Most people today are surrounded by brands – brands are ubiquitous. The gum we chew, the music player we listen to, the car we drive, the newspaper we read – they all have distinctive brand identities permeating our minds. We all have opinions about them too – names like Wrigley’s, iPod, Toyota or Washington Post instinctively give us distinctive associations.

These associations popping up in our heads are however not just spontaneously occurring – in fact they are a result of companies spending considerable resources in marketing expenditure and formalizing brand strategies in order to idiosyncratically position their products in our minds. This endeavor to create a distinct personality that identifies and differentiates a product, service or a corporation is in essence what branding is all about.

While leisurely chewing our gum, listening to our digital music, driving our car or reading our newspaper, it is easy to forget the sometimes immensely complex chain of events leading to us – the end consumer – having the manufactured product in our hand.

The centrifuge separating the dissolved particles in the gum base used for our chewing gum, the hydrochloric acid used for refining silicates to produce silicon dioxide for use in the internal circuit boards of our music player, the Enterprise Resource Planning system used by the ball bearing manufacturer whose bearings are used in the gearboxes of our cars, or the truck driving pulpwood used in the newsprint of our daily paper are seldom by us – the consumer – given any considerable afterthought. This chain of events (in academia referred to as the value chain) leading to the refinement of a simple product such as chewing gum is indeed not as simple as one might intuitively think.

We all understand that Wrigley’s, iPod, Toyota and Washington Post are strong brands built with much effort, but what about the centrifuge manufacturer, the hydrochloric acid manufacturer, the IT-company selling their ERP system, or the truck retailer? Do they, too, spend considerable resources in positioning their brand in the mindsets of their potential customers? One might argue that the environment an industrial company selling to other companies acts on is different, and as such, so are the ground rules. While an end consumer often buys one package of chewing gum spending not much more than a dollar, the chewing gum manufacturer spends lots of money in evaluating, procuring and tailoring the centrifuges used in their manufacturing process. This procurement can be associated with levels of risk widely surpassing the risk the end consumer faces in the choice of which brand of chewing gum to spend his dollar on. The centrifuge manufacturer might gain competitive advantage in value adding activities, such as providing after-sales support or on-site maintenance, positioning itself as a trusted, long-term partner.

Risk, value and trust are integral building blocks of the brand construct in a business-to-business setting. In this thesis, we explore these themes in-depth and provide an empirically based study on how industrial companies incorporate these topics into their branding activities.
Topics on Branding
Exploring the Brand Construct and its Linkages to Risk, Value and Trust in a Business-to-Business Context

Carl Lindwall
Martin Larsson

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Jakob Rehme, Linköping Institute of Technology
Daniel Kindström, Linköping Institute of Technology
Most of us, swimming against
the tides of trouble the world knows nothing about,
need only a bit of praise or encouragement -
and we will make the goal.

Jerome Fleishman, late 19th century poet

You,
who support and encourage us,
standing by our side in our
never-ending quest for happiness

This is to you.
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ABSTRACT

In this thesis, the brand construct and its connections to risk, value and trust are explored in a Business-to-Business context.

The different characteristics of B2B and B2C marketing is elaborated upon and coupled with brand management strategies viable in the respective markets.

Contemporary academic theory on the explored constructs is discussed, and an attempt at conceptually visualizing their suggested linkages is presented.

Based on the theoretical findings, a qualitative study is conducted by means of interviews with brand managers and marketing executives with the aim of establishing how Swedish industrial multinational companies employ brand strategies in their market communication, and to what extent the constructs explored are communicated as a part of their brand message.

We find empirical evidence that risk, value and trust indeed are important in the brand communication of industrial companies. However, the relative importance of these constructs is found to be highly dependent on a multitude of both internal and external factors, such as the complexity of the offering, the degree of competition in the marketplace, and the amount of required customer interaction. Trust seems to be the construct most commonly incorporated in the branding activities, and value is not as actively stressed as conjectured.

The corporate brand appears to be the most important in new tasks, where previous experiences of interaction with the seller is deemed more important in modified and straight re-buys.

Similar to consumer marketing, the main merit of having a strong brand equity is the ability to charge price premiums, along with often making the short list of potential suppliers in the customers’ procurement processes. However, many industrial companies do not actively employ brand strategies and dedicated brand managers are not commonplace. Further, it cannot be decisively concluded that a strong brand focus is important for all industrial companies and in all markets. Again, external market characteristics, together with internal organizational conditions need to be taken into account.

Keywords: B2B branding, brand definition, risk, value, trust
ACKNOWLEDGEMENTS

To summarize the emotions that have passed through our hearts and minds during the process of writing this thesis is by no means a simple task.

The thesis you are now holding in your hand (or reading on your computer, if you’re inclined towards environmental awareness) constitutes merely an embodiment of the many hours during 2010 spent reading, thinking, discussing, writing, reflecting, erasing, and writing a bit more. Without the dedication and encouragement from a number of people, this thesis would not have become.

We are greatly indebted to Docent Jakob Rehme, for his dedicated support and seemingly never-ending enthusiasm. Thank you for keeping us on track while ensuring our initial high spirits have been maintained. Thank you for your insightful and wise comments on not only areas of branding, sales management and industrial marketing – but also on women’s curling, safari tours in Central Africa, fake tattoos and wind surfing. We are equally indebted to Dr. Daniel Kindström – whose knowledge on African safari tours might be a bit lacking compared to his above-mentioned colleague, but his optimistic and supportive aura has made “coming to work” every day feel like a blast. It has been a true pleasure getting to know you better.

Our gratitude is also expressed to the wonderful Anna Ahlbeck, going out of her way in ensuring us having a good working environment and patiently taking her time listening and responding to our at times insignificant questions and problems. We also thank the personnel at the Division of Industrial Marketing for all the pleasant chit-chat by the coffee machine, providing us some much-needed distraction from the formal thesis work.

The theoretical work presented would be rendered useless without the transparency and compliance of the brand managers and marketing executives kindly agreeing to free their schedules to act as interviewees for the empirical section of our thesis. We also gratefully acknowledge the valuable comments and feedback from our student reviewers Carl Rülcker and Viktor Båverud. Furthermore, we extend a thank you to David Lidén, taking time off from paragliding/parasailing to assist us with typesetting and design-related matters.
As much fun as we’ve had writing this thesis, perhaps even more important is what happens after locking the door to the office cycling home (Martin) or travelling by foot because you just have no idea how to fix that flat tire (Carl).

Our respective mums and dads – we love you! Thank you for complying with our sometimes selfish demands, putting the well-being of your sons above your own. To our brothers, sisters and other family members, thanks for always being there. We did not choose you, but if we could – we would have chosen the exact same lineup.

We did however choose our friends, and we chose them well. To the person or persons greeting us when we come home, the people cheering us up and supporting us when times are tough, or laughing with us when times are good, the persons virtually accompanying us during late night msn-sessions, the friends to share a beer with once the working week comes to an end, and that special someone making your heart beat extra fast. Yes, to all the people bringing happiness into our lives – thank you!

Finally, we express our gratefulness to YOU the reader, managing to get through this tediously wordy and somewhat pompous “Acknowledgements” section – in our knowledge the longest in any MSc thesis published to date. But hang with us – there are over 150 mind-boggling pages of B2B branding extravaganza yet to come!

Linköping, September 2010

Carl Lindwall & Martin Larsson
READING SUGGESTIONS

FOR THE PRACTITIONER
As much of the academic discourse presented in chapters 2 and 3 may be of little or no interest to the practically oriented marketer, large parts of these chapters can be omitted, with the possible exceptions of 2.4 – 2.6 and 3.4. The case studies presented in Appendix A hopefully provide some valuable qualitative insight on brand strategies in B2B multinationals. Also, chapter 4, 5 and 6 and especially section 6.4 is of potential interest.

FOR THE RESEARCHER
Researchers may read chapters 1 and 2 synoptically, awarding chapters 3 – 6 in-depth attention. For the researcher active in the domains of B2B branding, the questions raised in 6.5 – Directions for further research might be helpful in defining new research questions to be addressed.

FOR THE STUDENT
A review of chapter 1 is probably beneficial, as it provides an overview of the aim and work process of this thesis. For the theoretically interested marketing student, continue reading chapters 2 and 3, although you might first need a cup of strong coffee. Chapter 5 and 6 summarizes the findings and its associated limitations of this thesis work and might provide a good read.

FOR THE PERSON WITH NO INTEREST IN MARKETING OR BRANDING
Alas, you have probably picked up the wrong book! But fear not – all is not lost. A somewhat rewarding time-passer might be to skim through the whole publication and count how many times the word brand or branding appears. The correct answer is to be found on the very last page of this book.
# WORD LIST AND ABBREVIATIONS

<table>
<thead>
<tr>
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| AMA                  | American Marketing Association  
A professional association for marketers. |
| B2B                  | Business to Business  
A market characterized by companies selling to other companies. |
| B2C                  | Business to Consumer  
A market characterized by companies selling to consumers. |
| Brand                | A distinctive identity that differentiates a relevant, enduring, and credible promise of value associated with a product, service, or organization and indicates the source of that promise. |
| CE                   | Conformité Européenne (Fr.)  
A conformance mark on products in the European Economic Area. |
| Cost-plus            | A pricing method that first calculates the cost of the product then includes an additional amount to represent profit. |
| CRM                  | Customer Relationship Management  
A system used for keeping track of customers, appointments, sales, etc. |
| CVM                  | Customer Value Mapping  
A pricing method viewing value as a function of price. |
| DMU                  | Decision Making Unit  
Members of any type of organization responsible for finalizing major decisions. |
<p>| ERP                  | A system that is used to manage and coordinate all the resources, information and functions of a business. |</p>
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| EVM                  | Economic Value Modelling  
A pricing method viewing price as a function of value. |
| ISO                  | International Organization for Standardization  
An international standard-setting body. |
| KAM                  | Key Account Manager  
A person working close to the biggest customers, identifying their needs and communicates them back to the own organization. |
| LOU                  | Lagen om Offentlig Upphandling (Swe.)  
A Swedish law controlling procurements made by government bodies and some other organizations which are financed with government funds. |
| OEM                  | Original Equipment Manufacturer  
An OEM manufactures products or components that are purchased by a company and retailed under the purchasing company’s brand name. |
| Risk                 | Potential losses, significance of those losses and uncertainty of those losses. |
| SME                  | Small and Medium-sized Enterprises. |
| TCO                  | Total Cost of Ownership  
Calculating the net worth of investing in a certain offer, including all costs but also all profits realized by the investment. An instrument used as an argument by the selling part. |
| Trust                | Trust is the trustor’s expectation – based on previous experience – that the trustee is able to and will cooperate as agreed upon by both parties, and will not abuse unforeseen events to profit at the expense of the trustor. |
| Value                | Perceived value is the consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given. |
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"We’re obviously going to spend a lot in marketing because we think the product sells itself."

Jim Allchin

This chapter outlines the thesis’ background and purpose. Furthermore, the methodology used is introduced and discussed.
1.1 **BACKGROUND**

Most people today are surrounded by brands – brands are ubiquitous. The gum we chew, the music player we listen to, the car we drive, the newspaper we read – they all have distinctive brand identities permeating our minds. We all have opinions about them too – names like Wrigley’s, iPod, Toyota or Washington Post instinctively give us distinctive associations.

These associations popping up in our heads are however not just spontaneously occurring – in fact they are a result of companies spending considerable resources in marketing expenditure and formalizing brand strategies in order to idiosyncratically position their products in our minds. This endeavor to create a distinct personality that identifies and differentiates a product, service or a corporation is in essence what branding is all about.

While leisurely chewing our gum, listening to our digital music, driving our car or reading our newspaper, it is easy to forget the sometimes immensely complex chain of events leading to us – the end consumer – having the manufactured product in our hand.

The centrifuge separating the dissolved particles in the gum base used for our chewing gum, the hydrochloric acid used for refining silicates to produce silicon dioxide for use in the internal circuit boards of our music player, the Enterprise Resource Planning system used by the ball bearing manufacturer whose bearings are used in the gearboxes of our cars, or the truck driving pulpwood used in the newsprint of our daily paper are seldom by us – the consumer – given any considerable afterthought. This chain of events (in academia referred to as the *value chain*) leading to the refinement of a simple product such as chewing gum is indeed not as simple as one might intuitively think.

We all understand that Wrigley’s, iPod, Toyota and Washington Post are strong brands built with much effort, but what about the centrifuge manufacturer, the hydrochloric acid manufacturer, the IT-company selling their ERP system, or the truck retailer? Do they, too, spend considerable resources in positioning their brand in the mindsets of their potential customers? One might argue that the environment an industrial company selling to other companies acts on is different, and as such, so are the ground rules. While an end consumer often buys *one* package of chewing
gum spending not much more than a dollar, the chewing gum manufacturer spends lots of money in evaluating, procuring and tailoring the centrifuges used in their manufacturing process. This procurement can be associated with levels of risk widely surpassing the risk the end consumer faces in the choice of which brand of chewing gum to spend his dollar on. The centrifuge manufacturer might gain competitive advantage in value adding activities, such as providing after-sales support or on-site maintenance, positioning itself as a trusted, long-term partner.

Risk, value and trust are integral building blocks of the brand construct in a business-to-business setting. In this thesis, we explore these themes in-depth and provide an empirically based study on how industrial companies incorporate these topics into their branding activities.

1.2 PURPOSE

The purpose of this thesis is to carefully investigate the brand construct in a B2B context by means of (1) previous literature on the subject and (2) a qualitative study of Swedish B2B corporations.

First, we aim to define and dissect the brand construct and conceptually relate it to risk, value and trust; three concepts central in industrial marketing and thus, presumably also in the branding strategies of industrial (i.e. B2B) companies.

Second, based on our theoretical findings, we aim to by utilizing a qualitative, empirically based approach, examine how Swedish multinational B2B corporations work with branding strategies using the brand as a vehicle for conveying added value, lowered risk and increased trust in their market offerings.

Furthermore, as no similar empirical study to our knowledge ever has been conducted in Sweden, the empirical data gathered is intended to function as a base of an exploratory study on B2B branding strategies in Sweden in a general sense, raising questions intended to be addressed in further research.
1.3 METHODOLOGY

In order to ensure the validity, reliability and functionality of the study, a structured and carefully aimed method of research is of utter importance. In this chapter, the views, methods and sources of error that were identified and or encountered in the process of writing this thesis are discussed and elaborated upon.

1.3.1 EPISTEMOLOGY

It is safe to say that most academics have encountered the problem ensuring reliability and validity in their research. Objectivity and generalizability are always at struggle with usability and functional information. Epistemology is the “knowledge of knowledge”; i.e. how knowledge is obtained and how to know that it is true. This thesis is written while combining some of the most widespread approaches of epistemology. For more reading on epistemology, see e.g. Sosa and Kim, 1999; Bernecker and Dretske, 2000; Steup and Sosa, 2005.

Logical positivism

The method of using science to uncover how physical and human events occur is called positivism. Logical positivism adds the aspects of logics and reasoning – claiming that only expressions about mathematics, logic and natural sciences are valid.

The version of logical positivism used in this thesis is not as strongly exclusionary as the original definition. Instead, it is used as a base for reasoning. By basing the theoretical framework on peer reviewed, globally accepted sources of information (e.g. peer-reviewed scientific articles and books written by academics), the framework should be strongly accurate and serve as a base of truth to build the reasoning on. The reasoning will be objective – without personal values, politics or morals. Hence, the result will also be logical knowledge; testable and confirmable in real-life situations. Analysis of findings will be mostly deductive in its nature.

Empiricism

As there was no way for us to obtain absolute knowledge on the subject of B2B branding within a finite amount of time, the knowledge obtained comprises less-than-perfect coverage of the topic. Hence, the conclusions
drawn from studying precedent findings from academics will not be guaranteed to be perfectly valid, and consequently, these conclusions need to be tested with empirical studies. As a result, *empiricism* is a big part of this thesis.

**Hermeneutics**

Since the thesis’ later part is largely empirical in its nature, an attempt to draw generalizable conclusions will be made. By interpreting the answers from the interviewees, general and hopefully new findings can be obtained in the field of B2B branding. Interpreting these answers will demand a portion of subjectivity and falls into what is referred to as *hermeneutics*.

### 1.3.2 THE WORK PROCESS

The work has been loosely based on a model for conducting market research, originally proposed by Lekvall and Wahlbin (2001). By following this model, not only does the work process get structured in a logical and comprehensible fashion, but the different parts of the work also interconnect with each other. The model has been adapted and altered and is presented below as it has been used in the work of writing this thesis:

![Figure 1: The Wahlbinian U (adapted from Lekvall & Wahlbin, 2001)](image-url)
The *decision problem* in the model refers to the insight that existing information is not sufficient and that research has to be conducted in order to reach a decision on the original problem. As the work starts, the *purpose of the research* is set, followed by *specification of the task*. These tasks are done in parallel in the case of this thesis. After reaching a theoretical framework, a *research plan* is created. The subsequent *interviews* and the resulting data are then compiled into a format that allows for conclusions to be drawn. Finally, the gathered data is *evaluated*, *conclusions* are drawn and *reflections* around these conclusions are given.

As being depicted by the model, the *specification of the task* and the *compilation of data* (including interviews) have been the central parts of the work process. Also, the individual tasks have not been followed in a fully serial manner as the purpose of the thesis has been developed somewhat parallel to the specification of the task. In other words, the aim of the thesis was not completely set at the point when theoretical data was started to be studied. Instead, the problematization gradually grew clearer as the obvious lack of research in the area was unfolded and discovered when studying previous work on the topic. The latter part of the work stringently followed the original model.

**First phase: Studying literature**

After framing the initial train of thought on B2B branding, we started scrutinizing a vast amount of previous articles on the subject. As we gathered more information, the aim of the thesis got further pinned down. It was not until much of the brand definition was written that the true and final aim of the thesis fell out. By this time, much of the original ideas and sidetracks had been discarded; see chapter 1.3.3 for further information. During this phase, a plan and several milestones were created in order to streamline the work.

**Second phase: Gathering empirical data**

With the use of our previously studied topics on branding and the resulting model, we formed a set of questions (corresponding to the research plan in Lekvall and Wahlbin’s (2001) model) that seemed fit for investigating the current conditions on the market (see appendix B). The respondent group was chosen by listing the biggest (ranked by sales volume) corporations in Sweden and choosing the 50 biggest companies filtered by the criteria that
sales are predominantly toward a B2B market. Interviews were subsequently conducted by phone with people who we deemed qualified to answer the type of questions we had (i.e. brand managers where applicable, otherwise sales & marketing managers) and the resulting data was recorded.

The conducted interviews were anonymized and transcribed into a structured and preset framework, creating a primary database – all according to Lekvall and Wahlbin’s (ibid.) model described above. The database was hence a result of the research plan and it can be found in appendix A. Finally, the validity of the material was looked into prior to using it. This analysis can be read about in section 1.3.4.

Third phase: Producing findings
As can be seen in the Lekvall and Wahlbin (2001) model, the latter parts of this thesis work largely interconnects to the earlier parts. The evaluation of data is done according to the research plan (e.g. the model resulting from studying topics on branding), conclusions are drawn with the help of previously studied literature and finally, recommendations are given in order to satisfy the original problem. These steps have been semi-parallel, semi-serial in the work around this thesis as discussions have been a critical part of the conclusion work. Also, the recommendations have been split up into different target audiences with different needs for knowledge.

1.3.3 DELIMITATIONS
As with all projects, there has to be limitations to what will be done. Without demarcating the work, aim is easily lost track of and one might end up doing less meaningful things rendering time to be wasted. Limiting the areas of interest allows for deeper examination of the subject of interest. Narrowing down the scope of the thesis has to be done in order to make sure that a result will be produced within the scope of the thesis work.

Areas of interest
The most critical demarcation in our work concerns the constructs interconnected with branding. Three constructs; namely risk, value and trust have been chosen for further investigation whereas other constructs which have also received attention by academics recently (e.g. quality, tangibility, complexity, power) have been put aside to allow for in-depth studies of the former three. We make no claim that these three constructs are the most
central when it comes to B2B branding; we simply claim that they are of interest and importance, as is shown in chapter 3.

It would also have been possible to extend the interviewing to be conducted toward businesses located outside of Sweden although this was not done. Neither did smaller actors, nor companies acting solely on the Swedish domestic market receive attention, as bigger multinational companies were deemed to be more interesting to investigate.

A wider investigation comprising of both traditional consumer brands and B2B brands was rejected as we believe the findings from such broad research to often be vague and less useful.

Scope

Fully and holistically examining the area of B2B branding is an impossible task. Academics have for more than half a century been trying to clarify the constructs and relations of the topic but there are still big amounts of further research needed. As this thesis was written by two people over the time span of one academic term, the scope of the project had to suffer comprehensive limitations.

First of all, the impossibility of studying a complete set of articles on the topic results in a less than complete knowledge foothold to serve as a theoretical base for writing this thesis.

Second, only brand managers, communication managers and people of similar positions served as interviewees. Hence, there are no customers, stockholders, suppliers or other stakeholders involved in the empirical study and the results are shaped thereafter.

Third, 17 corporations in different markets have been interviewed by telephone. Narrowing the respondent group down to this size was imperative in order to finish the thesis within its time frame. Choosing corporations from different markets allows for more general conclusions to be drawn but at the same time restricts the depth of conclusions for certain markets.
1.3.4 SOURCES OF ERROR

Reaching influential people within big organizations is difficult – getting them to spend their valuable time on an interview (with no obvious personal gain) is even harder. Nevertheless, the response rates from the interviewees have probably very little to do with any other factor than their degree of busyness and hence, it is unlikely that we encountered any non-response bias.

The deliberate choice of looking at bigger, multinational corporations located in Sweden led to the natural selection of such companies for the respondent group. Naturally, there was little discrepancy between the target group and the actually interviewed group of respondents. Choosing the companies from a list would not be a good alternative for e.g. a survey type of market research but it served the purpose well as our aim of the research was qualitative. (Lekvall and Wahlbin, 2001)

We purposely achieved responses from 17 respondents; our initial goal was to reach in between 15 and 20 interviewees. Presumptive interviewees who did not respond, did so either because they simply were not reachable or because they were too busy. After 17 answers where collected, no more interviews were conducted due to time constraints. This would be less than optimal for statistical conclusions to be drawn but is sufficient to base logic deductive reasoning on. Using telephone interviews as a means to deliver the questions was an active decision based on the time and resources we possessed. Telephone interviews are characterized by low costs, high speed (if people are reachable), average response rates, good control of who is responding, above average dynamics, high degree of freedom in questioning techniques, and sufficient guarantee of anonymity of the respondent. They also allow for interviews of up to 30 minutes length. (ibid)

Subjectivity of the respondents is evident when asking subjective questions. This might pose a big source of error unless handled correctly when drawing conclusions from the answers. It was, however, an active choice since conclusions on the subject of how practitioners perceive their own brand were sought for.

The questions in the interview were discussed with our academic advisor before the interviews were conducted, and also revised after conducting a few preliminary interviews. This guaranteed a good direct perceived validity
The validity (i.e. whether were asking the right questions or not) further gets enhanced by the fact that the questions are based on studies of peer-reviewed academic literature.

As for reliability, conducting the interviews a second time would arguably not result in the exact same answers. The reasons for this are many, e.g. distractions, happenstances and the fact that two different people conducted and interpreted the interviews. Consequently, one of the implications to fellow researchers is that a bigger, and perhaps even more formalized, field study is desirable for robust findings.

