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# MARKETING COMMUNICATIONS IN INDUSTRIAL B2B MARKETS ENHANCING THE VALUE OF THE CORPORATE BRAND RELYING ON COMMON ADDED VALUES

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## Introduction

Today, industrial Business-to-Business (B2B) markets are mainly characterized by a highly trained customer for making rational decisions in a highly competitive and global market, requiring more than ever organizations to approach their markets with a single and consistent message.

Such demanding scenario requires to define a corporate brand transmitting in one message all the advantages that a Customer may appreciate in the long-term, based not only on what the company stands for in the market, but also the benefits of all its products throughout its portfolio.

Such elements are referred as Common Added Values (CAVs), being some general examples the technology, quality, innovation and reliability; the capacity, infrastructure and distribution network; after-sales service policies, support and training; or the price and financial policies.

This paper tries to explain the source of this need, describing the main differences between a brand communications model focused on the product or including the main B2B corporate values; and highlighting the main CAVs, to get an industry player either small or large, can succeed in generating brand equity through an integrated marketing communications strategy.

## Introduction to the B2B Brand Architecture model and Communication Opportunities

The need of creating emotional brands has been traditionally attributed to consumer industries. However, based on Best Global Brands 2012 research of Interbrand, between 25% and 35% of the most valued brands today are Business-to-Business (B2B) industrial companies or generate far more B2B revenues than sales to end consumers.

To take into consideration first why there is just a single link between a customer and a B2B brand, it is interesting to remark, which is the main difference between a B2C and B2B industry. Besides the fact that in the first one the product or service is provided to individuals and the second one to whole organizations, in B2B the purchase-criteria is based mainly on a rational basis, instead of in an impulsive

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or emotional criterion. Base a purchase on a rational basis, beyond an impulsive, normally gets in objective terms, not to make a wrong decision.

Furthermore, Business-to-business industries mainly made up by two segments: Industrial/Technology and Services. Both have something special in common: their targets are made up by individuals (as in B2C) with a high-technical background: lawyers, engineers, chemists, etc., and always base their purchasing criteria on a technical basis. Beyond rational, this makes it in branding terms quite tougher to marketers: because the decision they make is normally intelligent as they have taken into account many objective factors to arrive to such decision. The key question here is how the acceptance on emotions gets smaller as we get more in depth in a B2B model.

Consequently, B2B organizations are carefully designed to take their decisions based on high rational and technical criteria, including purchases. In other words, they are designed for; whatever decision gets made affecting as little as possible the individual's non-rational criteria, like emotions. This position, which is logical, is not only justified by B2B branding reasons but for major and universal business management maxims. In any case, such fact leads to another one and quite important to have present: brands have a small space in B2B industries, not on each individual, but once passed through the overall B2B purchasing process, composed by many individuals, purchasing priorities such as prices or technical issues, plus concrete company policies to avoid the emotional criteria of those individuals influences in the final decisions along the process.

Such small brand influence space has progressively generated a reaction in the B2B brand approach: to not create so many brands, but to concentrate all or at least most of the communication efforts in one single brand, to maintain the required brand notoriety and loyalty levels to become a leader in the marketplace.

### **The B2B Brand approach based on Common Added Values (CAV)**

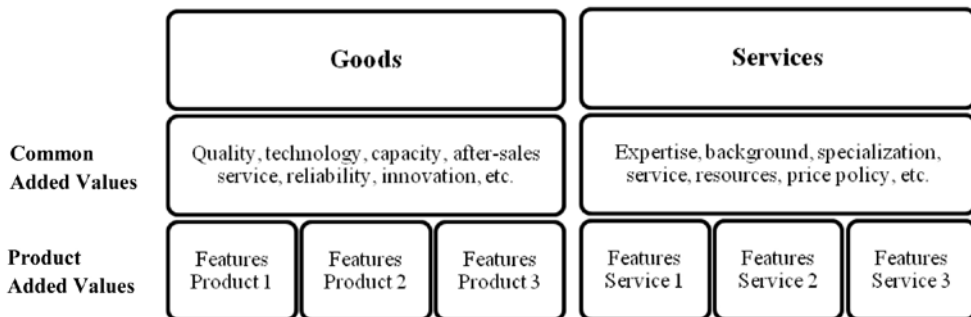
The need to make more efficient the communication is not the only reason for following a single-brand architecture model. In B2B Industrial markets for instance, even when apparently the product needs no promotional 'packaging' since its own features are clearly identified and comparable to others, there are actually not so many differences between products within the same organization in general: R&D approach, Technology, Quality Management, Innovation, Customer Service, materials used, crisis response... are facts that rarely change, beyond the product's technical-features. Therefore, what we do to seek the emotional link between customer and brand, is move the approach from a product level, upper to a corporate one, because efficiency but mainly because potential: communicate with the actual strongest points, not concrete features of a concrete product in a concrete point on time, but that what makes a company really stand for and be seen as a leader, which is the sum of all the things that differentiates it and finally results in a broad range of products.

This new branding approach has as result influenced the Customer, based on its experience to change its whole purchasing reasoning. It does not buy a Product from a Company, but buys a Company's Product.

It does not see anymore only product features, but product features plus those Common Added Values (CAV) that give, after all, trust.

We have the same situation in the B2B Services industry with similar added values such as team experience, specialization, resources, price policy or service. These similar facts within a Company's offer become this way for the Customer, added values that attributes to the company for a longer time whatever the product it markets in a certain point on time (Pic. 1).

Picture 1. Differentiation of corporate values and product/services features or advantages, in B2B companies.



