CHAPTER 3

B2B Branding Dimensions

If one does not know to which port one is sailing, no wind is favorable.

Lucius Annaeus Seneca

Marketing Management in an industrial context became widely accepted years ago – leading to the establishment of several B2B marketing professorships of B2B marketing in the United States. This was in response to competitive pressures and a fast-changing environment that forced businesses to become more customer-focused. Many B2B organizations recognized that by adapting the concepts and practices of consumer companies to the B2B setting, they could benefit in the same way as their B2C counterparts.

Unfortunately, the subject of branding was overlooked in most cases. In recent years a large number of books dedicated to business marketing have appeared. A very profound and valuable book in this area is *Business Market Management* by Andersen and Narus. In their second edition, they added new sections devoted to brands and brand building, thereby acknowledging that these are concepts of growing interest in business markets.[1] We are willing to go even further: Branding should be the thread running through the subject of marketing.

To regard brand management merely as naming, design or advertising seems to be too superficial and tends to shorten the brand's life expectancy. If a company wants to take full advantage of its brands as strategic devices, it needs to be prepared to carry out a considerable amount of marketing analysis and brand planning. However, many businesses are too busy with tactical issues and thus fail to generate the best possible results for their brands. It requires understanding of the role of marketing as being different in the short versus the long-terms, with strategic marketing and operational marketing being two distinct activities. Although branding is as much art as science, it goes far beyond cute logos and sharp package designs. It is a discipline that has the power to lead and influence; a discipline that belongs to the long-term strategy of an organization. **Brand management** therefore is the organizational framework that systematically manages the planning, development, implementation, and evaluation of the brand strategy. This chapter addresses all fundamental branding basics and concepts that are relevant in B2B markets.

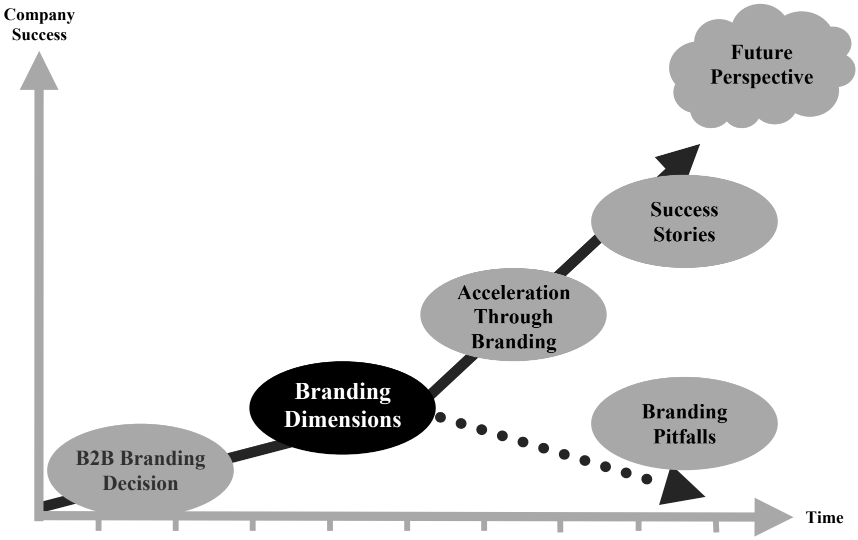

Fig. 15. Guiding principle branding dimensions

The development of a holistic brand strategy has to involve all levels of marketing management. The active involvement of all other relevant internal departments and external agencies is also necessary to create a better chance of success.[2] Such a holistic perspective can moreover provide valuable insight into the process of capturing customer value. For long-term success of a business it is indispensable to continuously identify new **value opportunities** (**value exploration**), realize them in new and promising value offerings (**value creation**), and last but not least to use capabilities and infrastructure to deliver those new value offerings efficiently (**value delivery**).

Integrating the value exploration, value creation, and value delivery activities within a holistic marketing concept is an effective way of building the basis for **competitive advantage and long-term profitability**. These value-based activities have to be put in the context of all relevant actors in the **branding triangle** (customers, company, and cooperators). By shifting the view from a fractional focus to an overall picture, a company can gain a superior value chain that delivers high level of product quality, service, and speed. The objective is to generate profitable growth by increasing customer share, building customer loyalty, and capturing customer lifetime value. To take advantage of customer value more effectively also translates into mutually satisfying business relationships and co-prosperity among key stakeholders.[3]

Holistic marketers achieve profitable growth by expanding customer share, building customer loyalty, and capturing customer between relevant actors (customers, company, and collaborators) and value-based actives. In order to create and maintain the sustainable competitive advantage offered by the brand, companies need to concentrate their resources, structure and financial accountability around this most important asset.

An efficient branding strategy for a company consequently identifies which brand elements are useful in bringing your brand message to the aimed target group. But before you can slam your foot on the branding accelerator it is important to create a proposition that your product or service delivers on, time and time again.

How Brands Create Value in B2B

A strong brand is about building and maintaining strong perceptions in the minds of customers. In order to attach a certain value to a brand, you need to know at first what values are already seen in that brand. The brand name and its associations are a shorthand for everything that is being offered. The product quality, the reliability of delivery, the value for money, are all wrapped up in people's perceptions of that brand. Working out what people associate with a brand is only one part of the equation. It is necessary to go a step further and put a monetary figure on those brand values.[4] Even the **best advertising cannot create something that is not there**. If a company lacks soul or heart, if it doesn't understand the concept of "brand", or if it is disconnected from the world around it, there is little chance that its marketing will resonate deeply with anyone.[5]

It is also about understanding how consumers perceive every aspect of what the organization does. Branding must be consistent and clear in order to really be meaningful. Wordy corporate objectives alone with some logo-twiddling definitely do not make a brand. Moreover, brands are not static but rather always evolving. They can change according **to stakeholder expectations** and **market conditions** whether you see it coming or not. It is important to manage that evolution, unexpected or expected, rather than to simply let it happen to you.

In order to establish an effective branding approach, it is necessary to track and measure the strength of the current brand and the entire brand portfolio. To grasp the business landscape in more depth, it is essential to do some research that can later serve as **the foundation of the future brand strategy.** Modern research tools are easy to employ and at the same time very sophisticated but if a company wants to get a market and customer driven perspective of its brand portfolio it cannot get around this. All the information has to be evaluated carefully and all factors taken into consideration.[6]

Take three brands of computers – *Dell*, *Sony* and *IBM* – basically doing the same thing. However, prospective buyers may see one standing for flexibility, another for innovation and yet another for quality. All of them possess all three values but the high ground for each value is occupied by just one of the companies. This provides them with the opportunity for gaining a **competitive advantage**. Although this may be self evident, too few industrial companies have strategic plans for managing their company brand to reach this level.

Very few companies have a brand essence that is reflected in every thing they do. This is not always easy. Inside the company some people will suggest values or a position that is future oriented while others will want something that is more reflective of the here and now. Some will want a complicated essence while others will try to find simplicity. Some will be happy to run with internal opinion while others will insist on an independent external view. A company that gets this wrong will lose its single most important differentiating opportunity.[7]

In a world where everything increasingly looks the same, brands are one of the few opportunities for **making a difference**. So what is brand equity? The concept of brand equity generally is meant to capture the value of a brand. According to Anderson and Narus it can be reflected in various preferential action or responses of customers:[8]

- Greater willingness to try a product or service
- Less time needed to close the sale of an offering
- Greater likelihood that the product or service is purchased
- Willingness to award a larger share of purchase requirement
- Willingness to pay a price premium
- Less sensitive in regard to price increases
- Less inducement to try a competitive offering

Different definitions of brand equity also exist. Duane E. Knapp for instance defines I^t as "the totality of the brand's perception, including the **relative quality of products** and **services, financial performance, customer loyalty, satisfaction**, and **overall esteem** toward the brand."[9] According to Aaker, brand equity refers to "the assets (or liabilities) linked to a brand's name and symbol that add to (or subtract from) a product or service."[10]

Whether you define it in common terms or use a technical or even mathematical approach in defining brand equity, they will both end up meaning the same. Drivers of brand equity can be summarized as follows:

- Perceived quality
- Name awareness
- Brand associations
- Brand loyalty

Of course it is unquestioned that the perceived quality of a product is an essential value driver. Name awareness is quite important, too, but shouldn't be over-estimated as we will show in chapter six. **Brand associations** are generally everything that connects the customer to the brand, including user imagery, product attributes, use situations, brand personality, and symbols. The most important driver of brand equity though is brand loyalty.[11]

In order to create a holistic brand strategy you must also strive for complete alignment between what you're promising outside and the reality of what you're delivering within the organization. The **brand strategy** has to match the **corporate strategy**. If there are any misalignments or chinks, it will soon be spotted, first by employees, then by consumers.

One thing of crucial importance if not even the most significant thing in B2B brand management is: **consistency**. Let's have a look at the example of digital imaging: Publishers, advertisers, corporations. They all have valuable digital assets that are part and parcel to their business. An image originally used in print can, technically, be used equally well on TV, the Web, or a DVD. Unfortunately however, many corporate publishers are forced to reinvent the graphics wheel every time they move a brand to a new medium.

Make a Consistent Impression

As noted earlier, brands are a set of expectations and associations evoked from experience with a company, or product or service – how customers think and feel about what the business or offer does for them. To that end, brands are built from the customer's entire experience with a company, its products and services, word of mouth, interactions with company personnel, online or telephone experiences, and payment transactions, not just marketing efforts. Therefore it is entirely natural that **brand building concerns** every single touch point. In order to leverage a brand it is indispensable to know all of the brand's touch points with the customer, ranging from call centers to the direct sales people.[12]

Whether you call it touch points, points of interaction or brand contacts, they can be summarized as any **information-bearing experience** a customer or prospective customer has with a brand.[13] This also underscores how a brand's influence extends well beyond the marketing department and into all corners of the organization. The brand must be embraced as key strategic business asset that needs to be protected, nurtured and built over time. To internalize the concept of "brand" as a promise to your customers means that you have to consistently deliver on that promise on and on again, across every point of touch. An **effective brand promise** needs to be clearly defined, relevant and meaningful, not to be mistaken with exaggerated marketing promises. You have to continuously deliver on your brand promise and provide a consistent impression across every point of touch. Or as Kevin Roberts, author of the book "Lovemarks" puts it:[14]

> **"Perform, perform, perform.**
> **Respect grows only out of performance.**
> **Performance at each and every point of interaction."**

To assure a consistent impression, a holistic branding approach needs to be implemented and executed at every single point of touch. This means that you have to know them all. This is especially important in the service sector where the companies tend to have more direct contact to customers than in other business sectors. Thousands of employees need to behave in **accordance with the brand and its promise**. To control every single point of interaction a stakeholder may have with the brand is quite a challenging task. Yet, there are many businesses that prove by their excellent branding strategies and implementation that it is possible to provide that consistent impression. *FedEx*, for instance is doing a great job in this respect. So, what is meant by “everything” touch? Figure 16 shows the brand customer relationship from the pre-selection phase to ongoing relationship.

Fig. 16. The brand customer relationship

The control of all possible **touchpoints** of the brand customer relationship does not imply that these touchpoints should be kept as clear and concise as possible. To work closely with your customers, pushing forward the customer supplier relationship towards a strategic partnership is recommendable in almost any business. *Caterpillar* provides an excellent example of a company that extends its **relationships with customers** to produce maximum benefits for both parties. CAT engineers work closely with OEM, providing them with the information on all factory-applied coatings of all types of the construction equipment. This reduces development time, tooling and production costs. At the same time, it increases the performance of CAT products. The result is a successful combination of iron and electronics in machine produced by CAT produced machines that make them powerful and productive.

3.1 Brand Distinction

Brand Architecture

A brand strategy can be generally defined as the choice of common and distinctive brand elements a company applies across the various products and services it sells and the company itself. It reflects the number and nature of new and existing brand elements while at the same time guiding decisions on how to brand new products.[15] To put it in other words, the brand strategy lays out a future image for the company to aim for, providing a plan of action and criteria against which to judge it. It is based on certain future goals. Among others the most common goals related to the customers are to **increase brand awareness**, create a positive brand image, and to establish brand preferences and brand loyalty. The brand strategy also aims at increasing the appeal and attraction of the company in the eyes of the stakeholders, who underpin the management of the company, and to give the employees criteria with which to judge the value of their own actions.

The strategic branding options in B2B markets are generally the same as those in their consumer markets. The branding strategy in general can be defined as the choice of common and **distinctive brand elements** a company applies across its various products and services it sells and the company itself. It reflects the number and nature of new and existing brand elements, guiding decisions on how to brand new products. To structure and manage their portfolio of brands is one of the biggest challenges businesses face nowadays.

To develop a company-owned brand architecture is essential since it defines the relationship between brands, the corporate entity, and products and services. For B2B companies, defining the brand hierarchy to pursue is the most important aspect of their branding strategy. The brand hierarchy can be described as a means of summarizing the branding strategy by displaying the explicit ordering of all common and distinctive brand elements. It reveals the number and nature of all brand elements across the companies' products and services.[16] The spectrum of **possible relationships** between brands that businesses can employ nowadays is almost unlimited.

The following chart provides an overview of the brand relationship spectrum developed by Aaker and Joachimsthaler.[17] The range of **possible brand architectures** reaches from a branded house to a house of brands. In-between one finds lots of hybrid forms, generally cut into subbrands and endorsed brands.

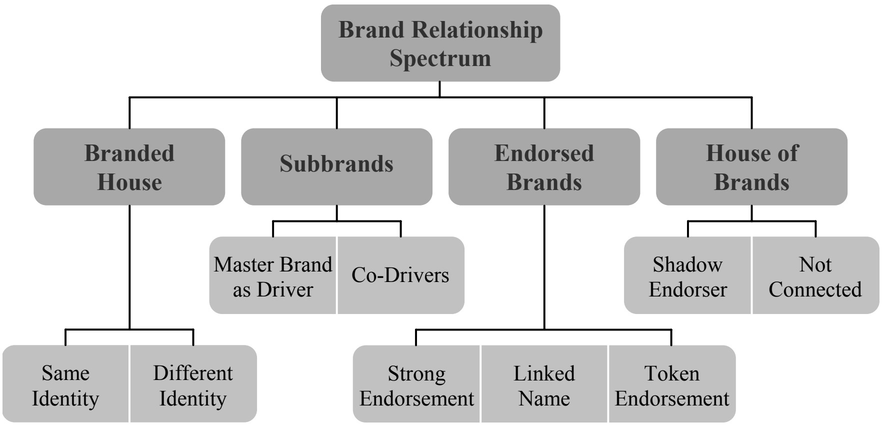

Fig. 17. Brand relationship spectrum

In order to keep it simple, we will illustrate the view of brand strategies available to companies from the German business point of view. It is a simple but comprehensive overview. Traditionally, the strategic branding options are comprised of three major tiers:

- Individual brands
- Family brands
- Corporate brands

The three options mentioned above can also be seen as some kind of basic underlying principle of the strategies at hand. In reality you will rarely find any of them in their pure theoretical form.[18] There are mostly intersecting hybrid forms of these generic brand strategies. If you compare them to the **brand relationship spectrum** you will see that they are not really that different. The branded house refers to a corporate (master, parent, umbrella, or range), while the house of brands is comprised of an individual (product) brand strategy. The main difference is that Aaker's model incorporates many more variations and **hybrid forms**. It also displays the whole brand portfolio of a company at once rather than looking at the possible brand strategies separately.

Each form comes with its own advantages and disadvantages. Generally it depends strongly on the type and nature of business, the industry it operates in, the social and economic environment, and customer perceptions when choosing and developing proper branding strategies for your business.[19] **Brand strategy decisions** generally come up when a company is about to develop or buy a new product or service that should be branded or if already established brand portfolios are being restructured.

In the last 10 to 20 years, many multi brand B2B companies emerged mainly through mergers and acquisitions. One example from the automotive world; *Ford Motor Company's* acquisition of *Aston Martin* (UK), *Jaguar* (UK), *Land Rover* (UK), *Volvo* (Sweden), and a controlling stake in *Mazda* (Japan). They are all part of a *Ford Motor Company's* family of primary brands, together with *Ford* (US/Global), *Lincoln* (US), *Mercury* (US), and soon, *Ka* (Europe). As cars are becoming more and more of a commodity, the Michigan-based carmaker is evolving toward traditional brand management, with a lot of (invisible) parts-sharing under the hood.