1.3.5 SOURCE CRITICISM

It is our firm belief that all used written sources of information are serious and accurate. Academic publications and books written by respected academics and practitioners in the area have been chosen on purpose to guarantee a high degree of validity in our findings. Despite our efforts, there are a few sources that might be questionable. The textbooks have not been peer reviewed and are written by authors whose main aim possible is to maximize their book sales. Hence, the books might be written toward a more practitioner-oriented reader base and not for academics. Nevertheless, the authors are trustable and renowned for their work on the subject. There are also sources that have not yet undergone the peer-review process (i.e. working papers). These might change their contents before publication.
1.4 **OUTLINE**

The thesis is organized as follows.

The first part of chapter 2 consists of a literature review on attempted brand definitions and the second part discusses differentiating factors between the B2B and B2C market environment. Finally, the last part introduces the definition of the brand construct used in this thesis.

Chapter 3 introduces and elaborates upon the risk, value and trust constructs and their linkages to the brand. Finally, a graphic model is presented, intended to visualize these connections.

Chapter 4 describes the qualitative study intended to couple theoretical findings with how Swedish multinational B2B companies work with branding strategies. Preliminary findings on the linkages between risk, value and trust are also presented.

Chapter 5 analyzes the findings and draws some post-hoc conclusions.

Chapter 6 introduces the conclusions of the thesis, generalizability, limitations as well as implications and directions for further research.

Raw data from the qualitative interviews are represented in the appendices.
Topics on Branding

Introduction
Towards defining a brand in the B2B context

"Suppliers and especially manufacturers have market power because they have information about a product or a service that the customer does not and cannot have, and does not need if he can trust the brand. This explains the profitability of brands."

Peter Drucker

The first part of this chapter consists of a literature review on attempted brand definitions and the second part discusses differentiating factors between the B2B and B2C market environment. Finally, the last part introduces the definition of the brand construct used in this thesis.
2.1 ATTEMPTS HITHERTO AT DEFINING THE BRAND CONSTRUCT

The term *brand* is by no means new, and many scholars have discussed the brand and its related constructs during the last decades. One common definition still in use today was coined by the American Marketing Association (AMA) already in 1960, stating that a brand is

“A name, term, sign, symbol or design, or combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”.

This definition has however been subjected to various criticisms, especially during the last decade with scholars exploring the Service Dominant Logic (cf. Vargo & Lusch, 2004), with the AMA definition being accused of being too product-centric (see e.g. Arnold, 1992; Crainer, 1995 in Wood, 2000).

Many attempts have been made since and there is at current no scholarly consensus in regard to the exact meaning of the term. de Chernatony and Dall’Olmo Riley (1998) analyzed literature on the subject published so far and coupled this with comprehensive interviews with branding consultants to shed light on the subject. They found a high degree of redundancy (i.e. many definitions in essence stating the same thing) between many of the attempted brand construct definitions, de Chernatony and Dall’Olmo Riley (1998) however discerned twelve major themes under which most of the proposed brand definitions are encompassed:

2.1.1 BRAND AS A LEGAL INSTRUMENT

A brand could simply be defined as *a legal statement of ownership*. The virtue of a branding strategy in this view is for the firms to claim legal ownership of a title to protect themselves against imitators. This view asserts that the trademark in itself is merely an important asset, but the value therein depends the ability to protect it from infringement. This view focuses on the company and fails to encompass the customer perspective.

(See also: Broadbent & Cooper, 1987; Crainer, 1995; Simonson, 1994)
2.1.2 BRAND AS A LOGO

This view is manifested in the above-mentioned American Marketing Association (1960) definition. The common ground is the emphasis on the visual features associated with the brand (e.g. the McDonald’s golden arch). This view is inherently product-centric and has also been subjected to criticism about being too mechanical (Arnold, 1992). Meadows (1983) extends this criticism, asserting that consumers should not be viewed as passive recipients of brand marketing activities, but should rather be seen as participants whom brand marketing activities are conducted in conjunction with.

(See also: Aaker, 1991; Dibb et al., 1994; Kotler et al., 1996; Watkins, 1986)

2.1.3 BRAND AS A COMPANY

The Economist (1994) notes that, due to growing competition from own-labels and ever-growing marketing costs, an easily recognizable corporate identity is imperative. This line of thought is manifested in the branded house concept (see e.g. Kotler & Pfoertsch, 2005). The merits of this viewpoint is according to de Chernatony and Dall'Olmo Riley (1998) the holistic focus of the brand, allowing consistent brand values to be conveyed to all stakeholders of a company.

(See also: Vick, 1993)

2.1.4 BRAND AS A SHORTHAND

In this view, the brand enables the prospective consumer to recall information from memory and allows him or her to make speedier purchase decisions. As product characteristics can be very complex, the brand acts as a shorthand by in just one vivid image allowing the consumer to evoke all features associated with consuming or owning the product. According to Brown (1992): “a brand name is nothing more or less than the sum of all the mental connections people have around it”. A logical consequence of this view would be that well-known brands are preferred over unknown brands, even though the latter might provide the consumer better value. This view furthermore fails to recognize how firms can alter the consumer perceptions of the brand by conducting various marketing efforts.

(See also: Chevan, 1992; Jacoby et al., 1977)
2.1.5 **BRAND AS A RISK REDUCER**

A procurement process is always associated with some degree of risk and some scholars (e.g. Assael, 1995) assert that a brand can reduce the level of perceived risk in a purchase situation. In this context, the brand guarantees a certain level of quality by acting as an intermediary between the seller and the buyer.

*(See also: Kapferer, 1995; Staveley, 1987)*

2.1.6 **BRAND AS AN IDENTITY SYSTEM**

While the AMA (1960) definition states that the brand is a logo, the other extreme of the spectrum is defined by some authors (e.g. Kapferer, 1992), asserting that the brand is an identity composed of six dimensions, namely; culture, personality, self-projection, physique, reflection and relationship. This view is inherently holistic, and Kapferer *(ibid.)* states that “A brand is not a product. It is the product’s essence, its meaning, and its direction, and it defines its identity in time and space. [...].” According to de Chernatony and Dall’Olmo Riley (1998), the major weakness of this viewpoint is its over-reliance on the firm’s input activities since the focus is on the desired position and not how the brand is perceived (i.e. the brand’s image).

*(See also: Aaker, 1996; Diefenbach, 1992; Fombrun & Shanley, 1990; McWilliam, 1993)*

2.1.7 **BRAND AS AN IMAGE IN CONSUMERS’ MINDS**

Based on perception theory (a subset of the domains of cognitive psychology) some authors (see e.g. Boulding, 1956; Martineau, 1959) argue that people do not react to reality, but rather what they perceive as reality. Consequently, a brand can be seen as the sum of all associations toward the product in consumers’ minds. Gardner and Levy (1955; in de Chernatony & Dall’Olmo Riley, 1998) state that “A brand name is more than the label employed to differentiate among the manufacturers of a product. It is a complex symbol that represents a variety of ideas and attributes. It tells the consumers many things, not only by the way it sounds (and its literal meaning if it has one) but, more important, via the body of associations it has built up and acquired as a public object over a period of time”.

*(See also: Arnold, 1992; Joyce, 1963; Keller, 1993)*
2.1.8 BRAND AS A VALUE SYSTEM
This view, based on consumer behaviour theory, stems from the notion that consumers’ decisions are influenced by personal and cultural values, and that branding endeavours of a company are made with the aim of satisfying specific customer values. Individual brands are hence representations of unique clusters of values (Sheth et al., 1991). de Chernatony and Dall’Olmo Riley (1998) contend that this definition challenges the organization to take both functional capabilities of the brand as well as symbolic values and meanings imbuing the brand into consideration.

(See also: Clark, 1987; Cook, 1995; Meenaghan, 1995)

2.1.9 BRAND AS A PERSONALITY
Somewhat similar to the view of a brand as an image, some academics stress the psychological values associated with a brand. Product characteristics are often easy to emulate, but the differentiating factor between two otherwise similar offerings is the symbolic values encompassed by the brand; i.e. the brand’s personality. According to Zinkhan et al. (1996), consumers choose the fit between the competing products’ brand personalities and the personality they themselves wish to project. Plummer (1985; in de Chernatony & Dall’Olmo Riley, 1998) elaborates on the semantic difference between personality and image. The brand’s personality is the result of the firm’s communication, whilst image is the way consumers perceive the brand’s personality. The brand as a personality viewpoint is thus company focused.

(See also: Alt & Griggs, 1988; Blackston, 1992; Goodyear, 1993)
2.1.10 BRAND AS A RELATIONSHIP

In line with the area of relationship marketing, some scholars choose to view the brand as the embodiment of the relationship between the consumer and the company. In this sense, the consumer does not only have an attitude towards the brand – the brand likewise holds an attitude towards the customer. According to Woodward (1991), having a personality is a prerequisite for creating and maintaining a relationship between the customer and the brand. This view is hence partly congruent with the concept of the brand as a personality. McKenna (1991) asserts that a successful brand works as a relationship builder between the seller and the buyer.

(See also: Blackston, 1992 & 1993; Duboff, 1986; Kapferer, 1992)

2.1.11 BRAND AS ADDING VALUE

There is a fair share of academic confusion in regard to the definition of added value, but e.g. Jones (1986) defines the construct as the non-functional benefits over and beyond a product’s functional characteristics and its associated utilitarian attributes. The author (ibid.) hence defines a brand as “[…] a product that provides functional benefits plus added values that some consumers value enough to buy”. Thus, branding can be said as an augmentation of the product’s physical attributes. In line with this view, Levitt stated already in 1969 that “[The Manufacturer] must surround his generic product with a cluster of value satisfactions that differentiates his total offering from his competitors”.

(See also: de Chernatony & McDonald, 1994; Murphy, 1992)

2.1.12 BRAND AS AN EVOLVING ENTITY

An arguably rather equivocal theme, a brand can be seen as an identity that undergoes several distinct stages throughout its evolution. According to de Chernatony and Dall’Olmo Riley (1998), the six stages are unbranded commodities, references (i.e. the name is used for identification), personality (offering emotional appeals besides product benefits), icon (in this stage, the consumer starts “owning” the brand), brand as company (where brand values permeate the whole organization), and the last stage being brand as policy (where the brand stands for social and political relevant issues). According to the authors (ibid.), the framework is useful for analyzing different brand definitions. It does
however have its shortcomings, such as the difficulties of empirical verification and lack of criteria marking the transition between stages.

*(See also: Goodyear, 1996; Young & Rubicam, 1994)*

The antecedents and consequences of these twelve definitions are summarized in the following table:

<table>
<thead>
<tr>
<th>Brand definition</th>
<th>Antecedents</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal instrument</strong></td>
<td>Mark of ownership. Name, logo, design. Trademark</td>
<td>Prosecute infringers</td>
</tr>
<tr>
<td><strong>Logo</strong></td>
<td>Name, term, sign, symbol, design. Product characteristics</td>
<td>Identify, differentiate through visual identity and name. Quality assurance</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td>Recognisable corporate name and image. Culture, people, programs of organisation define corporate personality. CEO is brand manager</td>
<td>Evaluate over long time horizon. Product lines benefit from corporate personality. Convey consistent message to stakeholders. Differentiation: proposition, relationship</td>
</tr>
<tr>
<td><strong>Shorthand</strong></td>
<td>Firm stresses quality not quantity of information</td>
<td>Rapidly recognise brand association. Facilitate information processing, speed decisions</td>
</tr>
<tr>
<td><strong>Risk reducer</strong></td>
<td>Confidence that expectations being fulfilled</td>
<td>Brand as a contract</td>
</tr>
<tr>
<td>Brand definition</td>
<td>Antecedents</td>
<td>Consequences</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Identity system</strong></td>
<td>More than just a name. Holistic, structured with six integrated facets, including brand’s personality</td>
<td>Clarify direction, meaning, strategic positioning. Protective barrier. Communicate essence to stakeholders</td>
</tr>
<tr>
<td><strong>Image</strong></td>
<td>Consumer centred. Image in consumers' mind is brand “reality”</td>
<td>Firm's input activities managed using feedback of image to change identity. Market research important. Manage brand concept over time</td>
</tr>
<tr>
<td><strong>Value system</strong></td>
<td>Consumer relevant values imbue the brand</td>
<td>Brand values match relevant consumer values</td>
</tr>
<tr>
<td><strong>Personality</strong></td>
<td>Psychological values, communicated through advertising and packaging define brand’s personality</td>
<td>Differentiation from symbolism: human values projected. Stress added values beyond functional</td>
</tr>
<tr>
<td><strong>Relationship</strong></td>
<td>Consumer has attitude to brand. Brand as person has attitude to consumer</td>
<td>Recognition and respect for personality. Develop relationship</td>
</tr>
<tr>
<td><strong>Evolving entity</strong></td>
<td>Change by state of development</td>
<td></td>
</tr>
</tbody>
</table>
2.2 THE DIFFERENCES BETWEEN B2B AND B2C

The de Chernatony and Dall’Olmo Riley (1998) classification attempt does indeed have its merits and it highlights the academic confusion in regard to the brand construct. The downside of this study is however that it takes its starting point from a B2C context. In fact, whereas the brand construct has been given widespread academic attention for decades, only during the last ten years scholars have claimed the plausibility of actively working with brand management for B2B companies. Most of the studies conducted hitherto consequently focus on branding aimed at consumers. Hence, the literature on B2B branding is presently fragmental at best. A concern in dissecting the brand construct from a B2B context is that it intuitively differs from its B2C counterpart. Companies operating in industrial (i.e. B2B) markets acquire goods and services for usage in the production of other products or services, which are sold to other companies. Kotler & Pfoertsch (2005) award these differences further attention in their book B2B Brand Management – one of the first textbooks published dealing exclusively with B2B branding. Some of the discerned dissimilarities are discussed below.

First and foremost, the business environment a B2B company acts in is widely different from B2C. According to the authors (ibid), the main differences between B2B and B2C markets are fivefold:

- **Nature and complexity of the products**: Goods and services in the B2B market tend to be far more complex than in the B2C-market. This calls for informed buying centres consisting of professional buyers and long lead-times from the offering process to the final purchase.

- **Nature and diversity of industrial demand**: The demand structure in industrial markets tends to differ significantly from consumer markets. Since industrial products often find themselves located somewhere in the middle of the value chain but are in fact a function of consumer demand, industrial demand tends to be more volatile.
Towards defining a brand in the B2B context

- **Number of potential customers**: The amount of customers is far greater on a consumer market. This calls for more directed marketing efforts from the selling organization.

- **Sales volume per customer**: The purchase volume in B2B markets considerably exceeds the purchase volume in B2C markets. The price tag is also often significantly higher in a B2B purchase.

- **Relationships between buyer and seller**: While a purchase in the B2C context often can be defined as a discrete transaction, purchases in a B2B context can often rather be seen as a continuous relation. This implies that the buyer and seller are in contact not just during the purchase, but also before and after.

According to the authors (*ibid*), B2B markets can roughly be broken down into three distinct categories:

- **Materials and parts**: e.g. raw materials, manufactured materials, and parts.
- **Capital items**: e.g. buildings and equipment used in buyer’s production and operations.
- **Supplies and services**: e.g. operating supplies, repair and maintenance items.

The demand for industrial products is always derived from consumer demand at the end of the value chain (Hague & Jackson, 1994). It is hard to come to think of any industrial good or service that ultimately does not fulfil an end consumer’s need in one way or another. Kotler & Pfoertsch (2005) exemplify this line of thought using silicon dioxide as an illustrating example. Few end consumers purchase the compound since they find it in its raw form more or less useless. Most end consumers do however have a relatively big indirect demand of the compound, derived from their demand of mobile phones, PCs and various other electronic devices. As extracting and refining silicon dioxide is just one very small step in the value chain towards producing a full-fledged PC, it is evident that the value chain of industrial businesses is extraordinarily complex by nature. The purchasing needs of an industrial company are in fact derived from a pulled demand of the final end product. Industrial companies tend to specialize in their competitive environment and their offering often consists of a limited number of goods and services. Changes at the end of the value chain
therefore tend to have a leverage effect (or “bullwhip effect”, according to Kotler & Pfoertsch, 2005), which can cause serious repercussions for the industrial firm. Once again using the silicon dioxide analogy, if somebody were to discover an even better material for chip production, this would have serious implications for the silicon dioxide compound manufacturer, but the changes in demand towards the end of the value chain (i.e. the PC user) would be far less apparent.

Furthermore, country-specific factors (e.g. culture, national values, etc.) tend not to play as big a role in B2B-marketing activities. The rationale behind this stems from the fact that demands on functionality tends to be congruent across all national industrial markets (Kotler & Pfoertsch, 2005). In consumer markets, however, unquantifiable and soft values often play a much bigger role. This implies that while B2C companies often pursue national branding efforts, B2B companies should according to Kotler and Pfoertsch (ibid) pursue global branding in their market offerings, consistent throughout all the different markets on which the company acts.

In B2C markets, some purchases are arguably neither well informed nor rational. Impulse buys are commonplace and soft values such as image are not unheard of as a decisive factor in the choice of a good or service by an end consumer. Consequently, successful companies catering to the B2C market often spend considerably on mass-marketing efforts and branding. There is seldom any personal contact between the customer and a representative of the selling organization and therefore, the only way to reach out to the customer is via undirected or at best – semi-directed mass-marketing efforts, such as television commercials or newspaper adverts. These channels are thus the main method of conveying one’s branding message in most B2C-situations, especially when what is marketed is a good and not a service. The degree of rationality in professional buyers in B2B corporations has been subject of academic discourse, where most researchers contend that while not relying as much on emotion as B2C consumers, also B2B buying organizations consist of emotionally driven people, and that even though many procurements are given considerable resources screening different alternatives, the final decision is always made by a human being, susceptible to marketing and branding efforts (see e.g. Newall, 1977). As such, it has been argued (see e.g. Kotler & Pfoertsch, 2005) that soft facts such as security, risk reduction and trust are emotions most effectively communicated by the B2B brand.
Another point of difference between B2C and B2C is undoubtedly the procurement process (see e.g. Aspara & Tikkanen, 2008a; 2008b; Glynn et al., 2007). This is arguably the largest differentiating factor between industrial and end customer purchasing and this theme will permeate the thesis. A brief conceptual introduction to the B2B purchasing process is given below.

2.3 THE B2B PROCUREMENT PROCESS

As mentioned above, B2B companies tend to have fewer customers than in the B2C market, and a very small amount of customers often accounts for a large percentage of the selling company’s revenues. While customers catered to by B2C companies often also are the users of the purchased product, this is not always the case with industrial products. Kotler and Pfoertsch (2005) make the following distinction:

- **Users**: The users in the B2B context utilize the product in their own production process.
- **OEMs**: The OEMs (Original Equipment Manufacturers) have system integrator capabilities; they incorporate the purchased goods into their final products.
- **Middlemen**: The middlemen do not utilize or tamper with the purchased product in any way, but instead utilize their vast distribution network, linking manufacturers to users, OEMs, or other middlemen.

Also internally, the buyer is seldom the sole user of an industrial procurement. The organizational buying process can in several cases be of a very complex scope, depending on factors such as the supplier screening process, the monetary amount attributed to the purchase, the technical complexity, distribution methods etc. The stakeholders from the purchasing side in one way or another involved in the procurement process are called the **Decision Making Unit (DMU)**.

All B2B purchasing situations are however not intrinsically complex. A now widely used framework for different purchasing situations based on their complexity was proposed by Robinson et al. (1967). In their classification, the three discerned buying situations are:
• **Straight re-buy:** Most industrial buying situations are classified as straight re-buys. Straight re-buys can be defined as satisfying an existing need in an existing way. The need to gather information is minimal and no screening process for competing offerings is conducted. The straight re-buys involve a small DMU; often consisting of only one person but could in theory just as well be conducted automatically by a computer, placing an order when the supplies fall below a certain critical level. A typical example of a straight re-buy would be buying more office paper for use in copying machines and printers. Most companies, given that they are not dissatisfied with their current paper supplier, will not screen the market once they are low on supplies. Instead they will simply utilize their trusted supplier, eliminating the hazard of allocating time and money gathering quotes and evaluating alternatives.

• **Modified re-buy:** The modified re-buy could be defined as satisfying an existing need in a new way. The DMU is here somewhat larger than in the straight re-buy situation. The risk level is moderate and the time allocated in the procurement is medium. Potential suppliers and their offerings are evaluated and compared – sometimes thoroughly – before the alternative deemed the most favourable is selected. A modified re-buy occurs when a need to re-evaluate alternatives has arisen, perhaps in order to reduce costs, improve performance or due to new regulations. Using the example above, a modified re-buy situation arises when the corporation is for some reason not content with their current office paper supplier, i.e. the need is the same as previously, but they are considering new ways of satisfying said need.

• **New task:** When a corporation identifies a new need, they are confronted with a new task. The levels of uncertainty and risk are often high, attributed to lack of experience and knowledge; both in regard to their own need (so-called need uncertainty) and the level of trustworthiness of the different prospective suppliers. The DMU in new tasks is large and the cost of gathering information is big. Items as trivial as office paper are seldom subject to new task-situations. Typical procurement situations that could rightfully be classified as new tasks are instead new machinery in a company’s production process, new office space or a new ERP system.
Similar to the DMU, the participants involved in a procurement process are called the *buying centre* (Webster & Wind, 1972). The number of members involved is naturally a function of the type of task. A new task requires a considerably larger buying centre than a straight re-buy. Webster and Wind (1972) define seven distinct roles commonly found in a buying centre:

- **Initiator**: Initiators are those who detect the new need. The initiator can be everything from top-level managers to front line employees, depending on the situation.

- **User**: The user is, as the name implies, the user of the good or the service. The degree of influence the user has in the procurement process is highly dependent on the kind of purchase situation, the degree of expertise the user possesses, as well as soft factors such as corporate culture.

- **Influencer**: Influencers are commonly people who define the specifications or provide information relevant for the procurement. They can be employees in the buying corporation or external stakeholders, such as consultants or experts.

- **Decider**: The decider is the person making the final decision. In new task situations, the decider is often upper-level management, but in less complex buying situations, the decider can be found lower down the corporate hierarchy.

- **Approver**: As the name implies, the approver has authority to approve or disapprove of the purchase.

- **Buyer**: The buyers – often a *professional buyer* in larger B2B corporations, are the personnel with the formal power to select the supplier and arrange the purchase terms.

- **Gatekeeper**: A somewhat ambiguous term, all people who in some way or another can control the information flow are said to be gatekeepers; for instance receptionists, telephone operators, etc.
Needless to say, all above-mentioned roles are not held by different people in all purchasing situations. In straight re-buys, one single person can often be the initiator, as well as decider, approver and buyer. Inversely, in new tasks, a certain role can be shouldered by a multitude of people.

2.4 **WHY (AND WHEN) BRANDING IS RELEVANT FOR B2B COMPANIES**

As described earlier in this thesis, there are many distinguishing features between industrial and consumer buying behavior. It may be asserted (see e.g. Wise & Zednickova, 2009) that branding plays a bigger role in the B2C-context, where consumers often do not have the time nor the resources to make a well-informed purchase. In B2B, purchases are often attributed to larger monetary amounts and consequently, higher risks, why these companies often have professional buyers who spend time and resources assuring that the procured products satisfy the specific needs of the organization. As their purchasing decisions are better factually informed, tangible product characteristics as well as intangible promises delivered by the selling organization play a bigger role in the B2B procurement process than in the B2C market. However, in reality the concept of perfect information rarely exists and the purchasing function in a company is made up of ordinary, emotionally driven people. Industrial buyers have been shown to be risk averse in most situations (Das & Teng, 2001; Puto et al.,
This aversion stems from the fact that even though the impact of an unsuccessful purchase will primarily affect the organization, the buyer fears he will be held personally responsible for the decision made if the economical consequences are big enough. In contrast, it is not always the case that the buyer gets personal acclaim for a risky purchase that turns out to deliver great value to the company. One way of reducing the risk of being personally blamed for a disastrous purchase is to choose a trusted product or supplier. In other words, if the branded product turns out to be unable to satisfy the needs of the purchasing company or if the branded supplier does not deliver on time, the buyer can not be blamed for being careless - minimizing his personal risk. This is manifested in the successful IBM slogan "Nobody ever got fired for buying an IBM".

