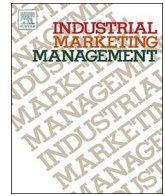




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Building industrial brand equity on resource advantage

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ABSTRACT

Based on resource advantage theory of competition, we attempt to identify industrial brand equity dimensions in today's competitive, high-technology, and global business-to-business environment. Through a quantitative study with 443 buying center members who are purchase decision makers, we find that industrial brand equity can be established in a number of dimensions: (1) functional advantage in products, (2) solution advantage in services, (3) analytical advantage in CRM, (4) omni-channel advantage in communication, (5) symbolic advantage in publicity, and (6) network advantage in resource sharing. The six dimensions have significant impacts on customer perceived value and brand loyalty. Furthermore, purchasers, managers, and users, who undertake major decision making roles in the buying center, weigh these dimensions differently during brand evaluations. The findings suggest that industrial brand managers focus on building brand equity through establishing key resource advantages in the different brand usage situations encountered by buying center members.

1. Introduction

In today's global business-to-business environment, successfully establishing prominent industrial brand equity has been considered a foundation for sustaining relational exchange (Backhaus, Steiner, & Luggner, 2011; Marquardt, 2013; Nyadzayo, Matanda, & Ewing, 2016). By definition, industrial brand equity represents total customer value a brand holds based on a set of salient brand associations in customers' eyes (Aaker, 1996; Bendixen, Bukasa, & Abratt, 2004; Mudambi, 2002). Although some useful guidelines for building industrial brand equity have been depicted, such as the capabilities-centric branding approach based on firms' entrepreneurship, learning, and innovation capabilities (Beverland, Napoli, & Lindgreen, 2007), a number of research gaps can be found in view of the shaping characteristics of today's competitive, high-technology, and global industrial marketplace.

Parallel to exploring consumer-based brand equity dimensions based on consumers' consumption process (Anselmsson, Johansson, & Persson, 2007; Christodoulides & Chernatony, 2010), current understanding of industrial brand equity dimensions is mainly based on a series of salient customer value elements identified in the core industrial reproduction process. These customer value elements are based on the features of industrial products and services a customer firm uses for enhancing productivity, such as quality, reliability, durability, delivery time, expertise, and so on (Bendixen et al., 2004; Beverland et al.,

2007; Persson, 2010). Nonetheless, on the firm level, there are a variety of customer value elements beyond those associated with industrial reproduction (Leek & Christodoulides, 2012; O'Cass & Ngo, 2012). For example, social capital has been recognized as an important element of customer value (Eklinder-Frick, Eriksson, & Hallén, 2011). For this reason, a broader spectrum of industrial brand equity dimensions should be explored.

Moreover, existing conceptualization and measurement of industrial brand equity have not been aligned with the competitive nature of customer value in the industrial marketplace. In the industrial market, customer value is largely represented by "resonating focus," which is the core points of difference against competitors in target customers' eyes (Anderson, Narus, & van Rossum, 2006). An industrial brand possesses little customer value and vanished brand equity in circumstances that customers choose to use an alternative brand with greater customer value (Bendixen et al., 2004; Riel, Montagnes, & Streukens, 2005). Thus, to better understand branding in business-to-business competitions, we need to closely examine the comparative nature of industrial brand equity beyond the general brand value concept.

Third, successful industrial brands should be built on the nuanced customer experience of a brand (Biedenbach & Marell, 2010; Zaichkowsky, Parlee, & Hill, 2010; Zhang, Jiang, Shabbir, & Du, 2015). Previous studies on customer experience with industrial brands either consider individuals in a customer firm having the same experience

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(e.g., Riel et al., 2005) or regard the experience of managers as the proxy for the rest of the customer firm's experience (e.g., Nyadzayo et al., 2016). Given that in a buying center, there are many decision making roles whose experiences fundamentally differ (Brown, Zablah, Bellenger, & Donthu, 2012), the relative importance of industrial brand equity dimensions for the different roles in the buying center must be clarified.

Additionally, customer relationship in the industrial market has never been as interactive as in today's environment (Bruhn, Schnebelen, & Schäfer, 2014; Leek, Canning, & Houghton, 2016). As Rust, Moorman, and Bhalla (2010, p. 96) point out, industrial suppliers have never had "...such powerful technologies for interacting directly with customers, collecting and mining information about them and tailoring offerings accordingly. And never before have customers expected to interact so deeply with companies..." Few studies have related brand equity to today's technology-savvy business-to-business environment. As the technological and social platforms have evolved to a new stage today, customer perception of industrial brand equity differs from the past (He & Wang, 2014). Thus, new ways of business communication must be taken into consideration when studying industrial brand equity.

Last but not least, in today's highly-standardized global industrial market (O'Donnell & Jeong, 2000), industrial brand equity has been only studied within a regional market (e.g., Bendixen et al., 2004) or involving a small number of target markets (e.g., Riel et al., 2005). As such, limited knowledge can be yielded for managing brand equity in a globalized industrial world. In the current study, we seek to extend the scope of brand equity onto a global level.

