Considerations in Managing B2B Brand Strategies

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Abstract
Brand is one of the most effective communication tools available but often it is not used that carefully in companies. Brands creation is a long term investment to increase shareholder value. Brand strategy, part of brand five steps process, needs to build on the positioning, mission, value proposition, promise and frame. These parts of the brand strategy are explained in this article.

Key words: brand, branding, strategy, business to business, tools

1. Introduction
Brand building is not an easy task for a company and therefore often fails but is a long term investment to increase shareholder value. Kotler and Pfoertsch recommend establishing a brand with five steps: planning, analysis, strategy, building and audit.

It should be remembered that the branding process is structured and manageable but brand formation lives its own life. Is an image in the consumers’ mind and it cannot be built. It is created by continuous brand messages communicated to the customers and then built by the customers themselves in their own minds. According to Grönroos the process is a tool to provide the touch points and brand messages.

2. Managing the brand strategy
Brand strategy needs to build on the positioning, mission, value proposition, promise and frame. These parts of the brand strategy are explained in this part of this article. This part starts with a general definition of brand strategy.

Brand strategy is commonly confused with company’s strategy, but it is not the same thing. Brand strategy defines the meaning of the brand and why it is necessary. The brand strategy should be able to show what the market lacks if this brand would not exist. (Kapferer, 2008)
Brand is one of the most effective communication tools available but often it is not used that carefully in companies. For this reason brand needs a proper strategy to fulfill all the important aspects: positioning, organization mission, value proposition, promise and architecture. To create an effective strategy for a brand marketer needs to know what company’s customers want from that brand. Secondly an important point is to find out how customers feel and what emotions raises from your brand usage. Branding strategy describes the conjunctive and the disjunctive brand elements that are used in the organization. Brand strategy can be seen just as choosing brand elements but in real life it uses all the information found in the earlier step of the process, brand analysis. (Kotler&Pfoertsch, 2006)

One of the first branding strategy decisions is whether to go for one or several brands – in other words select the brand architecture. The most important factor is that the brand should be positive addition to the brand equity. There is a couple of strategies to select the amount of brands in organization, but basically just two types to select among; to go for corporate or product branding, one big brand or several smaller ones. (Kotler et al., 2009)

Brand architecture allocates organization’s brands to a defined structure. There are three general structures to choose from; Corporate, product and mixed structures. Corporate architecture uses the organization as an equity driver for the brands and on the contrary product architecture uses the product brands. Mixed structure is a mix of the previous ones and uses both corporate and product architectures. Brand architecture, according to Uggl can be used as a tool to leverage the current brand equity by structuring, reducing or adding brands in an B2B category. (Uggla, 2006)

Aaker and Joachimsthaler have defined guidelines for choosing proper brand architecture: Product brand suits well if the business supports new brand and corporate brand is better if the existing corporate brand is strengthened with the new product in it. In product brands the risk of failing is smaller as it will only affect to this certain brand and a company can provide different price categories in the market. Corporate brand provides security, lower development and high marketing expenses and therefore is quite often used but involves higher risk in failing as the whole brand will be affected. (Kotler et al., 2009)

Product structures are rare in the B2B market. The most common version of the different structures is the mixed structure and it
can be found in any kind of market. The trend is to make the architecture structures more and more like mixed architectures.

As described in earlier parts of this study B2B companies find themselves often in offering situation where offers from different companies are very much alike. This easily drives suppliers into a price offer competition. They blend to each other, no one differentiates from another. That way a good positioning helps to achieve differentiation from competitors, thus, it eases price offer competition. (Levi, 2007)

Studies show that positioning and responding to the changes in the environment has an effect to organization’s competitive advantage and performance. It has a positive influence to the different factors of brand equity; Awareness, association and loyalty. Properly nurtured positioning as a strategic asset can create more comprehensive processes that results in good equity. (Yang 2010)

Positioning can be defined in the following way: Every brand has a space in individual consumer’s mind and that space’s relation to other brands reflects similarities or differences between them. This important space and its relations to other brands can be created and modified by effective marketing communication. Once a steady and good space is found it is better to keep it with successful touchpoints and continuous communication with target customers according with Sengupta. We could say that positioning is not about the product or service but how the consumer’s perception of the product or service is handled.

Positioning is important when creating strong brands. Clear brand positioning helps customers to understand company’s offering and they will more likely choose well branded provider over others. For the brand to have an impact to the market positioning needs to be creditable, consistent and differentiated in a consistent way. (Clifton & Elwood 2009)

The first step in the creation of the positioning strategy is to know whom your product or service is targeted to. The companies from B2B sector usually have less key customers compared to B2C companies and therefore it is easier to identify them. But on the contrary it is even more important to segment them properly because it is harder to differentiate in the B2B market. It is crucial to know who your customers are and where they are. (Kotler&Pfoertsch, 2006)

The brand positioning process consists of four elements: Selecting competitive frame of the target market and competition, the points-of-difference, the points-of-parity and brand mantra. (Keller, 2009)
The first step in brand positioning is to find the proper frame of reference that communicates to customers what they can expect from this brand. It is highly important as it creates the associations for points-of-difference (PODs) and points-of-parity (POPs).