Exploiting this buyer-perceived risk aversion is a significant rationale behind why B2B companies should conduct branding efforts. A McKinsey study (Caspar et al., 2002) found that risk reduction is by far the most important brand function, followed by information efficiency. The same study concluded that in B2C, however, image benefit is reported to be the most important, followed by information efficiency and lastly, risk reduction. The risk construct and its connection to branding is given extensive attention in this thesis and is awarded its own chapter.

Reducing perceived risk is however not the only reason behind why companies should brand themselves. Especially true in B2C markets, offered products are often very similar and active brand management is vital to gain competitive advantage – Coca-Cola and Pepsi soft-drinks offer the same service (i.e. thirst quenching) but their branding efforts enable the two companies to be perceived differently in the marketplace. Recently, increasing globalization and hyper competition proliferate similar products even in industrial markets, and market offerings tend to become more and more interchangeable (Lamons, 2005) as products cross national borders more easily. As true as it is in B2C, even in B2B a strong brand can constitute the order winner in a product in fierce competition with a multitude of similar offerings.

Another merit of branding stems from the fact that even professional buyers often find themselves under time pressure. Although it is in their job description to make procurements best aligned with the company’s needs, neither the company’s resources in terms of building an arbitrarily large
purchasing department, nor the individual resources in terms of time allocation to thoroughly evaluate all potential suppliers are large enough to enable the purchasing department to make truly unbiased purchases. In this sense, a strong brand can function as shorthand by getting the seller on to the short list of potential suppliers.

Furthermore, increasingly complex market offerings cause buyers to be subjected to indigestible amounts of information. Industrial market offerings tend to be packaged and marketed as solutions, and prospective customers are inundated with product information and technical specifications incomprehensible to the sole industrial purchaser or the DMU. Facing this immense technical reality, choosing a supplier with a strong and trusted brand can function as a guarantee that the purchase will indeed satisfy one’s needs and deliver value despite the technical uncertainty. In this sense, the brand construct is highly correlated with trust, and as such, this connection is explored deeper in this thesis. (Brown et al., 2007)

The presence of a strong brand is however not equally important in all kinds of B2B buying situations. Zablah et al. (forthcoming) provide an excellent discussion on the relative importance of the brand in different types of modified re-buy situations, depending on their degree of complexity. They find that the brand is at its most important when the complexity (and hence, risk) is relatively high (due to information overload) or relatively low (due to the similarity between a multitude of competing offerings). In the middle of the low-complexity-high-complexity-continuum, branding is not of equally high importance. Kotler & Pfoertsch (2005) provide a sketch over brand relevance as a function of the three different purchasing situations defined by Robinson et al. (1967). In their view, a strong brand is the most important in new tasks where the potential suppliers are numerous, and consequently, the least important in a straight re-buy, where both the need is clearly defined as well as the market channels to use in order to satisfy said need.
The strength of a brand can be measured in *brand equity* (Hutton, 1997). Brand equity captures the intrinsic value of the brand. A strong brand can benefit the selling organization in a multitude of ways, enabling competitive advantages. Anderson *et al.* (2008) mention the following returns of having strong brand equity:

- 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
2.5 **HOW TO BRAND IN THE B2B SETTING**

In rough terms, there are two types of brand architectures a company can choose to pursue. Although various kinds of nomenclatures do exist, they are commonly named *house of brands* and *branded house* (Tybout & Calkins, 2005).

A company with a house of brands has, as the name implies, different brands for each product or product group they offer the market. The company name is seldom used in the branding efforts conducted. As a real-life illustrative example, Procter & Gamble can be mentioned. While P&G is not completely unknown to the general public, brands marketed by P&G such as Ariel, Duracell, Gillette, Hugo Boss, Pampers and Pringles are arguably more well-known in the eyes of the B2C customer. While these individual brands are clearly visible on the packaging, the P&G brand is only visible in very fine print at the back of the label. A house of brands strategy is beneficial when a company offers many distinct, standardized goods or services, enabling unique positioning for each and every product group. It is also advantageous in targeting different market segments, some of which are price-sensitive while other instead value performance. The
Swedish grocery company Axfood owns both the Hemköp brand, competing with high quality and prime location, as well as Eldorado, targeting the price-sensitive market segment. For these companies, pursuing the house of brands strategy is imperative. A prospective customer of premium-segmented cologne (i.e. Hugo Boss) most certainly does not want his perfume to be associated with the smell of changing diapers (i.e. Pampers), which might happen if both products were retailed under the P&G corporate brand. Using a house of brands approach, companies also minimize cannibalization and redundancy by reaping the benefits generated by the ability to position each brand distinctively. According to Tybout and Calkins (2005), the house of brands model enables the company to maintain a distinct corporate brand and this has two advantages. First, the corporate brand can bear a meaning distinct from the brands it owns, which is advantageous e.g. when targeting potential investors. Second, a distinct corporate brand makes it easy to manage the portfolio; the company can increase and reduce their brand portfolio without having to change the corporate brand. Moreover, the reputation of the company (i.e. the corporate brand) is less likely to be harmed if one of the product brands is tarnished by scandal; it is unlikely that the sales of Pringles potato crisps will decrease if security issues surface regarding Duracell batteries. On the other hand, the corporate brand Toyota was widely affected in 2009-2010 by the unintended acceleration issues in some car models leading to massive recalls. Even though only some specific models were affected, the trademark Toyota was prominent on all cars, rendering the public trust in even the non-faulty models to deteriorate. The major downside in the house of brands strategy is however that the company needs to allocate marketing resources to all the brands in the portfolio. Little or no synergy is to be won between the different brands and maintaining and nurturing a multitude of individual brands can be costly. Also, the brand message of highly complex products that are tailored to fit the requirements of each customer run at risk of becoming diluted if they are marketed under the same specific brand.

The branded house, on the other hand, implies that the company adopts a single primary brand and uses it across multiple products, platforms and categories. In its most extreme, all market offerings of a company are sold under the same brand – often the same as the company name. Even in consumer (or rather; companies acting in the borderland between B2C and B2C) markets, some prominent examples come to mind. The computer manufacturer Dell uses this strategy. Even though there are distinctively
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named product lines (e.g. Vostro, Latitude, etc.), these sub-brands do not bear any brand identity and little marketing effort is allocated to product line promotion. In short, Dell wants the customer to buy a Dell. Another prominent B2C example is the Virgin group, operating everything from record labels and book publishers to airlines and soft drink manufacturers – all marketed under the Virgin brand. The advantage of this branding strategy is that it enables the company to fully focus on building and nurturing the (sole) brand, giving it devoted attention from senior management. Also, since the brand is shared between all product lines, this can lead to significant synergies and economies of scale in terms of marketing expenditure. There are however some significant challenges associated with this brand portfolio strategy. First, the brand can become unfocused and lose its power to differentiate (which, can be argued, is the raison d’être of a brand). Tybout and Calkins (2005) posit that this weak brand positioning can lead to “the brand targeting essentially everyone and promising nothing in particular”. Furthermore, according to the authors (ibid.), the house of brands can also constrain innovation and growth, since potentially good ideas may be scrapped simply because they don’t fit the strategic positioning of the brand. Inversely, the brand can limit the success of new ventures if the brand is poorly aligned with the new business. Finally, analogous to the Toyota recall mentioned above, if the brand is subjected to difficulties, this will likely affect the whole company.

It should be noted that these two strategies in their purest form are not widely seen in the real-life marketplace; most companies employ a mixture of the both. The corporate brand Microsoft is strong in itself, but the company also allocates resources in promoting many sub-brands, such as Windows, Xbox and Office.

In industrial markets, the branded house is by far the most common strategy (see, e.g. Balmer & Gray, 2003; Blombäck & Axelsson, 2007; Wallström et al., 2008) and it is in this context most often referred to as a corporate brand or monolithic brand. The corporate industrial brand encapsulates the corporate vision, values, personality, positioning and image. There are a multitude of reasons why a B2B company utilizes this branding approach. First and foremost, the industrial marketing environment is characterized by rapid changes and individual products may find themselves obsolete in a very short time span. Promoting the corporate brand enables the company to maintain a consistent and lasting image (Kotler & Pfoertsch, 2005).
Following the shift in market strategy over the last decades, many B2B companies nowadays focus on understanding customer needs and providing individual solutions, tailored to fit the requirements of each specific customer. These offerings are often of high complexity. As the relative importance of standardized mass-produced products consequently is low, it makes little sense to conduct costly branding efforts on the product level. Instead, B2B companies brand their corporation, striving to align their brand with its corporate values and appearing as a trusted partner in identifying problems and delivering solutions adapted to the needs of the customer organization.

2.6 **DEFINITION OF THE B2B BRAND CONSTRUCT**

As we have seen, B2B and B2C are in many senses very dissimilar and it is hence difficult to capture the brand construct in an all-encompassing definition. As branding has been given widespread academic attention for decades only in the B2C context, naturally most proposed definitions make no attempt to encompass the different reality of B2B. As seen by the de Chernatony and Dall’Olmo Riley (1998) literature review on definition attempts so far, scholarly views on exactly what a brand encompasses are divergent (see e.g. de Chernatony, 2009) even when only the B2C environment is concerned. Wood (2000) notes that “Although there have been significant moves by companies to be strategic in the way that brands are managed, a lack of common terminology and philosophy within and between disciplines persists and may hinder communication.”

There are, in our view, two plausible approaches in trying to define a stringent definition of the brand construct. Firstly, one can accept the distinct differences between B2B and B2C and simply postulate two different definitions. Secondly, one can attempt to encompass both environments in a much broader definition. In this thesis, we attempt the latter. According to Ward et al. (1999), brands “[…] embody the value [products] have for your customers”, and this is as true in B2B as it is in B2C. They (ibid) furthermore polemicize against the AMA (1960) definition equating the brand with the trademark. In their view, a trademark is “a distinguishing name, sign, symbol, or design, or some combination of them, that identifies the goods or services of the seller”. As we have noted, B2B companies often employ corporate branding strategies, since individual offered products are not as central as the promise of value delivered by the selling company. In line with recent tendencies in
academia as well as in marketing practice, B2B companies tend to strive to become more customer oriented; understanding their problems, tailoring solutions and delivering value (Dwyer et al., 1987; Smith & Nagle, 2005). Ward et al. (1999) distinguish between a product-centric and a brand-centric company, where the latter focuses on selling a promise of value. They define a brand as

“A distinctive identity that differentiates a relevant, enduring and credible promise of value associated with a product, service or organization and indicates the source of that promise.”

This is the definition that will be used in this thesis. Its merits are manifold; it encompasses both the reality of B2C as well as B2B by recognizing products and services (house of brands) as well as organizations (branded house). It idiosyncratically captures the value construct that is, despite being more elaborated upon in industrial contexts, also central in consumer markets and conventional product marketing. It mentions the brand as a distinctive identity, not going as far as mentioning specifically how this identity is incarnated. It also gives the brand a differentiating quality, which is associated with brand equity and enables the seller to charge price premiums etc. Finally, by indicating the source of the (credible) promise of value, it differentiates from conventional advertising activities. Although Ward et al. (1999) clearly had Business-to-Business markets in mind when formulating their definition; it still is broad enough to be used regardless of context. Since this thesis discusses B2B branding and its linkages to risk, value and trust, we adhere to this definition.
"Too many people today know the price of everything and the value of nothing."

Ann Landers

This chapter introduces and elaborates upon the risk, value and trust constructs and their linkages to the brand. Finally, a graphic model is presented, intended to visualize these connections.
3.1 **BRANDING AND RISKS**

3.1.1 **A DEFINITION OF RISK**

According to Mitchell (1995), most dictionaries define risk as ‘the probability of loss’. One observation to be drawn from this is that the general definition of risk does not include the magnitude of the consequences of the more or less probable event that the risk refers to. This is in line with the risk management definition that claims risks to be the sole probability of something happening and a hazard to be an event that potentially can cause harm of some kind (International Organization for Standardization, 2009). Yates and Stone (1992) expanded the definition of risk to conclude of: “Potential losses, significance of those losses and uncertainty of those losses”. In this definition, not only the probability but also the consequences of the potential events are included.

3.1.2 **EMOTIONAL FACTORS AND INDUSTRIAL BUYING**

Much research has been done concerning the risk construct (e.g. Mitchell, 1995), but all the less has been done in areas concerning risk connected to the brand construct. Even less has been done in the specific area of industrial buying patterns related to risk and branding. Industrial buyers are traditionally considered to be rational in their behavior and to optimize the buying arrangements to be as favorable to the organization as possible (see e.g. Hill et al., 1975). However, soon to follow was Sheth’s (1977) discovery that psychological factors also contribute substantially to the decisions of industrial buyers. Obviously, even in areas where buyers are assumed to be rational, the individuals that make the decisions let their personal emotions affect the decision process. To this adds the fact that most straight re-buy situations and modified re-buy situations are handled by a single person (Hutt & Speh, 1981), enabling that person’s emotions and personal preferences to play a critical role in the choice of distributors and products. Consequently, *au contraire* to what conservative practitioners and researchers may believe, it is very possible to affect an industrial buyers’ – and indirectly the whole organization’s – buying decisions by exposing them to branding activities.
3.1.3 PERCEIVED RISK

One of the emotions that the buyer is exposed to is risk. More precisely, the buyer perceives risks connected to the purchase. As Das and Teng (2001) argue, “[…] perceived risk is different from a condition of uncertainty, because risk perception usually relates to the estimated probabilities of several outcomes.” One of the key words here is ‘estimated’, as perceived risks are the subjective views of an individual or a company. No matter how tiny or huge the actual risk is, it is the perceived risk of the decision maker that will affect what kind of decision is actually made. The discrepancy between the objective truth and the perceived risks of the buyer stems from – in almost all cases – the imperfect information that the buyer possesses. A completely uninformed buyer who has no idea what risk probabilities exist is acting under ‘ignorance’ – as the buyer gets more informed the state goes to ‘ambiguity’ and well informed buyer acts under ‘objectivity’ (see Luce & Riaffa, 1957; Ellsberg, 1961; Yates & Stone, 1992). As the level of information held by the buyer affects the choices made, it is not farfetched to assume that it could be rewarding to control the information accessibility of the customer from a seller position. Another indirectly controllable variable would be the degree to which the consumer tries to access information. This is an area where brands can potentially make a noticeable difference by assuring the buyer that by putting his or her trust in the brand, there is little chance of disappointment even without screening for alternatives. The brand makes a promise of value to the customer.

3.1.4 RISK HANDLING METHODS

When it comes to industrial relationship risks, Das and Teng (2001) differentiated between relational risks and performance risks. Since the ever-present opportunistic behavior on the part of both firms ultimately makes every firm work for the benefit of itself, there is always the risk that the other partner in a strategic alliance will not cooperate in good faith. This lack of commitment to the cause of producing common benefits is called relational risk. Performance risk, on the other hand, accounts for all other risks associated with a strategic alliance such as lack of competence of the partner firm or intensified rivalry. Trust works as a vehicle for lowering both of these risk types.

As has been found by many contributors in the field (e.g. Puto et al., 1985), most buyers are inclined to risk aversion. Even when it has been stated that
the alternative containing an element of uncertainty is superior in estimated returns over the alternative without uncertainty involved, buyers tend to choose the latter alternative. It would seem that one of the major uses of branding is to lower the perceived risks of the buyer. By mediating the belief that choosing a specific brand over others will minimize the uncertainty, many buyers will choose the specific brand just to feel that they are in control of the consequences.

Risks are often coped with by utilizing different strategies. As for private consumers, Roselius (1971) used eleven different risk reducing strategy suggestions in his survey aiming at clarifying which of the strategies that best reduced the perceived risk of the buyers. These were (quoted from Roselius, 1971):

1. **Endorsements**: Buy the brand whose advertising has endorsements or testimonials from a person like you, from a celebrity, or from an expert on the product.

2. **Brand Loyalty**: Buy the brand you have used before and have been satisfied with in the past.

3. **Major Brand Image**: Buy a major, well-known brand of the product, and rely on the reputation of the product.

4. **Private Testing**: Buy whichever brand has been tested and approved by a private testing company.

5. **Store Image**: Buy the brand that is carried by a store that you think is dependable, and rely on the reputation of the store.

6. **Free Sample**: Use a free sample of the product on a trial basis before buying.

7. **Money-back Guarantee**: Buy whichever brand offers a money-back guarantee with the product.

8. **Government Testing**: Buy the brand that has been tested and approved by an official branch of the government.

9. **Shopping**: Shop around on your own and compare product features on several brands in several stores.
10. **Expensive Model:** Buy the most expensive and elaborate model of the product.

11. **Word of Mouth:** Ask friends or family for advice about the product.

Roselius (*ibid.*) also matched these strategies against four different types of loss, which were; **Time loss; Hazard loss; Ego loss; and Money loss.**

1. **Time Loss:** When some products fail, we waste time, convenience, and effort having it adjusted, repaired, or replaced.

2. **Hazard Loss:** Some products are dangerous to our health or safety when they fail.

3. **Ego Loss:** Sometimes when we buy a product that turns out to be defective, we feel foolish, or other people make us feel foolish.

4. **Money Loss:** When some products fail, our loss is the money it takes to make the product work properly, or to replace it with a satisfactory product.

The quantitative analysis (*in ibid.*) showed that brand loyalty is the single most trusted risk reducing strategy – no matter what type of loss – when it comes to individual consumers. It is of utter importance to note that this result, with very high probability, does not hold for the industrial context for many reasons. Time losses are arguably more critical for organizations than for end consumers although this is obviously not true in all cases. Ego losses on the other hand might not be as critical to organizations as it is to individuals. One might argue that an organization does not even have an ego but, as has been discussed previously, the individuals behind the buying function of organizations are human beings that can be emotionally affected. In either case, there is an evident need for further studies of risk reducing strategies in the industrial context.

Umbrella branding is the concept of giving the same brand name to many different products. One example would be Toblerone, a brand of a chocolate manufactured by Kraft Foods. Toblerone is used, not only on the traditional milk chocolate, but on other sorts of chocolate – such as Toblerone White – as well. For a customer that previously bought and liked a Toblerone product, a choice between Toblerone White and white
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chocolate of another, unknown brand would with high probability end with choosing Toblerone White. In other words, umbrella branding makes brand loyalty easier for the customer. As brand loyalty is the most trusted risk reducing strategy among private customers, umbrella branding is also potentially a very useful branding strategy when selling to end consumers. Umbrella branding has repeatedly been confirmed to be a risk reducer (e.g. Montgomery and Wernerfelt, 1992), especially when the product is relatively expensive. Buyers evidently believe that a previous experience or impression of quality will hold for other products of the same brand as well.

When it comes to industrial buyers, Mathews and Wilson (1971) and Sweeney et al. (1973) identified three different strategies for risk reduction:

1. Reduce uncertainty: By searching for more information, the risk structure can be reformulated. If the result still contains elements of uncertainty, one strategy is to choose the alternative that offers the most certainty.

2. Play the odds: By using statistical facts, the alternative with the highest estimated value can be chosen. This strategy stems from the statistical area of game theory and could potentially put the buying organization at great risk if used carelessly.

3. Spread the risk: Like a stock portfolio, purchasing can sometimes be done from different suppliers simultaneously. By avoiding sole source contracts and splitting the procurements, the probability of any of the risks materializing increases whereas the probability of both (or all) risks occurring decreases.

As has been discussed before, industrial buyers are emotionally driven in their buying as well. Fear is one of the explanations behind this behavior. As the industrial buyer has responsibility to make good procurements for the organizations to which he or she belongs, a failure will not only affect the organization but also the person who is responsible. Hence, one risk reducing strategy on the personal level for industrial buyers is to ask someone higher up in the organizational hierarchy for support. Another strategy presented by Newall (1977) is postponing the procurement to a later time. There are two causes for doing this according to Newall: the first being the eagle and the second the oyster. The eagle postpones the decision while gathering extensive information in order to reduce the risks associated
with the decision. The oyster simply postpones the decision in fear of the possible adverse outcomes. As a seller, presenting one’s offer to the buyer in a way that makes the buyer perceive the situation in a way that makes him or her choose one’s own offer could potentially be a good strategy to use. This does not only include instructing the sellers how to present the offer but also designing the brand to persuade the customers to choose it over other competitors.

3.1.5 DECISION FRAMES

Another way of manipulating how the customers perceive risk and ergo their choice of brand is by controlling which decision frame they are using. A decision frame is, according to Tversky and Kahneman (1981), “[…] the decision maker’s conception of the acts, outcomes, and contingencies associated with a particular choice.” For example, as Fischhoff (1983) noted, a choice between a 100% chance of receiving $1 and a 50% chance of receiving $2 (or else receiving nothing at all) can be viewed from three different angles. First, by choosing the current wealth as a reference point, one can view the problem as explained above. Second, one can choose the $1 gain as a reference point and view the choice as one between a 100% chance of no change in wealth and a 50% chance of winning another $1 or losing the $1 already gained. Third, one can choose the $2 level as a reference point and viewing the choice as between surely losing $1 or having a 50% chance of losing nothing or losing $2. Clearly, a risk adverse actor would make different choices depending on which decision frame the situation is viewed through.

By affecting which decision frame buyers use, one could possibly make the customer choose the own brand over competitors’. To this adds the fact that most people become more risk adverse when the risks are potential losses in contrast to potential gains. Consider being the company that offers the sure $1 win in the example above. Surely, making a customer who views potential losses as something very bad to use the third decision frame, the chances of being chosen over opponents increase as the customer likely would prefer losing just $1 instead of risking losing $2. Being the company that offers the uncertain outcome, making the customer use the first decision frame will potentially result in being chosen over competitors as the potential gain is not viewed as a risk of losing something.
3.1.6 QUANTIFYING RISK

As mentioned before, Yates and Stone (1992) state that risks are a product of both the uncertainty and the magnitude of the possible loss. Mitchell (1995) expresses this as a mathematical relationship:

\[ \text{Risk} = P(\text{Loss}) \times I(\text{Loss}) \]

\(P(\text{Loss})\) is the probability of the loss and \(I(\text{Loss})\) is the impact of the loss. Mitchell (ibid.) also claims that risks can be summed up to express overall risk:

\[ \text{Overall Risk} = \text{Risk}_1 + \text{Risk}_2 + \ldots \]

This would however only be true if the different risks are disjoint events. Other critiques are voiced by Peter and Ryan (1976) who argued that for brand preference, an additive model for risks is to prefer over a multiplicative model. In other words, the impact or magnitude of the possible loss is not considered as important as the probability or uncertainty of the same. This is undoubtedly an indirect effect of the innate risk adversity that many buyers are subjected to.