Morgan Stanley

Morgan Stanley's 1997 acquisition of *Discover Dean Witter* clearly exemplifies an acquisition where a sound transition strategy was incorporated and the consistency of the brand assured. *Morgan Stanley* understood that *Discover Dean Witter* brand carried **considerable equity** which could be benefited from. The first step was to transfer the name of the combined organizations to *Morgan Stanley Dean Witter Discover and Co*. Then almost a year later the *Discover* was removed from the corporate name. In 2002 the transition was completed with the elimination of the *Dean Witter* name. *Morgan Stanley* was reconstituted, but the brand had absorbed new equity from *Discover* and *Dean Witter*. They had entered the credit card business and other new markets, for example in UK and other countries.

MBtech

Similar developments can occur when corporations agree to the emancipation of certain divisions. An impressive success story of that kind is provided by the former engineering division from *Mercedes-Benz* (today *DaimlerChrysler*). The spin-off could expand its services into outside business. Today the company name is *MBtech*. Founded in 1995, it takes an active role in the **future-oriented globally competitive market**. It is operating worldwide via its international companies, subsidiaries, and strategic alliances. The company's major business focus lies on opening up and developing business segments that promise to be viable into the future. This overall objective translates into the goal to offer customers an attractive portfolio of engineering and consulting services.

Coordinated around five business segments, the *MBtech* group provides customers with technologically innovative, market-oriented and professional automotive engineering. They develop and test components and systems for vehicles and other drive units. Customers can profit from the continuous technology and innovation transfer offered by the bundled know-how of the company. **Knowledge transfer** ensures utmost quality, short lead times and maximum profitability – from the particulars to the complete solution. In the meantime they have acquired a brand portfolio of more than 10 sub brands, which are consistent with all the aspects of the *Mercedes-Benz* engineering quality.

The following graph shows the generic strategies along with the strategic branding dimensions width, depth, and length.

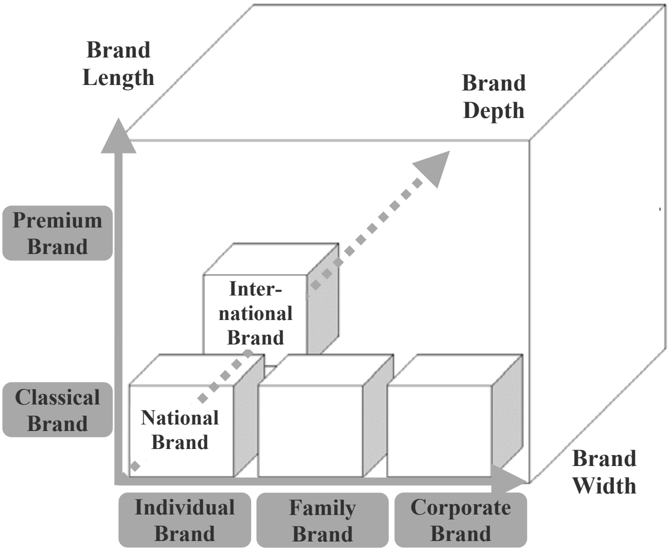

Fig. 18. Generic brand strategies[20]

Brand width, depth and length distinguish the strategic branding options as follows:[21]

- **Brand Width –** Number of products/services sold under one brand
- **Brand Depth –** Geographical range of the brands
- **Brand Length –** Basic positioning of the brands

They are brought together in one context since these are essential factors in every brand. A brand lacking any dimension is simply impossible. Just as in Aaker's brand relationship spectrum, the possible variations in this model are almost unlimited. There are national, classic, corporate brands (*Acme, Covad*) – **international, classic, corporate brands** (*IBM*, *Intel*, *HP*, *Dell*, *SAP*) – international, classic, individual brands (*Barrierta, Isoflex*) – international, premium, corporate brands (*ERCO, Swarovski, Festool*), etc. Therefore the generic brand strategies should be seen as what they are: **options**. How you combine them depends on the overall brand strategy.

IBM

An example to illustrate and clarify the potential levels of a **brand hierarchy**, from highest to lowest, is *IBM* with its *ThinkPad X30*. *IBM* is undoubtedly the corporate brand, followed by *ThinkPad* as the family brand for all notebook computers. The *X* series refers to the individual brand referring to extra-light, extra-small, and ultra-portable notebooks. The 30 is a so-called modifier that refers to the models with Ethernet connection. While some marketers include the latter in the branding hierarchy, we would define it as distinguishing name or part of the product name. It is absolutely comprehensible to speak of the X series as a brand but a number can rarely be one.

IBM learned this lesson already years ago when they started to brand their server line *eServers.* One important aspect of branding is that it simplifies the buying experience for customers. Before the re-branding they used simple alpha numeric product naming which had the effect of confusing customers. Millions of marketing dollars were wasted on similar products. The re-branding effort was used to streamline the market offerings in this area. It also made it easier for **customers to understand the differences**. By linking the new brand clearly to its *eSolutions* brand of IT consulting, *IBM* even improved their cross-selling opportunities. Although the re-branding effort cost US$75 million, it is considered a huge success. Not only did *IBM* outpace *Sun Microsystems* by a 32% margin, becoming no. 1 in worldwide server revenues in that year, but it also bypassed *Hewlett-Packard* for the first time in the UNIX server market share.

Because of the intersecting nature of the branding options there are many divergent models that businesses can apply to **create and manage their own brand portfolio**. Beforehand, we will walk you through each of them in isolation, and pointing out the respective strengths and weaknesses.

Corporate Brands

Corporate or master brands usually embrace all products or services of a business. The brand hereby represents the total offerings of the company. A corporate brand is strongly related to the parent organization, benefiting from positive associations with it. Visually spoken the corporate brand serves as some kind of **umbrella** and encapsulates the corporate vision, values, personality, positioning, and image among many other dimensions. It helps to establish brand equity for a range of individual or sub brands. A wider organizational contexts and richer history facilitates the generation of strong relationships with its key stakeholders (employees, customers, financial and investor communities, etc.) A **strong corporate branding strategy can add significant value** to any corporation since it facilitates the implementation of the long-term vision and provides a unique position in the marketplace. It helps a company to further leverage on its tangible and non-tangible assets leading to branding excellence throughout the corporation. There are many very successful corporate brands. Famous examples are *Intel*, *IBM*, *Microsoft*, *SAP*, *Siemens, Singapore Airlines,* and *General Electric*.

If the corporate brand is named after the founder of the company, as is the case for *Peugeot*, *Ford*, *Bosch, Dell*, *Hewlett-Packard* and *Siemens*, it is also called a **patronymic brand**. These big multinationals though are more exceptions, since patronymic brands are most common in small and medium sized companies.

Corporate brand strategy is said to be the most common brand strategy in the B2B environment. The industrial marketing environment is changing so rapidly and erratically that corporate brands are a great possibility for B2B companies to **create something constant and lasting**. In an ever-changing environment it usually doesn't make sense to establish many individual or family brands. PLCs are getting shorter and shorter for many industries and products. Especially in hypercompetitive markets where product innovations and competitive advantages are eroded very quickly, it is much too expensive to focus on a product branding strategy that becomes out-dated quickly. In addition, strong corporate brands make it easier to introduce new products in various markets within a short period of time. In this case, corporate branding helps a company to significantly shorten the payback period of an investment.

The nature of most B2B companies also further drives the importance of corporate brands. Most of them have market offerings that are characterized by a broad spectrum of distinctive, complex and moreover individual solutions. The **corporation standing behind** certain market offerings moreover tends to be much more important in industrial buying decisions as compared to B2C markets. Another important aspect that speaks for the usage of corporate brands in the B2B area is the global reach of this strategy. As mentioned before, industrial companies should pursue a global strategy because of an intense global competition. Individual brands are difficult to establish on an international level since they are usually restricted by language barriers and cultural differences.

Successful corporate brand management is based in **a company's corporate identity** (CI) and explicitly geared to the different needs of its stakeholders a company has, yet still always based on its own corporate identity. While product brands are mainly focused on B2B customers, the broad alignment is an essential feature of corporate brands.

> **Strong corporate brands are characterized by the precise, distinctive and self-contained image they hold in the minds of stakeholders.**[22]

One of the central goals of corporate brand management therefore is to provide a clear, consistent and unique picture of the company and its corporate brand across all target groups. The importance of a clear brand image can be underlined by its **positive correlation to stockholder's** disposition to buy stocks. With the increased clarity of the brand image, stockholder's acceptance rises.

In order to leverage a corporate brand careful thinking is required since it can have a significant impact on enhancing business results.

The most critical factor is to find **synergies between the corporate, business and brand strategy**. Understanding, comparing and in some cases challenging these business strategies will provide the foundation for a corporate branding decision. The variety of options available to leverage a corporate brand ranges from the dominant to the invisible, with a lot of interesting considerations in between. The range of possibilities is shown in the brand relationship spectrum above.

HSBC/Citibank

Corporate brands facilitate the general goal of growth generation. The two global financial powerhouses *HSBC* and *Citibank*, for instance, have tremendously profited in this respect. Both acquired a vast number of companies across the globe in recent years and successfully integrated them entirely under their international corporate brands within a short timeframe. A strong brand is mainly based on strong perceptions customers have of it. Usually this takes quite a lot of time and resources to establish, but in the case of *HSBC* and *Citibank* hardly anybody remembers what the once local and independent banks used to be called. Through their strong corporate brands both banks have managed to **transfer the brand equity** from the acquired brands into their own corporate brand equity.[23]

A corporate brand strongly reduces the risk involved in a complex buying process since it adds a sense of continuity. The positive image and good reputation associated with a corporate brand also reduces product complexity which is especially important for experience goods that can only be checked thoroughly after their purchase. B2B companies can tremendously profit from the **entrepreneurial competence and business capability** a strong corporate brand radiates on all aspects of the business. In addition, they are more strongly related to the future of the business since they reflect the whole corporation, whereas individual brands can come and go in a certain period of time. If a corporate brand disappears, the company is most probably ruined, too. The corporate name of a business is not automatically a corporate brand. Only if the market offerings of the company are continually marketed and sold under the corporate umbrella, does the name transform gradually into a brand. Furthermore, it is essential to clearly define the **corporate values** as well as **future aspirations** and **expectations** and incorporate them in the brand.

There are several benefits for employing a corporate brand strategy compared to other branding options. The positive image of a strong corporate brand can extend to and boost the credibility of everything it has on offer under this brand. It is the face of the corporate business strategy, portraying what the company reflects and stands for in the market place. It is by far easier to go global with a corporate brand than with a portfolio of specialized individual brands. As the cases of *HSBC* and *Citibank* have shown, it is less complex to implement a stringent corporate branding strategy throughout the globe. *HSBC* furthermore employs one single marketing strategy based on the slogan "The world's local bank" worldwide. If planned and implemented carefully, a corporate branding platform enables businesses to build bridges between many cultural differences.

New products and services can especially benefit from well-established master brands, since they can rely on the values associated with them. But it is not only new products that can **profit from synergy effects**, but also the complete marketing communications aligned around this strategy. Brand investments, time and resources are used most effectively, saving money on brand creation, advertising, and diffusion. These cost efficiencies can often be sizable, especially in comparison to a large multi-brand strategy. Even a combined corporate and product branding strategy can lead to **reduced marketing and advertising costs**, enabling a company to exploit synergies from a new and more focused brand architecture. The continued use of one and the same brand drives furthermore awareness**, facilitating the spread** of its offerings across different target groups.

Ironically, the strongest point of a company brand is also its weakest link. If a company relies on its corporate brand, it can lead to unfortunate bad-will transfer should any product or service fail to satisfy customer needs or worse. Minor problems can cause widespread damage across sub brands, even if only a single product is involved. *Siemens* for instance tests new innovative solutions and business areas initially under unrelated names. Only if they prove valuable and have the potential to position themselves in a leading market position, the company starts selling them under the *Siemens* corporate brand. This way the brand is effectively protected from any damage to its reputation. On the other side of the spectrum, individual brands can stay virtually unscathed when their corporate parents stumble upon mishaps.[24] Another disadvantage of this strategy is the more or less generic brand profile. A corporate brand strategy cannot target all market segments as comprehensively and precisely as is possible with a product brand strategy.

Family Brands

A family brand strategy involves using the same brand for two or more related or similar products in one product line or group. Usually there is no relation to the company that sells them. The main difference from a corporate brand strategy is that a business using this option can have several family brands in its portfolio while the corporate brand is the only umbrella brand used to cover all products and services the company sells. An important prerequisite for successful family branding is **the adequate similarity and coherence** of all products and services of one line. This means an equivalent standard of quality, a similar field of application and a matching marketing strategy (pricing, positioning, etc.)

A rare example of an industrial family brand is STYROFOAM®. Today, the brand includes a variety of building materials (including insulated sheathing and house wrap), and pipe insulation as well as floral and craft products. It was invented by the *Dow Chemical* company more than 50 years ago and was identified worldwide by a distinctive blue color which has become a trademark of the brand. It is the most widely recognized brand in insulation today.[25]

Nowadays, many family brands **tend to transcend the boundaries** of closely defined product lines. Therefore, it makes sense to divide the classic family brand strategy into a line brand strategy and a range brand strategy. As the name indicates, the latter comprises a wider range of products and services, not grouped together in one line. Family brands are quite common in the B2C area. For instance, *Uncle Ben's* by *Mars* sells rice, sauces, and curries under its family brand. Another classic example of family branding is the *Nivea* product line.

Most family brands were not launched as family brands but were converted over time by **brand extensions**. In today's highly competitive marketplace, well-established brands are constantly under fire. As the intensity of competition grows and the costs of introducing new products and services escalate, competitors are tempted to emulate established brands and identities in order to derive the benefit of a successful brand's reputation and gain quick acceptance in the marketplace.

It is much easier to introduce new products or services under an already well-established and recognized brand than to build an individual brand from scratch. Another advantage is the cost-efficient distribution of the brand investments over several products. All products of the product line can benefit from positive synergy effects related to the brand. Of course, similar to the corporate brand strategy, the same effects can be very negative in case of the failure of one product or service. The **damaged reputation** of a product sold under a family brand can have serious negative spill-over effects on all other products sold under this brand name. Such negative effects are also possible if not all products and services grouped under one family brand fit with each other in terms of quality or price.

The possibilities of positioning each product are quite limited. Therefore, family brands are generally only applicable in less complex and diversified businesses. It is for this reason that they are rarely found in B2B companies. Compared to the other branding options it is less valuable and practical. A corporate brand better reflects a value like reliability, quality, capability and competence than it is the case for a family brand. Customers of industrial businesses moreover tend to relate personal experiences to the whole organization/corporate brand rather than to a special group of products. Compared to an individual brand strategy family brands lack the product-specific and precisely targeted presentation of all products sold under one brand.

Individual Brands

To follow an individual brand strategy means to sell every single product or service under its own distinctive brand name. There is no relation to the company that owns or manages it. Examples are *Barrierta, Isoflex, Hotemp* and *Staburags* by *Klueber Lubrication* or *Flygt, Bell & Gossett, Gilfillan* and *Goulds Pumps* by *ITT Industries*.

The individual brand strategy aims to create clear, unique, and distinctive brand identities, specifically aligned to the product or service it represents. A product-specific profile facilitates the **capitalization of brands** since it is effectively targeted at customers. This way, every product gets its own highly focused brand name which is one key advantage compared to the other brand strategies. Another huge advantage of individual brands is that they can stay virtually unscathed when their corporate parents are in any kind of trouble. Any kind of bad-will transfer can more or less be avoided. This enables companies to create diverse growth platforms on the basis of their brands.

Since establishing brands requires huge investments, it is not the most cost-efficient way to manage a portfolio of individual brands. The high brand expenditures for a single product can usually only be amortized if it has a relatively long PLC. Therefore it needs to be checked and evaluated carefully whether to create individual brands for industrial goods that typically have short PLCs. Of course, it is easy to generalize and to say that in most circumstances there are few real opportunities for product brands in an industrial context. The small and specialized nature of most industrial markets makes it even more difficult for B2B companies to support the cost and attention required for a large number of such brands. Every brand promoted by a company needs strong promotional support and expenses. A high brand variety also weakens the receptiveness of customers faced with an information-overload concerning all brands. Companies applying this strategy are more vulnerable in times of crisis.

The most **recommendable brand strategy** for B2B companies is a corporate strategy combined with a few individual brands. New and highly innovative products or services that dispose of a unique selling proposition (USP) are the best potential basis of a successful individual brand. Every company should be careful with the number of product brands it has since a proliferation of brands ends up either doing nothing useful or sucking the blood from the corporate brand. In most cases, the corporate brand should be the only one that really matters, supported by product brands, not the other way around.

