a sense of perceived risk and autonomy, whereas individual buying center members suffer a reduced level of authority in novel purchase situations. Because this study seeks the perspectives of purchasing managers and other buying center representatives in contexts in which they believe they have a reasonable level of influence, a modified rebuy context appears most relevant, precluding the inclusion of purchase novelty.