3.1.7 BRAND IMPORTANCE AT DIFFERENT RISK LEVELS

An expensive product often means a high risk for the buyer. This is mirrored in the fact that umbrella branding (i.e. corporate branding) works best for relatively expensive products as we have seen before. This has also been found to be true by Brown et al. (forthcoming) who found proof for their hypothesis that brands get more important as purchase risk rises from moderate to high. They also suggest that brands are more important for low risk purchasing than for moderate risk purchasing. The reason to this is – as suggested – that buyers tend to trust the brand in order to reduce the needed amount of information gathering required to make the choice when buying low risk products. As the risk rises to moderate levels, buyers become more rational in their behavior and thoroughly research the market before making a decision. This reduces the importance of brands. When the level of purchase risk rises from moderate to high levels, the brand is again trusted as a strategy to minimize risk, due to information overload. Brown et al. (ibid.) also found – unexpectedly – that brands play a less important role when it comes to extremely high purchase risks. The implications for practitioners are somewhat evident. In situations of very high risk, strong
brands should highlight the complexity and high risks of the purchase, but simultaneously positioning the selling company as being able to deliver their promise, creating buyer-perceived trust. A reliable brand in situations of moderate risk should promote the technical and practical details, bringing the purchase risk down to moderate and hence making the brand less important. Needless to say, the findings of Brown et al. (ibid.) need to be tested in wider and/or different contexts as well.

Just as Brown et al. (ibid.) found, Mitchell (1995) noted that buyers neglect to gather extensive information when buying less expensive products. This was found to be true even for experienced procurers in industrial contexts. Mitchell (ibid.) further noted that buyers tend to lose their brand loyalty as the risk becomes larger, something that also goes in line with what Brown et al. (forthcoming) found to be true for moderate levels of risk.

As Brown et al. (forthcoming) noted, brands do play a role in industrial low risk purchasing. The risk level of low risk products are by definition close to acceptable from the very start but the time required to make sure that the products deliver the expected value can be saved by choosing a trusted brand. The time needed to research unknown products enough to get them down below the acceptable risk level might be small but for purchases of low risk (specifically risks of low magnitudes) this time is better spent on other efforts.
Figure 5: Low risk purchases and brand importance

Obviously, given enough information gathering, a generic product will *ceteris paribus* be associated with the same risks as a well known branded product. The leading edge of the branded product is a part of what is sometimes referred to as brand equity. The brand of the product allows it to skip ahead down the risk axis by making a promise of value.
As the purchase risk increases, the importance of brands decreases according to Brown et al. (ibid.). The brand can no longer compensate for the buyer's lack of information and hence information gathering is required. The difference between how much information that needs to be gathered before an acceptable level of risk is reached (the delta for gathered information) is small between the branded and the generic product. Since the purchase is of moderate risk levels, time is spent on researching all products before making a decision and hence the brand will not play a major role in the decision process of the buyer.
As for high risk purchasing, Brown et al. (ibid.) again suggest that brands do play an important role in the decision making of the buyer. All alternatives are thoroughly examined but in the end, the product with the brand will be the victor as the purchaser wants to mitigate his or her personal risks as well. In addition, the level of acceptable risk is close to zero and the time needed to research a generic product thoroughly enough to make sure that it will not fail at delivering intended value will be very extensive compared to a trusted brand.

As for the extreme cases that were discovered by Brown et al. (ibid.) where brands again played a lesser role in the decision making of the purchasing organization, the natural explanation is that there is no room for risks as the impact from a failure can be disastrous for the buying organization. Everything is researched until a level arbitrarily close to “complete knowledge” is achieved and hence brands play a minor role.

Brands act as both risk lowering measures as well as means to simplify choices.
3.2 BRANDING AND VALUE

3.2.1 A DEFINITION OF VALUE

The meaning of *value* has been widely elaborated upon and as of today, there is no common definition accepted as the gold standard. The discussion on the topic goes as far back as Adam Smith but the ambiguity and discrepancy of opinions on where value should come into the equations of economics make the subject ever-lasting.

Nevertheless, attempts to define and conceptualize value have been made by various authors. Smith and Nagle (2005) juxtaposed various types of value as described below (quoted, *ibid.*):

- **Value in use**: This is the monetary worth of a product’s set of benefits actually received by the customer as a result of using the product or service. Another word for value in use is utility gained.
- **Value in exchange**: A product’s objective monetary worth to a customer adjusted for availability of competitive substitute products is called value in exchange, or economic value. Economic value is the price of the customer’s best alternative (the reference value) plus the value of what differentiates the offering from the alternative (differentiation value):
  - **Commodity value**: The worth of the benefits associated with the features of a product that resemble those of competitors’ products.
  - **Differentiation value**: The value associated with features of a product that are unique and different from competitors. This is estimated by quantifying the savings and gains that customers would realize by using the firm’s product rather than the competitor reference product.
- **Perceived value**: The value buyers perceive the product to be worth. Sometimes this is referred to as market value.
- **Willingness to pay**: This refers to the price buyers are willing to pay to obtain the value buyers perceive the product to be worth.
Other attempts at extracting definitions of value include the immense amounts of qualitative interviews with end consumers leading to the results that Zeithaml presented in 1988. The first fact to fall out from the compilation of the interview results was that, expectedly, value is a highly idiosyncratic concept close to unique for each person. By grouping the respondents into four different clusters, Zeithaml (ibid.) was able to see similarities on how value was apprehended within each cluster: (1) value is low price; (2) value is whatever I want in a product; (3) value is the quality I get for the price I pay; and (4) value is what I get for what I give. Each of these clusters has their own counterpart in the literature (see Schechter 1984; Bishop 1984; Dodds & Monroe 1984; Doyle 1984; Shapiro & Associates 1985; Sawyer & Dickson 1984). Common for all of the above four mentioned ways to look at value is that value is seen as a tradeoff between what is received and what is sacrificed.

\[ Value = f(Benefits, Costs) \]
Sawyer and Dickson (1984) claimed that value is “[…] a ratio of attributes weighted by their evaluations divided by price weighted by its evaluation”. Clearly, whether the relationship is additive or multiplicative in its nature, value is the resulting factor when considering the relevant give and get components. As a result, value can either be increased by increasing the perceived get components or decreasing the perceived give components. The perception – or evaluation – of these components is affected by many different factors such as previous experience, or brands.

The definition of value used in this study is taken from Zeithaml (1988) as follows:

“…Perceived value is the consumer's overall assessment of the utility of a product based on a perception of what is received and what is given”

This definition follows what many academics perceive value to be and is supported by e.g. Monroe (1991) and Ravald and Grönroos (1996). Value is based on gets and gives, and it is highly dependent on situations as well as personal characteristics.

3.2.2 MEASURING VALUE

Not only the definition of what value is but also the way to assess its true quantities for a certain offering has been debated. Smith and Nagle (2005) argue that EVM (Economic Value Modeling) is to prefer over CVM (Customer Value Mapping):

CVM views value in terms of the ratio of what you get divided by what you pay. Pricing is suggested to be done in a way that keeps the ratio for the differentiated product the same as for the competitors’ products.

EVM decisively uses the value in exchange and distinguishes between positive and negative differentiation value. By encouraging buyers to pay for what they receive, a higher price is often suggested than when using CVM.

According to Smith and Nagle (2005), the fact that CVM does not distinguish between different kinds of value and that it might suggest setting the price lower than necessary, among other flaws, makes it inferior to EVM.
Value as a Function of Brand

Looking at value from a brand perspective, some of the questions that come to mind are: “Does the brand affect value or does it add value?” or; “What types of value does it affect?” Just like the degree of how informed – or uninformed – the buyer is, brands can make a buyer perceive the value of something differently than he or she would otherwise. Suggestively, brands therefore act as modifiers of economic value into perceived value. This goes in line with what Bowman and Ambrosini (2000), and before them Zeithaml (1991), said about value:

"Customers' perceptions of the value of a good are based on their beliefs about the goods, their needs, unique experiences, wants, wishes and expectations.”

It is important to realize that the brand is not the only factor that explains the difference between economic value and perceived value. How well the customer is informed about the value of the product as well as other factors such as urgency to use the product can influence the perceived value as well.

To summarize:

\[ \text{Perceived value} = \text{Economic value} \times \text{Brand} \times \text{Other Factors} \]

The * in the above expression is symbolizing a multiplication-like operator. Consequently, a new definition of brand is born:

\[ \text{Brand} = \frac{\text{Perceived Value}}{\text{Economic Value} \times \text{Other Factors}} \]

A brand is the quotient between perceived value and the economic value affected by other factors. In other words, a brand is making the difference between what a product actually (i.e. objectively) is worth and what the customer perceives it to be worth. The “other factors” in the model explains why the brand strength varies in different situations. For example, imagine having to choose between two taxi companies when you are already late for your airplane. The brand would presumably play a smaller role in this situation than normally.

An interesting observation is that brand values over 1 would mean that the brand promises more value than can be realized. The reason to anomalies such as this could stem from unsound marketing where messages about
non-realizable value are communicated to the customer. Once again, referring to Ward et al. (1999):

“A brand is a distinctive identity that differentiates a relevant, enduring, and credible promise of value associated with a product, service, or organization and indicates the source of that promise.”

Failing to live up to the promise made will cause the brand to lose long-term credibility. Anderson et al. (2006) give support to this by claiming that today’s customers do not have the resources to take the risk of naively believing false value propositions and promises.

A customer will – given that there is no critical need for the product – only pay for what is perceived to be received from the transaction. By increasing the brand strength, the perceived value of a product goes up according to the formulae previously given. A consequence is that the maximum price demandable for the same product can be increased. In other words, a good brand will make you be able to charge a higher price for the same product – a price premium.

Industrial buyers consider both price and value when evaluating different purchase options (Anderson et al., 2000). This is true for end consumers as well (Zeithaml, 1988) but industrial buyers actively try to compare offerings against reference offerings and are therefore not absolute in their reasoning like consumers tend to be (Anderson et al., 2000). In line with risk aversion, which has been observed at most industrial buyers (e.g. Puto et al., 1985), industrial buyers value price over value (Anderson et al., 2000). In particular, price decreases are valued higher than value increases and value decreases are valued higher than price increases. Value is more ambiguous than price and consequently the function for price is not the same as for value (ibid.).
Since a brand makes a “credible promise of value” (Ward et al., 1999), it has the potential of bringing the value function closer to the price function. By moving the two functions closer together, value gets more and more interchangeable with price and hence offerings with increased value and increased price will be valued higher by customers. A conclusion from this is that brands potentially are more important for offerings of added value compared to offerings with reduced price, although this is yet to be tested.

3.2.4 CREATING VALUE

Recent studies by Brady et al. (2005) have shown that value can be created by delivering integrated solutions to industrial customers. This demanding way of customer care not only demands a shift toward customer centricity by the integrated solutions provider but also a brand designed for this purpose. The brand has to promise values such as “We listen to you”, “You run the core business, we make the rest work” or “We customize solutions for you”. In order for the brand’s promises of value to be kept, the mindsets of the employees need to be changed. Again, the brand comes to mind, as the communicated values of a brand are not only affecting the customers but also the internal employees; something that has been
confirmed by many authors on the subject (e.g. Lamons, 2005). In this case, the brand itself is value adding at the same time as the brand image is to be a ‘value adder’.

A brand can only communicate so many values before the message it delivers becomes vague and incomprehensible. The same logic holds for sales pitching where Anderson et al. (2006) recommend using a resonating focus instead of conveying all the benefits achievable by buying the product. By stressing the two most critical issues and their solutions to the customer, in pair with a point of parity, the own offering can be shown superior to those of competitors. A brand will further strengthen these core values if the brand itself is tailored to communicate the same values. This suggests two things. First, brands should be tailored to fit the type of customers that the company wants to sell to. Second, the brand values should be used as the base of the value proposition, further increasing the credibility of the offering.
### 3.3 Branding and Trust

#### 3.3.1 Continuous Relationships and the Importance of a Trustworthy Brand

The traditional and somewhat obsolete way to not look at interaction between companies as relationships but rather as discrete transactions has repeatedly been rejected by scholars and modern practitioners (see Lamons 2005; Dwyer et al., 1987). The reason for this is obviously that no archetype transactions can ever take place in real life as there will always be activities surrounding the exchange of products/services for money, e.g. agreements, delivery, maintenance, etc. Modern firms are finding more and more frequently that greater margins can be achieved by cultivating the existing accounts rather than by trying to establish relationships with new customers (Doney et al., 2007). In order to cultivate the existing accounts and to extend the relations to incorporate more than one transaction, a credible brand is vital (Lamons, 2005). A credible brand means that the customer trusts the brand.

According to Gray (2004), the first basic value that a brand needs to communicate is trust. Trust also allows more commitment by the customer and is hence a critical asset in building long-term relationships extending many years into the future (Verbeke et al., 2006). Hiscock (2001) went as far as claiming that “… the ultimate goal of marketing is to generate an intense bond between the customer and the brand, and the main ingredient of this bond is trust.” Hiscock (ibid.) was clearly referring to B2C-brands but trust is nevertheless a greatly important antecedent to brand strength in the B2B-milieu as well.

#### 3.3.2 A Definition of Trust

In their compilation of previous academic literature, Das and Teng (2001) make a notable effort to reach a useful definition of the concept of trust from a marketing perspective. They claim trust to be “… a multilevel phenomenon that exists at the personal, organizational, interorganizational, and even international levels”, but at the same time they conclude that despite trust being an important factor, it has not been properly researched yet. Sichtmann (2007) adds that the research that has been made is uncoordinated and not integrated and furthermore claims that there is no common understanding on what comprises the antecedents of trust. In
contrast to this, some (cf. Kanter, 1994; Larson, 1992) argue that interorganizational trust has been paid close attention to by scholars. They also state that trust can be a means to reduce formal contracting, integrate partners and lessening concerns about opportunistic behavior. Despite the numerous definitions present in the literature, Das and Teng (2001) land on the same definition as Boon and Holmes (1992) and Gambetta (1988); namely that “… trust is about positive expectations regarding the other in a risky situation.” Important words in this definition are ‘expectations’ and ‘risky’; clearly stating that trust has a close relationship with the fact that the future cannot be foretold nor controlled and that there is a possibility that the actual future is unfavorable unless the ‘other [part]’ will do what is expected of him/her. Coleman (1990) and before him Deutsch (1958) agree that trust only is relevant in situations characterized by risk.

What the other party actually will do depends on two variables; the partner’s ability to perform according to agreements and the partner’s intentions to do so (Nooteboom, 1996). Both Moorman et al. (1992) and soon after them Hosmer (1995) agree that trust is a reliance on the partner in a risky situation. Reliance on someone demands a past to base the trust upon; experiences that allow the trusting part to believe that the trusted part will do what is expected. Luhmann (1979) specifies:

“Trust is only possible in a familiar world; it needs history as a reliable background”

Ripperger (1998) resounds this statement as he notes that the trusting part extrapolates past experiences in order to predict what will become of the future. Sichtmann (2007) introduces two words to the discussion; ‘trustor’ meaning the trusting part, and ‘trustee’ meaning the trusted part.

As there is a plethora of ways to divide and define trust, a summary is presented below with some of the most common and academically widespread approaches:

- **Bagozzi, 1975:**
  Trust is the degree of perceived validity in the statements or actions of one’s partner in a relationship

- **Barney and Hansen, 1994:**
  Trust can be in (1) weak form, (2) semi-strong form, and (3) strong form (depending on the vulnerability of the relationship)
Topics on Branding
Constructs interlinked with branding

- *Deutsch, 1958:* Trust is a person’s willingness to be dependent on another party in the belief that the party will not intentionally disappoint them.

- *Dwyer and Oh, 1987:* Trust refers to a party’s expectation that another desires coordination, will fulfill its obligations, and will pull its weight in the relationship.

- *Grönroos, 1990:* Trust is cooperation or commitment to a mutual cause.

- *Gulati, 1995:* Trust is a type of expectation that alleviates the fear that one’s partner will act opportunistically.

- *McAllister, 1995:* Trust can be (1) cognition-based, and (2) affection-based.

- *Powell, 1990:* Trust is cooperation that emerges from mutual interests with behavior standards that no individual can determine alone.

- *Rempel et al., 1985:* Trust can consist of (1) predictability, (2) dependability, and (3) faith.

- *Ring and Van de Ven, 1994:* Trust is faith in the moral integrity or goodwill of others.

- *Ring, 1996:* Trust can be (1) fragile, and (2) resilient.

- *Shapiro, 1987:* Trust is a social relationship in which principals invest resources, authority, or responsibility in another to act on their behalf for some uncertain future return.

- *Sheppard and Tuckinsky, 1996:* Trust can be (1) deterrence-based, (2) knowledge-based, and (3) identification-based.

Many authors (e.g. Anderson & Narus, 1990; Doney & Cannon, 1997; Dwyer & Oh, 1987; Ganesan, 1994; Kumar et al., 1994; Scheer & Stern, 1992) have a united view of trust being comprised of two elements: (1) credibility, and (2) benevolence. Doney and Abratt (2007) discovered this unity and explains the two elements as follows:
“Trust in a partner’s credibility is based on the belief that one’s partner stands by its word, fulfills promised role obligations, and is sincere. Trust in a partner’s benevolence is a belief that one’s partner is interested in the firm’s welfare and will not take unexpected actions that would have a negative impact on the firm.”

The contrasted definitions and divisions leads to the definition of trust – partly based on what Das and Teng (2001) call goodwill trust and competence trust – used in the context of this thesis:

Trust is the trustor’s expectation – based on previous experience – that the trustee is able to and will cooperate as agreed upon by both parties, and will not abuse unforeseen events to profit at the expense of the trustor.

3.3.3 TRUST AND BRAND BUILDING

Many factors help to build a strong brand but trust has repeatedly been found to be one of the key drivers to brand excellence (e.g. Gray, 2004). The reasons behind this are numerous. As has been argued before, brands are used to lower risks in purchase situations. Das and Teng (2001) interlink trust with risk by claiming that trust can be utilized to reduce the perceived risks when they are higher than the acceptable risks. According to Chaudhuri and Holbrook (2001), the two antecedents of brand purchase loyalty and attitudinal loyalty are brand trust and brand affect. In a B2B context, brand trust outperforms brand affect since brand purchase loyalty becomes superior to brand attitudinal loyalty.

Elliott and Yannopoulou (2007) divide the need for trust in purchase situations into the same different scenarios as Brown et al. (forthcoming) do; decisions involving low-, medium- and high levels of perceived risk. Elliott and Yannopoulou (2007) further argue that when the levels of perceived risk are low, no trust is needed and familiarity will suffice as a base for decisions. Just as Brown et al. (forthcoming) found, secondary information and shallow exposure to promotion is the base for decision-making and hence the brand has high influence on the decision while rational factors such as quality are less important. When reaching somewhat higher levels of perceived risk, Elliott and Yannopoulou (2007) mean that familiarity is not enough and that confidence is required for making the purchase decision. Confidence is a mix of cognitive and emotional perceptions based on experiences. The required experience can – in a new task buying situation – be acquired by examining the alternatives thoroughly. Brand is thus a less
important factor for medium-risk purchase situations just as Brown et al. (forthcoming) found. Reaching high levels of perceived risk, trust is according to Elliott and Yannopoulou (2007) essential. Trust involves more emotional judgments than cognitions. Trust is used to suspend the fear associated with high risks and unknown future. Again, this is in line with Brown et al.’s (forthcoming) findings where high-risk purchase situations are characterized by a strong influence from brands. Elliott and Yannopoulou (2007) conclude their reasoning by claiming that perceived risk diminishes and trust reverts to confidence as repeat interaction takes place over time. Clearly, a familiar environment rarely poses high-risk levels.

Trust has been found to exert many different positive effects on brands. According to Lynch (2004), trust is less likely to decay with time than rational brand values. Trust has been shown to be an antecedent of customer loyalty (Weizsäcker, 1980), to give positive influences on key relational outcomes, on loyalty commitment and on the share of purchases (Doney et al., 2007), and it significantly absorbs the customer’s uncertainty (e.g. Morgan and Hunt, 1994; Ripperger, 1998). Trust also positively affects the customer’s current and future purchase intentions, the word-of-mouth behavior of customers and – most significantly – it is the antecedent of customer loyalty (Sichtmann, 2007).

Some authors extend the discussion by examining they ways of which trust can be built. Elliott and Yannopoulou (2007) claim that reassuring the customer about the brand is utterly important, something that Lamons (2005) concurs with. Elliott and Yannopoulou (2007) further found that consistent brand messages, experience and storytelling is of importance – again in line with what Lamons (2005) suggests. Since trust is reciprocal, Das and Teng (2001) propose that competence trust between all partners will increase if one party starts to show competence trust in the other partner.

3.3.4 DELIVERED VALUE ADDING TO TRUST

Many authors have concluded that value is trust-building (e.g. Sirdeshmukh, 2002; Harris & Goode, 2004). The latter authors specifically found perceived value to build trust. As has been discussed in the section regarding the value construct, there are vast amounts of attempts at defining the value concept within academics. Following what Smith and Nagle
(2005) wrote about perceived value, the differentiation value is associated with features of a product that are unique and different from competitors.

Value that has been found to increase trust concludes of, among other things, social interaction, open communications, customer orientation, technical quality, functional quality and economical quality (i.e. perceived value) (Doney et al., 2007), competence (e.g. Voeth & Rabe, 2004; Doney & Cannon, 1997; Moorman et al., 1993; Sichtmann, 2007; Wieszsäcker, 1980) and credibility (e.g. Ripperger, 1998; Kumar et al., 1995; Ganesan, 1994; Sichtmann, 2007; Wieszsäcker, 1980). Value has also been found to increase loyalty, intentions to buy, etc. (Harris & Goode, 2004; Grisaffe & Kumar, 2002; Parasuraman & Grewal, 2000), deductively affecting customer’s trust in the brand. Doney et al. (2007) wrote:

“When extending transaction oriented definitions to include elements of goal orientation and risk reduction (Flint & Woodruff, 2001; Sirdeshmukh et al., 2002), perceived value goes beyond the past experience perceptions inherent in satisfaction surveys to a more futuristic calculation of how well the service provider is likely to satisfy future expectations relative to alternatives.”

Raval and Grönroos (1996) offer the following schematic of value-adding strategies in a long-term relationship:
Clearly, risk reduction, value, trust and brands are closely interlinked in complex buyer-seller relationships. Living up to the promise of value (and lowering risk) creates trust and strengthens the brand.

3.3.5 TRUST IN B2B ENVIRONMENTS
Relationships between organizations in industrial markets are often extended over many years. Sebenius (1992) argues that these relationships are invariably based on considerations of mutual interest and risk assessment. This is true for inter-organizational relationships but companies also have inter-personal relationships between the employees. These employees carry the emotional values discussed in the risk chapter and the emotions are the reason behind organizations being able to trust each other and not just rely on each other (Mouzas et al., 2007). This trust allows for commitment between the companies and hence is of utter importance in situations where long time relationships are required (Verbeke et al., 2006).
3.4 THE HONEYCOMB MODEL

As shown in the previous chapters, branding is closely interlinked with the constructs risk, value and trust. By letting the brand act as a promise of value, trust in this promise (and consequently in the brand) can reduce customer-perceived risk. This strategy is used frequently in both B2C and B2B contexts. As for low risk situations, rather than lowering the perceived risks of huge negative economical impacts and consequences, the brand is frequently used as a choice simplifier to reduce time waste associated with screening for alternatives (Brown et al., forthcoming). Risk reduction is done on both organizational as well as personal levels and includes strategies such as trusting an umbrella brand or spreading the risk across many choices. Organizational risk is mostly associated with time- and money losses whereas the people within the organization also can suffer from ego- and hazard losses (Roselius, 1971). Yates and Stone’s (1992) definition of risk reads as: “Potential losses, significance of those losses and uncertainty of those losses”.