Premium Brands

Premium brands are generally characterized by high-quality materials, exclusive design, first class processing, and are sold at a high price (achieving a price premium). Such a **high-profile and high quality positioning** is quite expensive to implement, since all communication and distribution channels have to meet these requirements. The use of premium brands in the B2B context is quite restricted because goods and services are purchased for use in the production of other products or services. Premium brands can mainly be found in the business-to-consumer segment. Gucci, Rolls-Royce and Rolex are examples of elusive luxury items sold under premium brands. But they do also exist in an industrial context.

ERCO

ERCO is a notable example for a premium brand. The company sells luminaires for all areas of architectural lighting. *ERCO* actually sell light and not luminaires which is absolutely comprehensible if you look at their works. Their product program comprises indoor luminaires, outdoor luminaires and controls systems. The company cooperates with internationally renowned designers, lighting engineers, and architects in order to assure the quality of its premium brand. Founded in 1934, the family business today operates over 60 subsidiaries, branches and agencies all around the world.[26]

Porsche Consulting

Another example of an industrial premium brand, if we go right to the top, is *Porsche Consulting.* "The name *Porsche* is associated with countless success stories. However, the latest one has got nothing to do with automotive dreams, but is concerned with the hard facts of economic necessities", as Eberhard Weiblen, managing director of *Porsche Consulting* points out. In the last 10 years, *Porsche Consulting* has improved the profitability of the *Porsche* manifold and has helped other companies to enhance the efficiency of their processes at all points of the value chain. The list of clients is endless and contains the Crème de la Crème: Automotive OEMs like *DaimlerChrysler*, *VW, BMW, Smart, EvoBus, Steyr*, and *DucatiMotor*; suppliers like *Marquardt, Recaro, GF Georg Fischer, Miba, Fischer Automotive Systems, Bosch, Pierburg, ZF*, and many more.[27]

Classic Brands

A classic brand is a core product or service with certain additional characteristics attached to it that differentiate it from similar offers. They are generally what we all understand to be a brand. They are an effective and compelling means to communicate the benefits and value of a product or service.[28] They **facilitate the identification of products**, services and businesses and differentiate them from competition.[29] Classic brands do approach a much larger target group than premium brands and can become trust marks for customers. In order to be successful, they need to be coherent, consistent, and relevant to the respective target group.

National Brands

Only a few years ago most B2B sectors were characterized by many small national companies, offering their products and services only in their home market. The obvious branding strategy used, if any, was a national brand. As the name indicates, a national brand is specially aligned to match the local conditions. Consequently, there is no **language or cultural problem** involved. Increased competitive pressures, driven by businesses all over the world make mere national brands difficult to maintain. To use a single brand only on a restricted **geographical area** only can be moreover quite expensive. If the company intends to internationalize and sell its products and services it can be very difficult or impossible to adapt the national brand to the new requirements.

International Brands

B2B companies continually had to face new and demanding challenges in the last decades. One of these challenges has been the development of hypercompetitive markets **transcending geographic** and **cultural barriers**. If a company wants to survive, it is no longer sufficient to solely compete in the domestic market.

As indicated earlier, business markets are predominantly concerned with functionality and performance. Therefore, the local differences of industrial products and services are mostly insignificant if there are any at all. Market offerings for business markets require much fewer adaptations in order to sell them across borders. This facilitates the generation of international or even global brands. The ongoing changes and trends in the B2B market environment continue to **erode barriers of geographical distance**. It has become almost imperative for B2B companies to pursue international branding in their market offerings. Global branding is quite beneficial for companies, since it can decrease marketing costs, realize greater economies of scale in production, and provide a long-term source of growth. But everything that sounds too good usually has a hitch in it. If not designed and implemented properly, it has the power to backfire.

Every brand that is sold in at least two different countries can be called an international brand. Unfortunately, it doesn't stay that simple. For businesses that want to internationalize and are looking for a proper branding strategy to pursue on an international level, there are several possibilities:[30]

- **International Brand Strategy** – Businesses that operate in international markets without extensively customizing its market offerings, brands or marketing efforts to match different local conditions pursue an international brand strategy. Such a strategy is suitable for companies whose brands and products are truly unique and do not meet any serious competition in the foreign markets as is the case for *Microsoft*. They possess a valuable core competence which is hard to imitate. The internationalization, therefore, has less to do with cost pressures and economies of scale, which are the main drivers of the global brand strategy.

- **Global Brand Strategy –** A global branding strategy is characterized by the strong focus on increasing profitability by reaping the cost reductions that come from standardization, experience curve effects and location economies. Companies that pursue a global strategy don't adapt their branding concept to possible national differences and use the same brand name, logo, and slogan worldwide, as *Intel* did in the early days. The market offering, brand positioning, and communications are also identical across all markets. The standardized brand performance leads to significant economies of scale with respect to brand investments. Most B2B companies comply with the requirements for a global brand strategy and it is therefore often pursue it in practice.
- **Transnational Brand Strategy** – Businesses that pursue a transnational brand strategy develop individual branding concepts for all foreign markets they operate in. Not only the brand but also the whole market offering and the marketing efforts are specifically customized to match different local conditions. Yet, the corporate concept of the brand is still visible and acts as an overall framework guiding the local adaptations within its scope. The company can still position its brand differently and pursue adapted price and product policies. An example of a transnational advertising campaign would be generally standardized advertising with national celebrities. The transnational strategy is designed to best satisfy national needs. Negative in this respect are the high investments that are necessary to comply with this requirement as well as the lack of standardization advantages.

- **Multidomestic Brand Strategy** – The multi-domestic brand strategy is characterized an extensive and complete customization of brands, market offerings and marketing efforts. It is geared to the different domestic markets – nations or regions. Business can sometimes be forced to apply the multi-domestic brand strategy due to market regulations and external circumstances. In certain markets, it is inevitable to completely adapt to local conditions. Legal services, for instance, can be promoted by communication instruments in some countries while this is prohibited in others. The multi-domestic brand strategy makes most sense when a company faces high pressure for local responsiveness.

None of these strategies mentioned above are easy to implement. Fluctuating conditions and market developments need constant adaptation. The three basic brand strategies – corporate, family, and product brand – are hardly seen in their pure form as well. They may be possible theoretically but in reality there is a huge variety of many variations and hybrid forms. Nevertheless, they are a good starting point and help to characterize the overall direction of the brand strategy at hand.

The branding strategy with the highest potential for B2B companies is a strong corporate brand in relation with few product brands.

Combined strategically, corporate and product brands can benefit from each other and generate even greater results. Because of the dominance of the corporate brand strategy in B2B and the greater potential of it we will take it as the basic underlying strategy when talking of brands in the following chapters. To assist your decision we summarized all the advantages and drawbacks each strategic option entails in the following table.

Table 2. Comparison of the Generic Branding Options[31]

Brand Strategy		Pro	Contra
Brand Width	Corporate Brand	• Widest and most efficient use of time, resources and brand investments • Highest stability, less complexity. • Reinforces comprehensive solutions. • Maximum market impact.	• Generic brand profile. • Possible bad-will transfer on all products.
	Family Brand	• Brand investment covers a product line. • Positive image and brand transfer on all products (synergy effect). • Use of brand-related interconnections.	• Possible brand dilution. • Limitations for product positioning.
	Product Brand	• Product-specific brand profile. • No bad-will transfer. • Creates diverse growth platforms.	• Expensive product-specific brand creation. • High brand variety weakens the perception of single brands.
Brand Length	Premium Brand	• High-profile, high quality positioning. • High price premium.	• Expensive brand creation. • Difficult to approach with a family brand.
	Classic Brand	• Applicable in mass markets. • Creates high brand reliance.	• Requires ubiquity. • High level of brand awareness needed (cost intensive).
Brand Depth	National Brand	• No language problems. • Adapted to national requirements.	• Can become useless with later internationalization. • Can be too expensive (less standardization).
	International Brand	• Potential standardization. • Cost effective (economies of scale). • Use of international media.	• Necessary to comply with different legal requirements. • Possible image dilution. • Language/cultural problems.

Brand Elements

Now that we have covered the potential strategic options that companies can apply in an industrial context it is time to move on to the more concrete brand elements. Brand elements are the **visual** and **sometimes even physical devices** that serve to identify and differentiate a company product or service. The adequate choice and coordination of them is crucial when it comes to brand equity. When building a strong brand the following brand elements are key:

- Name
- Logo
- Tagline (or Slogan)
- Brand Story

The formal brand elements like name, logotype, and slogan taken together form the **visual identity** of a brand or company. They should reflect the brand essence, brand personality, and corporate culture of the business. The visual identity has to be designed with a long-term perspective. In order to assure the consistency of the brand performance it is also very helpful to define branding guidelines that exactly specify the use of each brand element. Such a guideline is called **visual identity code**. This visual identity code for the brand elements should follow a set of choice criteria in order to reduce the risk of diluting or weakening the brand:[32]

- **Available** – They should be available and usable across all markets. Today it is also very important to check the availability of the Internet domain for possible brand names.
- **Meaningful** – Ideally the brand elements should capture the essence of the brand and communicate something about the nature of the business.
- **Memorable** – Good brand elements are distinctive and should be easy to remember. Brand names should be moreover easy to read and spell.

- **Protectable** – It is essential that the brand elements, especially the brand name can be legally protected in all countries in which the brand will be marketed.
- **Future-Oriented** – Well-chosen brand elements can position companies for growth, change, and success. To be future-oriented also means to check the adaptability and updatability of the brand elements.
- **Positive** – Effective brand elements can evoke positive associations in the markets served.
- **Transferable** – Is it possible to use the brand element to introduce new products in the same or different market.

The first four criteria can be characterized as "brand-building" since they are concerned with major implications when choosing and creating the brand elements in the first place. The latter three are more defensive. They are important for the general value and brand equity creation. In making a business brand, marketers have many choices of brand elements to identify with their product and services.

Before we walk you through each and every brand element separately, it is important to cover certain aspects that are very important in relation to choosing brand elements.

Brands and Image

As a basis to start on, one must understand that image is a perception and need, not necessarily a fact. Buyers cannot know in a factual sense all there is to know about a company. What they do not know they may assume or expect with or without any objective evidence. The so-formed perceptions are influential to the buyer, just as real factors based on harder evidence are, and may well **determine the purchasing decision**.[33]

Usually a company has several different identities: the communicated, actual, conceived, desired, and ideal identity.[34]

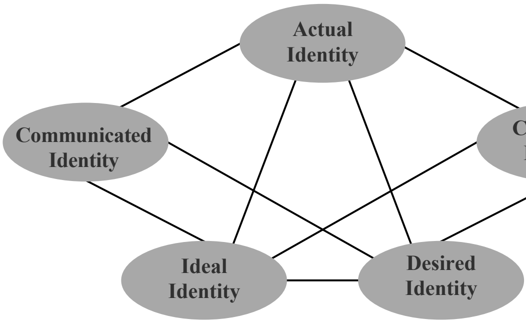

Fig. 19. Five brand identities

According to Aaker, the brand identity consists of a **unique set of brand associations** that represents what the brand stands for and promises to customers.[35] At first, you need to know where you actually are (actual identity) in order to find a way to your **desired brand identity**. Ideally the desired identity is also the ideal identity. However, what you're communicating and how people conceive it can be two very different things. Now you may wonder what the difference is between **brand identity** and **brand image.** Well, the latter is more a tactical asset that can change from time to time while brand identity a long-lasting strategic asset that represents the timeless values of the brand.

As we've already mentioned before, there can be no great brand without great products or services. To specify this in marketing terms: You should have a USP. It is simply a special feature that **provides additional value** to your customers and cannot be easily copied or imitated by competitors. A USP does not necessarily need to lie in the product or service itself; it can be a special production or delivery process, extraordinary services, or industrial design.

A company may not be picked as a supplier because of a negative (and in an objective sense, erroneous) image. It is often not understood that **potential customers** who have never had any contact with a supplier may nevertheless hold a strong image of that company. Far away from being determined by a purchasing experience, image may decide whether a supplier is used at all. Many B2B companies falsely construe that they know exactly what's on their prospects' minds. Since this "knowledge" is quite often based only on the reports of sales people it simply does not reflect the truth in most cases. In order to really get to know where a company and its brands are **perceived in customers minds** they have to do thorough research.

One of the most important things in B2B brand management is to **reduce complexity**. This means "less is more". Nobody and no company can be all things to all people. It is essential to reflect upon what's essentially important.

Brand Name

The name of a brand is the first and probably the greatest expression or "the face" of a product. The huge complexity of names and their associations has led to a new profession of naming companies, products, or services. All names usually have some kind of **associated image**, whether it is cultural, linguistic or personal. Brand names should be chosen very carefully since they convey important information to stakeholders. This is especially true for brands that intend to cross geographic and cultural boundaries; it is a very challenging task to find the right name for different audiences.

The **extraordinary power of a name** can be exemplified by the following case. In 1969 Sir Roger Penrose, a Cambridge physicist, announced his discovery of what he called a "gravitationally totally collapsed object" while speaking at a small scientific conference. The response to it was quite unspectacular, but when he changed his description to call it the "black hole" months later, the news of his discovery raced around the world. Today, the term "black hole" is a part of every day language.

A **well-chosen name** for a company, product, or service can be a valuable asset, just like the brand itself. The name directly affects the perception of the brand. We hear and read various brand names many times every day, in emails, business cards, brochures, websites, and product packages. The brand name will be used in every form of communication between a company and its prospective customers. An ineffective brand name can hinder marketing efforts, because it can lead to miscommunication if people can't pronounce it or remember it. Ultimately, the brand name is the expression that conveys all the values and promises of a company. In order to build a brand it is essential to continually keep the name present.

Especially in B2B, it is unfortunately quite common to **use ineffective stereotypical names**. There are thousands of companies that use the following name elements such as: "Net", "Sys", "Tech", "Tel" and "Pharm". It is quite obvious in what they are meant to reflect but if such elements are used too often and become stereotypes, they lose their distinctiveness and fail to differentiate. This **lack of distinctiveness** makes it very difficult to effectively position a brand since the names is not very memorable but easily confused with other brands of competitors. Although it's quite alluring for many companies especially in B2B to resort to such stereotype names, they should be avoided! The more complex a company is in terms of divisions and operating companies, the harder it gets to find the right mix of related or unrelated brand names. There is nothing worse than a confusing "mish mash" of brand names that may or may not be related to the parent company brand. There are several types of names companies can use for brands:[36]

- **Name of Founders** – Many great companies and brands simply have been named after their founders like William E. Boeing, John Deere, Paul Julius Reuter, Werner von Siemens, and John Pierpont Morgan.
- **Descriptive Names** – Another option is to use descriptive names that accurately convey the nature of the business, such as *British Airways*, *Airbus*, *Caterpillar*, *Deutsche Telekom*, *International Business Machines*, and *General Electric*. Descriptive names are the easiest to come up with and clearly communicate the intent of the company. Unfortunately they also tend to be quite constraining when it comes to future aspirations.
- **Acronyms** – Initials can also serve as names. As we all know International Business Machines resorted to its initials *IBM* when they extended beyond their core business. Their legal entity though still remains the same. This has become common

practice today for companies that have evolved and left behind their initial brands. Many industrial companies are using such acronyms for naming their brands. Beside *IBM* there are *BASF, BBDO, DHL, HP, HSBC, LEK, SAP,* and *UPS*, just to name a few. A huge disadvantage of such names is their low reminder value. People are confronted with a constantly increasing number of acronymic names which makes it more and more difficult to learn and distinguish them. In the case of *EADS* (European Aeronautic Defense and Space) for instance, many people don't know what the letters stand for and therefore falsely relate it to all kinds of different industries. Because of the unrelated nature of these names they require substantial investment in advertising and educating its market of who they are. This is also true with the next type of name.

- **Fabricated Names** – Such neologisms are completely made up. *Accenture*, *Agilent*, *Exxon*, *Lanxess* and *Xerox*, are examples of fabricated brand names. Such abstract names are of course highly distinctive, can easily be differentiated, and legally protected. Unusual names also tend to be more memorable than more mundane ones.

- **Metaphors** – Based on things, places, animals, processes, mythological names, or foreign words, metaphors are used to allude to a certain quality or feature of a company, product, or service. *Oracle* is a B2B company that successfully uses a metaphoric brand name. Metaphors are especially good in terms of differentiating you from the competition. In the beginning of the 1980's, when the computer industry was dominated by companies that had names like *IBM*, *NEC*, and *DEC*, a new competitor wanted to differentiate and distance itself from the cold, unapproachable, complicated imagery conveyed by the others. Guess what name was chosen? Right, *Apple*. The metaphor of "Byte into an Apple" served the company very well. It is possible to combine certain forms and use different approaches at the same time. *GE*, started by Thomas Edison in 1890, for instance uses both the acronym and the written descriptive form in its brand names.