In order to shed light on how to build the delicate characters of customer-perceived brand equity in a global context of relational exchange, we attempt to craft a research framework incorporating customer-perceived brand equity dimensions beyond previous studies, and further examine how these dimensions contribute to customer value perception and brand loyalty for the different decision making roles in a customer firm's buying center. Accordingly, our research questions are two-fold: (1) What are the customer-perceived industrial brand equity dimensions in today's competitive, high-technological, and global environment? And (2) How do these brand equity dimensions influence brand evaluations by different decision making roles in the buying center? The rest of the study is organized as follows. The next section starts with a theoretical elaboration behind customers' industrial brand choice in the dynamic and competitive global market condition. A research framework with hypotheses is then articulated in detail. Subsequently, research methodology, including research instrument development and data collection process, is described. This is followed by statistical results, discussion of findings, limitations, and future research recommendations.

2. Theoretical background

Brand equity is understood as customer perception of the total benefits a brand carries (Aaker, 1996; Bendixen et al., 2004; Mudambi, 2002). Previous research has made clear that industrial brand equity has its unique facets: (1) Brand preference is based on value comparison (Bendixen et al., 2004; Riel et al., 2005); (2) Brand equity perception is multi-dimensional (Aaker, 1996; Coleman, Chernatony, & Christodoulides, 2011); and (3) Brand experience is role-specific and segmented (Beverland et al., 2007; Webster & Keller, 2004).

Taking these findings into consideration, we argue that the conditions for establishing customer-perceived brand equity among the various decision making roles can be explained by *resource advantage theory of competition* (commonly referred to as R-A theory) (Hunt, 1999; Hunt & Morgan, 1996). Combining heterogeneous demand theory with a resource-based view of the firm, R-A theory extends firms' competitive advantage into specific buying situations. The first part, heterogeneous demand theory, denotes that needs and preferences vary to a large

extent across the decision making roles. The second part, resource-based view, holds that competitive advantage helps firms establish favorable market positions. Altogether, when a firm's resources attributes are more advanced than those of its competitors and are clearly better in fulfilling the needs of specific buyers, superior outcomes tend to occur. Such a view has been adopted in the study of industrial branding as a way to deter imitation and outperform competitors (Marquardt, 2013). As Hunt and Morgan (1996) further hold, firm resources include a variety of tangible and intangible elements – the resource advantages may arise from intellectual, relational, physical, organizational, and financial sources.

We think that the R-A theoretical paradigm offers an escalated understanding of customer-perceived industrial brand equity in a number of points: (1) Resource advantages that a supplier possess against its competitors are the basis for industrial brand equity perceived by the decision makers; (2) Resource advantages can be sensed by the decision makers based on a variety of customer value elements besides those related to industrial productivity; and (3) Resource advantages are viewed by different decision makers with varied weights based on personal relevance of customer value. In the next section, we articulate the key dimensions of customer-perceived industrial brand equity characterized by supplier firms' resource advantages point by point.

2.1. Research framework and hypotheses

In view of Hunt and Morgan (1996), we build a conceptual framework to describe the different supplier firm resource advantages as industrial brand equity dimensions. We focus on the extant business-to-business marketing literature in identifying tangible and intangible resource advantages. Key advantages identified in the literature are further elaborated using evidence from previous empirical findings. To illustrate the impact of customer-perceived brand equity on customer behavioral tendencies, we investigate customer-perceived value and customer loyalty as two subsequent stages. Customers who experience high customer value from their current supplier are likely to repurchase due to risk aversion associated with purchasing from new suppliers (Fornell, Johnson, & Anderson, 1996; Verhoef, 2003). Such customers are also willing to purchase more frequently and in larger volume, and are more likely to elevate the relationship with the supplier (Gustafsson, Johnson, & Roos, 2005). The research framework is described in Fig. 1. Overall, six customer-perceived brand equity dimensions are proposed.

2.1.1. Functional advantage in products

Creating and delivering functional customer value is the foundation for relational exchange with industrial customers (Anderson & Narus, 1998; Anderson & Wynstra, 2010; Ulaga & Reinartz, 2011). From the industrial buyers' perspective, they primarily assess customer value through evaluating the functional advantage of product features (Anderson & Wynstra, 2010; Ulaga & Chacour, 2001; Ulaga & Eggert, 2006). Across different buying situations, customer purchase decisions are typically featured by rational comparison of customer value offered by different suppliers (Moller, 2006; O'Cass & Ngo, 2012). The functional advantage of products can directly create the "points of difference" during product comparison, which indicate that a product is clearly and demonstrably better than the competitor's (Anderson et al., 2006). Conventionally speaking, the tangible advantages are viewed as a central aspect of supplier firm's key resource advantages (Anderson & Narus, 1998; Woodruff, 1997). An industrial brand may mentally represent the reputable functional features, such as speed, durability, reliability, or tough usage conditions (Bendixen et al., 2004; Beverland et al., 2007). Thus, the functional advantage in tangible market offerings carried by global industrial brands leads to superior results that customers appreciate over time.

H1. a: Industrial brands' functional advantage in products positively

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