Value has also been shown to be intimately connected to the risk construct (e.g. Anderson et al., 2006; Lamons, 2005). Close to all value adding activities can be expressed as lowering the risk of not getting the value in question; IBM reduce the risk of malfunctioning servers by offering outstanding support and H&M guarantees the customer that he or she will be in fashion despite paying a low price, lowering the risk of an ego loss. Value is most often defined as benefits minus costs (or sacrifices), and Ravald and Grönroos (1996) exemplify sacrifices by stating that the (perceived) sacrifice includes all the costs the buyer faces when making a purchase: purchase price, acquisition costs, transportation, installation, order handling, repairs and maintenance, risk of failure or poor performance etcetera. It is here evident that not only are risk and value interconnected; risk can be seen as a subset of sacrifice, which in its turn is a subset of value. The choice simplification associated with a trusted brand can also be interpreted as a value adding function, reducing the time invested in researching different choices. There is a multitude of definitions but most of them define value as a construct very close to benefit. This study’s definition is – in the words of Zeithaml (1988) – “…Perceived value is the consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given”. Value is situation-dependent and subjective, and it demands customer focus to be effectively deliverable (Brady et al., 2005).
By delivering the value (and reducing risks) as promised, trust is built (e.g. Sirdeshmukh, 2002; Harris & Goode, 2004). This is an iterative process that demands **continuity and consistency**. Trust – according to Gray (2004) being the first basic value a brand needs to communicate – allows a customer to trust the brand over competing similar offerings, increasing the brand strength. Trust is the trustor's expectation – based on previous experience – that the trustee is able to and will cooperate as agreed upon by both parties, and will not abuse unforeseen events to profit at the expense of the trustor. With high purchase risks, the need for trust and brands increases whereas lower levels of risk still require familiarity with brands (Brown *et al.*, forthcoming). Trust is the base of loyalty, commitment and other such factors and it also positively affects the word-of-mouth behavior; rendering the brand stronger (Sichtmann, 2007).

Based on the previously presented academic findings and their implications, the below model is proposed. It is meant to show relationships between constructs interlinked with B2B branding and to symbolize the importance of uninterrupted continuity and consistency in the brand message.

![Figure 11: The Honeycomb model of brand-risk-value-trust relationships](image-url)
No claim is made that the model is holistic in any way. It is based around the relationships between the previously discussed constructs and is an attempt to visualize them. Hence, the model cannot be used as a complete branding model but rather as a help to understand the circularity involved with building a brand around risk lowering, delivering value and trust. The cyclic nature of the model suggests that brand building is an iterative endeavor; there is no univocal *end* or *start* in brand-building activities in the context of risk, value and trust conveyance.

By interlinking these constructs around branding, new questions appear concerning how reality looks compared to the academic nature of the resulting model. Are these constructs even considered when creating brands in a B2B context? Do the practitioners believe that they are using risk reduction, delivering value and trust to build the brand? Do they even want to use this message? Obviously, questions concerning customers and other stakeholders arise as well. These will however not be further discussed in this thesis (see 1.3.3).

Instead, focus is on the subjective views of the practitioner. This first part of the thesis theorized about building brands in a B2B context. The latter part consists of an exploratory field study involving practitioners and the conclusions that can be drawn from combining theory and empirical data.
Topics on Branding
Constructs interlinked with branding
Consistency between theory and reality: The qualitative study

"Risk comes from not knowing what you’re doing."

Warren Buffett

In this chapter, the qualitative study intended to couple theoretical findings with how Swedish multinational B2B companies work with branding strategies is introduced. Preliminary findings are also presented.

Chapter 4
4.1 **STUDY APPROACH**

The aim of the qualitative study was to investigate if, how and why/why not risk, value and trust are actively considered by practitioners (e.g. brand managers) at B2B corporations in their brand strategy development. As the three constructs previously discussed constitute far from all dimensions of a B2B brand, investigating also what other factors play a role in the brand strategy formation was deemed potentially fruitful in order to bridge the gap between theory and practice and to gain deeper knowledge about the practitioners' perceptions of branding.

Hence, an exploratory approach was chosen since it would allow for new data to be discussed as the interviews unveil new aspects that were not thought of in advance. The qualitative approach has the characteristics of giving a higher validity at the expense of reliability compared to e.g. quantitative surveys (Lekvall & Wahlbin, 2001). In line with this, we make no attempts to make any exclusionary conclusions from the data; instead focus is on reasoning company-wise as well as giving indications on where patterns might exist. Further, the qualitative approach allowed for studies of underlying subjective views and beliefs.

Collection and analysis of secondary data was deliberately opted out as it did not contribute much to the sought-after understanding of practitioner mindsets. Also, since industrial B2B companies rarely sell by any other means than sales forces, the instructions these receive about behavior related to the brand are far more interesting than e.g. web pages.

By the use of convenience sampling supplemented with a few criteria, the respondents were chosen. A list of companies was compiled by: (1) listing the biggest companies in Sweden (measured by sales volume per year); (2) removing the companies that obviously did not act on a B2B market and; (3) choosing the top 50 of the remaining companies - the previously mentioned criteria being that the companies should act on a B2B market.

Next, questions meant to serve as a base for the interview process were created by reasoning with supervisors and by means of internal discussions. These questions were later reviewed and revised when they had been tested in preliminary interviews. Limited resources in terms of time and funds resulted in telephone interviews to be chosen as the means for the qualitative data collection. The interviews were conducted with Skype.
(www.skype.com) and recorded in order to later be transcribed and anonymized (see appendix A: Transcribed interviews). Before any interviews were conducted, a strategy was set; the questions were only to serve as a help to get the respondent going and not to control the direction of the interview. This is sometimes referred to as a semi-structured interview technique (Lekvall & Wahlbin, 2001). Detailed questions were also created for the interviewer to rely on in case of silence (see appendix B).

The interviews were, as previously mentioned, conducted in a semi-structured fashion, but questions were asked in order to lead the interviewee to talk about their branding efforts in the contexts of risk, value and trust, if applicable. There is however a risk associated with this. Utmost care was taken not to put words in the mouth of the respondent. Asking a question such as “Is value important in communicating your brand?” will most likely result in an unreasonably high Yes-ratio. Instead, the interviews were aimed at providing topics of discussion where the interviewee would mention the constructs introduced in our study only in the case that they actively have identified these concepts and actually work with them in their market communication.

After the transcriptions were concluded, the analysis begun. Preparing the list of companies, finding the right person to talk to at each company, making appointments for interviews, studying the companies before calling them, conducting the interviews and transcribing them was done in August 2010. The average interview was between 15 and 40 minutes long depending on the answers.

4.2 PRELIMINARY FINDINGS

After analyzing the transcribed raw data from the interviews (see Appendix A), a quasi-quantitative analysis was conducted, aimed at determining whether the constructs of risk, value and trust, respectively, are actively incorporated in their brand communication, and if so – to what extent. Even here, the issue of subjectivity constitutes a potential hazard. In our breakdown, if the interviewee actively stresses the construct researched (or a closely related synonym) and in his or her own words asserts its importance in the brand communication of the company in question, the company is awarded a filled circle in the table represented below. An unfilled circle indicates that the interviewee acknowledges the construct, but that that it is
not communicated to a considerable degree in their brand activities. Finally, it should again be stressed that the focus is on the branding strategies communicated by the selling company; how the brand actually is perceived on the marketplace is not taken into consideration.

Table 2: Respondent branding efforts at risk value and trust

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Table symbols: ○ Moderate efforts ● Substantial efforts

4.2.1 Risk

Risk is communicated in 8 out of the 17 surveyed companies, of which four emphasize risk to a considerable extent, and the remaining four to a lesser degree. However, instead of risk, safety is commonly used. The definition of safety and its relationship to risk is a subject not in detailed discussed here, but we suggest that safety is closely related to hazard risk. In the case of company 4, the biggest risk is suggested to be monetary risk. This is somewhat intuitive, as the solutions offered by the company are the most
capital-intensive of all the interviewed companies. Some companies stress the Total Cost of Ownership in their brand building activities.

In company 16, the offering itself is neither hazardous to handle, nor is it associated with any substantial monetary costs in its procurement, but as the economical consequences in the production process of the customer if the product is defective or improperly used are substantial, the risk-lowering aspect is heavily communicated in the brand message.

There is also some evidence that companies integrating risk into their brand message are active in trades characterized by various extents of delivery risks. For many companies not actively communicating risk, formalized and legally binding contracts were in the interviews highly stressed. Contrary to expectations, we cannot decisively conclude that companies offering highly complex and tailored solutions incorporate the risk construct into their brand to an extent higher than other businesses.

4.2.2 VALUE

Remarkably, of the three constructs studied, value is the least often incorporated in the brand message of the companies interviewed. Only one of the 17 respondents works to a considerable extent with communicating value in their market offerings. This company also stresses working together with the customer, understanding their needs and by that means, delivering value. Furthermore, their charged price premiums are motivated by the benefits (i.e. higher value) that their solutions provide.

However, six additional companies incorporate value to a moderate extent. Common for these is the relatively high degree of service component in their market offerings, and their strategy of being close to the customer, both physically as well as in understanding their business needs. Providing superior quality is another common ground; some companies even tend to use the words quality and value interchangeably. Also, value is stressed by many companies selling parts used in the production process of the customer organization.

Further findings in the aspects of value are somewhat inconclusive; arguably as a result of the relatively few respondents participating in the study.
4.2.3 Trust

Out of 17 respondents, 11 companies have some degree of trust included in their brand message; four of these companies are extensively conveying the message of trust within the brand. This is the highest occurrence of any of the three constructs from the theoretical model. In contrast to this, relationships seem to be much more important than trust within B2B organizations. Relationships are built in a similar manner to trust; a continuous interaction between the two parties. Most practitioners certainly also mean trust when they speak about building relationships as they use the word in a positive meaning even though relationships can be of many different natures; what is meant when speaking about relationships is actually trust in the partner.

The four companies using trust as one of the core brand messages are: company 1, company 11, company 14 and company 17. In addition to this extensive use of trust as part of the brand, the companies also have a few other attributes in common; they are relatively old companies, they sell mainly tangible goods (although company 17 recently started selling services as well) and they are very consistent in their brand message. Another common ground of these companies is their customers’ demand of agile and precise deliveries.

Company 1 has located customer centers close to its customers in order to be physically present in their customers’ daily work. They convey the message of trust by relating to previous successful solutions and they have a long tradition of service. The market is characterized by high monetary risks; mitigating these by the use of thorough contract writing and experience helps building the trust needed to compete with smaller and quicker actors on the mature and saturated market. With the core values “down to earth”, orderliness and reducing complexity, company 11 reduces the high delivery risks experienced by the customers by appealing to the core needs of the customer. One of the meanings of orderliness is to keep promises and to stay credible, building trust as time passes. Trust is considered to be a vital part of the customer focus used by company 11. Playing the image associated with the long tradition on the Swedish market and the “Swedishness” of itself as well as obtaining certificates and inheriting the trust in those, company 14 is nurturing the relationships with its suppliers by making them trust the brand. Trust is a vital part of the relationship with
suppliers as the handling of the natural resources bought from the suppliers demands responsibility. Company 17 acts on a mature market where most offerings are virtually identical. The demand for long-lasting relations to the customers, who are demanding cooperation partners, makes trust a very important aspect of the brand message.

4.2.4 LINKAGES

One observation that vaguely establishes a relationship between the constructs is the fact that companies working with risk in the brand message are also in six cases of eight work with trust. This observed relationship has been shed some light upon in previous literature by Das & Teng (2001), claiming that “[…] trust [and control] are the two principal antecedents of risk”.

A second observation is the fact that all companies with branding strategies clearly including at least two of the three constructs of risk, value and trust also include the remaining construct to some degree. Company 16 – putting much effort into conveying risk and value as brand messages – also works to some extent with trust, and company 17 – putting effort into communicating the brand messages risk and trust – also works with value in its branding. These companies also constitute the market leaders in their respective segments.
Topics on Branding
Consistency between theory and reality: The qualitative study
Analysis and post-hoc findings

"Trust has to be earned, and should come only after the passage of time."

Arthur Ashe

This chapter provides an in-depth analysis of the empirical findings, their consequences and their degree of consistency with the theory.
5.1 **GENERAL REMARKS ON BRANDING**

Few of the respondent companies’ branding strategies go in line with the proposed Honeycomb model in section 3.4. In fact, there is not a single company wholly fitting their brand strategy in all three areas – risk, value and trust. Clearly, the model does not incorporate all the aspects of today’s practitioners’ thinking patterns around branding. On the other hand, the fact that all three constructs are part of some of the companies’ branding efforts confirms the model to be reasonable. As has been argued in section 3.4, the model makes no claims of being holistic and hence it was expected to ignore a great deal of explanatory power when used to explain complete branding patterns on its own.

As conjectured in section 2.4 of this thesis, the brand importance seems to play the biggest role in new tasks. In modified re-buys, brands are of lesser importance, and straight re-buys are rarely awarded any brand considerations at all. As a new task turns into a modified re-buy, or ultimately, a straight re-buy, the brand plays a more and more marginal role, and instead technical specifications and *de facto* customer experiences in previous interaction with the selling company and its offerings are considered more important. Companies acting in a monopoly-like situation (e.g. having a sole customer – sometimes a sister company) do not pursue any branding efforts.

When looking at the answers from the interviews, it is vividly apparent that some practitioners still mechanically view the brand in terms of a logo or a trademark (see sections 2.1.1 and 2.1.2). The consequences of this obsolete point of view are; – to mention a few – lost control of how the customers perceive the brand and how to affect those perceptions, lost opportunities to unite the employees by giving them core values to act in accordance with, and lost resonating focus when delivering according to another promise than the one that the brand makes. It is not true that B2B companies without contemporary views of what constitutes a brand are doomed to fail, but there are possible consequences for practitioners with an obsolete mind-set on the meaning and merits of branding.

Looking at how companies perceive their competitors’ work with branding strategies, it becomes clear that there are much more similarities than differences in the brand messages being conveyed, e.g. the “innovativeness”
used by practically all actors on the market of company 3. The interviewee of company 12 said that “… going too far from the standard approach will result in failing,” an opinion that well resembles the mindsets of most practitioners. This mindset may have its merits and feel like the “safe choice” but at the same time there are imminent risks of losing market shares from being unable to create differentiation value when staying too close to competitors’ brand messages (see the discussion of different kinds of value in section 3.2.1).

Sales personnel, as well as buyers within a certain industry tend to have a good knowledge of other actors active in the trade. This is diametrically contrary to B2C, where the brand can be said to function as choice simplifier. This is not a particularly far-fetched suggestion, as (1) there is a trend in which many industrial companies specialize and acts in a very marginal industry of trade, and (2) professional buyers are tend to be more well-informed compared to a customer in a consumer market. Although branding has many merits even in B2B – some of which are discussed in this thesis – the need of branding strategies as means of recognition is possibly not as important as in B2C.

5.2 SPECIFIC ANALYSES

5.2.1 COMMONLY USED CORE BRAND VALUES NOT IN THE MODEL

Companies involved in producing parts for products that later might pose a hazard risk (see section 3.1.4) for consumers, such as company 4, company 7 and company 10, are seemingly likely to involve safety in the brand message. At first glance this might seem natural and maybe even trivial, but the observant reader soon realizes that safety is not the exact same word as risk reduction. It would seem logical to choose the neutral word “risk reducing” when branding towards another industrial company with educated procurers. However, the facts remain that the end users, if not safe, will hurt themselves – or even die – when using the product, severely damaging the manufacturer’s brand – lost trust that is not easily rebuilt. Conveying the message of “safety” to the manufacturer will most likely calm the buyers more than conveying a message of “risk reduction”. Our model regrettably fails to encompass the “safety” concept as it contains far more emotional associations than “risk reduction”. Risk reduction does contain safety but as brands are used by emotional human beings, the words used in
the brand message have to be chosen carefully. Even so, the fact remains that risk reduction indeed is an important part of risky environments.

Environmental factors such as greenhouse gas emissions, sustainable development and social responsibility tend to play a role in the market communication activities of several industrial companies. Many companies, especially in the processing industry and in mining of natural resources tend to generate a non-negligible environmental impact, and even though its customers are rarely towards the end-consumer side of the value chain, indirect pulled demand from environmentalists, unions, and end-consumers require the companies to convey the message of sustainability in their market offerings. Nobody wants to buy a music player with the hydrochloric acid used for refining the silicates used in production of its internal circuit boards, if the hydrochloric acid production causes an unallowable environmental footprint or if the producer mistreats its workers.

Another interesting observation is the manufacturers of tangible goods who seemingly strive to be the leaders of “high technology” and consequently try to incorporate this message into the brand. The reasons behind this are probably manifold, but one explanation is that “high technological” is a way of expressing productivity as well as willingness to change and develop new offerings at the same time – a combination of showing that value can be delivered and pointing out the customer focus to the customer. The expression “high technological” makes people associate to successful giants such as Google or Pentium, possibly making them forget what the word really promises. Care should be taken when forming brands around these vague expressions as they do not actually make a real promise to the customer, blurring the resonating focus of the offer (see section 3.2.4).

5.2.2 BRAND STRATEGIES

There is a tendency that the larger the industrial company, the more importance is awarded to brand management. Consequently, large multinationals tend to be better at formulating and utilizing brand strategies. However, asserting that some companies are large and successful because of their superiority in using brand strategies might very well be a post hoc ergo propter hoc fallacy. It is instead likely that as a company grows and starts to mature, so does its market focus and its growing resources are enabled to be directed at branding efforts. Although somewhat indicated by the qualitative study, we cannot decisively conclude that having a dedicated brand manager
leads to branding excellence. Many multinationals might be just as successful in their brand positioning without having a branding executive; what is important is instead to internally create a brand-oriented organization, with brand awareness in all employees in one way or another interacting with potential customers.

The interviews indicate that close to all of the companies have a graphical profile. However not to any considerable extent equated with the brand (once again indicating that the American Marketing Association brand definition from 1960 is archaic), many companies stress that graphic consistency is of some importance in their market communications.

Somewhat unfortunate, we did fail to encompass the aspects of internal branding (i.e. employee branding) in the theoretical section of this thesis. The interviews clearly show that many industrial companies have identified a need to work actively in empowering their employees and assuring that all personnel in contact with potential or present customers need to understand the brand message of the company. On a side note, many interviewees, in spite of having realized the importance of employee branding and creating a holistic brand communications platform internally in the organization, consider themselves not to be working with internal branding to the extent desired. Industrial marketing is not seldom characterized by long-term engagements and relations between people of different functions in both the selling and buying organization; and if they do not convey a consistent brand message, the other branding activities are at risk of becoming diluted.

As can be seen when reading the interview with company 7, brands are also sometimes used for affecting other stakeholders than customers. Company 7 has developed a separate brand strategy towards potential shareholders. On the other hand, many brand strategies are solely offering focused; focus on customers and other stakeholders are rarely used. Product focus, as opposed to customer focus, makes value building difficult and less effective (see the discussion in section 3.2.4). Even in companies where the main driver is supposed to be customer focus, the brand strategy still falls back on the products being sold.

Brand strategies are close to always developed by the top positioned people of an organization, sometimes even by the board. Surprisingly, many of
these strategies are then handed over to the employees to use without being customized in any way. The employees are supposed to interpret the strategies on their own and use them when interacting with the customer. The strategies are also sent to the web designers in order to be used in advertising on the home page but very few organizations work with making the stakeholders actually understand what is meant by the brand messages.

All interviewees clearly know what the brand values of their company are. There is, however, very little effort put into researching what the customers actually perceive the brand messages to be. Most respondent companies conduct this kind of research as seldom as every three or four years, if at all. Similar patterns can be seen when looking at how often inspiration is gathered from companies outside of the own market. Most companies simply do not look at other markets, and the ones who do, only look sporadically. Likely, companies would put more effort into this matter if more resources were given to branding activities.

As true as it is in B2C, many B2B companies use buzz words as a base for their branding activities. These words are to some extent different depending on the market in which the company acts, but themes like productivity, sustainability, and cooperation seem to be in fashion.

Another tendency given partial support for in our qualitative study, albeit very limited, is that engineer-heavy corporations of moderate size (i.e., in this sense, not active on an international marketplace) tend to be not as good at customer focus in their branding activities. Their brand instead tends to focus on technical and functional aspects of their offering, not stressing the value perspective as much as theoreticians push for.

We also find empirical support that the more complex the market offering of a company, the lesser is the reliance on product brands. Monolithic (“branded house” or “corporate branding”) brands are instead employed. There is little reflection among practitioners in whether this is good or bad; it is merely an inevitable reality. Naturally, product lines need to be standardized in order to pursue a product brand (“house of brands”) strategy, and as complex offerings are tailored to the specific needs of one individual customer (and also include a substantial degree of service components), the company itself becomes the incarnation of the brand.
Which values to highlight are highly dependent on market conditions and the specific needs of the customer.

Another interesting observation is that at least one of the companies interviewed discuss their brand positioning in terms of the Decision Making Unit of the customer (DMU; see section 2.3). Relatively speaking, brand positioning is an easier task in B2C since the buying centre on most cases only consists of one person, i.e. the user. In industrial purchasing, many different stakeholders are part of the DMU, and as their frames of references and values are different depending on their role, so is their individual susceptibility to different brand messages. For instance, if the opinions of the person in charge of maintaining a strict of expenditure are awarded much weight in the DMU; a good brand communications strategy is likely the cost-saving aspects of an offering.

With reference to section 3.2.4 and previous analysis, most companies do have a resonating focus built-in into their brand messages. Most brands convey two or three core values that are supposed to differentiate the company and their offers from competitors. As has been meticulously investigated, conveying two points of excellence and one point of parity when promoting the offer will have the greatest effects of differentiating the offer from competitors’. Designing the brand in a similar way is obviously something that practitioners have already picked up and thought of. There is however some discrepancy between the values promoted by the brand and the values that are actually said to be the strengths of the company. It might be that some companies should pay more attention to fine-tuning their brand message for it to better fit the offering.

The brand does not only need to be resonating with the rest of the organization; it has to be consistent in doing so over a long period of time in order to build stakeholders’ trust in the brand and its message. Only when credibility turns into trust, commitment from employees is enabled and a relationship between the organizations can exist (see the discussion in section 3.3.1). Company 4 has been able to act on a global market despite its modest size compared to competitors, much thanks to the brand (partly inherited by a sister company). The brand is thoroughly communicated internally and adopted by all employees, making external consistency stronger. Consistency clearly helps building trust in the brand.
5.2.3 **ODD MODELS OF BRANDING**

Company 9’s peculiar situation of reselling the goods of huge actors to their customers has made them actively discard any brand work. Obviously, efforts are still put into performing well towards both suppliers and customers, but these efforts are not considered to be a part of a brand. It is possible that creating a branding strategy around the trust needed from all stakeholders and promoting it internally would result in a more solid view of the company from suppliers as well as customers. Trust also allows for commitment and relationships to be built, further allowing the suppliers to put their sales at the hands of company 9 and not at the hands of a competitor.

In B2C, the market conditions can be characterized by the consumers as a group having considerable power. The seller needs to sell his products in order to continue to exist, but the consumer often has a multitude of similar offerings to choose from. This is in many cases true also in B2B, but the interviews found some rare cases where the customer is highly dependent on potential sellers. This is exemplified in company 14, where the company is highly dependent on a specific resource and thus needs to employ what we in this thesis choose to call *upstream branding* towards potential sellers. There is not enough qualitative data collected in this thesis to allow us to draw any far-reaching conclusions in terms of viable brand management strategies, but intuitively, trust seems to play a big role.

As company 4 has experienced, a high degree of political involvement in the relationship makes customers less loyal. Some people would say that trust becomes less important in this scenario, but *au contraire* to this opinion, trust may very well become an even more important factor in order to compensate for the political involvement. When laws are regulating the contracts, branding as a whole might become less important but the specific part of risk reduction suggestively becomes increasingly important as it constitutes a big part of contract signing as company 1 has experienced.