To find a name that is suitable globally is quite a **challenging task**. Even today, with various helpful tools and access to international brand libraries, mishaps do happen. For example, when the two American gas producers *Inter North* of Omaha and *Houston Natural Gas* merged, they came up with the name *Enteron* for the new group. As intended, the name attracted a lot of attention but unfortunately for the wrong reasons: the Greek origin of the word enteron means male anus. This led to the company changing its name immediately to *Enron*.

A widely quoted example of marketing blunder is the *Chevy Nova* fiasco, the car that wouldn't go since "no va" means "it doesn't go" in Spanish. However, this is an urban legend that never really happened. Actually, *Chevrolet* did reasonably well with the *Nova* in Latin America. Customers didn't confuse *Nova* with "no va" since they don't really sound alike, just as "carpet" and "car pet" in English. No English speaker can imagine that the two could be confused in English.[37]

Beside unexpected meanings in other languages, the pronunciation of international brand names can be quite problematic. Some companies even launched extensive communication campaigns to educate their customers how to pronounce their brand names, as the Korean company *Daewoo* (pronounced De-Ou) and the German company *Hoechst* (just say Herkst) did.[38]

Logo

The logo is the "graphic look" of the brand name or company. Too often, small and medium-sized companies use a logo which is clearly the work of a member of the family or a friend who is considered to have some artistic talent. Frugality in general may be a virtue but skimping on your companies brand design is definitely not worth the effort. If a logo fails to communicate and express what the company represents, it is a wasted opportunity.

A good logo fulfills both graphic and functional imperatives. In order to do so, brand architects have to keep the big picture in mind.

Corporate values and characteristics need to be reflected in the logo and the brand, should be safely incorporated in the overall marketing strategy. It can be said that this is true for every aspect of a corporation's visual identity.

By creating a **powerful visual image** for a company, it will achieve not just a name display, but a long-lasting image that connects customers with your brand. But the power of symbols should not be underestimated, since human beings tend to be more receptive to images and symbols than anything else. The old adage "one picture is worth a thousand words", holds quite a lot of scientific truth in it. A strong logo can provide cohesion and structure to the brand identity, facilitating recognition and recall. It is easier to communicate an attribute or value by using a symbol than to use factual information, especially in the B2B area where complex functional benefits need to be explained in a vivid and memorable way.[39]

UPS

Sometimes even long-lasting and unique symbols become outdated and need a change. A very successful logo change has been conducted by *UPS*. In 2004 it was dubbed the "World's Most Admired" company in a Fortune magazine survey and ranked among the world's best known service brands, yet mostly acknowledged for their ground shipping business. But *UPS* has far more to offer. The company also comprises supply chain management, multi-modal transportation, and financial services. In March 2003, being perceived as "package delivery experts", the company began repositioning its brand in order to draw customer attention to their broader scope of business dealings. The mission was to let the world know that it delivers in more ways than only one. The brand overhaul was initiated to unify the identity of all of its entities. One step in this repositioning process was the change of the company's 40-year old shield logo. In 1961, when the third *UPS* logo was adopted, the company did not even provide service to all 50 US states. Today, *UPS* has over 360,000 employees serving more than 200 countries and territories.

The first logo appeared in 1919 in the design of a shield which has not been changed in the course of the repositioning and not very surprising since this special design stands for **integrity and reliability**, not only of the company itself but also of all the people standing behind it. The change of the logo was considered necessary since it failed to reflect the new capabilities of *UPS*. Nonetheless the company tried not to step away from the company's established expertise but to communicate a positive evolution in the new logo.[40]

Fig. 20. Development of the *UPS* logo

The new, redesigned logo retained the approved shield design, maintaining the positive attributes of the old logo. By removing the package with the bow above the shield, replacing it by a larger sleeker emblem in a three-dimensional appearance it better reflects all business areas covered by *UPS*. This provides it with an energized look and gives it a stronger visual presence.[41] In regard to the color brown, *UPS* found out by extensive research that it was instantly identified and positively correlated with *UPS* and therefore shouldn't be changed. Not only the color, also the term "brown" was associated with the company. The underlying meaning in the color stands for trust and reliability, fostering customer loyalty. It ultimately even led to the introduction of *UPS*'s "What Can Brown Do for You? " advertising campaign.[42]

Color is of major importance and should not be underestimated when it comes to the design of a brand logo. In the 1999 Fortune 500 issue, *IBM* was called a "big blue dinosaur" relating to their blue *IBM* logo. Today, there are still many people that refer to *IBM* as "Big Blue" instead of naming the company *IBM*. This illustrates that colors are especially important when it comes to terms of brand recognition. What would *Caterpillar* or *Kodak* be without their personalized color yellow? The spectrum of different colors, the related connotations and meanings, can provide companies with great opportunities to fill their brands with purpose, meaning and life. A well chosen combination of all visual elements can increase the level of brand recognition tremendously.

Tagline (or Slogan)

The brand slogan or tagline plays a unique and distinct role in creating a harmonious brand identity. It is an easily **recognizable and memorable phrase** which often accompanies a brand name in marketing communications programs. The main purpose of a slogan is to support the brand image projected by the brand name and logo. These three brand elements together provide the core of the brand.

Some marketers falsely construe that the whole brand identity should be captured in the slogan. This is a common brand management mistake, viewing the brand too narrowly. Even the brand mission statement, though representing the core of the brand, cannot capture it all. A brand is more complex than a simple phrase can represent. It stands for much more. Another problem is the fixation on product-attributes, that only accounts for the functional values a product or service can provide. Especially in the high-tech and B2B area, companies tend to focus too narrowly on factual information.[43] A slogan though should represent both functional and emotional values at the same time.

Let us go to another aspect that is very important in this area: the brand mantra. It is the basis for the brand slogan. The slogan represents the **translation of the mantra in customer-friendly language** that is used in advertising and other forms of communication. Examples of slogans for industrial brands which reflect underlying brand mantras are *Agilent Technologies'* "Dreams Made Real", *Emerson's* "Consider It Solved", *GE's* "Imagination at Work", *Hewlett-Packard's* "Invent", *Novell's* "The Power to Change", *United Technologies'* "Next Things First", and *Xerox's* "The Document Company".[44]

A good slogan captures a company's brand essence, personality, and positioning. It also helps to differentiate it from competition. Many taglines of B2C companies have managed to become a part of our popular culture. There are probably very few people that don't know the brands related to "Just do it," "Think different," or "Got milk?" In B2B, it is still not common to **create a slogan**, despite their obvious benefits. Consistent and well-known B2B examples are *HSBC* "The world's local bank", *HP* "Invent", and *Singapore Airlines* "A Great Way to Fly" brand.

Philips

Taglines can sometimes backfire as the case of *Philips*, the large Dutch electronics company, shows. A few years ago they introduced the slogan "From Sand to Chips" in an **effort to communicate** that it produced light bulbs and silicon chips, both from the same raw material – sand. Unfortunately, people not only did not understand this, but the slogan was moreover irrelevant to customers. This is a common mistake that we are also addressing in chapter 6. Although the slogan may have been important to employees, customers didn't care about it. The following tagline "Philips Invents for You" was much better in terms of customer-focus and relevance, yet it was still too product-oriented and conveyed a misleading and unfavourable attitude (Who asked you?). Their next slogan "Let's Make Things Better" finally hit the bull's eye and was used for nine years. Today, the company uses "Sense and Simplicity" as a tagline.

Slogans or taglines can be either **descriptive or abstract**. In both cases they should be phrased very carefully and exactly in order to be highly memorable. The most important thing when choosing a slogan is not to lose sight of the brand essence and values. The brand slogan moreover can contribute significantly to the clear and successful positioning of the brand. If a tagline fails to be directly linked to the brand and the company that sells it, it is simply worthless. Usually, slogans have a shorter life span than the brand name and logo since they are more susceptible to marketplace and lifestyle changes.[45]

What's Your Brand Story?

Storytelling has become more and more important in corporate life, even in B2B markets. As a concept, it even has won a decisive foothold in the debate on how brands of the future will be shaped. Many marketers though still think of **storytelling** as a wishy-washy device reserved for PR and advertising executives. The insight that storytelling can really make a difference, in an industrial context, is still lacking conspicuously.[46] If you want your brand to be really special you need to have a story, some **kind of legend** about how you got started, for instance. In the case of *FedEx*, it is about a young, ambitious student whose idea for a specialized overnight delivery business did not at all impress his professor at Yale. He actually got only a "C" on his term paper, which outlined this concept. An important aspect of storytelling hence can be to celebrate the history of a business if there is something interesting and relevant.

Hewlett-Packard celebrates the work of its founders, Bill Hewlett and Dave Packard, who started in a small garage to develop their innovative instruments. In that garage they initiated the innovative spirit of *HP*. The corporate communication uses this story about the garage today to demonstrate the spirit of innovation within the whole corporation.

Michelin

Another way to get the emotional aspect of a brand story transferred is the use of symbols in form of mascots. The most famous story is probably the story of the *Michelin Man*. In 1898, André Michelin commissioned the creation of this jolly, rotund figure after his brother, Édouard, observed that a column of tires piled high resembled a human form. The sketches of a bloated man made of tires by the illustrator O'Galop was exactly what the brothers had in mind.

One ad, in particular, that pictures the character lifting a beer glass and shouting, "Nunc est bibendum! (It's time to drink!)" seemed to fit extraordinarily well. A clever association between this Latin verse from the poet Horace, the cartoon character and the piles of tires

Fig. 21. The *Michelin Man*[47]

gives rise to the new slogan "*Michelin* tires drink obstacles" and the *Michelin Man* with a goblet of nails and glass in his hand replacing the beer bottle. This ingenious and witty combination embodied everything the company stood for at that time and still stands for today.

Today, the *Michelin Man* is one of the world's oldest and most recognized trademarks. It represents *Michelin* in over 150 countries and the story is told in many truck stops around the world. This example clearly shows that a brand story should not be about lofty, business talk describing what a company is all about. It is rather about **telling something essential** about it in a way that all stakeholders (from employees to shareholders) can really relate to. This means that it also could be a story about how a business handled a certain crisis, even if there is actually no 'Hollywood Happy End' to it.[48]

Penske

In a similar way, the brand of *Penske Corporation* is loaded with the spirit and the stories of Roger Penske. *Penske Corp.* is a closely held transportation services company that encompasses retail automotive sales and services, truck leasing, supply chain logistics management, transportation components manufacturing, and high-performance racing. "Racing is about intensity, decisiveness, organization and execution," says Roger S. Penske, Chairman and company founder of *Penske Corporation* and *Penske Racing, Inc.* "These metrics have been the baseline for *Penske Corporation* and its subsidiaries, and are the reason that racing is the common thread throughout our organization. *Quicken Loans* products and services can improve the home owning environment for our employees and fans."[49]

Domino's Pizza

There is an interesting story about a *Domino's Pizza* outlet that was in danger of running out of pizza dough due to an unusually busy afternoon. The local manager alarmed the national Vice President of Distribution for the United States, explaining the situation. With the imminent public embarrassment in mind that would assail on them if one of *Domino's* outlets failed to deliver as promised, the vice president jumped into action. He arranged everything in his power to avoid a mishap: A private jet, full of *Domino's* special deep pan dough was dispatched immediately. Unfortunately, all their efforts were in vain. Even the private jet did not get there on time, and many hungry customers were sent home hungry and disappointed on that night at *Domino's Pizza*. During the following month all employees went to work wearing black mourning bands.[50]

As mentioned above, **happy endings** are not necessarily required. What is important in this story is the significance the company places on its ability to deliver on what it is promising its customers. After all, their brand is built on their huge commitment to this promise. This story gives employees a very clear idea of what their brand values are, resonating strongly throughout the organization. Customers on the other hand can see what promise lies at the heart of the *Domino's* brand.

A **brand story can be extremely powerful** because it is a big part of the brand itself. A brand does do not only offer inspiration and optimism, it also preserves and enhances its heritage thereby motivating customers, employees, and everyone else related to the brand.[51] The true power of a good brand story lies in the depth, credibility and punchy message that it provides to all stakeholders. The story makes it easier for everyone related to believe in the corporate vision and mission. Therefore, the brand story needs to give a clear and relevant picture of what the business is about.[52]

3.2 Brand Communication

Never promise more than you can perform.

Publilius Syrus, first century Roman author

Because of its targeted nature, it is usually much less costly to implement a branding strategy for B2B companies than for businesses in the B2C market. The content of B2B brand communications is also different compared to B2C. The primary purpose of B2C content is to create awareness and and an emotional experience that leads to brand preference, while B2B content serves important practical and pragmatic functions. Communicating too many complex details about the company though should be avoided, as this would leave the reader with information indigestion. The communication tools should ideally focus on the advantages of a product or service as well as the explicit needs that are being met by the offer. These needs can include reducing costs, time, overheads, improving productivity and/or quality, for instance, increasing flexibility and expandability.[53]

Assuming that your customers and prospects as well as the press are as interested in and as knowledgeable about your product, or even your product category, as you are, can lead to misguided communication efforts. Customers are not interested in the product itself, they usually are interested in a **solution of their problems**. Before a company can come up with a customized solution that highlights and promotes any kind of specific capabilities the company may have, you have to uncover the explicit needs of the customers. Yet, many companies in the B2B realm still inundate prospective customers with volumes of paper expounding their competencies and capabilities.[54]

In B2B, especially when applying a corporate brand strategy, effective segmentation and targeting is key. Information that is important to your investors is usually not likely to motivate your prospects. A company with a diversified spectrum of products and services has to acknowledge that different target groups often value different benefits. One communication strategy rarely fits all.

Also, participants in a B2B buying centre will vary in their involvement and motivation in the decision-making process. Consequently, it is unlikely that all members of the buying centre will be equally interested in the same brand values. The selling strategies employed by companies in business markets should be underpinned by a clear understanding of the information processing that occurs as B2B purchasers make their decisions. While the nature of many industrial products and markets may call for an emphasis on functional brand values there is a need to recognize that organizational purchasers can still be influenced by emotional considerations such as trust, security, and peace of mind.[55]

An **emotional stimulus** may even be the means through which marketers can gain attention for the presentation of other functional brand values. From a seller's perspective, brand value communication that demonstrates an understanding of the psychological concerns of industrial buyers can be a powerful source of differentiation in markets dominated by a focus on functionality.[56] Brand communication that does not recognize the value attached to intangible brand elements by different buying centre members may undermine the sales process leading to failure. Successful B2B brand communication requires sales strategies that **incorporate brand values** to appeal to the social and psychological as well as the rational concerns of the different organizational buyers involved.

For setting up an appropriate communication strategy it is essential to concisely know who your message is meant for. The solution is to adopt a holistic perspective that takes into consideration that B2B encounters are **complex interactions** affected by multiple players. Such a holistic marketing perspective requires external, internal, and interactive marketing, as shown by the Branding Triangle in Figure 22 below. It clearly illustrates the intersecting relationships of the three most important market participants: company, customer and collaborators (employees, partners). External marketing relates to the regular work of pricing, distributing, and promoting of products and services to customers. Internal marketing describes all actions that train and motivate collaborators to become true brand ambassadors. External and internal communication efforts are directly

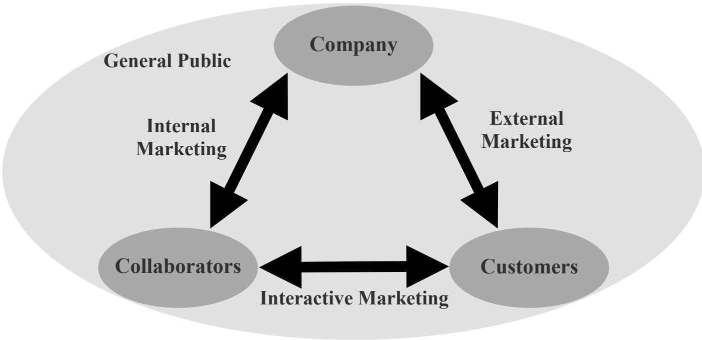

Fig. 22. The branding triangle

affected by the company while interactive marketing is primarily affected by internal marketing activities.

Figure 22 aims at showing the equivalent importance of all three communication approaches. It is no longer enough to merely rely on external marketing efforts if you want to establish a successful brand. Yet, there are still many industrial companies that do not **effectively communicate their brand essence and values internally to their employees**. If no one takes the time to explain the effect of the brand, especially the brand promise, to employees, branding efforts are in most cases doomed to failure. It is essential to realize the internal implications and develop internal brand programs and trainings to educate collaborators on what the brand represents, where the company is going with its brand, and what steps need to be taken to get there.[57] **Holistic marketing** is of utmost importance in the service sector, where customer loyalty and constant service quality depend on a host of variables.

