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An exploratory study into brand alignment in B2B relationships

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ABSTRACT

B2B relationships are characterized by strategic partnerships between firms and the suppliers of goods and services integral to their offerings. Failure to choose the right partner could jeopardize the survival of both partners. While a number of studies suggest that partnering firms need to be aligned operationally, few studies look at whether there should be alignment between the brands of firms and their suppliers. Therefore, we build on existing studies on sexual selection to develop a theory of whether similarity in brand attributes affects the success of B2B relationships. We propose that firms wishing to portray particular brand images to their customers choose suppliers whose images mirror their own. To develop our proposition, we investigate the brand personality alignment between well-known firms and their suppliers in four industries. The findings of our analysis have significant implications for scholars and managers interested in the nature and success of B2B partnerships.

Industrial marketing is characterized by large transactions between a firm and its suppliers related to goods used by the firm in the production of its own products and services. These transactions are usually of high value and integral to the success of both parties. The strategic nature of the purchases indicates that the relationship between industrial firms and their suppliers is a key element to success. Such relationships ensure that suppliers provide products aligned to the firm's goals and objectives, which in turn ensure repeat purchases of the supplier's products (Hutt & Speh, 2001). This premise is widely understood as a cornerstone of industrial marketing.

Knowledge that firms form relationships is accepted (Shocker, Srivastava, & Ruekert, 1994). However, *how* firms choose which suppliers to align with has not been addressed extensively in the marketing literature. Partly, this stems from the fact that the term 'alignment' could indicate a number of things, from similarity to relative positioning (www.mirriam-webster.com). As a result, the characteristics that make up best partner candidates amongst the potential suppliers from which a firm could choose have not been agreed upon from a theoretical or practical perspective. Although studies into this topic exist, most concentrate on internal skill and technology based issues. Partnership, alliance, and merger studies that examine B2B relationships in the management and marketing literature conclude that successful ventures are those that identify and exploit operating synergies (Wilkinson, Young, & Freytag, 2005). From a strategic perspective, traditionally the indicators of successful relationships include complementary resources and capabilities (Anderson & Narus, 1991; Collis & Montgomery, 1995; Wittmann et al., 2008), and the existence of overlapping goals (Wilkinson et al., 2005). From a supplier–provider position, alignment has been discussed mostly with regard to product customization (Anderson & Narus 1995). Alignment of values has also been mentioned with research in this area focused mostly on personal characteristics of sales people and their contacts at client companies (e.g. Price & Arnould, 1999; Swan, Goodwin, Mayo, & Richardson, 2001).

The matter of choosing the correct partner is not trivial. The benefit of selecting a suitable supplier can be substantial, including access to new markets, increasing market share, filling resource gaps, and achieving operational efficiencies (Argyle, 1990; Wittmann et al., 2008). Certain B2B relationships are purely transactional—specified and executed according to a contract and beginning and ending with the transfer of a good from supplier to firm. However, the nature of the strategic relationship between industrial firms and their suppliers on whose goods and services their core offerings rely, suggests a mutual dependence on each other for survival. Failing to choose the right partner could be "a potentially fatal obstacle to the success of [each party's] brand" (Shocker et al., 1994: 153).

The impact of partner selection on each party's brand including the differentiated images of firms and their offerings (Opoku, Abratt, Bendixen, & Pitt, 2007), or the set of associations relating to what the firms represent (Dacin & Smith, 1994), has only received limited and tertiary attention. An exploration of the small set of related literature reveals Lambert, Emmelhainz, and Gardner's (1996) discussion of the managerial processes on which partnering firms should concentrate, but these authors mention only briefly that partners sharing similar brand images and company reputations will enjoy stronger relationships. Others touching on the topic state that brand management

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within the industrial marketing channel is crucial, but stop short of discussing exactly what this entails (Shocker et al., 1994). Whether and how the brands of firms and their suppliers should be aligned seems to have been overlooked in the marketing literature to date. More specifically, unaddressed topics include (1) whether partnering firms exhibit different brand characteristics without affecting the viability of the relationship, and (2) which differences or similarities improve the value of the relationship.

Nonetheless, a key paper by Wilkinson, Young, and Freytag's (2005) that looks into the biological and social foundations of business partnering seems to give particular insight into the issue of strategic relationships in the industrial space. Insights from this paper, along with the sociological theory of attraction in which partner choices are made based on perceptions on an ideal image, provide the theoretical foundation for this paper. More specifically, taking Wilkinson, Young and Freytag's (2005) view that trait *alignment* is indicated by trait *similarity*, we propose that successful firms choose strategic suppliers whose brand personalities are similar to their own. Thus, in order to portray a consistent brand image to their customers, firms choose suppliers whose images mirror their own. To develop our proposition, we proceed as follows: First we discuss the existing literature on business relationships, focusing particularly on the most recent contributions to this literature which cover criteria for partner selection. Also we look at the concepts of brand image and personality as issues distinct from those discussed in the B2B relationship literature. We then present our study of brand personality alignment between well-known firms and their suppliers in four industries. We discuss the results of our analysis and the implications for scholars and managers. Finally, we address the limitations of our study, and propose future areas of research.