A very interesting aspect of brand management strategy, in our knowledge not having been awarded any academic attention to date, is matters arising from mergers and acquisitions. In our empirical data, a couple of companies voiced concern over how to handle their brand when being acquired by a multinational actor. As their own brand might enjoy strong brand awareness in their local market, it is hazardous to abolish their previous brand, which
might have been built with much effort and over a long period of time, employing the corporate brand of the purchaser. From a long-term perspective, it might however also be problematic for the parent company to own many different brands, especially if the purchased company is strategically tailored to fit with the values of the purchasing corporation. Similar issues arise in the case of mergers between two or many companies. The fact that many acquired corporations are allowed to maintain their former brand (or company) name, further gives support to the postulate that the brand construct is important also in B2B markets.

5.2.4 COMMON BELIEFS AMONG THE RESPONDENT COMPANIES

Many of the interviewed companies consider themselves to be better at brand management than their competition. The reasons behind this are unclear. One hypothesis might be that information obtained during the interviews are not as objective as one could have wished, with the interviewees seeing the interview as an opportunity for marketing their brand. It is also possible that many industrial companies suffer from hubris and tend to underestimate their competition. Another theory is simply that as the interviewees were selected among a list of the largest corporations in Sweden, they are often the market leader, and as such, have a very strong brand.

Also, there seem to be a general aversion of formalized brand strategy documents, with some respondents stating that “We don’t need documentations for that; it is communicated indirectly in the corporate culture in which the employees act”.

Academic theory suggests that formalizing the brand strategies in order to make them easily understood is of utmost importance in a holistic branding approach.

5.2.5 PURCHASE RISK AND BRAND IMPORTANCE

A factor common to all companies conveying risk as one of the core values of the brand is that the actual risk taken by the customers is high. Company 4 has customers who are forced to take huge economical and political risks when buying the type of products that company 4 offers. A deliberate strategy to reduce the customer’s uncertainty is employed. One strategy adopted by company 4 is to get approved by neutral third parties – another strategy is to be completely open with information about the services in order to let the customer reduce its risks by information gathering (see the
discussion about risk handling methods in section 3.1.4). The customers of company 5 are responsible for human safety and hence the delivery risks are critically high. A failure of delivery would probably impact not just in a monetary and hazardous way but also give the brand of the customer a heavy blow. By referring to previous success and excellence, company 5 is reducing the customer’s perceived risks (see section 3.1.3).

As for company 16 and 17, both companies provide parts used in the production processes of other companies. Being a critical component for the productivity of the customer, huge indirect monetary and time risks are a direct threat should the parts fail to work or not be delivered on time. Company 16 uses a lifetime cycle approach in the marketing, guaranteeing to take responsibility for the product throughout the usage at customer sites. Company 17 applies guarantees and leasing agreements to the products, owning them and instead leasing them to the customer. The customer pays the same amount of money but the perceived risk of the customer is reduced.

An interesting observation about risks is that managers tend to view the buying organization holistically, not considering the risk aversion in industrial buyers discussed in section 3.1.2. A procurer at the customer organization may take great personal risks when buying the products since the decision might be critical to the organization he/she is working for. Focusing the brand on these risks, guaranteeing that the company is the most trustable actor on the market could turn out to be a great boost for the brand. A procurer feeling that he or she is buying the “safe choice” might not even consider competing brands.

5.2.6 RELATIONSHIPS AND TRUST

The study provides empirical evidence that loyalty seems to be valued in industrial contexts, likely because of the focus on long-term relationships and the realization that it is more expensive in terms of marketing expenditure to attract new customers than to gain new ones. Consequently, loyalty, a concept interlinked with trust, is the construct most often actively communicated in the brand message of the companies surveyed.

Practically all respondent companies are using CRM-systems to some extent. The CRM-systems are however not used when developing the brands. Apparently the information about customers is valued but branding
is not thought of as something that should be built around this information. Companies could potentially learn something fruitful by to a greater extent pairing the branding efforts with the CRM-systems.

There is also a tendency that present customers being offered individual and standardized solutions tend to stay over a long period of time with the supplier. This is sometimes referred to as a lock-in effect. In this sense, as the switching cost for a customer already utilizing a heavily standardized (and often expensive) solution is very high, this customer does not have much choice but to stay with the supplier. For companies offering these types of solutions, the brand might be very important in obtaining new customers, but the importance diminishes as the relationship evolves over time. This is correlated to the new task concept, in which the brand is the most important in comparison with modified and straight re-buys.

When studying the material from the interviews, it becomes evident that large B2B companies are more or less assumed to be credible by their stakeholders. Competence trust is far more sought after since it cannot be controlled by contracts. In addition, competence is not applicable on all areas; it is highly specific. Hence, previous excellence does not guarantee a company to have the competence needed for successful cooperation.

Interestingly, some interviewees unknowingly give support for the Honeycomb model presented in this thesis by stating that delivering value causatively leads to increased trust. No strong causation is seen between the risk and value constructs. There is however evidence from some of the interviews that they are at least correlated, especially in cases where the lowering of different types of risk is considered important in the marketplace.

Failure to deliver the brand promise even once can have devastating adverse effects on the brand. This has been observed by – among others – company 7 which have seen some of its competitors’ brands being set back extensively from failing to live up to the promise of safety. Clearly, the definition of a brand as being “[…] a […] credible promise of value” holds as a failure in delivering to this promise will ruin the brand.
5.2.7 MARKET FACTORS

Company 12 has, despite the immature market they are acting on, developed a deliberate brand strategy around the values quality, competence and taking the product to new levels. For company 12, building a brand when the market is still immature might seem unfruitful and pointless at first; there are no market advantages thanks to the brand as of today. However, since trust in the brand is built over many years of faithful service and performance according to the brand’s promises of value, starting to build the brand in early stages will create a great base for future branding efforts. When the market eventually becomes more mature, company 12 will have a big advantage over its competitors.

In a few of the companies interviewed, neither the corporate nor the product brands were deemed as important as an active communication of certifications or standards (e.g. ISO) that their offerings have received. In this case, the “brand” of the certification, or the standard-setting body outweighs the brand of the offered product or its company and can signal values such as quality or value. One interviewee voiced the problems associated with the marketing of this proxy brand; should the certified corporations allocate marketing expenditure for promoting the merits of being associated with this certification or standard, or should this be entirely handled by the standard-setting body itself? Even though goods and services sold in the B2C-market also obey some standards (e.g. the CE mark), these are seldom prominent on packaging or in marketing and the consumers seldom place any emphasis on the absence or presence of these markings.

Companies employing the monolithic brand strategy and traditionally having been known for one core offering seem to encounter difficulties in entering new product segments. Their distinct market positioning where the corporate name has become virtually synonymous with their market offering, obstructs the successful entering into new segments. Even though the same core values associated with the corporate brand (and thus, the traditional market offering) are transferred into the new product groups (consequently, at least in theory, creating a strategic fit), the strong customer perception of the company being associated with their traditional offering constitutes an obstacle in gaining a strong market share within new
segments. Some corporations seem to employ sub-brands (or product brands) in order to combat this.

Players active in both B2B and B2C markets seem to work more actively with brand strategies than companies catering exclusively to B2B. This is not overly surprising, as branding has been given considerable practitioner attention in B2C markets for many decades, and is considered close to a prerequisite for long-term survival in consumer markets. This awareness of the merits of branding might be conveyed – directly or indirectly – internally within the organization, causing the marketing department responsible for the industrial customers to also consciously employ branding efforts.

In B2B markets, the Pareto principle is a common rule of thumb (i.e. that 20% of the customers occupy 80% of the sales volume). In essence, it is common that a few, large customers occupy the bulk of a company’s sales. These are often the customers being awarded Key Account Managers. However, in our interviews, a few respondents declared that their market situation was somewhat different (in one case, the interviewee responded that in order to reach 80% of the sales volume, over 50% of all existing customers need to be accounted). Suggestively, having a strong brand might be more important for companies with a dispersed customer base. This is especially true in B2C; there are seldom a group of large customers accounting for the bulk of the sales and as such, branding is awarded considerable attention. There is no reason why this would not be equally true in B2B. We suggest that the more dispersed the customer base, the higher the relative importance of branding. Existing customers regularly purchasing in big volumes (often in the form of straight or modified re-buys), tend to value other factors, such as previous experiences of interaction with the supplier.

5.2.8 THE VIEW ON VALUE

Au contraire to our initial expectations, the value construct was not actively employed in the brand strategies in a majority of the companies interviewed. This is somewhat alarming as B2B markets often are characterized by value-based selling and the relative emphasis on value over cost. We have employed the Ward et al. (1999) definition of brand as “a distinctive identity that differentiates a relevant, enduring and credible promise of value [...]”, and if the brand fails to encompass the value aspect, either the definition is obsolete, or a majority of the companies interviewed have misinterpreted the merits
of branding and employ ill-considered brand strategies. However, we found support both theoretically and empirically that one of the main merits of having a strong brand is the ability to charge price premiums. Also, delivering and successfully communicating value enables sellers to charge higher prices for their offering. Hence, respondents considering themselves to have strong brands and consequently demand higher prices for their products, likely also communicate a promise of value in their brand, albeit perhaps unknowingly.

Company 3 is losing market shares to low cost actors despite the brand conveying messages of high technology and smart solutions. Clearly, customers are more loyal to low price than the brand values of company 3. One reason might be the fact that the brand has not yet become credible and trusted as only recently, the company started emphasizing the importance of brand strategies. According to the interviewee, the TCO of the company’s offerings is lower than that of low price competitors but this is not successfully conveyed by the brand. The cure for this might be to rely more on value based pricing and economic value modeling (refer to chapter 3.2.2 for a discussion around this pricing method). Incorporating this message of additional value in the brand could also enhance the way customers look at the extra initial cost needed to buy from company 3. Used by company 6, the TCO communicates the value of the offering and thereby lowers the perceived risks associated with the high initial costs. Incorporating value in the brand promise helps the customers believe in the additional value obtained from premium products.

5.2.9 COMPANIES DEVIATING FROM THE HONEYCOMB MODEL

Three companies did not convey any of the three constructs suggested by the model of this thesis. Company 9 has chosen not to work with branding at all and is thus not a good fit for the model. Still, the company is doing well and does not struggle with any complications due to their nonexistent brand. It might however be argued that a brand is present although it is not actively developed. The manner in which company 9 acts, builds a strong image of performance and trust even if this strategy is not deliberately developed and formalized in a branding strategy document. The customer-perceived values are the important part of a brand.

As mentioned in the section on the view of value (5.2.8), company 3 is currently losing market shares. A clearer message of value would
suggestively improve their performance drastically. Company 15 does not have any formalized brand strategies. Instead they rely on KAMs and an internal code of conduct to convey the messages of their old brand as well as the new brand of the company that recently acquired them. An obvious risk is the brand confusion that can arise when using two different brands in parallel.

Can something be learnt from these examples? First of all, a brand is always present and since the choice stands between actively forming the brand strategy or just letting it form itself, efforts should always be put into structuring the brand messages to what is desired. Second, premium prices cannot be charged if the customer does not understand what kinds of value will be received when choosing the premium alternative. One way of conveying this message of value is by putting it in the brand. Lastly, brands need to have consistent messages without interference.
Topics on Branding
Analysis and post-hoc findings
Concluding remarks

"The first step in exceeding your customer's expectations is to know those expectations."

Roy H. Williams

This chapter concludes the study, by providing general conclusions, their generalizability and limitations. Implications and directions for further research are also discussed.
6.1 GENERAL CONCLUSIONS

As expected, the results are highly dependent on a multitude of factors, such as market characteristics, industry, product attributes, customers, competition, etc. No industrial market is the other one alike, and so is the viability of different marketing and brand strategies. Also, in some cases branding simply doesn’t seem to be important.

As has been previously suggested, branding and brand strategies are not as highly developed in industrial markets as in consumer markets. Many corporations do not have an active brand communications platform and only the largest multinationals have an executive responsible for branding and brand management. It seems that the bigger the company, the bigger the branding maturity. This is suggestively due to the ability of large companies to allocate resources in sales, marketing and branding. Large corporations also seem to at a relatively larger extent stress the importance of a holistic brand approach, not leaving branding entirely to the marketing department.

As the decision making unit (DMU) is far more complex in industrial markets compared to the consumer counterpart, other stakeholders than only the end user need to be accounted for in B2B branding strategies; e.g. shareholders and suppliers, but also external factors such as political aspects need consideration.

There is no academic consensus on the true meaning of the brand construct, and this is also reflected in the discrepancy in regard to the definition of the term brand voiced by various practitioners and brand managers. Some companies seem to view the brand merely as a logo while others hold the view of a brand as a holistic promise supposed to permeate the entire selling organization. There are no general conclusions to be drawn in regard to the degree of market success of a company as a function of their perception of the brand construct. It is however evident that the relative brand importance is highly dependent on specific market conditions.

However, in many cases, industrial companies utilize primarily a monolithic brand strategy, sometimes supplemented with product line brands. This is
especially true when the market offering (1) is very complex and (2) when
the total offering includes a substantial service component.

Similar to consumer markets, the main merit of having a strong brand is
according to practitioners considered to be the ability to charge a price
premium. The customer lock-in effect is considered important, especially in
very complex sales characterized by long-term service agreements. As
conjectured by Kotler & Pfoertsch (2005), the brand seems to play a
particularly important role in new tasks. In modified re-buys and especially
straight re-buys, technical aspects and previous experiences in interaction
with the selling organization tend to be given a higher relative importance
than the brand.

Among the constructs interlinked with branding discussed in this thesis,
trust appears to be the most widely communicated. As profitability in B2B
markets comes from nurturing long-term relationships, understanding
customer needs and employing a high degree of transparency and
cooperation, this is not an exceptional finding. Companies employing trust
in their brand message also seem to at a moderate to high extent
incorporate the risk construct in their branding activities. The dyadic
relationship between risk and trust has been asserted by previous
researchers (see e.g. Das & Teng, 2001).

Although the proposed Honeycomb model introduced in section 3.4 by no
means was refuted by the study, the proposed linkages of risk, value and
trust from a brand perspective is given no strong empirical support. We can
also conclude that the model is not all-encompassing; i.e. other factors such
as quality might indeed be a substantial part of the brand message. Also,
employee branding (or internal branding) seems to be considered highly
important for many industrial companies, especially when the offering is
very complex or includes a large service component.

6.2 Generalizability

As industrial markets tend to be very complex, and market conditions also
tend to be very distinct on a case-by-case basis, one should be careful not to
draw too far-reaching conclusions. One affecting factor is the size (and
consequently; the resources) of the companies. Although the companies
qualitatively studied were deliberately hand-picked large corporations, the
smaller respondents of the spectra tended not to focus on branding strategies to the same extent as the true multinationals. Extrapolating even further, many SMEs (Small and Medium-sized Enterprises) certainly do not have the same degree of market and brand focus as the companies studied in this thesis. It should hence be noted that a number of the conclusions drawn are valid only for large corporations.

Furthermore, only Swedish-owned (historically or presently) businesses or corporations with the majority of their operations quartered in Sweden were studied. It cannot be neglected that companies operating in distinctively different markets with different cultural and market conditions view and employ branding in a to some extent different manner. However, both theory and empirics suggest that cultural and country-specific factors do not play a significant role in industrial marketing.

As has been previously discussed, different markets tend to value different attributes (may that be risk, value, trust, technical specifications, or other characteristics), and as such, it is difficult to draw truly general conclusions on what comprises a viable branding strategy in industrial markets. For in-depth studies of a certain market or a certain group of companies, a much more exclusionary approach needs to be undertaken in order to combat the ambiguity of the more general conclusions and remarks presented in this thesis.

6.3 LIMITATIONS

As with all research, there are several limitations hindering the generalizability of this study.

A qualitative empirical approach was chosen; with the merit of being able to go more in-depth in each studied case. The downside is however the severe lack of quantifiable data needed in order to draw truly general conclusions. A total of 17 companies were studied. While being an acceptable amount for an explorative qualitative study, this number of respondents is far too limited to enable far-reaching deductions. In order to conclusively dissect the interconnections of risk, value and trust from a brand perspective, a much larger sample size, together with a different methodology, is needed.

Also, there are some sample limitations needing to be considered. A majority of the respondents in the qualitative study were offering industrial
tools. As discussed in section 2.3, B2B markets can roughly be divided into three major segments; users, OEMs and middlemen. Most respondents in this study belong to the first category and brand efforts might very well differ depending on this classification. This is merely an unfortunate happenstance – we did not deliberately only take users into consideration when creating the sample to be studied.

Further, the Honeycomb model of brand-risk-value-trust relationships partly used as an analysis model fails to encompass other factors of potentially utmost importance in the brand efforts of industrial companies. Post-hoc analysis shows that e.g. quality, safety, and in many cases – price – are often incorporated in the brand message of many B2B-companies.

Another aspect which cannot be stressed enough – is that the only respondents partaking in the qualitative study were brand managers and marketing executives from the selling corporation. Employees holding other positions were not interviewed, and more importantly – customers and their perception of the selling corporation’s brand were not taken into consideration. There is arguably not a perfect fit between the conveyed brand message of the selling organization and how it is perceived in the marketplace. Also, the aspect of subjectivity in both the interviewer (i.e. the authors of this thesis) and the interviewee needs to be accounted for.

6.4 Practitioner Implications

There are a number of hands-on implications suggested by this study, and these are briefly discussed below.

In branding activities, it is important not to view the brand merely as a logo. The brand may in some cases (especially in the case of very strong and well-recognized brands) be incarnated by the logo or the graphical communications platform, but the meaning of the brand goes far beyond. The brand message needs to be consistent throughout the organization, imbuing all points of contact between the seller and the buyer.

In offerings characterized by a high degree of customer interaction, we stress the importance of internal (i.e. employee) branding. The brand message needs to be consistent, and while branding might start in the marketing department, it certainly cannot end there. All employees,
especially those with some kind of customer contact, need to be well-aware of the brand message and its utilization.

A strong brand should address the specific needs of each and every customer. While this might seem like an impossible task, the aspect of customer centricity is as important in branding as it is in other areas of contemporary industrial marketing. Customer centricity stems from understanding the customer, and the brand should ideally convey that the organization is capable of understanding the customer and living up to – or even surpassing – its needs.

In our experience, the area of risk most commonly addressed by brand strategies, is safety risk. The risk construct goes far beyond that, and a brand should convey the lowering of all different kinds of risk – e.g. delivery risks, relational risks and monetary risks. Successfully managing to position your brand as a partner being highly able to reduce the risks of the customer, suggestively also leads to a considerable degree of increased trust in the brand. However, it needs to be noted that a brand promising everything but in reality failing to deliver is doomed to fail. A brand needs to match the capabilities of the selling organization. Trust is built over a lifetime, but can be effectively ruined in less than a day.

On a similar theme, most professional buyers are risk averse (Andersson et al., 2000). As the professional buyer often has a decisive role in the Decision Making Unit (especially in modified and straight re-buys), the branding effort should, where applicable, be tailored to address this risk aversion by promising a decreased personal risk.

A deep understanding of the market conditions in which one acts is essential. This is a prerequisite for customer-centric branding efforts, but in some markets – branding simply isn’t important. A strong focus on branding does not have an intrinsic value; it should only be undertaken if the market or prospective customers are susceptible to branding activities.

There is much to learn from B2C. In fact, many B2B companies enjoying strong brand awareness in B2B also cater to B2C markets where they enjoy sometimes considerable brand strength. The distinct differences between B2B and B2C should not be ignored, but there are also many similarities. Industrial companies striving to build their brand should study best-practice B2C examples (in some cases, further down the value chain in which they
act) to gain inspiration, not only in intangible brand messages – but also on hands-on branding strategies.

Brand strategies should be formalized. True – some may argue that the best brands are entities of its own, going far beyond formal strategy documents. However, continuity is essential, and employees come and go. Empowering new and existing employees, quickly enabling them to understand – and to communicate – the brand message is highly beneficial.

On the issue on whether to pursue a monolithic brand strategy or to focus on product-line brands, this is highly dependent on both the market characteristics as well as the company’s offering. There is a tendency, however, that corporate branding are preferable, especially when selling tailored and complex solutions. This branding strategy is also associated with economies of scale and scope, as it might be very costly in terms of marketing expenditure to promote a vast array of different product brands. Nevertheless, the monolithic brand approach should not be done at the expense of consistency. A company offering both high-quality-high-cost solutions as well as offerings competing by use of low price needs to carefully tailor their brand message towards the respective target segments.

When selling offerings more expensive than most competitors’, the aspect of added value should be conveyed by means of the brand. If a company fails to stress aspects such as Total Cost of Ownership in the marketing of their premium-priced offerings, returns will likely not be as highly desired.

Finally, one should consider the value chain aspect. Even in B2B, everything starts and ends with consumer demand. Brand managers should take utmost care in protecting their own brand by examining the brands of their suppliers. Using components or materials in your own production that is associated with badwill further down the value chain, will likely harm your own brand. Analogously, positioning your own offerings in a positive fashion might increase the customer pull by the end of the value chain.
6.5 DIRECTIONS FOR FURTHER RESEARCH

Based on this study, further research questions to be addressed in future research can be established.

There was a heavy aim towards large corporations in the empirical data collected in this study, and an interesting research task would be to instead focus on SMEs, comparing and contrasting the similarities and dissimilarities on brand strategies between corporations of different size and maturity.

Also, as mentioned above, this study together with most other studies conducted in the area of B2B branding, has had a strong methodological bias towards an empirical approach. Conducting a study with a similar aim, but instead utilizing qualitative methods is of potential interest, as statistical analysis can allow for wider conclusions to be drawn, without issues of ambiguity.

Furthermore, a study using qualitative interviews with brand managers and marketing executives, coupled with interviews with their customers, may provide insight on how well the purposely communicated brand values *de facto* are perceived. It may also provide insight on whether the recipients of the branding activities – i.e. the customers – value the same brand messages as the ones being currently communicated.

As there is no academic consensus on the meaning of the word *brand*, it is difficult to construct an all-encompassing inclusionary study encompassing all aspects of the brand construct. In this study, we focused on *risk, value* and *trust*. Post-hoc analysis suggests that e.g. *quality* is of considerable importance, and there are likely other constructs of equal importance. Building a theoretical more-encompassing model and testing its validity by means of empirical studies would be an interesting contribution.

On a less conceptual note, in our knowledge branding in industrial mergers and acquisitions has not been studied to date. M&As is a common occurrence in industrial markets and how to best align the brand strategies of two formerly independent players, especially if they are well-known by
their respective corporate brands, constitutes a highly interesting area of research.

In some trades with very strict regulations on safety, sustainability, etc., certification bodies have high relative power, and the branding efforts of companies in these industries are sometimes characterized by communicating their compliance with these standards. As such, the certification itself can constitute a brand of importance. How this is communicated and incorporated in the branding efforts in these individual companies, and how to strategically fit the company brand with the certification body brand, is another area of potential research interest.

Lastly, branding upstream throughout the value chain might constitute an endeavour for some industrial companies. Where the seller has a considerable extent of power over the buyer, buying companies may need to align their brand in order to increase their attractiveness in obtaining resources or capital needed from one (or several) steps further up the value chain.
"He who does not trust enough, will not be trusted."

Lao Tzu

Previous theoretical work utilized in this thesis is represented here.


Harris, L., & Goode, M. (2004). The four levels of loyalty and the pivotal role of trust: a study of online service dynamics, *Journal of Retailing, 80*(2), 139-158.


References


"Marketing is too important to be left to the marketing department."

David Packard

This chapter presents the raw data from the transcribed interviews, as well as the interview guide.