Because B2B encounters are complex interactions affected by multiple elements, adopting a holistic perspective is highly important. Such a holistic marketing perspective requires external, internal, and interactive marketing, as previously shown by the Branding Triangle. Today, it is no longer sufficient to merely rely on external marketing efforts. Nonetheless, there are many industrial companies that do not effectively communicate their brand essence and values

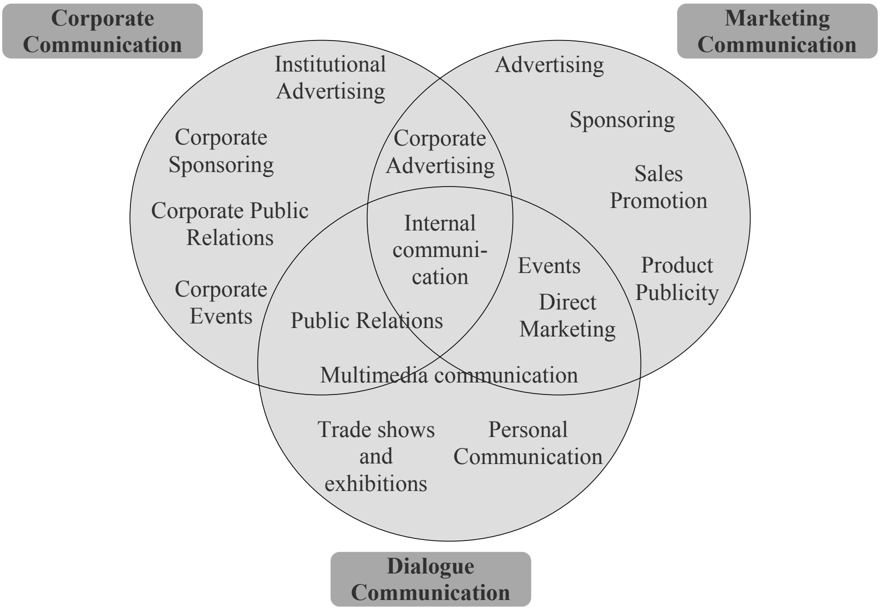

Fig. 23. Tools and interfaces of the corporate, marketing and dialogue communication[58]

internally. The following chapter is dedicated to show and emphasize the importance of motivating and empowering your employees – transforming them into true brand ambassadors.

Another way to classify the brand communication strategy is to set the focus on the general purpose of the respective communication efforts. Accordingly, you can subdivide it into **corporate communication**, **marketing communication**, and **dialogue communication**. Depending on whether this focus lies on the corporation itself, its products or services, or personal contacts communication requires different approaches and instruments. Figure 23 illustrates selected instruments and interfaces of the different communication alternatives.

Many of these instruments can be used for either purpose. Internal marketing for instance is important for all of them. As indicated above in the Branding Triangle it is of major importance to communicate corporate and brand values to your employees. The **success**

of dialogue communication efforts is usually contingent upon effective internal communication. Dialogue communication, on the contrary, is closely connected to interactive Marketing. However, this is not the only connection of the two concepts. If a business wants to make most of its communication efforts, it has to act according to the principles imposed by the branding triangle. Internal marketing is just as important as external marketing for generating effective interactive marketing. The general public is the "world" surrounding it and can never be ignored or considered irrelevant. An efficient brand communication strategy is always based on what the branding triangle imposes.

Consistency is one of the most important aspects of a brand strategy. This should also be respected accordingly when creating a communication strategy. The brand identity that the company wants to communicate has to transverse all marketing materials and communications in order to build brand equity in the intended way.

Brand-Building Tools

Brand building tools are the means of marketing communication by which companies aim to inform, persuade, and remind customers – directly or indirectly – about its products and brands. In a way, they act as the "voice" of the brand and **create a platform to establish a dialog and build relationships** with customers. The brand building tools are not fundamentally different in B2C and B2B areas. The marketing communications program is made up of the same major modes of communication:[59]

- Personal Selling
- Direct Marketing
- Public Relations
- Trade Shows and Exhibitions
- Advertising
- Sales Promotion

However, priorities typically vary significantly. In B2B markets, the focus is typically set on the first one – personal selling. But understanding the concept of "brand" as **holistic experience** also conveys that "everything matters". Therefore, all elements in the marketing communications mix are potential tools for building brand equity. They contribute to brand equity in manifold ways: by creating awareness of the brand; linking the desired associations to the brand image; eliciting positive brand judgments or emotions, and/or facilitating a stronger customer-brand relationship.[60]

Personal Selling

Face-to-face interaction with one or more prospective customers for the main purpose of obtaining orders is generally called personal selling. In business markets it is by far more common to serve business customers directly than in consumer markets. Due to the rather restricted number of customers and prospects in B2B markets, personal selling is the norm. It is individualized communications tailored and adapted to the particular needs of the customers. At the same time, it is the primary driver in building effective long-term business relationships, based on close personal interactions and a profound product and market knowledge of the sales representatives. It is the most expensive communications method.[61]

To fully realize the potential of B2B brands, effective communication of brand values is essential. In most B2B markets, the primary form of brand communication is through a company's own sales force. As the direct link between the buying and selling organization, the communication skills and abilities of the sales staff play a key role in determining the way in which brand values are experienced by customers.[62]

In addition to restricted number of customers, business customers tend to buy larger quantities and require technical support. Altogether, these factors represent a powerful economic incentive for businesses to market their offerings directly to customers. Direct channels therefore are both practical and cost effective, facilitated by popular direct marketing tools like catalogs, e-mail ordering systems, and e-business. *Cisco Systems*, for instance, has built its entire business around its Global Networked Business (GNB) model – a direct Internet-based channel.

Personal selling is an important brand building tool because everything involved in it actually affects how the brand is perceived by customers. The appearance and manner of the salesperson is just as important as their factual knowledge about the products and services. Every brand contact communicates something to customers and thereby delivers a certain impression about the brand and/or the company that can be either positive or negative.[63]

Direct Marketing

Direct marketing tools include the use of direct mail, telemarketing, fax, e-mail, newsletter, catalog, internet, and others to **communicate directly** with specific customers and prospects. Other definitions of direct marketing already include personal selling as tool which we discussed separately. Direct marketing tools provide companies with several attractive ways of conveying customized messages to individuals. They usually contain up-to-date information because preparation time can be neglected. While being instantly applicable, they need to be integrated into the long-term corporate brand message.

The use of direct marketing tools has been constantly growing over the last two decades. This is partly due to **technological advances** of new and improved direct marketing channels but has also to do with the decline in effectiveness of the conventional marketing tools such as advertising. Direct marketing is a tool which allows marketers to reduce wasteful communication to non-target customers or customer groups.[64]

A direct marketing tool that has experienced a major take-off in the last decade is **electronic shopping**. In the B2B context dot-com sites such as *Grainger.com* or auction portals such as *COVISINT* or *SupplyOn* are becoming more and more important. Interactive messaging via CD-ROMs or mini-CDs – sometimes even linked to online portals or web sites – have become increasingly affordable and effective means to market directly.

Among the benefits of direct marketing tools are the special possibilities to adapt and personalize the messages conveyed. They facilitate the establishment of **continuous customer relationships**. They are moreover among the most cost-effective tools because marketers can measure success according to customer response for each campaign.

For direct marketing tools it is also very important to achieve consistency of the **brand appearance**. Brand building through direct marketing is only achieved if customers' expectations are met by the brand performance. Therefore, listening and responding to customer feedback regarding positive and negative experiences is important.

Public Relations

Public relations (PR) are about generating coverage in the media that reaches various stakeholder groups. It involves a variety of programs designed to promote or protect the image of your brand. Well-thought out programs coordinated with the other communications elements can be extremely effective. Their appeal lies mainly in the higher credibility of news stories and features, especially compared to advertising. Because of their **authenticity** they are more credible to readers. PR can moreover reach potential customers that tend to avoid salespeople and advertisements.[65]

Many B2B marketers tend to under use PR or even misuse it by splashing the budget of their PR program on the walls of editors' offices with news releases. Most publications still receive too many news releases from various companies every day. You can probably count on one hand how many of them are used at the end of the day. If they do make coverage by the media however, brands can gain significant attention from **well-placed newspapers** and **magazine stories**.

Effective public relations have to be managed carefully by continuously monitoring the attitudes of customers and all other groups that have an actual or potential interest in your company. Without having to pay for the space or time obtained in the media, PR can affect brand awareness at only a fraction of the cost of other communications elements. An interesting story, picked up by the media can be worth millions of dollars in equivalent advertising.[66]

In their 2002 book *The Fall of Advertising & the Rise of PR*, Al and Laura Ries attribute the principal success of the high-tech industry to successful public relations. They point out that PR is most effective at building brands while advertising is particularly adept for maintaining already-built brands. **High-tech companies** like *Microsoft*, *Intel*, *SAP*, *Cisco*, and Oracle are illustrations of companies that built their initial identities via PR before spending big bucks on ad campaigns.[67]

The reason PR is so effective in brand building is because it delivers credibility. With limited resources, PR delivers the most bang for the buck while also delivering the highest level of credibility. PR builds brands by building positive, pervasive word of mouth. PR is one of the most effective ways to get people talking about your brand and it gets them moreover believing. PR therefore is most effective at building and sustaining your business.

Trade Shows and Exhibitions

Trade shows and exhibitions are of major importance in the B2B environment. They represent a great opportunity for businesses to build brand awareness, knowledge, and interest at one place at a time. They also provide customers with access to many **potential suppliers** and **customers** in a short period time at relatively low costs compared to regular information gathering methods. Customers can easily compare competitive offerings at one place. In Europe and Japan, trade shows and exhibitions can attract up to tens of thousands of active and informed business marketers from all functions. Germany, for instance, provides four of the ten largest exhibition locations in the world. There are trade fair grounds (Messe) in over 20 German cities. In a year, over 130 international and national trade fairs take place in Germany. More than 140,000 exhibitors come to display their products. About 45% exhibitors are from foreign countries. Asian exhibitors form about 15% of total foreign exhibitors. The German trade fairs attract about 9 million visitors, of which over 1.5 million come from outside Germany.

Amphenol-Tuchel Electronics

A common mistake that B2B companies make is to create tradeshow booths without a demonstrable message to show and without integration of their branding efforts. *Amphenol-Tuchel Electronics*, for instance, did not leave anything to chance when preparing for the Electronica 2004 in Munich. Electronica is one of the most **important international trade shows** of the electronic industry covering the sectors electrical engineering, electronics, trade (distributors), telecommunications, engineering, service-providers, software technology, and data processing. The company *Amphenol-Tuchel Electronics* is an independent company within *Amphenol Corporation*. It is one of the leading companies engaged in the development, production, and marketing of a variety of electrical and electronic connectors (see Figure 24 for a current *Amphenol* campaign).

Fig. 24. *Fly Higher* campaign of *Amphenol*

In order to provide a unique picture of their company *Amphenol* assigned an agency to assist with the trade show and communications concept including slogan, newsletter and customer invitations. The result was the successful *Fly Higher* campaign. As mentioned above – nothing was left to chance – from the determination of target figures, multi-layer invitation concept, special training of the trade booth personnel, consistent planning of trade show program, up to the completely integrated pre- and post processing of all related actions and processes with final ROI-examination. The success of the detailed marketing concept was doubtless confirmed by the huge success of the company's trade show participation and consequent increases in sales.

Lapp Cable

Another example of B2B branding, also from the electronic industry, is provided by the *Lapp Cable* company. *Lapp* is a family-run business with headquarters in Stuttgart-Vaihingen. The *Lapp Cable* company is part of the *Lapp* group with more than 50 companies, around 60 agencies and approx. 2,600 employees. As one of the leading suppliers worldwide for wires and cables, cable accessories, industrial connectors, and communication technology they presented themselves at the *Hannover Fair* 2004. Their trade show slogan was to "Get in Contact" which was quite intriguingly depicted in a short slow-motion movie. The quite emotional short film showed different scenes of contact being made, with the aim to create a metaphorical connection to the actual products of the company (as can be seen in Figure 25).[68]

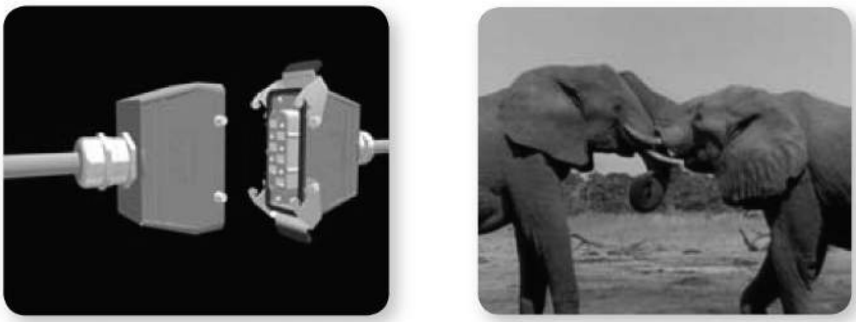

Fig. 25. Sample pictures of the *Lapp* trade show movie

Sponsoring

Sponsorships of public events such as world-famous bicycle and car races are quite common for B2B brands. Corporate goals for sponsorship can be: increase revenue, create a platform for developing relationships, and provide an opportunity to entertain customers in a unique environment as well as to generate benefits for employees. *FedEx* is a company that uses sponsoring quite intensely. While many companies merely try to increase brand awareness by sponsoring famous events, *FedEx* sponsorships are focused on driving business, not awareness. It even integrates the sponsorships throughout the marketing mix, not the other way round. Certain events are used as content useable in media, promotions, employee incentives, and online. Examples include National Football League (NFL)-themed promotions, Orange Bowl-flavored retail incentives, and Professional Golf Association (PGA)-related TV spots.[69]

Master Yachting

Another example of B2B sponsoring is provided by Master Yachting. In August 2005 the charter company of first class yachts started sponsoring the *Eichin Racing Teams* at the German *Porsche Carrera Cup*. The yacht charter agency from Wuerzburg, Germany, is pioneering in this respect because this is the first time that a German yacht agency has become involved in motor sports. The overall goal of the sponsorship is to arouse interest in the direct environment of the *Porsche* team and of companies who have a stake in motor sports. This kind of B2B Marketing is quite successful since more **and more companies are discovering the appeal of yachting** as a customer drawing event for their own promotion. The feedback of Master Yachting's sponsorship thus soon exceeded their own expectations. For the future they are even considering a Formula One sponsorship.[70]

Bearing Point

BearingPoint, one of the world's largest business consulting and systems integration firms, announced in 2005 that reigning Masters

Champion Phil Mickelson has signed a three-year contract with the company and will continue to wear the *BearingPoint* brand on the front of his headwear during tournament play and other promotions. Mickelson will also continue to speak on behalf of BearingPoint at various promotional and client events.

UBS

Another example is *UBS*. The Swiss bank was pleased to renew its partnership with the Ravinia Festival in Chicago as lead sponsor, apparently looking forward to another summer of beautiful music under the leadership of Ravinia's new Music Director James Conlon. The list of innovative sponsorships could go on and on; municipalities like the City of Chicago investing in advertisement airtime with CNN or, a tour of the Chicago blues nightlife for visiting business persons. In all these cases it is necessary to measure the effort, the purpose and success to justify any B2B promotion.

Advertising

For many people it seems that the majority of today's advertising has lost its sense of purpose. In order to grab attention or to get noticed, many TV commercials and print advertisements tend to emphasize the fun and entertaining part, thus the exerpiential side of their products and services.[71] Sometimes it seems to be the only purpose of the message. In these cases very little awareness of a corporation or brand is being raised. Many marketers criticize that this trend is misleading if it remains "on the surface" as a mere advertising approach. We also are of the opinion that every advertisement needs to have a clear message behind it that is clearly connected to the offerings; otherwise it doesn't really make sense to advertise in a way that is not reflected in the product or service.

The best way is to find a compromise between factual information and **emotional appeal**. Advertising is most effective for reinforcing the brand foundation of an already existing brand. The customer needs to be informed, and when this cannot be accomplished

Fig. 26. *DHL* advertising campaign

through your sales people due to their limited reach, the company has to get the message out through mass marketing. But here the dilemma starts: mass marketing is very costly and we know every cent counts. Only a few large corporations can afford to reach the minds of all potential customers through mass marketing in most cases, this is justified by the pull they create from private customers on their own B2B customers, as exemplified by *Deutsche Post* in their attempt to change to the new international brand name *DHL* (see Figure 26).

