Exposing the Myth:
The Value of Branding in B2B Markets

A brand is the most important strategic asset your business will ever possess. Yet ask even the most experienced marketer and they will struggle to communicate the concept in a single sentence. Furthermore, if you were to approach the majority of today's business-to-business organisations, they would probably tell you that branding finds little application in a market allegedly filled with dispassionate decision makers. However, an increasingly competitive market landscape is eroding this reality – if, indeed, it ever existed. B2B marketing must follow the example of its consumer-focused counterpart and embrace the notion that a strong brand has the power to differentiate, build and protect those it represents in the face of incessant commoditization.

Stamping your agenda

We've moved far beyond the historical definition of a brand: "The name, term, sign, symbol or design, or a combination of them, intended to define the goods or services of one seller or groups of sellers and to differentiate them from those of competitors." And we're also moving past more current definitions of brand as a "trustmark" or reputation, a culture or corporate identity. It is simply impossible to reduce the complex notion of brand down to a mere logo. A brand is undoubtedly much more than this, incorporating both tangible and intangible benefits and identifiers for what it represents. As the culmination of the end users' experience of a business, product or service, a brand is comprised of a multitude of marketing encounters, actual performance and perceived identity. Properly developed and applied, brands can be used over and over again to create new value.

As a promise of both rational and emotional reward, a strong brand will generate a resonance impossible to reproduce. Once developed to this point, branding has the power to fulfil a range of business objectives. For example, with a strong brand, a business is able to sustain price premiums, reduce risk and create a kind of shorthand for end users who will immediately recognise everything it stands for, thereby narrowing the choices the purchaser has to make. Largely this process is intangible, reliant on more abstract concepts such as association. (Do you ask for Cola or Coke?)

The Human Factor

Naturally, it helps that as a personal consumer, your decisions are not complicated by the presence of a buying team, a complex performance matrix and specifically developed test criteria. However, regardless of the attempts to make B2B wholly objective, is it really plausible to suggest that unconscious programming of this magnitude evaporates when the consumer enters the office? Of course not, and this is the myth that B2B is beginning to face up to. Traditionally, this sector has not been the most brand aware. However, the belief that the critical emotional component within purchasing is limited to the personal consumer is distinctly misguided. Are we honestly suggesting that we are suddenly devoid of all human emotion as soon as we assume 'work mode'? As B2B marketers, by ignoring the inevitable human factor, we also ignore a whole host of opportunities to differentiate our offering.

It is reasonable to say that B2B environments will be more dominated by facts and logic than B2C arenas. The engineer is less likely to be concerned with the image created by a new line of machines on the factory floor, than with their ability to perform efficiently and cost-effectively. Price sensitivity therefore remains a hugely important motivator in B2B buying decisions. However, this factor does not define competitive advantage, nor can it be used as a blanket term for marketing strategy. As today's markets diversify and mature, the complexity of demand requires much more in the way of product and service differentiation. Needless to say, brands do not perform miracles. If there is something wrong or lacking with a product or service offering, promoting a set of values and intangible benefits will not rectify the situation. Your brand must be underpinned by a product or service that will reinforce the identity it projects.

Assuming that this is in place, brands function as important social influencers, and this is a phenomenon that is not limited to the consumer environment. In B2B arenas, brands are symbols of quality, reliability and risk reduction, in addition to being significant aspirational targets. In a corporate capacity, we may like to think we are above the allure of peer group approval but then again, 'no one ever got fired for buying IBM,' right? In short, we wish to mitigate risk and will be reassured by purchasing a brand name synonymous with quality and reliability. Perhaps there was a time in both B2C and B2B environments when products and services could be marketed solely at income brackets. However, as markets evolve, so does the customer chain. The breakdown of a homogeneous society necessarily means developing an understanding of wider influencers such as lifestyle and value systems. This is exactly what proper brand development seeks to address and what successful B2B companies have already recognized.

Technology Markets

The value of branding in B2B environments is epitomised by modern technology markets. Traditionally associated with a reluctance to invest in brand, this industry is accustomed to spending vast amounts on technical facilities and capital equipment. Technology markets are especially reticent to channel resources into what it often identifies as abstract concerns and until recently, this attitude was acceptable. Previously, demand for technology predominantly centred on product functionality and cost, conforming to the stereotype of today's B2B model. However, technology suppliers were forced to re-examine this approach as their markets matured. As new technologies grew commonplace and supply grew dramatically proliferated, wider differentiation became essential. Added to this, the effect of increasingly short product lifecycles has further created a need for brands, which can exist outside of individual products and services. The continuous introduction of new and competing products, updates and enhancements has forced technology suppliers to look beyond their conventional reliance on product attributes alone. In this respect, a strong brand has the capacity to restore stability to an overcrowded marketplace, and combat the downward price spiral of commoditization.

Like the majority of modern markets, technology markets have been significantly affected by the growing influence of the internet. While online is fast becoming a key purchasing channel, most buyers will be aware of the element of risk that is perceived to be heightened by this medium. Strong branding activity will inevitably become more important due to its ability to generate trust. Equally, as the internet dramatically increases the content channels open to technology marketers, fiercer competition means that prospects and customers are now more skilled at filtering out the noise. As such, it is imperative that technology markets and the B2B sector in general, partner with marketers that understand the full scope of their specific concerns and objectives.

Resistance is Futile

Successful brands build strong customer relationships for perhaps the very reason that B2B has historically resisted investing in them. A strong brand is based not just on tangible benefits but on intangible drivers with the capacity to provoke strong emotional responses. For less progressive B2B environments it is perhaps something of a culture shock to invest in strategic branding activity. However, in line with increasingly competitive markets, evolving industries, converging technologies and the increase of content channels, resistance to the significance of branding can only be destructive. Individuals react not to reality but to their perception of it. You may have the most superior product offering in your market, but if your market does not believe it, or if they do not know who you are or what you stand for, this will go largely ignored. Ultimately, business prospects demand facts. However, they will also respond to an overt recognition of their human propensity for emotional stimulation. At the very least, in the B2B environment, a powerful brand will hold the attention of your prospects and convince them to process the facts.