1. Business to business relations

The literature business-to-business relationships is vast (e.g. Anderson & Narus, 1998; Barney, 1991; Connor, 1991; Hamel & Prahalad, 1994a,b; Heimeriks & Duysters, 2007; Jap, 1999; Lado, Boyd, & Wright 1992; Lambe, Spekman, & Hunt, 2002; Morgan & Hunt, 1994; Morrow, Sirmon, Hitt, & Holcomb, 2007; Park, Mezias, & Song, 2004; Wernerfelt, 1984). Relationships are central to the success of mergers and acquisitions (Weber & Dholakia, 2000), joint ventures, alliances, and B2B supplier–distributor partnerships (Lambert, Emmelhainz, & Gardner, 1996). Studies into how two or more firms join together to perform tasks that would otherwise not be possible (Argyle, 1990), or secure competitive advantage have been focused mainly on integrating internal departments (Blois, 1996; Gadde & Hakansson, 1993, 1994; Monthoux, 1975; Wilkinson et al., 2005). For example, Ellram's (1990) study shows that successful firm–buyer relationships entail that each partner demonstrates financial performance and stability; top management and organizational culture compatibility; overlap in manufacturing and design capability; a good safety record; and an attractive customer base. Studies show that firms in partnership perform best when they are able to capitalize on marketing synergies (Weber & Dholakia, 2000).

An area of significantly less research focus are the characteristics exhibited by firms entering into relationships and the importance of these characteristics in choosing a partner (see Wilkinson & Young 2002; Wilkinson et al., 2005; Wong & Ellis, 2002). To date, some studies have concluded that firms are likely to choose others familiar to them, or those with whom they have worked before (Li & Rowley, 2002). Both observations reveal little about the nature of the firms chosen as partners. Alternately, studies indicate that "self-reflection", or choosing firms that most resemble themselves may be important to partner choice. Lambert, Emmelhainz and Gardner (1996) propose that firms choose partners who are symmetrical in relative size, market share, financial strength, productivity, brand image, company reputation, and level of technological sophistication. Alderson (1951) referred to this as "double seeking" (pp. 82), while Wilkinson et al. (2005) state that firms choose partners who exhibit similarities rather than differences. However, specific characteristics that indicate whether a firm would be more likely selected as a business partner have seldom been discussed specifically (Young & Wilkinson, 1997). Drawing on biological theory of partner selection, Wilkinson, Young, and Freytag (2005) are among the few to qualitatively investigate how managers describe and explain the physical characteristics they admire and pursue in business relationships, and thus their work provides the foundation for our study.

1.1. B2B "mates": Like attracts like

Based on the notions of symmetry, "double seeking" (Alderson, 1951), and firms' preferences for characteristics in partners that reflect their own (Wilkinson et al., 2005) discussed above, B2B alignment can be understood in terms of strategic similarity. The idea that firms choose partners similar to themselves is appealing from an intuitive standpoint. It seems logical that firms which operate in similar ways in similar market positions are more likely to understand each other and reach agreement, work together, and sustain a relationship (Wilkinson et al., 2005). Based on the "business equivalent of sexual attraction" (pp. 673), firms enter into a relationship based on what they expect to get out of it—joint value and equality. If firms are equal in size, scope and brand strength, then one cannot dominate the other. These authors suggest that the pool from which to select the right partner is decided based on intrinsic firm attributes. Research confirms that firms choose partners with matched characteristics and find customer or partner capabilities and characteristics similar to their own (Wilkinson et al., 2005).

An explanation for the preceding is derived from research into sexual selection which shows that humans choose partners who conform to an image of how an ideal mate should look. The ideal resembles that with which the individual is most familiar concerning self or family characteristics (Wilkinson et al., 2005). Research from social psychology confirms that familiarity and similarity on a wide variety of dimensions are key principles of attraction, with similarity playing a large role in eventual mate selection (Seyfried & Hendrick, 1973; Gilbert, Fiske, & Gardner, 1998). Attributes of most importance in a partner can be classified as largely cultural in nature including religion, ethnicity, race, socioeconomic status, age, or political views. Intelligence and attractiveness are less important when choosing a mate. Marriage between individuals with similar cultural backgrounds is understandable from the perspective of mutual agreement between two people to be together, since agreement is easier to reach if both parties share history and beliefs (Wilkinson et al., 2005). This finding is echoed within the sociology literature (Kalmijn, 1994).

From a business partnering perspective, cultural similarities can be understood in terms of the nature and goals of the business relationship. Firms in strong relationships appear to have closely corresponding market positions, market share, and financial strength. Wilkinson et al. (2005) found that firms not sharing these characteristics would have "affairs"—short-term, ad hoc partnerships—rather than "marry" (pp. 678).

While the preceding research provides insight as to why a particular supplier might have been chosen, it fails to give any a priori indication as to which of the many potential partner targets with similar financial and market share information a firm might pick. More specifically, criteria for *selecting* a partner are missing. Wilkinson, Young and Freytag (2005) discuss that firms, like humans, pick partners who are similar to themselves, however this study stops short of exploring this question fully. Although these authors dismiss physical attractiveness as a leading criterion for selection, they did not address the issue of brand and brand image which can be understood as *what* the firm looks like objectively (Brown, Dacin, Pratt, & Whetten, 2006) rather than *how* it looks subjectively. The authors