Fortunately, there is another mean of advertising available that is less costly. **Specialized Press** is a good option to utilize in the B2B area. For the same reasons every industry has trade magazines and journals. PR, product information and advertisement could be combined in them, and most importantly, circulation to a **selected audience** can be controlled. This means maximum and instant results from your investment in the marketing communication budget.

The following ad was designed for the McGraw-Hill Companies in 1958, and is considered one of the most effective and influential works in the genre. The *The Man in the Chair* ad has not lost an inch of its timeliness and relevance and still makes the compelling case in the value of B2B advertising in the sales cycle. In 1999, the ad was recognized as the number one B2B ad of all time by Business Marketing (see Figure 27).

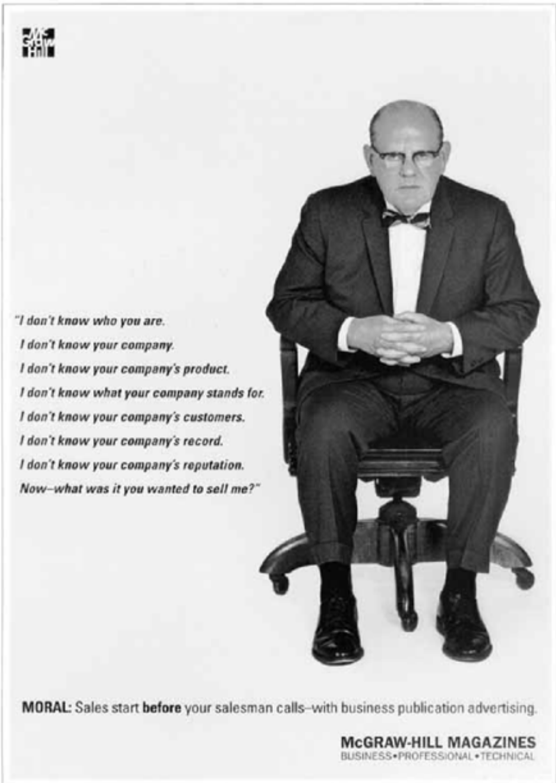

Fig. 27. *The Man in the Chair* ad[72]

One of the main goals of B2B communication is to provide customers specific, possibly technical information about one's products and services. A great example for a company that started thinking outside the traditional B2B box is the *Covad Communications Group*. Founded in 1996, it is now a leading nationwide provider of broadband voice and data communication for small and medium size businesses as well as a key supplier of high-speed Internet access for competitive voice and Internet services providers. *Covad* owns and operates the only nationwide DSL broadband network in the United States. Already three years after its foundation their network reached more than 40% of U.S. homes and businesses.

A creative and quite **intriguing advertisement** of VoIP (Voice over IP) was launched in early September 2004. Based on a "Who Dunnit?" theme, the initial 30 second ad creates a buzz around a police case, three suspects and *Covad VoIP*. The appeal of *Covad*'s approach of marketing its B2B offering lies in the fact that they do not take themselves too seriously. At first the ad keeps viewers in the dark about its actual content, surprising them at the end with a savvy solution. Endorsed by their own website www.voipthemovie.com the entertaining TV ads can be viewed at any time. The print advertising of *Covad* also combines relevant communication with twists of humor as Figure 28 illustrates.[73]

Fig. 28. *Covad* advertising[74]

By the same means *Intel* is **using celebrities** to boost its presence in the mind of their customers. As we know already, for *Intel*, it is not only the limited numbers of members of the buying center of B2B companies that are of interest to them; they would also like to address the mass customer to create pull. In the light of their **ingredient branding concept**, they are now stressing the corporate brand as the key message for potential customers, and using celebrities to spread the news (as shown in Figure 29).

Fig. 29. *Intel* print advertising campaign[75]

Sales Promotion

Sales promotions are incentives of various kinds that are used to increase the value of a **market offering over a specified period of time**. Its usual purpose is to encourage trial or increased usage of a product or service. As consumers we are surrounded by a myriad of products that try to seduce us with little "gifts" and other "add-ons" to have us make the purchase. In B2B this concept usually does not work since buyers of industrial companies only purchase what the company really needs.

In contrast to consumer promotion, trade promotions are targeted at retailers, distributors, and other members of the trade channel. They often come in the form of financial incentives or discounts with the purpose of securing shelf space and distribution for a new brand. Business and sales-force promotion at trade shows, for instance, can be made up by special contests for sales representatives or similar actions.[76]

3.3 Brand Evaluation

The key issue in any marketing investment decision is how much value it provides to the company. Whether it is pricing, distribution, research, or branding, the investment put into operation must pay off. While it is rather easy to **measure success** related to pricing or distribution channels, it is more complicated to measure the success of brands. Nonetheless, a brand is too valuable an asset to manage without the support and guidance of brand metrics.

It is essential to measure brands in a way that is linked to financial performance. In this way, marketers can gain an edge in navigating their brands in the right future-oriented directions. Many companies focus merely on lagging indicators when it comes to measure brand performance. Such a perspective can not only lead to delayed adaptation to certain trends and changes in the markets, it can also harm the brand itself. Brand metrics are critical to provide a quantifiable link to assess possible solutions to new problems and questions.[77]

Although the value of a brand cannot be measured precisely, it is important to **establish estimates** that provide a frame of reference when developing brand building programs and budgets.[78] Some marketers regard brand equity measurement and brand valuation as equal although they need to be distinguished from each other. Over the last two decades a vast number of brand evaluation models have been developed.[79] Most of them fall into the following categories:[80]

- **Research-Based Evaluations** – Brand equity measurement is a behavioral approach that does put a financial value on brands. They measure customer behavior and attitudes that have an impact on the brands. The perceptual brand metrics include awareness (unaided, aided, and top of mind), knowledge, familiarity, relevance, satisfaction and recommendation.
- **Financially-Driven Approaches** – Brand valuation is used to estimate the total financial value of a brand. The estimation of the financial value of a brand is partially based on subjective judgments of knowledgeable people in an organization. It usually involves straightforward logic. First, you have to identify

the earnings stream of each major market carrying the brand. Those are then divided according to the following criteria: those attributable to the brand, to the fixed assets, and to other intangibles. After capitalizing the earnings attributable to the brand, you get the estimate value for that brand in the product market. It is especially important for companies that base their growth on acquiring and building diversified brand portfolios. The usual way is to subtract the book value from the market value and attribute the difference to brand equity.

Table 3. *Interbrand* ranking of the world's most valuable B2B brands 2005[81]

Rank	Brand	Rank	Brand
2	Microsoft	33	Morgan Stanley
3	IBM	34	J.P. Morgan
4	General Electric	36	SAP
5	Intel	43	Novartis
6	Nokia	45	Siemens
13	Hewlett-Packard	51	Accenture
27	Oracle	54	Xerox
29	HSBC	70	Caterpillar
32	UPS	74	Reuters

Brand measurement approaches should try to embrace both types of measures.[82] Table 3 displays the world's most valuable B2B brands in 2005 according to *Interbrand*.

3.4 Brand Specialties

So far we covered all basic issues related to B2B brand management, but there are still some aspects that are of special importance that need to be examined separately. This part is dedicated to those aspects that have the power to make your branding efforts even more successful.

In the industrial world, where rational purchasing decisions tend to be the rule, human factors can also play a critical role in **differentiating products and services** from the competition. Even if your company sells so-called "commodities", the human factor is often an unexploited element that could strengthen your competitive position. At the end of the day, all business transactions involve people selling product and service solutions to solve other people's problems.

Living the Brand

What is it that makes a brand successful? Put your brand effectively into operation and become a **brand-driven organization**! More B2B companies are coming to the realization that they need to differentiate themselves, not only through the technical performance of their products, but also through the services they offer (logistics, invoicing, product claims, and other after-sales services) and consequently through the behavior and actions of their own people. In Japan, for example, *Canon* insists on having its repair people wear a white shirt and a tie. The white shirts help reinforce the perception that *Canon's* photocopiers are truly user friendly and easy to service. *Canon's* senior management believes that employees are critical to the B2B customers brand experience and that no one will sound as convincing as sales or repair people who are truly passionate about their products and about what they do.

Employees' attitude (both in the front line and in the back office) plays a critical role in influencing customer trust and corporate reputation. For instance, at *Hitachi Metals*, senior management considers that answering phone calls from customers promptly and nurturing a knowledgeable and courteous staff is as important as turning out flawless products from the steel mills.

Starting from the inside, a strong internal brand delivers very real business returns. There is a strong correlation between employee understanding of brand values and productivity, the advocacy of the organization and the standard of customer service they deliver. It has also been found that companies where staff understands organizational goals enjoy a 24% greater shareholder return[83]. The reasons for this are simple. A strong, clear, and well-defined brand gives focus to employees, motivates them and provides a compass to them. A brand that is understood by all employees helps guide them through most decision processes which they have to go through in their daily work. A strong internal brand is also one of the most important prerequisites to being able to build a strong external brand since it is the employees who make the brand com "alive". They are not just a means to keep your business up and running – **they are the company.** And they represent what your brand is all about.

Caterpillar

Caterpillar is a great example of a company that fosters the brand mentality of its employees and seeks to protect the presentation of their brand in every possible aspect. Because people recognize CAT by the distinctive look of their design, trademarks, logos, and the distinct color, the company sets a strong focus on brand protection. Employees and partners have to stick to a set of usage guidelines and standards that aim to protect the value of the *Caterpillar* brand. Dealers are actively involved in *Caterpillar's* product quality, cost reduction, and manufacturing improvement efforts. Nowadays, *Caterpillar*'s division in the US and Canada supports a network of 63 dealers in both countries. The CAT dealers play an important role in providing customers with a wide range of services before and after the sale. These services include advice on the selection and application of a product, financing, insurance, operator training, maintenance, and repair.[84]

Most *Caterpillar* dealers have a very **strong relationship with** the parent company and identify themselves with CAT. They totally live and love the brand. True love for the brand based on mutual respect and trust is demonstrated extraordinarily in the case of *Caterpillar*.

Caterpillar serves its dealers in more than one way by providing them with literally everything they need – from service to technical training and advanced career opportunities. Since the purchasing experience and service provided by *Caterpillar* dealers accounts for the most important part of the CAT brand experience, the company does everything to assure excellence in that area. Considering the longevity of the machines it is selling, maintenance, repair, and service are of major importance.

The "Partners in Quality Program", for instance, links personnel responsible for building a particular machine with selected dealers. These people meet every three months as a team to discuss quality issues. Dealers also audit each *Caterpillar* machine they receive, and if anything is wrong, they feed that information back to the plant immediately so that corrections can be made. As an illustration, a dealer discovered that hoses in a new grader model had been installed incorrectly and immediately notified the factory. *Caterpillar* retrained the assembler, fixed the machines still in the factory, and notified other dealers to repair the machines in their inventories. In another case, *Caterpillar's* dealer in Thailand concluded that a pump in a new line of hydraulic excavators was not durable enough to meet local working conditions. The dealership persuaded *Caterpillar* to use a different pump on the machines until engineers could redesign the one in question.[85]

Find Role Models for Your Brand

There are several ways organizations can empower and motivate their employees. Consider as a B2C example *Wal-Mart's* tactic: Every morning, in every *Wal-Mart* all over the world, employees and managers are shouting the following cheer: "Give me a W! Give me an A! Give me an L! Give me a Squiggly! Give me an M! Give me an A! Give me an R! Give me a T! What's that spell? *Wal-Mart*! Whose *Wal-Mart* is it? My *Wal-Mart*! Who's number one? The Customer! Always!"[86] But we have similar programs seen in successful B2B companies: Among the most notable is *GE's WorkOut* – the initiative pioneered by Jack Welch in the late 1980s. After more than 20 years *WorkOut* still remains ingrained in the *GE* culture[87].

He also dubbed *Six Sigma*, this **total quality initiative** pioneered by *Motorola* in the 80's.

Programs, stories, events, or people that positively represent the brand identity are very important internal role models that can support you in transforming your employees into **true brand ambassadors**. Brand stories can be an effective tool to build a brand. A great story has the power to strengthen a brand both internally and externally. It can communicate the values and identity of a brand, while adding elements of aspiration and emotion. A story can deliver three times more information than a bulleted list. Moreover, a story can be rich and unambiguous, qualities that a bulleted list usually lacks. People can also be powerful role models. A charismatic founder or a strong, visible CEO with a clear brand vision can provide credibility as well as clarity to the brand. The continued use of a visible spokesperson who becomes closely connected to the brand, can also personalize the brand.[88]

Bosch

A very good example of an internal mission statement is provided by *Robert Bosch GmbH*, the largest automotive supplier in the world, and its initiative *BeQIK, BeBetter, BeBosch*. It communicates the core values of the brand to employees. *BeQIK* stands for their commitment to exceed customer expectations in the future. The name comprises the aspects Q for quality, I for innovation and K for customer focus. *BeBetter* is meant to reflect the reliability and stability, while *BeBosch* aims at evoking pride. *Bosch's* corporate statement is aligned to empower, enthuse, and motivate their employees.[89]

Especially in large, multi-national companies it is important to assure that the internal communication and knowledge management are effective and precise. To establish an Intranet where employees can gather specific information **fast** and **trouble-free** has become quite common practice in past years. But whether and to what extent they really use and more importantly find the relevant information is another question. When *Bosch* introduced the new *Bosch* online portal for employees it didn't want to leave anything to chance and assigned an agency to assist in creating an internal communications concept.

In the first place, brand management means **communicating the values** of your brands to your own people; making sure that employees understand these values and thereby leading them to become the best ambassadors of your company and its products. Only then can you expect to **dramatically differentiate** your company from competitors in the eyes of your customers. A strong internal brand is very important since it actually translates into very real business returns. The reasons for this are quite simple. If the brand is clear and well-defined, it provides employees with the necessary focus, motivates them, and provides them with a certain position in regard to the many decisions which they have to make in the workplace (see Figure 30 for details).

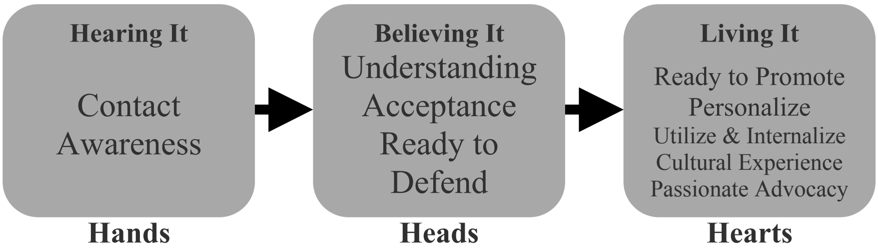

Fig. 30. Degree of employee motivation

Branding Inside

Ingredient branding – or short InBranding[90] – is one of the most promising branding strategies for B2B companies. Generally, it is exactly what the name implies: an essential ingredient or component of a product that has its own brand identity.

Ingredient branding is a special form of **co-branding** – the joint presence of at least two or more brands on a single product or service. The scope of possible co-branding approaches can range from a mere joint promotional effort up to the organizational linked development of completely new and innovative products. The regular co-branding approach is mainly used for consumer products and services; application in B2B tends to be quite restricted. An example of industrial co-branding is the joint venture of *Pitney Bowes* and *Royal*

Mail, to offer customized document management and mailroom-related services in the UK as well as the alliance of *Amazon.de* with *DHL* in order to benefit from the positive image of the partner.[91]

Examples of popular **ingredient branding** range from clothing (*Gore-Tex, Lycra*), carpets (*Stainmaster*), diet soft drinks (*NutraSweet*), and cooking utensils (*Teflon*) to bicycle gears (*Shimano*) and sound systems (*Dolby*) as well as gasoline and chemicals (*Techron, Microban*) promoting the inclusion of a value-enhancing, branded ingredient. Of course, we cannot leave out the ultimate, widely quoted best practice example of ingredient branding which we will consider in detail at the end of this chapter: *Intel*. In the following we will provide you with the basic information on how InBranding works and how to position it in the overall marketing concept.[92]

While Ingredient Branding is a form of **multi-stage branding,** most companies only use single-stage marketing approaches. They direct their marketing efforts only to the next stage in the value chain, to their direct customers. Multi-stage or Ingredient Branding is directed at two or more downstream stages of the value channel.