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8.1 APPENDIX A - TRANSCRIBED INTERVIEWS

The following transcriptions are based on the qualitative interviews conducted during August 2010. Care has been taken not to distort the opinions of the respondents. All opinions voiced in appendix A are entirely the views of the participants of the interview.

Furthermore, all of the following material has been anonymized and utmost care has been taken to ensure the anonymity of the respondents. Any use of the following material with the aim of harming another organization is strictly prohibited. The material is solely for the purpose of dissecting qualitative data for use in the analysis section of this thesis.
8.1.1 COMPANY 1 – INDUSTRIAL TOOLS PROVIDER

Company 1 is an electronics and mechanical tools provider acting on a global market. Among the customer base, large industrial corporations are the most frequently served. According to the interviewee, the company is doing well when looking at economical information. The most significant strengths of the company are the strong brand and the long tradition on the Swedish market. On the list of weaknesses, the interviewee adds the response time, which is slower than for smaller actors. The company is close to always on the short list of potential suppliers.

Branding efforts

The branding efforts focus on quality, trust, experience and technical prowess, messages that are communicated throughout the whole organization. A customer magazine is distributed yearly; there are business centers with the purpose of being close to the customer where the sales force is distributed and frequent exhibitions take place. These exhibitions focus on technical solutions and value offerings.

A communications center develops the websites and comprises of about 20 employees. In addition, there are more people working with communication at division level. The branding strategies are set at top level with much effort put into them. These strategies are then used by all employees after being remade to fit the purpose. There is also a graphical profile being distributed since a few years back.

Further, the interviewee guesses that customers’ knowledge of and associations with the brand are consistent. The brand is being trusted and associated with closeness and it is deemed to be strong compared to competitors’ brands. Competitor brands incorporate similar values – appealing to the needs of the customer. One example is the new phenomena of CO₂-free production which virtually all actors incorporate in the brand image recently.

Risk, value and trust

In order to build trust, company 1 is working with above-mentioned business centers in order to physically be close to the customer. There are joint efforts in learning about each other in order to be able to help in a better way. Depending on the customer, the degree of contact spans from
every day to once a year. To this adds the customer magazines, telephone calls and similar activities. Since some of the sales are economically big enough to be controlled by the law of public procurement (LOU), customers choose their distributors by very rational choice variables. Despite this, there are customers who have been loyal for as much as a hundred years.

For standardized products, there are surveys on a yearly basis with the purpose of discovering and improving areas that are less than optimal according to customers. As for integrated solutions, they are always highly customized and the price is set individually.

When entering large contracts with company 1, the risks are always balanced between the company and the customer. Risks are hopefully not perceived as high by customers. Efforts at reducing the risk perceived by the customer are done by carefully writing the contracts. Showing previous successful deals is a substantial part of the marketing efforts and is hopefully perceived as embodied in the brand.
8.1.2 COMPANY 2 – INDUSTRIAL TOOLS AND SYSTEMS PROVIDER

Acting in areas such as heat transition, separation and flow management, company 2 is currently advancing and growing in market share. It is a global company, acting in a multitude of countries. The interviewee is in charge of the brand, “owning” the brand and working with communicating it internally and externally.

On the company strengths list, better differentiated, more effective, easier to configure and smarter products are the top factors. In addition, there is a diversity of products which meets the customers’ needs better than competitors’. Being closer to the customers geographically and technically are areas of potential improvement according to the interviewee. Company 2 is close to always on the short list of potential suppliers. The degree of brand recognition is extremely high.

Branding efforts

The brand was a big part of the renewal of the company that took place about ten years ago. The message chosen to represent the brand was secure change. Being the primary innovative company on the market for a hundred years and promising to continue to be so for another hundred years is the essential value in the brand message. Whatever the customer needs to be done, he/she should discuss with company 2 first. Business is focused on delivering value tailored to the customer.

Company 2 tries to communicate this message through products, the sales force and market communication. Customers shall be thinking “that was an innovative way of delivering my solution” when doing business with company 2. The message is supposed to be a part of everything and everyone in the company. There is a book written for all employees around the world – translated into 10 different languages – communicating what the company stands for, how employees are supposed to look at things, the driving forces and the core values.

Some competitors copy all things that company 2 tries to communicate with its brand but there are no competitors that handle the branding with such care as company 2. The employee further adds that “… even companies not working with branding has an image associated with the brand”. Competitor brands in several countries are examined with market research every two or
three years. Some competing brands focus more on social media. These brands are only recently given more attention.

More attention is awarded business on other markets; similar industrial corporations, collaborating companies, international actors etc. One source of inspiration is Electrolux which company 2 is trying to learn about B2C branding from. It “… gives a glimpse of another reality, it’s very interesting. Some parts of B2C branding can be used, other are discarded.”

It is obvious that customers do perceive the knowledge and sincerity that the brand symbolizes. Since the company acts on many different markets, generalizations are hard to make, but true for all markets is that company 2 is a leader in technology. The interviewee further believes that customers probably do not perceive the brand in the same way as it is communicated. Customer perception is measured thoroughly and the results are followed meticulously, making the products fit the customer needs well.

Risk, value and trust

Interaction with customers takes place on many levels. The customer magazine is distributed a few times a year and reaches 100 000 people, being read by 400 000 people. The aim of distributing the magazine is to be at the top of customers’ minds. In addition to the magazine, web pages, exhibitions and meetings all contribute to building relationships with customers. A CRM-system is being used by sales and keeps track of contacts, quotes and follow-ups. Customers are believed to be very loyal; many customers will recommend company 2 to colleagues – showing true affection for the brand.

The interviewee considers all products offered by company 2 to be value-based. The customer needs are the base for the product; the technical parts are only a means to an end. Company 2 is using market based costing; cost-plus is an obsolete technique. For every product, they consider features, standard offerings, add-ons, the market, price sensitivity etc. Company 2 communicates value much more than competitors do. Common is to speak about “… how fast things turn; company 2 speaks about what that speed can do for the customer.”

Some of the purchases made by customers are associated with bigger risks than others. For the high risk purchases, there are big risks connected to
breakdowns and lost productivity. An example is nuclear power plants, purchasing parts from company 2 for a few million dollars but losing billions of dollars if the parts break down. Hence, trust is a huge means for reducing perceived risk and this trust (competence trust, see Das and Teng, 2001) is something that is promoted intensively.
8.1.3 \textbf{COMPANY 3 – DAIRY TOOLS PROVIDER}

Company 3 is a relatively young actor on the dairy market and is at present losing market shares to cheaper competitors and newly established innovative competitors. The interviewee is a global brand manager, responsible for all brands within the company. The company is present in over a hundred countries.

The strengths of company 3 are according to the brand manager first and foremost that company 3 is the market leader being the double size of the second biggest actor. In addition to this, market channels and coverage are two strong parts of company 3, as well is the relations with the customers. Despite the innovativeness of company 3, new actors can utilize their fresh start to create an image whilst company 3 always will be associated with old values and experiences, something that the interviewee considers to be a weak point. The market has recently leaped in technology and changed the way brands work.

\textit{Branding efforts}

Company 3 wants its brand to be a “smart” choice. They want to be associated with integrated and effective solutions. Choosing company 3 shall result in an effective and resource saving production. This message is communicated by many means. Much of the communication is done via the sales channels and the promotion material handed out. Direct marketing is just a small part of the marketing efforts; participating at exhibitions, seminars, press releases, contact with journalists and customer visiting are bigger parts. The sellers do not have any guidelines on how to act when meeting customers. There are, however, documented strategies on branding.

Innovativeness is a commonly used brand value among the actors in company 3’s market. Other values being communicated are efficiency and technology. The interviewee considers company 3’s brand to be the strongest on the market. A source of inspiration when it comes to marketing is John Deere; company 3 is mimicking many of their perceived brand strategies. Especially the product design is a source of inspiration.

By having the brand image associated with company 3, a price premium of a few percent can be achieved. The brand image perceived by customers probably differs from the image being communicated from company 3 as
the current branding strategy is only seven years old whereas the company is more than a hundred years old.

**Risk, value and trust**

Relations with customers are characterized by long time spans and close connections with the sales people at the reseller. A reseller can change supplier and still keep 90% of its customer base. Many of the resellers use a central CRM-system supplied by company 3 and the suppliers who do not, use their own CRM-systems instead. The brand communicates availability and good service while efforts are being made not to express the long history too much. Previous excellence does not guarantee future excellence.

Some products are customized while others are not. Installations are included in the contracts while service is not, although this is something that company 3 is working on. When being asked about value and if it is communicated through the brand, the interviewee answers that closeness and competence are messages put into marketing.

Customers change their products at intervals of about 15 years – resulting in large monetary risks. If the previous product can be upgraded instead of being completely replaced, it is much appreciated among customers. This is something that company 3 is working on at present. The underlying risks to the critical nature of the purchase are probably technical (a fitting product) and time-related (stalled production). As of today, there are no plans on communicating risk handling in the brand image.


8.1.4 COMPANY 4 – HIGH TECHNOLOGICAL SAFETY SOLUTIONS PROVIDER

The interviewee of company 4 works with brand management and the communications strategies – how the brand is perceived in different contexts, how it is made alive internally and how it is communicated externally. Company 4 has been noticeably affected by the economical downturn during 2009/2010 but is still standing strong thanks to its innovativeness, high technology and high credibility, which stems partly from using the Swedish identity in international contexts. As a pure engineering based company, the art of doing business is a weakness of company 4. Internationally, the Swedish mentality of the employees in the company can also sometimes be less desired. The market is highly affected by politics and specific requests, making the overall performance of the product less important. These specific requests cannot always be met – another weakness of company 4.

Being the “… smallest of the big actors,” company 4 is usually a member of the short list of suppliers – probably because they have smart solutions and a will to cooperate.

Branding efforts

Company 4 tries to convey the message of innovation, technical prowess and customer focus; to “… walk the extra mile.” Communication, advertisement, acting and verbal performance during sales shall all be imbued by the desired brand message. Enhancing the sales performance is something that is currently being worked with as it is considered to be an area needing improvement. The interviewee is responsible for the brand platform but there are many more co-workers working with the communication. The brand strategy is clearly defined and distributed among employees by prints and intra web. In addition, meetings with all employees are being held in order to discuss the brand.

The long history and tradition held by company 4 as well as having sister companies that are famous in other markets, helps when competing with the biggest competitors. The continuity of the brand message and performance for many years has given company 4 an advantage against competitors who change their image frequently. The customers probably perceive company 4 to be willing to cooperate and to be technologically
innovative; the former being a consequence of having a Swedish image on a
global market.

Risk, value and trust

The most expensive solutions distributed by company 4 are sold by means of extensive and complex relations spanning over as much as 50 years of time. The market is characterized by long-term relation building activities before even making any deals. This implies that taking good care of relations in order to make them last is utterly important on this market. On the other hand, there are also transaction-like deals such as service of the products or spare parts. From surveys conduct by company 4, results show that customers are very positive to existing relationships, and they rarely change supplier. Another finding shows that the higher the degree of politics involved in the relationship, the less faithful customers become.

There are very few products that actually come in a “pre-packaged box” in company 4’s offerings. All major offerings are built to fit the customers’ systems or – if a service – tailored to perform according to customers’ needs. Flexibility costs more than standardization and customers are charged for the customization, all in line with the business model.

Customers of company 4 are exposed to huge economical and political risks. By being approved by a neutral third party before making deals, some of these risks are mitigated. Another message used in the brand in order to reduce customer risk is openness. In contrast to competitors, company 4 shares all of their technology with customers.
8.1.5 COMPANY 5 – PHARMACEUTICALS DISTRIBUTOR

Company 5 is a large distributor of pharmaceuticals in northern Europe. The interviewee works with market communications and customer relations. As of today, there are few competitors on the market and company 5 is the market leader with more than 50% of the market share.

Company 5 is offering the same services, the same supporting services and the same price levels as competitors. As for strengths, company 5 is a part of a corporate group with tight relations to customers historically. The interviewee claims the market to be very relations heavy. Faraway time horizons are common and contracts span over at least one year, sometimes as much as ten years. Another strength is the quality mindset that excels over competitors’.

Among weaknesses, dependency on customers can be found. Competitors run their own stores, which sometimes are an asset. Further, competitors have been differentiating their offering somewhat more than company 5 has.

Branding efforts

Company 5 is trying to convey a message about expertise, safety and security. No attention has been paid to whether these are messages unique to company 5; the competitors have not been surveyed. There are no efforts to differentiate the solution or brand image as relations with the customer are the most important aspect of this market – including trust. The company with the best price and the most convincing message will win the deals. Company 5 is trying not to convey the same message as the competitor, avoiding the same color schemes et cetera. They are also focusing on the present, avoiding referring to the past. There are no formalized branding strategies, the only guide is a graphic profile. How to treat customers is regulated by ISO-certificates for routines, and since company 4 is a small organization, they know how to act.

Customers’ brands are more visible in media than company 4’s but the interviewee thinks that company 4’s brand is stronger anyway since they are the only dedicated distributor without their own stores. This is used as a message in their marketing.
Risk, value and trust

There are no CRM-systems in use at company 5. Customers are not very numerous and the sales people have personal relations with every single one of them. Customers are continually contacted and met with even if they are currently in a deal with a competitor. More money is spent on these meetings, phone calls, etc. rather than direct marketing.

There are value added services offered besides the core offering; for example samples are offered in advance to the delivery. If a customer has a need that cannot be satisfied by existing services, new ones are developed. These value added services are charged for separately – often by means of cost-plus pricing. Value added services are promoted through quotes, homepages, etc.

Delivery risks are huge in this industry. A failure to deliver on time will have disastrous effects on people’s health. Statistics of previous services are often used as a marketing and sales argument. When asked if risk reduction is a part of branding at company 5, the interviewee claims security and safety to be the most important messages conveyed.
8.1.6 COMPANY 6 – INDUSTRIAL CONSTRUCTION TOOLS

PROVIDER

Selling construction tools to industries in more than a hundred countries, company 6 is a global actor with production around the world. The interviewee is responsible for marketing in one of the geographical regions. Sales have improved since last year, until when much of the market disappeared due to global economical reasons. The biggest strengths of company 6 are quality, safety and environment. Effort is put into pushing these value words out in marketing. Among weaknesses, the interviewee mentions the price, which is often higher than competitors’. The company is always on the short list of suppliers if the customer is looking for premium offerings.

Branding efforts

The three previously mentioned values; quality, safety and environment, together with excellence and care are the main focus of the brand for company 6. Total Cost of Ownership is a frequently used technique for displaying the advantages of choosing the company of competitors, as the total cost is sometimes lower than competitors’ even though the initial price is high. There are many plans on how to convey the brand message; external communication, exhibition events, etc. Recently, a new brand platform has been developed and when it is implemented, there will be formal documents on how the brand shall be managed and used.

The brand is reevaluated every four years but no big changes are made to it. In recent time, differentiation from the low price producers has become more important although the brand remains one of the strongest on the market. Competitors’ brands are examined during the reevaluations of the own brand. The recent trend seems to be that everyone is moving towards a more environmentally conscious brand message. It seems that even previously “dirty” brands have loosened their image up. Mature markets probably perceive the brand in a way very close to what company 6 wants them to, while customers in small markets have less familiarity with the brand.

Risk, value and trust

Sales are done through retailers who are instructed on how to act, but it is the retailers with which the customers build their relationships. Since the
brand message focuses partly on excellence and care, tools for achieving these messages towards the customer are developed to help the retailers in their work. These tools are for example computer simulation tools for selling.

Once a year, workshops take place where key accounts take part in voting for what is needed in future products. These “wish lists” are later consolidated and serve as a base for future product development. Some market segments – chosen by size, knowledge about them, etc. – are prioritized to have their offerings customized.

Monetary risks are moderate on company 6’s market but are effectively reduced by using Total Cost of Ownership and a message of good quality in marketing. Other tools for showing to the customer that the risks are low are simulation tools and scenarios. The Total Cost of Ownership is something used when branding.
8.1.7 COMPANY 7 – HIGH TECHNOLOGICAL SAFETY SOLUTIONS PROVIDER

Company 7 is one of few providers of safety solutions for their customers. The customer base is small as well, only a handful of players are big enough to reach the global markets. The interviewee for company 7 is responsible for the brand, and his official title is director of communications.

Company 7 is currently taking market shares on a global scale while some local markets might be retarding. The strengths are mainly quality, cost control and technology. Much of the manufacturing has been moved to low cost countries lowering the cost. Quality is somewhat better than competitors’ who have recently been having problems in this area with big blows to the brands as a result. A lot of money has been invested in technological advancement even during the recent economic downturn and has given company 7 an advantage against competitors. Since company 7 is one of the biggest actors on a global market, they are almost always on the short list of potential suppliers when customers look for quotes.

Branding efforts

Much of the brand is focused around safety. This safety is enabled by leading edge technology and innovativeness is important. Much marketing is done by direct contact with customers since their numbers are few and much of the manufacturing is done straight towards the customer. Some effort is also put into getting products into trade magazines. There is no person working solely with branding in the company but the people who work with it see the brand as something that is built over a long time. The brand is mainly for affecting decision makers at the customer, not for the end customer. Another target group is stock holders. Much of the brand message is implicit although there are some directions for graphics and promotion.

Competitors’ brands are quite similar to company 7’s brand but some do more mass marketing while other put more money on personal marketing. The market as a whole is very far out on the edge of personal marketing. There are some competitors that also deal with B2C markets and these naturally have more well-known brands. These companies sometimes have an advantage if the buyer at the customer organization is inexperienced. Some work is put into looking at brands from other markets in order to
learn. E.g. web pages are looked at. When learning about how to brand towards stockholders, mostly Swedish companies are looked at. Customers probably have a more positive image of company 7 than the people at company 7 does; customers experience them as stronger than they actually are.

Risk, value and trust

Customer interaction is done on a daily basis. As a person of the sales force, about 20% of the daily work is spent speaking to customers. Development is done in close cooperation with the customer; sometimes technicians are placed at the customer to co-develop solutions. Customers are extremely loyal; at present company 7 serves all major customers on the global market. There are no CRM-systems; this is a potential area of improvement. The brand does not communicate trust but close relations are industry standard.

As has been mentioned before, products are often developed in close cooperation with customers. A customer's knowledge is vital for making sure that the final product fits smoothly with the customer product. This is a must that affects how all actors on the market behave. One value that is worked on in marketing is systems knowledge; that company 7 is the best companion when it comes to complex systems that demand high tech knowledge in order to work correctly.

There is next to no acceptance for quality defects in company 7's market. Currently, company 7 delivers only 10 ppm of the deliveries at the wrong time and/or amount. Customers are demanding deliveries just-in-time as stalling the production is very costly. The products have to work perfectly for long amounts of time as a failing product poses a great hazard risk to the end user. This can, and historically has, been a huge blow to the brand of the customer. Trust is consequently a value that is being conveyed to customers at all times.
8.1.8 COMPANY 8 – HIGH-TECH ENGINEERING COMPANY

Company 8 is mainly active in two distinct areas; mining and construction industry. The company is a truly global market actor; although it is headquartered in Sweden, the bulk of the sales are to customers abroad. The previously problematic economic situation has turned and the company is now well off. The market is characterized by many different actors and they have no well-defined main competitor. Company 8 believes their biggest strength to be their very versatile product range, and it operates within the premium segment. They compete with their market-leading quality and not by means of low price. They say that their condensed business mission would be to sell “productivity to the customers”; trying to discern customer needs and to offer solutions.

Branding efforts

Values they strive to communicate in their brand are first and foremost productivity, but also environmental awareness and safety. When it comes to the environment, they try to help customers ensuring that even the customers’ solutions are environment-friendly.

They haven’t conducted any external brand audits recently (i.e. to determine how their brand is perceived on the marketplace). They do however believe that they have managed to position the productivity brand value well into the mindsets of customers (existing and potential), they have however not come quite as far in terms of environmental awareness and safety; this is however very much dependent on each and every geographical market. In some markets, the company is strong in the mining area, and in other markets, the construction industry customers occupy the bulk of the sales volume. This adds to the fact that their perceived brand strength is different depending on market.

They do have formalized strategy documents when it comes to brand strategy, but they aren’t actively utilized as much as the brand manager would have wished. They haven’t boiled it down to something that is useful and can be easily communicated to all departments and employees of the company. Further down the company hierarchy, employees doubtfully know much about the company brand. According to the brand manager, they are however putting at least moderate amounts of effort into improving this. The degree of internal brand knowledge is also dependent
on how deep you penetrate the brand message – most employees know of the fundamental values of productivity, environmental awareness and safety, but in terms of employee knowledge of what renders Company 8 to be strong, and what differentiates them from the competition, and why a customer should choose company 8 instead of a competitor, most employees lack sufficient knowledge. The brand manager admits that they still have some a long way to go in this sense.

When it comes to the incarnation of the brand and channels used to convey the brand message, the company acts on a broad front. Both international and tailored trade magazines are being utilized, they work actively with their web site and provide amounts of information and documentation regarding their products – arguably needed since the products offered are very complex. They also use modern social media channels such as Facebook and Twitter.

Their strong brand in the mining sector often enables them to obtain a seat at the negotiation tables in the procurement process of potential customers. They actively work with putting the company in the mindsets of prospective customers when the customer has identified a need the company judges they are able to satisfy. Within the construction industry, the brand manager states that they need to work harder in positioning their brand on the market, though.

Risk, value and trust

According to the brand manager, they do strive to position themselves as a company valuing long-term relationships and one of their main key selling points that they recently have developed their after-sales support systems, enabling them to be as close to the customer as possible, being able to act swiftly. In some cases, they have representatives positioned in the clients’ organization. They utilize internal systems for CRM and have a Key Account Management-organization for their most important customers. In the mining area, this long-term relationship approach is more or less required for all the companies wishing to cater to them. Their competitors are as such not better nor worse at nurturing relationships. According to their studies, the mining customers tend to be very loyal. Things are however different when it comes to the construction industry customers – it is very fragmented and their customer based is largely consisting of SMEs. These customers tend not to value long-lasting relationships as much.
They do acknowledge the aspects of risk, but they do however not work with incorporating risk into their brand message actively. Only when it comes to monetary risks, they do provide information and conduct active market communication, but other types of risk are largely ignored.

Trust is considered to be a fundamental aspect in the market environment in which the company acts, and all customers being catered to by the company or its competitors require the suppliers to convey a high degree of trustworthiness.
8.1.9 COMPANY 9 – RAW MATERIAL BROKER

Company 9 is acting on a global market with only a few other actors. It buys raw materials from producers and sells it further down the value chain. The interviewee is the CEO of this billion dollar sales company. Company 9 markets and sells the procured raw materials using the brands of the producers and their products’ brands. The brand of company 9 is mainly used internally. There are a handful of competitors on the market and they all act the same way as company 9 does.

The producers of these raw materials belong to a very heavy and capital intensive group of companies that rather do not let anyone interfere with their business. Hence, company 9 tries to keep their brand profile subtle and instead build the relations solely on personal relations. Of course, as all other companies, company 9 does have a reputation about how well they can fulfill their task and how solid their economy is.

Building the brand is mainly about performing in a satisfying way over a long period of time and consequently building a good reputation among customers and suppliers. There is no advertising, no strategies and no money put into commercials etc. The brand is used internally for uniting the employees who are of many different ethnical origins. Here, messages such as “we are all one big family” etc. are used.

There was no further discussion with company 9 as time was short. Further, the information cannot be put under standard headers as it is too far from our interview model.
8.1.10 COMPANY 10 – INDUSTRIAL SAFETY AND AUTOMATIC
CONTROL SYSTEMS SOLUTIONS PROVIDER

Company 10 is one of few big, global actors on the market. Sales are mostly in Europe and North America and the company is divided into three separate divisions working with specific technologies. The interviewee is communications manager and works with investment contacts, analyst contacts and brand work.

