Industrial Marketing Management 39 (2010) 1223–1225

Contents lists available at ScienceDirect

Industrial Marketing Management

From strategy to tactics: Building, implementing, and managing brand equity in business markets

Adam Lindgreen [a,*], Michael B. Beverland [b], Francis Farrelly [c]

[a] Business School, University of Birmingham, Edgbaston, Birmingham, B15 2TT, United Kingdom
[b] School of Management, University of Bath, Bath, BA2 7AY, United Kingdom
[c] Royal Melbourne Institute of Technology, GPO Box 2476, Melbourne, VIC 3001, Australia

ARTICLE INFO

Article history:
Received 1 January 2010
Received in revised form 1 February 2010
Accepted 20 February 2010
Available online 17 March 2010

Keywords:
Branding building
Brand management
Industrial marketing

ABSTRACT

Industrial marketers have long argued that brands play little role in the decision making process. Several macro-level changes have occurred challenging these notions some of which are reviewed. We review past research on brand building and brand management in business markets and identify that less research has focused on key strategic and tactical issues in relation to building, managing, and refreshing business brands. We then introduce six studies that add to our understanding of the nature and importance of branding in the business-to-business context. Finally, these studies provide important avenues for further research.

© 2010 Elsevier Inc. All rights reserved.

Although brands have long existed in the business-to-business context, interest among industrial marketers in the formal management of brands (including their use as a competitive tool), has only occurred recently (Beverland, Napoli, & Lindgreen, 2007; Low & Blois, 2002). This situation lies in stark contrast to the business-to-consumer context where the use of brands as the main form of competitive positioning and differentiation has long been practiced. Industrial marketers have long argued that brands play little role in the decision making process simply because business-to-business buyers are more rational than consumers, thereby limiting the impact of brand messages typically viewed as playing more to emotion and self-expressive desires on behalf of buyers. Several macro-level changes have occurred challenging these notions.

First, business-to-business marketers operate globally (in many cases far more so than their colleagues in the consumer world), and thus significant efficiencies can be gained from a one-look, one feel approach to corporate image management. Second, although features such as price, quality and delivery are critical drivers of buyer choice, in many marketers suppliers have converged around these, thereby moving the point of differentiation to more intangible factors such as reputation, innovation, service, and strategic advice—all of which can effectively be incorporated under a brand umbrella. Third, significant merger and acquisition activity in the business-to-business realm has resulted in a forced awareness of strategic branding issues (such as which brand to keep following a merger, issues of co-branding, and more tactical issues around brand names, logos, and communications). Fourth, the sheer scale and wider societal impact of many business-to-business operations has forced organizations to become more skilful in managing competing stakeholder interests. Thus, issues of corporate reputation and corporate image management have become crucial when responding to issues such as global souring arrangements, the set-up of new factories, takeovers, market-entry, and sustainability and resource use. Finally, research (much of it published in this journal) has revealed an increased interest in brands and corporate reputation among business buyers.

For example, since the mid-1990s research has consistently indicated that as long as price and quality requirements are met, a firm's reputation and/or brand plays an increasing role in the purchasing decision (see Beverland et al., 2007 for review). This is particularly the case when the brand is positioned around market leadership, global reach, innovation and consistency of delivery (Michell, King, & Reast, 2001). Likewise, recent research suggests that brand image effects perceptions of product and service quality among business buyers, which directly impacts on buyers' perception of customer value (Cretu and Brodie, 2007). Thus, although organizational systems are in place to ensure business buyers strive to be as rational as possible, it is clear that like consumers, industrial purchasers make decisions based on (as well as functional superiority) emotional benefits and even self-expressive benefits (such as personal and professional satisfaction).

Despite this increased recognition of the role brands play in business-market success, compared to our business-to-consumer cousins, we know comparatively little about brand building and brand management in business markets. Research to date has mostly focused on whether, and how, brands matter to business buyers (see Cretu & Brodie, 2007; Mudambi, 2002). Less research has focused on

* Corresponding author.
E-mail addresses: Adam_Lindgreen@hotmail.com (A. Lindgreen), mbb26@management.bath.ac.uk (M.B. Beverland), francis.farrelly@buseco.monash.edu.au (F. Farrelly).

0019-8501/$ – see front matter © 2010 Elsevier Inc. All rights reserved.
doi:10.1016/j.indmarman.2010.02.018

key strategic and tactical issues in relation to building, managing, and refreshing business brands (with the exception of Beverland et al. (2007) who focused on organizational-level capabilities for building global brands). In particular, while experience suggests that the processes of competitive positioning are likely to be similar across business and consumer markets, given the difference in buyer motivations and the added complexity that the business buying process brings, tactical issues relating to achieving brand positioning are likely to differ across the two contexts.

This special mini-issue presents several papers that address this gap. Although eclectic (representing the relative immaturity of branding research in business-to-business marketing), the articles in this special edition constitute an important addition to our understanding of the nature and importance of branding in the business-to-business context. Collectively, this research highlights just how important it is to appreciate the influence of brand equity in business-to-business relationship management. The research also provides important avenues for future research. Some of the important branding issues addressed in this special edition include:

- how brand strength impacts manufacturer–reseller relationships;
- the nature and importance of brand equity in mergers and acquisitions;
- the role of brand equity in co-branding;
- internal brand equity; and
- brand image elements that influence customer preparedness to pay a price premium.