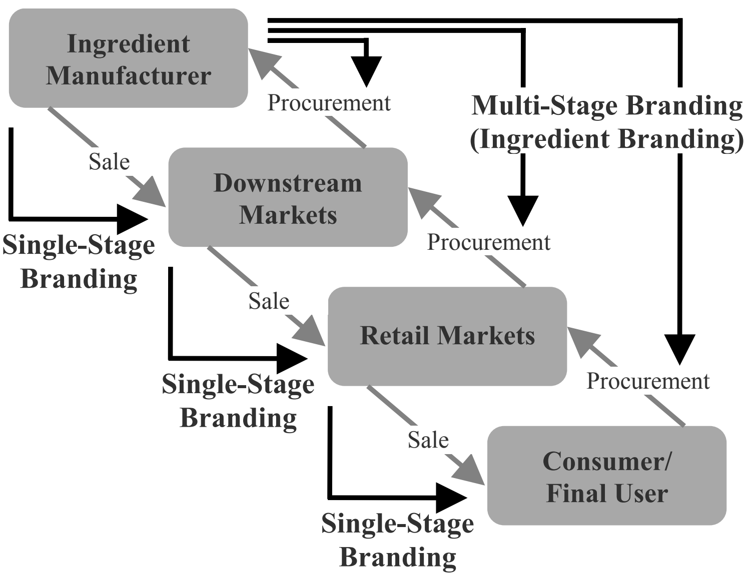

Fig. 31. Multi-stage branding

The basic underlying principle that makes ingredient branding work is the pull principle. According to the pull principle, the manufacturers of the ingredient brand direct their communication efforts directly to the final consumers, thereby bypassing the manufacturers of the finished product. The main idea is to create consumer demand for the ingredient at the retail level, so that they pull the product through the distribution channel, forcing middle stages to use this ingredient. In some very successful cases, the ingredient brand may even become the standard in the product category.

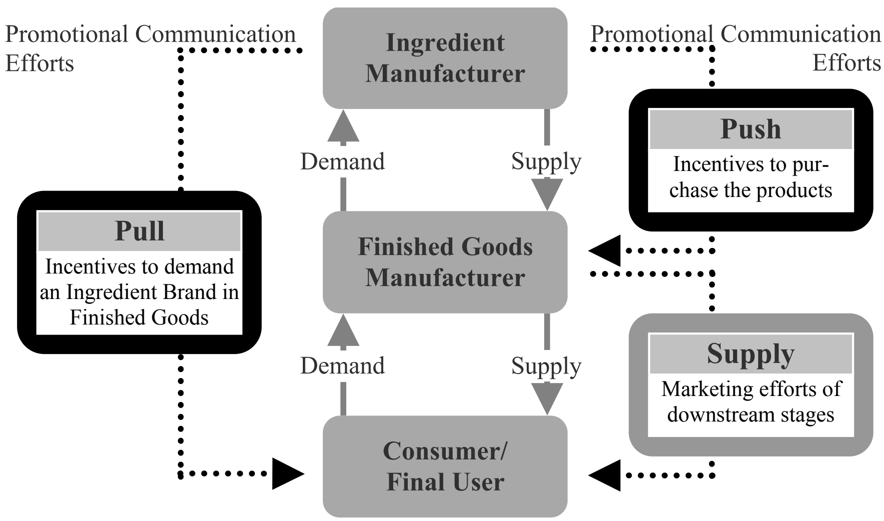

Fig. 32. Push/pull principle

Figure 32 displays the push/pull principle. A **push strategy** means that an ingredient manufacturer concentrates his marketing efforts on promoting his products to the manufacturers of the finished goods. In order to support the branded ingredient effectively, a manufacturer should always use a coordinated push and pull program. The **pull strategy** helps consumers to understand the importance and advantages of the InBrand while the push strategy aims to strive for full support by all channel members. Without the support of the following stages of the value chain, an ingredient branding strategy can rarely be successful.

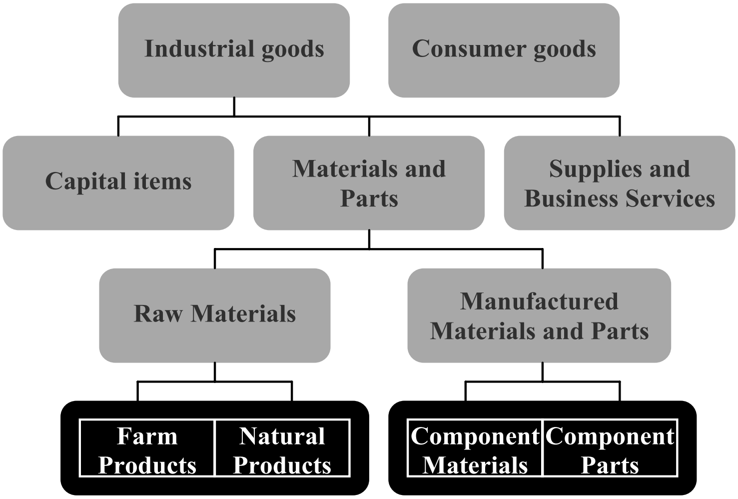

Fig. 33. General targets of ingredient branding

General targets of ingredient branding approaches are materials or parts that enter into final branded products, but lose their individual identity on the way. In order to step out of such an anonymous position, manufacturers attempt to **establish ingredient brands that increase awareness and preference for their products**. Figure 33 shows general targets in relation to the systematic approach of industrial goods.[93]

Not every ingredient can be successfully pushed or pulled. Does anybody really care about what kinds of lubes his favorite car brand uses in its manufacturing process? Not really. So it is obvious that there are certain requirements and restrictions that have to be taken into consideration when thinking about implementing an ingredient branding strategy. The most important aspect is that the "ingredient" should **capture an essential part of the end product**. *Intel* processors, for instance, are regarded as the "heart" of every personal computer. The ingredient should be perceived as important and relevant by consumers and thus, contribute to the performance and success of the end product. The InBrand has to be **clearly marked with a distinctive symbol or logo** on the end product. Consumers need to be aware that the respective product contains this ingredient.[94] Examples of Inbrands include:[95]

- **Farm Products**: *Chiquita, Del Monte, Dole, Sunkist*
- **Natural Products**: *Woolmark, Techron*
- **Component Materials**: *Gore-Tex, Nylon, Lycra, Teflon, Makrolon, NutraSweet*
- **Component Parts**: *Intel, Bosch, Keiper-Recaro, Shimano*

In addition brand alliances provide companies with a large number of potential advantages. By capturing two sources of brand equity, brand alliances can tremendously enhance the value proposition and points of differentiation of all products and services involved. With **equally strong and complementary brand associations** the impact of co-branding can be even greater than expected. Such beneficial synergy effects of combined brand power might also allow greater freedom to stretch.[96]

Quite often companies are confused about the difference of co-branding and ingredient branding. Many marketers even believe that there is no difference at all. The example of *Infineon Technologies* exemplifies this confusion. Until recently they used the term

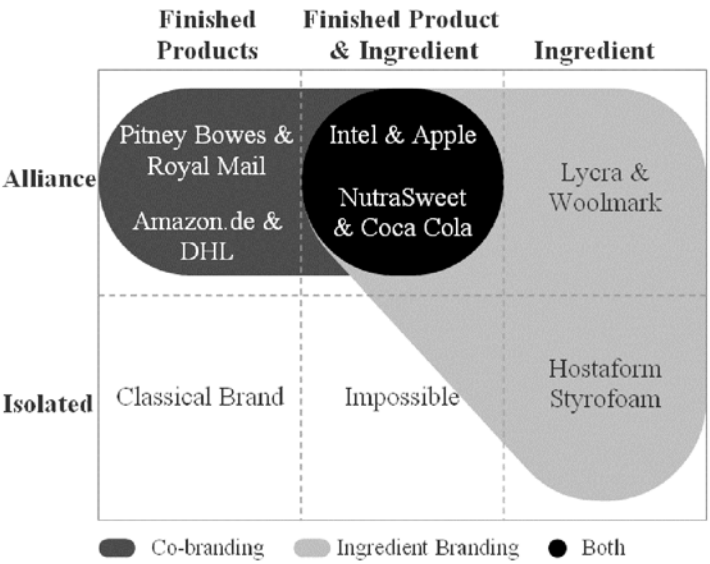

Fig. 34. Comparison of co-branding and inbranding

"co-branding" to ask their business partners "…to put the *Infineon Technologies* trademark onto a product and/or its package and user manuals to signalize that this product contents semiconductor solutions of *Infineon Technologies*."[97]

Such a presentation does leave the impression that co-branding and ingredient branding were identical. Today, you will still find quite different approaches to defining these strategies in the American and European marketing literature. We agree with the straightforward concept of Freter and Baumgarth whose definition of co-branding and ingredient branding is visualized in Figure 34. As shown by the black circle, a combination of both strategies exists.

Intel Inside

The *Intel Corporation* was not the first company that decided to brand the "essential ingredient" of an end product, nonetheless it is the most often quoted best practice example because of its huge and yet unparalleled success. The company is best known and most successful at Branding Inside. Today, the *Intel Inside*® logo is used by some 2700 PC manufacturers around the world, and consumer awareness is about 90 percent.[98] Their story describes the journey from being an anonymous supplier of computer parts to becoming an omnipotent top ten known-brands in the world, in a class with *Coca Cola*, *Disney* and *McDonald's*, according to various rankings.

Prior to the 1990s, before *Intel* started to brand their products, only the most sophisticated computer users knew what kind of micro processing chip their machines contained, let alone who made it. In Europe only 24 percent of PC buyers were familiar with the *Intel* brand. The company has spent hundreds of millions in the past 10 years to achieve their respective leadership positions. Within only a few years, *Intel* went from a completely **unknown component manufacturer** to one of **the most recognized and valuable brands in the world**.[99] In undifferentiated markets the first-mover advantage can be even more powerful for Ingredient Brands than for regular brands. The ingredient branding strategy by *AMD*, for instance, *Intel*'s main competitor met with dramatically less success.[100]

In 1989, *Intel* launched their first program aimed at marketing a microprocessor, the 386SX, to the Information Technology (IT) managers who purchased PCs for business. Although the program was very successful, several challenges quickly emerged, such as legal issues. *Intel* asserted that its 386 and 486 processors were protected trademarks and was fighting in court to protect them so that no other company could use them. Unfortunately, the courts decided otherwise, which opened the door for their competitors to use the well-known numeric at will.

Unimpressed by this set-back, the company immediately started to work on a new, improved and legally protectable branding strategy – a branding campaign that created history. At that time it was clearly an absolute novelty for a semiconductor company to market directly to the end user. As leading strategy the company studied successful consumer marketing techniques and examined tactics used by well-known companies supplying a component or ingredient of a finished product, like *NutraSweet*™, *Teflon*™ and *Dolby*™. After a variety of marketing experiments the branded ingredient program in the computer industry slowly took shape. The **successful** *Intel Inside*® program was finally launched in 1991.

Of course, there can be no great brand without a great product. *Intel* clearly demonstrated this by investing billions of dollars in developing their cutting edge technology and billions more in assuring its performance and reliability. The main purpose of the *Intel Inside* program was to gain consumer confidence in *Intel* as a brand and to highlight the value of buying a microprocessor from the industry's leading company. It clearly wanted to differentiate itself from the pack of competitors' products that copied their numeric names for processors but failed to meet their implied performance requirements.[101]

The original tagline for the *Intel Inside* program was *Intel. The computer inside* which was shortened to *Intel Inside* later on. The tagline was aimed at underlining the important role of the microprocessor in the performance of the personal computer, while at the same time pushing desired associations of the *Intel* brand with respect to **"safety", "leading technology",** and **"reliability."** Besides, one of the main objectives of the campaign was to become the preferred choice, the number one among IT managers. But it also aimed at creating a pull from the consumers to deliberately demand *Intel* when purchasing a PC.[102]

A good communications program though is by far not enough to build a successful ingredient brand. InBranding, more than most other branding strategies, is contingent upon the cooperation of other stages in the value chain, especially the manufacturers of the end products. If they disapprove and counter the initiative, there is only very little chance to succeed. *Intel* was well aware of this and therefore **integrated a cooperative marketing program** in the *Intel Inside* campaign. This was basically an incentive-based cooperative advertising program. The benefits for the OEM's were clear. Not only could they reduce advertising costs for adding the *Intel* logo; it also acted as a sign of quality that their systems were powered by the latest technology.

The program was very successful. By the end of 1991, over 300 OEM's had signed cooperative agreements to support the program by using the promotional materials of the *Intel Inside* program. Approximately one third of these companies also agreed to feature the *Intel Inside* logo in their advertisements. The incentive of covering 50 percent of the advertising costs obviously worked out well. To finance these incentives, *Intel* **created matching funds** up to the maximum of 3 percent of its sales.

The innovative marketing program of *Intel* clearly helped boosting the awareness of the personal computer, thereby fueling consumer demand. By the late 1990s the vast success of the program was widely recognized and *Intel* had captured the place of a world-class player in the public consciousness. Today, the *Intel Inside* program is one of the world's largest co-operative marketing programs, supported by thousands of PC makers who are licensed to use the *Intel Inside* logos.[103]

Between 1990 and 1993, *Intel* invested over US$500 million in advertising and promotional programs designed to build its brand equity. Toward the end of that decade the marketing budget escalated to more than US$700 million annually. As we know, the **investment**

Fig. 35. The first *Intel Inside* ad

did pay off, so let's take a look at some actual numbers: *Intel* in creased its revenues six fold by 2000 (to US$33.7 billion) while its earnings almost doubled that rate of increase (to US$10.5 billion). The launch year of the program is the base year for this account.[104] According to *Interbrand*, *Intel* is ranked number five of the world's most valuable brands in 2005, with an estimated brand value of US$35.6 billion.[105]

The new way of the company is **to target opportunities outside its traditional PC revenue stream**. This means a move from *Intel Inside* to literally *Intel Everywhere* – every type of digital device possible shall be equipped with *Intel* chips. For that reason, *Apple* and its *iMac* computers were added to the list of *Intel* customers recently. Besides computers, *Intel's* target market now encompasses cell phones, flat-panel TVs, portable music and video players, wireless home networks, and even medical diagnostic gear. All in one, the company is targeting ten new product areas for its chips.[106]

Crystallized™ with Swarovski®

Swarovski, established more than 100 years ago, is the world's leading manufacturer and supplier of cut crystal. The company saga began in 1892, when founder Daniel Swarovski invented a **revolutionary machine**, which made it possible to industrially cut crystal jewelry stones to a superior level of perfection and precision than achieved before by traditional manual methods. Three years later, he founded the *Swarovski Company* in Wattens, Austria, which has remained fully independent ever since. The company is currently run by the fourth and fifth generation descendants of founder Daniel Swarovski. In 2004, 16,000 people worldwide contributed to a consolidated group turnover of €1.83 billion.

Swarovski is a globally recognized brand that has made innovation, trend research, creative products and product perfection its hallmarks. These are all perpetuated elements of the philosophy of the company's founder, Daniel Swarovski. His motto "to constantly improve what is good" and vision to "use crystal to bring joy to man" still form the core philosophy that drives the company today. *Swarovski* stands for **exacting workmanship, quality** and **creativity** all over the world.

Their product range comprises almost everything related to cut crystal: Crystal jewelry stones and crystal components as well as crystal objects, crystal jewelry, and crystal accessories. With the brands *Tyrolit* (grinding, cutting, sawing, drilling and dressing tools and machines), *Swareflex* (reflectors for road safety), *Signity* (genuine or synthetic gemstones), and *Swarovski Optik* (High-quality precision optical equipment) the company has also obtained leading market positions in related areas.

Swarovski covers both consumer and business customers with one brand. The corporate division of crystal components is one of the major B2B areas. *Swarovski* supplies crystal components and semi-finished products to the fashion, jewelry, interior design, and lighting industries. With a collection of more than 100,000 stones and a wide range of pre-fabricates, it is a competent partner for businesses that use cut crystal in their products.[107]

In 2004, the company introduced their ingredient branding strategy *A Brilliant Choice* in order to counter the increasing trend of selling anything that glitters and glimmers on clothing and accessories under the name *Swarovski*. This was the first time that the department of crystal components directed any **marketing activity directly at the end user**. The company thus created the label *Crystallized with Swarovski* in response to the demand for a visible proof of quality and origin. The quality label clearly represents a guarantee of the highest quality and perfection in the manufacture of crystalline products.

In the **complex shopping environment** of today consumers are confronted with an explosion of choices where strong brands can provide clear direction of what they stand for. Brands therefore can give consumers the important assurance that they have made the right decision. Since the label *Crystallized with Swarovski* is a symbol of quality and prestige for both *Swarovski's* business partners and for its consumers, it makes *Swarovski* products even more attractive and provides further arguments for the added value. Furthermore, the traditional and approved core competencies of *Swarovski* – innovation and diversity, product and service quality – are emphasized which further differentiates the brand from its competition.