Company 10 is currently taking market shares on a global scale. The strength of the company is mainly the high technology knowledge. There are no identified weaknesses. Since the company is one of a handful big, global actors, it is very renowned and next to always a member of the short list of potential suppliers. Customers are characterized by industrial, product manufacturing giants.

**Branding efforts**

The main message conveyed in the brand is the innovativeness of the company’s technology. The brand is a symbol for in-house developed innovative solutions. It is being shown in messages such as text and graphics in media such as yearbooks, home pages and some advertising. Since customers are few but large, not very many channels for marketing are used. Some advertising is also done in technical magazines and trade magazine. There is however no active work directly on branding as of today.

There is a communication platform which is used when consulting for example web page manufacturers. It contains numerous key words about company 10. Company 10 is looking at other companies of their industry for inspiration and the interviewee believes their consistency and assiduity of the brand message, combined with a very clear message, makes them successful. No companies of other markets are targeted for inspiration around branding by company 10.

Compared to competitors, company 10 has a fairly strong brand. Since the company is about to be divided, the brand is not currently developed but will be again once the transition has been made. Some market advantages are obtained from having company 10’s brand. In some areas, the “intelligent solutions provider” message has really reached out, giving additional market shares. No customers’ opinions have been surveyed as of today.
**Risk, value and trust**

As customers are few but large, the cooperation is characterized by continuity and long periods of time. Products are developed together with customers and Key Account Managers are used by company 10. There are no CRM-systems in place, mostly because the accounts are so large and few that the systems are not needed. Customers are loyal and loyalty is not an area potential for improvement as the technology is the single most important factor on the market. The brand does, however, include the message and vision that company 10 shall be the first choice of all customers.

As of today, value based sales are on some levels used within the company but this usage is increasing only slowly. The brand does not communicate value.

Purchases of products such as those offered by company 10 are characterized by big monetary risks and huge delivery risks. In fact, factories are actively located close to customers in order to decrease lead times and stalls. Some efforts are made in order to convey the message of trust and high quality in the brand although contracts are the main means to reduce risks.
8.1.11 COMPANY 11 – INDUSTRIAL CONSTRUCTION SOLUTIONS

PROVIDER

Present in dozens of countries, company 11 is a huge producer of industrial construction materials. The interviewee is currently positioned as CEO but has previously been working as business manager and as division manager. Currently there is no brand manager and the interviewee is working with communication, promotion and branding as well.

Currently, company 11 is taking market shares seen on a global scale. With presence in Europe and America, they are always on the short list of potential suppliers of their markets and one of the market leaders. Among company strengths, logistics, proximity to customers and close relations can be determined. A multitude of storehouses ensure physical closeness to the customer. A weakness might be the inability to effectively bring new products to conservative markets.

Branding efforts

The interviewee is very thorough when explaining his definition of what a brand is. Showing the logo to outsiders is one thing, the brand is something completely different. If customers are satisfied, the brand is built. The strategies for this are revised continuously as core values may actually change over time. To think that the brand and the logo are the same thing is an old fashion, obsolete view.

Brand values are based on core values. The first one is “down to earth” meaning that everything is supposed to be focused around relations; the customers should feel that they are being understood and that they can understand company 11. The second value is orderliness – to keep promises and to take care of possible problems. The third value is reducing complexity. The products should be easy to use.

Communication of the brand message is mainly done through relations with the customers. The interviewee said that “… we can advertise until we die but nothing is going to happen if we do not keep our promises.” Advertising is however a part of the marketing around the brand but the most important channel is internal and external relations.

The brand is continuously revised but no big changes are made as continuity is important. One source of inspiration for branding is Volvo
which during many years kept their promise of safety which in the end gave them a lot of credibility. Company 11 has made a book about the core values of the company and distributed it in many languages to all parts of the company.

Company 11 has the apprehension that they are better at relationships than competitors but competitors tend to think the same way about themselves. Going too far from the standard approach will result in failing. The winners are the companies that tend to be just a little better than competitors. Some competitors do more sponsoring but they still have to be good at relationships in order to survive, at least in B2B. One example is BP; despite the billions of dollars put into marketing they still ruined their brand when spilling oil into the Atlantic Ocean. Customers of company 11 are continuously interviewed about their opinions and the brand message being conveyed seems to be the same as the image customers have of the brand.

**Risk, value and trust**

Procurements are characterized by being long processes, resulting in a need for very close relations with the customers. Customers are also very loyal. In some countries there are CRP-systems in use but all divisions have a high degree of contact with customers. Phone calls, visits at customer sites, dinners with potential accounts; these are all methods in use for building relations. The relations are also a very strong part of the brand; all core values convey the importance of close relations. “High tech” and similar values are not desired; smart and easy-to-use products are the goal.

Products can always be customized and production of everything else but standard products is located physically close to the customer. Sometimes, outsourcing is used to enable production of custom products close to the customer. This is important in order to keep the promise of proximity.

The only risks a customer is exposed to when purchasing on this market is delivery risks. A huge amount of effort is put into reducing these risks by company 11; and it is also something that is conveyed in all the branding work being done – be it advertising or personal meetings. Customers are believed to perceive company 11 as trustworthy.
8.1.12 COMPANY 12 – RAW MATERIAL REFINER

Company 12 has production located in Europe and North- and South America as well as offices in dozens of countries. The interviewee at company 12 is a newly appointed communications manager for the bigger part of the company. In addition to communications, he is responsible for the brand.

The company is doing great – as it always has. The growth was smaller last year due to the economical climate worldwide but was still positive. The biggest strengths of company 12 are the technical prowess and the customer focus. Knowing what the customers need is one of their strengths. An area of improvement is the fact that it is hard to reach into the customer organizations in order to understand their needs and the customers’ customers’ needs. The company is not worse than competitors in this area but the industry in general is poor in this area since it is made up of engineers. Company 12 is always a part of the short list of potential suppliers since they are one of few global actors that have been on the market for a long time. There are not many other actors that can compete with the same product quality as company 12 does.

**Branding efforts**

The message conveyed by company 12 is "quality", "competence" and "taking the product to new levels". There are a vast number of areas where the product can be used as a natural component. Company 12 takes the development into those new areas.

As with all branding platforms, it is supposed to permeate all communication going out from the company and meeting customers. It is communicated through sales material, in exhibitions, seminars, conferences and customer magazines. The most important usage area though, is anchoring and developing the brand position internally since – as in all B2B organizations – most of the communication is done through the employees. This anchoring is done through an internal magazine, intra webs, meetings and discussions. The aim is to change the core values of the employees. The strategies around this are well documented.

Competitors seem to have a more product focused offering and this is also how they market their offering. They speak about technical specifications and not as much about the usage areas of the product and the pains it can
ease for the customer. In the context of company 12’s trade, they are exceptionally good at branding. Inspiration from other successful brands is not used but consultants hired to market the company likely do.

As of today, no market advantages can be seen from being better than most competitors at branding, as the market is not mature enough to be susceptible to branding activities. It has been employed for a few years and is the base for future profit. When the market has matured and most actors can offer the same type of quality and products, the brand is going to become more important. Customers generally perceive the brand in the same manner as company 12 conveys it. Among the quickest adaptors of trust in the brand are the complex industries with use for the customized products.

**Risk, value and trust**

Speaking generally, relations are a long time commitment for company 12. The industry is small, seen from a global perspective. Contact is not done on a daily basis but at least once a month. Key Account Managers are not being used yet but the position is being developed. Other means of getting in contact with customers are e.g. customer magazines, surveys, etc. There is also a CRM-system where information about customers and competitors is stored. It is the backbone for taking the right actions against the right target group. Customers are relatively loyal since they usually get a fully customizable product made for their production chain. It is not easily interchangeable and hence they tend to stick to one supplier. One part of the brand message is to communicate this will to cooperate over a long period of time.

Value based sales are according to the interviewee used much less than desirable. It is not widespread among employees or customers but it is something that will be changed in the future. Buying the products from company 12 does not constitute a big monetary risk for the customers but the components are very important in their production process. A lasting supply is consequently immensely important. Company 12 is working hard with logistics. Another risk is the source of material for production. The products get quite different qualities depending on from what raw material is used in production. The impact on environment is also a new, big issue that needs to be addressed not to damage the brand. Security is conveyed in the brand message as security of delivery and consistency.
8.1.13 COMPANY 13 – INDUSTRIAL EQUIPMENT MANUFACTURER

The company has three main business areas: industrial technique (which is their internal jargon for industrial tools; used in manufacturing in motor vehicle industries, white goods, etc.), mining and construction, and compressors. Within each business area there are many sub-divisions. These are very decentralized, so the decentralized areas are in actuality the divisions. Most business decisions are taken at the divisional level. The company puts much value into decentralization.

**Branding efforts**

Although they have a brand management model, it’s fairly new and since the corporate religion is decentralization, brand management has in essence resided in the divisions. The corporate brand is handled on a corporate level, but the divisions also work actively with product brands. The divisions seem to value product branding, but at the HQ-level, they want the corporate brand to be prioritized first and foremost. The HQ believes the product brands to be somewhat of a distraction; that it is more important to stress the corporate brand.

Their strengths and weaknesses differs from market to market; within some areas their brand is well-known, in others not. Amongst those who are familiar with the company’s products, the brand is very strong and respected. Their core values are innovation, interaction and commitment. When they conduct brand awareness studies, they get good marks in respect to those values, with interaction being the corporate value least associated to the corporation. They launched a new brand promise recently as they discovered many competitors are using fundamentally the same values in positioning their offerings. After customer interviews, they came up with the new brand promise of sustainable productivity. This brand promise is meant to differentiate them better.

They work a lot with employee branding; when they launched the new brand promise, they had a webinar (i.e. internet-based seminar) where the top-level executives introduced the new brand promise, and handed out a booklet of customer stories explaining their new brand. Employees could send in questions which were answered live and compiled into a Q&A. The company does however not have an employee dedicatedly working with brand identity management.
When it comes to having a global versus local brand strategy, the interviewee believes it is important to have both. They have to have a global strategy, but to some extent it is needed to be responsive to local market conditions.

They utilize a Key Account-approach for big and long-term customers, having people on-site, working with the customers.

**Risk, value and trust**

They utilize and focus the Net Promoter management tool to gauge the loyalty of their customers. The high score shows that the company succeeds in maintaining long-term relationships with their customers.

The interviewee wouldn’t say that the company works actively with risk – they make a distinction between major investments and monetary risks and they don’t incorporate this into their communicated brand message, but they do however have a strong reputation for reliability. They do hence communicate trust into their brand message; incarnated by their commitment brand promise.
8.1.14 COMPANY 14 – RAW-MATERIAL MANAGER AND OWNER

The company is a subsidiary in a big corporate group and their operations are mainly confined to northern Sweden. When it comes to the overall brand strategies for the whole group of companies (sharing the same brand), this is handled centrally, by the mother company.

The subsidiary in question is responsible for administration of a natural resource; they are the largest private owner of this natural resource in Europe. The primary customer is internal within the corporate group, and their business mission is to provide their sister companies with raw material. They shall also ensure that the customers receive raw material of the right quality at the right time. The industry has over time grown larger than the company’s possession of the resource, and they hence also purchase the raw material from private individuals in possession of the material.

Branding efforts

The communications manager acting as interviewee considers the company’s biggest strength to be handling the natural resource in a sustainable way ensuring their production to be consistently high and sustainable over a long time-span. They are good at conservation of natural resources; combining biodiversity with high output. The different subsidiaries of the corporate group operate throughout the whole value chain; from the natural resource to the end-product offered in the B2C market. They are consequently a target for environmentalists criticizing the industry as a whole. According to the communications manager, they are not very good at communicating that what they are doing is done in a responsibility-taking fashion, ensuring minimal environmental impact. This is however mostly a problem when it comes to the perception of the general public; customers (and the customers’ customers, buying processed raw materials) are fully aware of the strive the company undertakes in environmental preservation and appreciates it.

In the market where the company acts, there is one prominent certification body ensuring responsible management of not only this natural resource, but also the employees within the trade and original inhabitants affected by the extraction of the material. It is strictly non-profit, and the board consists of not only corporations extracting the material, but also labour unions, environmental protection organizations, as well as original inhabitants.
affected. The company was very early in getting this certificate, and they regard this certificate to be a very strong brand in itself. Environmentally conscious B2B customers are content that the company passes the certification revisions without remarks. However, some environmental protection organizations have criticized the certification body in question, asserting that the bar should be raised a couple of notches and they have voiced criticism not only regarding the certification body in itself, but also corporations connected to and certified by it.

In the context of branding, the company believes they maybe ought to work more actively with communicating the values associated with the certification. The communications manager considers the issue on how much the certification body ought to spend on marketing and communicating their brand value to be of utmost interest.

As the company virtually entirely sells their product to companies within the same mother corporation, the brand is per se not of very much importance. The way they act is however important in regard to lower parts of the value chain (i.e. the customer’s customer). The mother corporation works actively with both product brands as well as the company brand. The primary communicated value is long-term responsibility but also “Swedishness”.

**Risk, value and trust**

The main issue when it comes to branding of the subsidiary in question, is what can be referred to as *backward branding*, i.e. branding endeavours one step back in the value chain. As mentioned earlier, the company isn’t of enough possession of the raw material in question, why they also need to purchase additional resources from private owners. This market is characterized by extreme competition and it is indeed the “seller’s market”. Here, trust is considered to be very important by all stakeholders. The company is moderately successful in the sense that they do manage to buy a lot, but they also pay more than many competitors. Many competitors have managed to form producer cooperatives, tying private natural resource owners to them and consequently, pay less. Finally, the communications manager states that interpersonal relations are very important; perhaps even more important than company brands. These relations are nurtured by building long-term trust; both towards the brand but also towards the local representative of the company.
8.1.15  COMPANY 15 – WATER EQUIPMENT MANUFACTURER

The company primarily acts in two segments; they are the market leader on the Swedish market in one of them. The company was originally Swedish, but was acquired a couple of decades ago by a foreign actor, even though they still maintain much of their sovereignty. The old corporate brand before the acquisition was also used on its primary product; and this product brand is still maintained although the company brand has been altered to fit the brand of the foreign parent company. The Swedish subsidiary maintained the product brand as the subsidiary brand until recently.

Branding efforts

The perhaps biggest branding-related issue the company faces, is how to incorporate into all products, and the old product brand that enjoys considerable brand awareness on the Swedish market. The corporate brand is however largely unknown on the Swedish market. There are discussions, both on the corporate level as well as the divisional level in Sweden, on phasing out the well-known product brand in favour of the corporate brand. In the Swedish subsidiary, there is little or no desire to abolish the well-known product brand earlier used as the corporate brand. There is however a consensus that if a phase-out were to be conducted, this is a long-term process needed to be done with utmost care, as it would be hazardous for the Swedish company if the strong market share generated by the present product brand diminishes. The competitors are characterized by only using their corporate brands, not branding individual products or product lines.

The main customers are the different municipalities in Sweden, of which the biggest are awarded Key Account Managers. The municipalities value long-term relationships. Since there are no more potential customers (i.e. there is a finite amount of municipalities in Sweden), the current customers are vital to the survival of the company. Most of the current sales are straight re-buys and after-sales service and repair. There are no formalized brand strategy documents – the closest they come is an internal code of conduct.
Risk, value and trust

According to the Marketing Director interviewed, neither risk, trust nor value are to any considerable degree communicated or incorporated in the brand. The CRM system is also somewhat outdated. They do however work with lowering their own credit risk by ensuring the customers have no records of non-payment. Customer satisfaction isn’t either measured on a regular basis.
8.1.16 COMPANY 16 – INDUSTRIAL PARTS COMPANY

The company’s vision is to transfer knowledge of their products, their people, and the knowledge of all their different application segments to the markets that they serve. They try to be the preferred company not only for customers, distributors, and suppliers, but also for their employees and shareholders.

They are the market leader in their main product range, and they command premium prices. They also have a leading position in almost all other markets. They have been a brand that people have associated with reliability over a long span of time.

Branding efforts

From a brand point of view, they strive to be a knowledge engineering company. In B2B terms, they try to go beyond a being commodity supplier; they don’t consider their components to be commodities.

The brand communication can according to the interviewee be summarized as “yes, you pay a price premium for our products, but if you look at the costs versus the benefits that you get…”. They utilize value word equations, stressing the total cost of ownership.

They have a set of drivers communicated primarily internally; namely quality, innovation, speed, profitability, and environmental sustainability.

The brand strategy is towards a monolithic brand (i.e. a corporate branding approach), and when conducting acquisitions, they try to incorporate these into the present company brand. They do also recognize sub-brands to some extent, even though this is not the focus. They have however acquired companies that are not in the same quality space, catering to market segments with not as high demands on reliability and performance, etc. These brands are clearly distinguished from the corporate brand in order to combat brand dilution. They do incorporate companies acquired within the same quality space into the corporate brand, even though this takes time in changing the acquired company’s values and internal culture in order to create a fit with the parent company.

The area of improvement, according to the interviewee, is that the company has evolved from traditionally having the production facilities located in
Sweden to during the last decades having plants throughout the globe, but they are still primarily known as a Swedish company. Also, their product range has expanded immensely, but in spite of this, they are known for their original scope of practice. This is a weakness in their monolithic brand strategy; as a monolith, you are often known for your core product and it’s harder for potential customers to recognize and take interest in the non-core product lines, even though the core values are the same.

The brand strategy and message is the same regardless of market and cultural context. However, different industries value different aspects; e.g. towards one industry, they stress the safety of the workers, and in another industry, they focus on profitability. Hence, the segment or industry context is more important than the country- or cultural context. This is primarily due to the fact that most of the customers are global actors as well, and consequently, it makes little sense to pursue localized branding activities. These customers often demand the same standard of excellence regardless of geographical market. Furthermore, the company considers the monolithic brand approach, given a certain amount of money, to give higher brand strength. Tailoring the brand message is costly, and potentially leads to confusion as the customers turn global.

When it comes to strategies for employee branding, they do it to a certain extent, but according to the brand manager, not to the extent that they would want it to be done. Many employees of the company have been working there for a long time, and with the passage of time, acquired the knowledge of the company’s brand values. They do however stand before a process where many old employees retire and they need to hire new personnel. This constitutes a challenge to the company – to not lose their internal brand awareness and continuity in the process.

Risk, value and trust

The company wants to go beyond being a supplier of products and services; they want to be much more involved with their customers and having an on-going technical relationship with them. They work much with empowering their sales force, stressing that what they are supposed to sell is value.

Although their main product is not a particularly big component in the production equipment used in the processes of their customers, their
normal functioning is essential. Up-time is often critical and shut-downs can be very costly. Hence, risk-minimizing is of utmost importance in the brand message of the company. They adopt a life-cycle approach, trying to go along with the customers and ensuring the customer can obtain maximum value and reliability using that product. The components sold are very high-precision and as such, they need to be handled with utmost care. The company works much together with the customer, in order to ensure maximum delivered value. The brand manager talks about this as providing bundled solutions, enabling the customer to focus on their core business.
8.1.17 COMPANY 17 – INDUSTRIAL TRANSPORTATION TOOLS PROVIDER

The interviewee is the Sales and Marketing executive of a Swedish company, a couple of decades ago acquired by an international actor. They provide products in industrial transportation and include a very high degree of service component into their market offerings.

The company is the market leader in Sweden seen to market share. The economic situation has greatly improved during the last year and this is suggested by the profit margins of the company, although this is applicable to the industry as a whole.

The interviewee considers their biggest competitive edge to be their supporting service portfolio, their honesty, and their superior customer care. The biggest weakness is their product portfolio, in which some competitors have caught up and in some cases, surpassed them.

**Branding efforts**

Their branding endeavours are a bit exceptional as they nowadays are a part of a big transnational conglomerate with a very strong brand. The mother brand is nowadays formally the brand of this subsidiary, but colloquially they at times incorporate their old, well-known brand into their branding activities. There are presently no concrete plans to completely phase out the old brand. As for the product ranges, some products are branded with the corporate brand, and some still maintain the trademark of the old corporation before the acquisition. It is here very important to distinguish between the two product brands and the single company brand. A big bulk of their margins comes from after-sales support, auxiliary services and preventative maintenance, and these services are branded under the corporate name – there is no other viable strategy, according to the interviewee. This is however probably a good thing, as the corporate brand enjoys very strong recognition.

The company utilizes a KAM-structure for their biggest customers. Somewhat differing from B2B in general, though, there are no extraordinarily large customers accounting for the bulk of the sales volume. One big touch-point between the company and their customers are the service technicians, but the company does not work intentionally or extensively with employee branding.
The products and solutions can be tailored to a certain extent, but there are limits to this. The Key Accounts have considerably more freedom when it comes to obtaining tailored offerings compared to more marginal customers. The degree of responsiveness is also higher when it comes to the Key Accounts.

Their arguably biggest competitor position itself as a “preferred choice of the user”; a branding strategy the interviewed company purposely rejected. Especially on the Swedish market, the end user has considerable power in the DMU of the purchasing organization, but there is a trend that the procurement process is becoming more and more centralized, with the actual user getting less and less power.

Risk, value and trust

When the potential customer chooses a supplier, it is often not as much about the physical product as the extra-added services – it can be said that the customer chooses a cooperation partner. In this sense, trust is of utmost importance. These values are all incorporated into the corporate brand and hence, the brand building of the mother brand is very important. As the parent company is headquartered abroad and acts on a variety of markets, these branding activities are not handled by the Sweden subsidiary. As for the two different product brands, the brand values communicated are related, and this is a deliberate strategy. The main brand value communicated by both the product brands is reliability; a concept related to both risk and trust.

The company works actively with risk; and signal decreased risk for the customer by not only selling products but also guaranteeing their functionality and offering “100 % up-time” and leasing agreements. According to the interviewee, this not only lowers the customer-perceived risk, but also increases the value that the customer obtains.
8.2  **APPENDIX B - INTERVIEW GUIDE**

1. Tell me about your company and about your tasks.
   a. Elaborate about your role on the company.
   b. How good is business, compared to the competition?
   c. What are you good at?
   d. What are you less good at?
   e. Do you in most cases get on to the short list of potential suppliers.

2. Describe the brand of your company.
   a. What messages do you try to convey?
   b. How do you convey it?
   c. Do you work actively with your brand?
   d. Do you have formalized documents in terms of brand strategy?
   e. What's your view on the brands of your competitors?
   f. Is somebody in your industry, especially good when it comes to branding?
   g. Are there specific companies outside of your industries whose brand strategy you take interest in?
   h. Is your brand strong in comparison with your competition?
   i. Which market benefits would you say that you harvest thanks to your brand?
   j. How do you think your customers perceive your brand?

3. How do you work with relationship building?
   a. Do you have close contact with your customers?
   b. Do you have long-term contact with your customers?
   c. What does your internal systems for customer care look like?
   d. What's the re-buy ratio of your customers?
   e. Do you try to convey in your brand message that you preferably have close relations with your customers?

4. Do you actively work with finding out the needs of the customers, and giving it to them?
   a. Is this applicable to all your products?
   b. What does your approach on this look like?
   c. Do you charge extra for it?
   d. Do you try to convey this, through your brand?

5. The purchases that your customers do, are they associated with risk (monetary risk, supply risk, etc.)
   a. The goods and services you offer, are they expensive?
   b. Are there any other risks that the customer associates with your offerings?
   c. How do you convey that the customer can trust you?
   d. Do you in any way try to incorporate this in your brand?