The first paper 'The Moderating Effect of Brand Strength in Manufacturer–Reseller Relationships,' Glynn investigates the moderating effect of brand strength in manufacturer–reseller relationships and tests these differences on a conceptual framework consisting of pathways from manufacturer brand benefits (manufacturer support, brand equity, customer expectations) to reseller relationship outcomes. Interestingly, these findings show that there are no significant differences in manufacturer brand equity effects on reseller satisfaction between major and minor brands. Glynn's findings also show that resellers of minor brands are more committed to and more likely to trust manufacturers of minor brands. These findings highlight the power of retailers in the sense that the equity of major brands can often function only as a hygiene factor in the relationship. Moreover, the findings highlight that major brands should not overestimate the power of the brand in this relationship or underestimate the need for effective account management, and that small brands are well advised to use their limited marketing resources to build relationships with resellers rather than focusing too heavily on branding activities focused primarily toward the end consumer.

Lambkin and Muzellec, in the second paper 'Leveraging Brand Equity in Business-to-Business Mergers and Acquisitions,' explore the management of brand equity in mergers and acquisitions, an important yet under-investigated area of business-to-business research. They draw on business-to-business branding and mergers and acquisitions literatures to create a model of brand equity transfer, which they examine empirically through a case study of an acquisition of a national construction materials company by a larger international group. They rightly point out that brand equity issues are too often treated as an after-thought in mergers and acquisitions despite the fact that effective brand (or reputation) management is often crucial to the outcome. Their findings make clear the substantial opportunity for large firms with significant equity to use the associated halo effect to leverage the assets of the smaller acquired firm.

Albeit in a different research context, there are some interesting similarities between the aforementioned work and that carried out by Besharat in the third paper 'How Co-Branding Versus Brand Extensions Drive Consumers' Evaluations of New Products: A Brand Equity Approach,' which considers how co-branding influences consumers' evaluations of new products. Besharat finds that two firms with high brand equity do not fare better in a co-branding initiative to introduce a new product than a relationship that contains one high and one low equity partner. Besharat also finds that co-branding is not necessarily a more effective way to introduce a new product in business-to-business markets than a brand extension where the firm benefits from the halo effect of having high brand equity.

In the fourth paper 'How Strong is the Business-to-Business Brand in the Workforce? An Empirically-tested Model of "Internal Brand Equity" in a Business-to-Business Setting,' Baumgarth and Schmidt develop and test a model of internal brand equity, which they define as the strength of workforce internalization of brand identity in support of branding at the customer interface. Their findings demonstrate the enormous value in a brand-oriented corporate culture particularly in creating a workforce that is committed to living out the brands values and objectives through its dealings with its customers. Their research is also noteworthy because it creates a scale for the measurement of internal brand equity and because it highlights the potential gains in effective cross-functional projects between marketing and human resource.

The fifth paper 'Brand Equity of Defectors and Never Boughts in a Business Financial Market' by Bogomolova and Romaniuk uses a brand equity lens to compare the potential of business-to-business customers that have used the brand in the past but stopped (defectors), with the potential of those who have never purchased the brand. Significantly, they find that only a small group of defectors (less than 20%) has strong negative evaluations. The majority of defectors have neutral to positive evaluations of their former brand. They also have a slightly higher propensity to hold positive associations than members of the 'never-bought' group. Their results particularly the opportunities that exist in targeting defectors with latent brand knowledge highlight the potential value in using an informed understanding of brand equity to segment business-to-business markets.

In the sixth paper 'An Exploratory Investigation of the Elements of B2B Brand Image and Its Relationship to Price Premium,' Persson shows that brand image dimensions including brand familiarity, attention to service, and relationship management are instrumental in a client preparedness to pay a price premium. While in a less mainstream context Westberg, Stavros, and Wilson, in the special issue's seventh and final paper 'The Impact of Degenerative Episodes on the Sponsorship B2B Relationship: Implications for Brand Management,' explore the impact of degenerative episodes on the sport sponsorship business-to-business relationship, i.e. that between a sport and sponsor entity. They examine how player transgression (as a degenerative episode) can negatively affect the health of the relationship by decreasing cooperation, trust, mutual understanding and brand benefits, and in some cases lead to termination of the relationship. Importantly, they identify that the extent of the negative outcome on the relationship is dependent on how severe the sponsor perceives the incident, how the sponsor attributes blame, and the existing quality of the relationship. They, too, highlight how important it is for firms in business-to-business relationships to be proactive in developing strategies to build and protect their brands as a means of nurturing long term relationships with key stakeholders.

We would like to take the opportunity of thanking all those who have contributed toward this special issue of *Industrial Marketing Management*. First, we thank the reviewers who have taken time to provide timely feedback to the authors, thereby helping the authors to improve their manuscripts. The reviewing was a double-blind reviewing process. We thank the following reviewers: Amelia S. Carr, Sonia Dickinson-Dellaporte, Sophie Feng, Daniel J. Goebel, Samir Gupta, Jared M. Hansen, Dixon Ho, Michael A. Humphreys, Colin Jevons, Elison Lim, Julie Napoli, Mike Reid, Stephen Saunders, Lillian Schumacher, Marion Steel, Dominic Thomas, Christine Vallaster, and Kate Westberg.

Second, we would like to extend special thanks to the editor Peter LaPlaca for giving us the opportunity of guest editing a special issue of

Download English Version:

https://daneshyari.com/en/article/1028254

Download Persian Version:

https://daneshyari.com/article/1028254

Daneshyari.com