Due to of the limited physical branding possibilities, the company decided to go its own way and designed special tags. Depending on the end product of fashion items, jewelry, accessories, and home décor the label can be a high-class silver metal, a silver-colored paper tag or sticker that testifies the authenticity of the *Swarovski* crystals. The *Crystallized with Swarovski* label is the customer's assurance that only *Swarovski* crystal products have been used in the production of the end product. To officially certify this assurance, each label carries a specific number certified by *Swarovski*.[108]

The ingredient brand was launched with a global advertising campaign at the end of 2004. Print ads in key fashion magazines such as *ELLE, InStyle, MarieClaire, Cosmopolitan, 24Ans,* and *TeenVogu*e as well as promotional material, posters, and postcards displayed in stores were used to promote the new InBrand.[109]

Fig. 36. The *Crystallized™ with Swarovski®* label

Branding Online

An excellent example for a B2B website is the business communication platform of the *Swarovski Corporation*. While many companies only make distinctions within product or service categories, *Swarovski* established several websites to serve the respective customer needs properly. Fig. 38 shows the website solely dedicated to business customers.

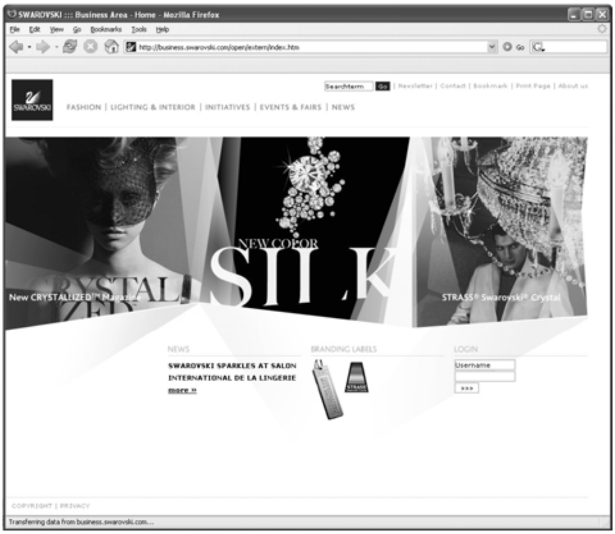

Fig. 37. *Swarovski* business communication platform

It offers a lot of useful information but for detailed business information you have to request the clearing of a personalized account with user name and password.[110] Buyers who are interested in crystal components for the processing industry (fashion or lighting & interior) can get password protected access to all kinds of information about *Swarovski* products as well as latest news and trends in their respective areas.

In 1995, *Swarovski* celebrated its 100th anniversary. For this occasion the company commissioned the renowned artist André Heller to create Crystal Worlds – a sensual journey through the fascinating world of crystal in an artistic installation adjacent to the company headquarters in Wattens, Austria. With Crystal Worlds, *Swarovski* created a continually evolving exhibition that also hosts special cultural events from time to time. It even has become one of Austria's most popular tourist attractions. So far, it has attracted more than five million visitors. The exhibition is promoted by its own website (www.swarovski.com/kristallwelten). Another online project of *Swarovski* is "thecrystalweb", a virtual crystal museum. It provides comprehensive historical and scientific as well as practical information and resources for everything related to crystal (www.thecrystalweb.org).[111]

As the example of the *Swarovski Corporation* shows, the **possibilities in the online world are almost unlimited**. Innovative companies can always find creative ways to use the internet to attract and inform prospects and to maintain and develop customer relationships. The Internet represents an unparalleled opportunity for all businesses. The amount of time business professionals spend online has dramatically increased in recent years. Yet, almost every B2B website is an underachiever, not fulfilling its potential. In times where the Internet has become one of the most important sources for collecting information and reference material, this is a significant missed opportunity. Business customers tend to scan the web first when buying products and services. It is by far not enough to just keep your product and service information updated on a regular basis.[112]

Some people falsely construe that the only or main purpose of a company website with an online database is to act as some kind of online catalog. Wrong! A website can be a means to communicate your brand. A study conducted by *Accenture* dealing with preferences of online buying decisions in B2B revealed some surprising key findings. According to their report a familiar, reputable brand is the single most important factor to online buyers followed closely by service, price, and variety. Moreover, 80 percent of B2B customers regarded prices as less important.[113]

In the **virtual world**, there is no physical product to touch or feel, no familiar bricks-and-mortar emporium to patronize, and too many comparable sites from competitors to differentiate from. Size may not matter in this respect anymore, since every small or medium sized company can afford to rent space on a server and create a professional website. Online branding efforts therefore need to be different from traditional approaches. Online branding capitalizes on the two mayor advantages that the internet offers for individuals and corporations:

- **Information:** Instant distribution of the most current information available.
- **Simplicity**: Possibility of business transactions to take place at any time, in any place.

Seamless business processes and accurate information are the prerequisites for any on-line business. If you want to enhance the brand experience, the various elements of the brand impressions have to function at all times. In principle, we have a one-to-one brand experience opportunity with every on-line interaction. This could be executed in a standardized way and millions of visitors to your website could get the same impression or it could be customized, and it should!

The *Wall Street Journal* does this for its subscribers. The user can choose what he or she wants to see on its entry page. The content and the services can be selected and the feeling of the *Wall Street Journal* brand is part of the client's every day experience.

Similar on-line success can be seen at *eBay*. The majority of internet users knows and probably already has used *eBay*. With its new

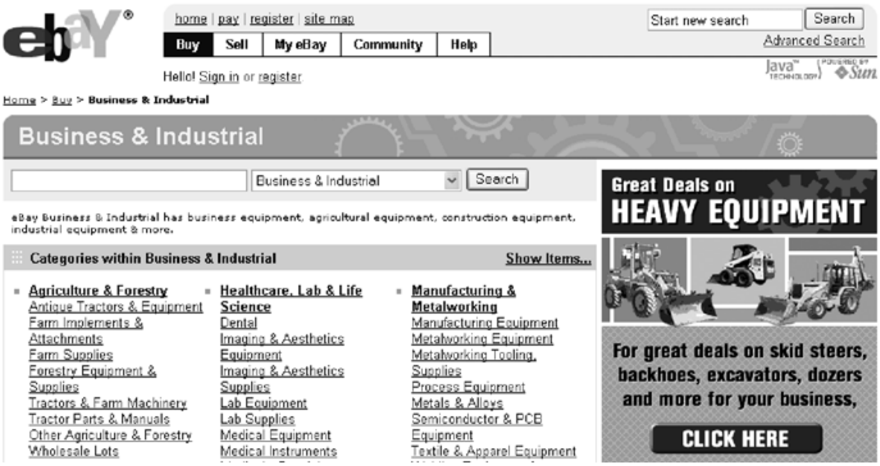

Fig. 38. Business *eBay* Web site

website (business.ebay.com), specially aligned to meet **industrial demands**, *eBay* tries to transfer the well-known feeling and excitement of online auctions into the industrial context. From office supplies to electronic components to heavy equipment, the website offers everything a company may need to buy or want to sell (see Fig. 37 for details).

The online presentation of your brand and your company is relevant to all possible target groups, ranging from small business owners to buyers of large industrial giants. In its research on buying patterns of small business owners, *Hewlett-Packard* found that these **time-strapped decision** makers prefer to buy, or at least research, products and services online. To that end, *HP* has designed a site targeted at small and midsize businesses which pulls business owners to the site through extensive advertising, direct mail, e-mail campaigns, catalogs, and events.

As mentioned before, a true brand has to be perceived as distinctive by its customers. It offers functional as well as emotional benefits. It is a promise you deliver on eagerly, consistently, and at the customer's convenience. **Emotional benefits** can be of major importance when establishing a business website. Human beings tend to lose focus already after about 10 seconds; emotional appeal combined with relevant and interesting content is therefore the most important component in order to capture a visitor to a website. Yet, most of the B2B websites are just as boring as the products they are selling.

Another important aspect of B2B websites is that they have to be found in the first place! Only a few customers are searching deliberately for one company or one brand. It is far more common to look for a certain product, service, or a general solution. Therefore, it is essential to optimize your website in order to appear on the first pages of search engines like *Google* and *Yahoo*.[114] In order to achieve such a search engine optimization, it is usually necessary to consult experts. That's exactly what *Mahler AGS*, a globally operating manufacturer of on-site gas plants for hydrogen generation, oxygen generation, and nitrogen generation did. In order to optimize its online-marketing efforts the company assigned an agency to increase its online hits of prospective customers. The effort soon resulted in increased online inquiries. In addition, online advertising, e.g. *AdWords* at *Google*, should be considered to ensure that your company will be found when certain key words are being searched for.

Social Branding

In recent years an interest in demonstrating ethical and socially responsible marketing appeared. Famous buzz words like "corporate citizenship" and "**Corporate Social Responsibility**" (CSR) are a proof of this.[115] Generally, the main drivers are not ethical concerns of the management but rather their aim to improve their overall corporate image. The internal dimension of CSR relates to how a corporation deals with its employees (protection of labor, qualifications, etc.) and environmentally compatible production processes (waste, pollution, etc.). The external and more important dimension is directed to all other company stakeholders.

The possible actions of Corporate Social Responsibility are various. They cover a wide spectrum from social sponsoring to the complete alignment of corporate management, production, and supplier-relationships according to social and ecological standards. The latter for instance is practiced by *The Body Shop* but also by B2B companies such as *Boeing*, *Caterpillar*, *DuPont*, *GE*, and European aerospace giant *EADS*. *EADS* is conducting workshops for understanding and using the *European Foundation for Quality Management (EFQM) Framework for CSR*. They are using the practical tools, e.g. for self-assessment reporting and apply the output of associated tools to provide added-value to organizations and stakeholders. The objectives of CSR as part of the brand management are:

- Optimization of the stakeholder-values
- Differentiation from competitors
- Create and strengthen confidence of investors
- Consolidation of access to know-how networks and decision makers

A great example of social responsible marketing in B2B is the partnership of *British Airways* with the *United Children's Fund (UNICEF)*. Their campaign is called *Change for Good*. It encourages passengers of *BA* flights to donate spare change in foreign currency from their travels. In the past eleven years, *British Airways* has raised almost US$40 million for *UNICEF*.[116]

Table 4 lists the top-rated B2B companies for social responsibility:

Table 4. Social responsibility rating[117]

Top-Rated B2B Companies for Social Responsibility	
5	Hewlett-Packard
7	Microsoft
8	IBM
10	3M
11	UPS
12	FedEx
15	General Electric

An increasing number of people are requesting information about a company's records on social and environmental responsibility which they take into consideration when purchasing, investing, or making employment decisions. By being socially responsive, companies can become more attractive to prospective customers, high potentials, and investors. How to communicate corporate attitude and behavior toward social responsibility depends on the actual image of the company.[118] *Merck*, *DuPont*, and *Bank of America* have donated US$100 million or more to charities in a year. Such good deeds can be easily overlooked if not published accordingly. If a company is regarded as being exploitative or fails generally to live up to a "good guy" image, it can even be resented.

Building Brand Through Word-of-Mouth

Nowadays, brands have a life of their own. They are not only what brand managers and marketers want them to be, but tend to develop on their own over time. Word-of-Mouth marketing can have tremendous power. Everyone knows that. Unfortunately, most people are much more likely to talk about something if they are unhappy with it. When Thomas Nicely, a Math professor at Lynchburg College Virginia, noticed a division error in *Intel's Pentium* chip in 1994, the news about it spread very quickly on the Internet and even more quickly when *Intel* tried to belittle the problem. The company got flooded with e-mails and phone calls by concerned customers. The negative word-of-mouth inflation worsened. It reaching its peak when the company was getting about 25,000 calls a day, requesting a no-questions-asked return policy on the microprocessor.

At first, *Intel* refused to take them back but the bombardment with bad press coverage and the sharp drop of its stock price quickly led to a drawback of the company and a change in policy. A write-off to the tune of US$475 million was the cost of this lesson. To avoid a repetition of this disaster, *Intel* has adopted a much more proactive approach to word-of-mouth ever since. It constantly monitors the Internet for possible complaints and **publishes extensive documentation** of bugs in order to maintain the confidence of its customers.[119]

The most important aspect of word-of-mouth therefore is to control bad "buzz" and to try to create positive attention instead. Its success lies in the fact that it is a simple **way of sharing experiences**. The significance of this type of brand development is based on the fact that the advice of people we trust is of major importance to us and it is something we can rely on. This is also the basic mode of **operation with testimonials**.

Famous people praise and endorse certain products that they supposedly use themselves. Even though nobody really believes it, the attention drawn by these famous people does work fine. What is such a testimonial compared to a statement from people you know and trust? If they praise and endorse a certain product, it probably has much more effect on you than the less credible claims of celebrities.

So how can you use buzz to build a brand? The role of word-of-mouth marketing in B2B can be very different depending on the nature of your products and services, customer connectivity, and other marketing strategies applied. One simple rule is that only a superior user experience can activate buzz. An aspirational brand promise may sound great at the beginning but will soon fade if you **create expectations** that you cannot exceed or at least meet. That is also the basic formula for creating Word-of-Mouth marketing: over deliver on your brand promise.

Not every product is a potential target for Word-of-Mouth marketing. Only products and services that provide something interesting and relevant that is really worth talking about can successfully be promoted through Word-of-Mouth. Products have this power to create high involvement among customers if they are[120]

- exciting
- innovative
- personally experienced (e.g. hotels, airlines, cars)
- complex (e.g. software, medical devices)
- expensive.

If your customers are strongly connected to each other, your future business very much depends on their buzz. Take *Cisco* as an example. It always served a tightly connected customer base. They comprise network administrators and information technology managers who are all heavy users of the Internet. The rise of the company merely started by Word-of-Mouth since there was no advertising at first. Since 1984, buzz about *Cisco* has been spreading continuously on the Internet. There are several Internet newsgroups that are dedicated only to *Cisco's* products. Such tight customer connectivity implies that companies have to be very open and direct with their customers in order to avoid negative buzz. If they screw up, their customers will find out very quickly, as the case of *Intel* clearly demonstrated. High-quality products and top service are indispensable as cumulative satisfaction of customers becomes critical.[121]

The most obvious example of this type of branding can be found in the professions of attorneys and medical doctors in many European countries. Since they are forbidden by law to advertise their services, they have to depend on Word-of-Mouth communication to spread the availability and quality of their services.

Recently, the old fashioned Word-of-Mouth method has been enhanced by Internet technology called Weblogs (blogs). They are currently used by only a small number of online consumers worldwide. In the U.S. already more than 50 million visitors of blogs were counted in the first quarter of 2005. They have garnered a great deal of corporate attention because their readers and writers tend to be highly influential.[122] We believe that blogging will grow in importance, and at a minimum, companies should monitor blogs to learn what is being said about their products and services. Companies that plan to create their own public blogs should already feel comfortable having a close, two-way relationship with users. Blogging should be taken seriously in B2B too as the next most influential form of spreading brand influence.

Summary

- **Stop underestimating the power of brands** in B2B! Branding should be the thread running through the subject of Marketing. An important aspect of a successful brand strategy is to completely align it to the business strategy and build lasting brand-conscious customer relationships.
- **Make a consistent impression** with all your stakeholders at every single point of interaction, and do not forget that one of the most important things in B2B brand management is to reduce complexity for the customer.
- **Build a strategic brand architecture** that supports and enhances the type and nature of your company and distinguish between Corporate, Product, and Family Branding.
- The most **common brand strategy in B2B** is a corporate brand in combination with a few product brands. But also, **Ingredient Branding** as a form of multi-stage branding, becomes increasingly relevant for supplies and OEMs.
- The **major communication instruments** in B2B are Direct Sales, Direct Marketing, PR, Specialized Press, Sponsorships, Trade Shows and Exhibitions, Advertising, Sales Promotion, and E-Marketing.
- It is **essential for every brand** to implement a comprehensive and adequate measurement system to gauge and guide brand success.
- It is **crucial to effectively communicate the values of your brands** to your own people; making sure that employees understand these values and thereby leading them to become the best ambassadors of your company and its products.
- Time-strapped decision makers prefer to buy, or at least research, products and services online. Therefore, **Online Branding** is a crucial part of B2B brand building.

- **Social Branding** is a great way for B2B companies to receive high marks for social responsibility.
- **Building Brand through Word-of-Mouth** is a common approach in the industrial world. Recently, this old fashioned method has been enhanced by Internet technology called Weblogs (blogs)

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