It defines the level of competitors marketer wants to include to the positioning strategy. The age of the product or service affects to the frame; for younger brand it might be better to compare only direct competitors and not the indirect ones. Postal service provider for example competes directly with other postal delivery methods but on the other hand it is an indirect competitor for email and other electronic communication services. (Keller 2009)

The frame of reference defines the customer target market and the level of competition. Level of competition refers to the competition which the brand takes part in the market. Marketer needs to make a competitive analysis to find this information about their competitors. (Kotler & al., 2009) Points-of-Difference are features differentiating brand from its competitors. Customers believe they could not find similar attributes from competitor’s products or services. Every brand association is not suitable to be a POD. There are criteria that the features need to fulfill. One is that the attribute needs to be alluring to customers and personally relevant. Secondly the organization has to be able and have the commitment to pro-vide the feature to customers and maintain it in the minds of customers. Finally the customers need to recognize the attribute as an extraordinary and exceptional com-pared to competitors. Every single attribute of the product or service can act as a POD for a brand but it needs to answer to criteria explained previously. (Keller 2009) Kevin Lane Keller has identified three brand differences: brand performance associations, brand imagery associations, and consumer in-sight associations. All these factors
should be considered when thinking brand’s PODs otherwise the PODs might be only single dimensional. Brand performance clarifies that does the product or service do what has been promised. Consumer insight associations are the insights provided by the brand as solutions to customer’s problem. But Keller thinks that this difference is not as important as other ones and is used as a last association.

Points-of-parity are associations that are similar with the competitors. They are categorized to two different categories: Category and competitive. Categorical are the basic functions that are wanted from a certain product or service. Bank is not thought as a bank if it does not provide account or loan services. The categorical POPs change over time and certain PODs might come to POPs of a category. Competitive POPs are associations used to compete with competitors PODs. Competitor having a more luxury version of the service the provider can launch premium classes to create a competitive POP.

(Keller 2009) Brand mantras are well known as advertising slogans in B2C markets but in B2B markets it is an internal brand slogan and it is imperatively needed to be adopted by all employees and external marketing partners and understood in a way that it can be adopted to their daily practices. It is the core of the brand, a very short sentence that explains essence and positioning of the brand. Keller considers the brand mantra is a powerful instrument to strengthen and support the brand essence in every organization.

Positioning needs to be measured all the time to achieve a powerful brand. There are three important factors that companies need to take in consideration when measuring the positioning performance: employee attitudes and behaviors, customer attitudes and behaviors and business performance. Employees, customers and business performance need to be measured every month, quarterly or yearly depending on the type of business. This measurement information helps to take new strategic directions if needed. (Clifton & Elwood, 2009)

According to Kotler & Pfoertsch brand positioning answers to some questions: Who are you going to give on this positioning? Who are you going to market your product for? What do you partner want and need? What customer insight is your positioning based?

Brand positioning shows what the company can be at its best and how it is unique. Company must feel its positioning powerful and to be passionate about it and to show that passion to the customers. (Kotler&Pfoertsch, 2006)
This part has explained the meaning and importance of positioning in branding. The brand strategy’s next step in this study is the brand value proposition that uses positioning to deliver the value of the brand to customers. This is explained to a greater depth in the following chapters.

Brand value proposition is a statement that shows to organization’s customers how they can achieve value by selecting this brand over another. According to studies in B2B field most managers choose the easiest way by just listing all the benefits their product or service has. In this way it certainly answers to the question why the customer should buy from this provider but on the other hand it also provides points of benefit that are not necessary for all customers. Another well known method is to explore the points-of-difference and enumerate all of them to customers. This shows to the customer why they should select this provider over the competitor but it lists too much of PODs. The list’s objects might provide only minimal value to customer and the customer might feel uncertain of the points that are best for them. The best solution according to researches is to explain one or two PODs for possible customers and this way give them compelling reason why to choose this company. (Anderson, Narus & Rossum, 2006) The brand is not just a strategy that is not seen by the customer but it has to make a promise for the customer.

Brand promise is a promise of quality for the customers. It promises that if you buy this brand it will fulfill certain attributes of quality. It is especially important to have good and deliverable brand promise to achieve brand equity. Brand promise creates expectations in customers and these needs to be seen through or otherwise the customer will be unsatisfied with the brand. If some customer expectations are consistent with the brand promise it encourages repurchasing the brand. But if the expectations are not consistent it creates dissatisfaction and might develop brand avoidance. (Lee, Conroy & Motion 2009)

3. Conclusions

It is important to know that the quality does not just include the end product. Brand promise should be carried out in every touchpoint the company has with the customers. One of the most important factors in the brand promise is the employees of the organization. The employees need to maintain the organization’s identity, image and reputation. It is important that they know and assimilate the values of the brand to deliver the brand promise properly. This will lead to added customer satisfaction, preference, loyalty.
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