Giving an example, we don't say anymore 'this car from us has ABS system', or 'all of our cars have ABS systems', that is only efficient product marketing communications in concrete product-sales channels or scenarios. At a corporate level, on a longer term, and in order to build notoriety, trust, brand positioning and reputation, we say 'our company stands for your safety'. This major corporate communications, serves as umbrella to concrete product materials to support such promise: '(of course) all our cars include ABS systems, (because that's what we stand for)'.

The industry sees the supplier as a 'whole' supplier of quite similar solutions, and even does not complicate itself mentally and tends to catalog: the premium supplier, the cheap supplier, the medium quality-price supplier, the family-company supplier, the customized service supplier, etc. In some industries with many players carrying out different specializations or applications, there might be a new dimension to make 'cataloging' easier for the customers beyond size or quality/price: 'those that have high-tech quite expensive products, and do this in the overall industry', which is certainly favorable for the small specialized players to position their brand in large industries.

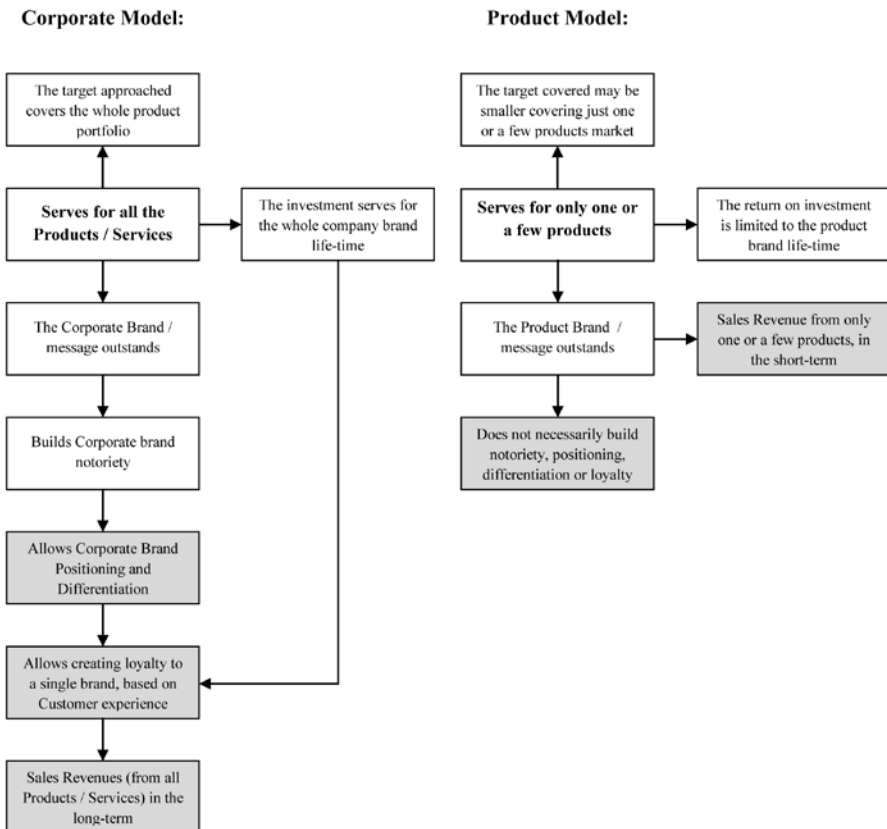
This if assumed, represents some positioning limitations but also opportunities to seek the brand position we are seeking if still available. It demands differentiation amongst players, a tough objective. In any case, it still requires communicating the essence on 'what' the company stands for (such as quality products, expertise, service, etc), and the 'how' it communicates will play a key-role as well: this is where the brand management, branding and marketing communication techniques can provide powerful solutions.

Having a single corporate brand has a collateral reaction too: it packages the marketing message

in a single and simpler one too. Now the two new units used are similar: Brand (Corporate) and benefits acquired by its products that are being communicated amongst all product sales materials (CAVs). Consequently, not only the branding, but also the communications and product management strategies in general are tremendously more effective and efficient, so with this approach they should start increasing the company ROI campaign results. However this will start happening on a longer term than if still approaching the marketing communications focused on product sales (or if starting a product marketing communications campaign). It takes more time, but it is worth it in the long term: first it gets notoriety, and then it gets reputation, afterwards trust, and finally sales revenues. The following graph shows a comparison between the advantages in terms of sales and brand value in the long term, by using a marketing communications approach based on corporate or Common Added Values, or focused on the product features.

Picture 2. Comparison illustrating the benefits resulted from a Corporate or a Product communications approach, in terms of brand value.

**Brand Communications Model Comparison:**



## Conclusion

To transmit trust as a product supplier is specially a major goal in B2B. If the product or service provided has a high added-value for the customer, such as in its end-product quality, productivity or legal issues, a wrong decision may affect its reputation, and afterwards its business. To make sure this never happens but the opposite (benefit from supplier's products added-value), B2B decision making processes, are continuously evaluating risk. The largest is the business, and the largest the risk, such as in chemicals for instance, the largest is the purchasing process and more people and policies take part. Therefore, build trust is very important in B2B and especially in industrial sectors, where the safety and security are summed to the potential risks of any large business transaction.

To integrate the brand into a single and corporate one but with a CAVs marketing message, is a model used today by most of the top leaders in B2B industries, although it is still quite a young technique and has not been implement by all giving major priority to the CAVs approach instead of to the product marketing communications traditional model.

To create a CAV-brand is therefore a quite recent phenomenon in B2B corporate communications strategy practices, and beyond good products provided, is a strong advantage for any industry player to succeed in terms of brand value.

It does have as result the need to centralize the brand efforts, which will give the framework where to link emotions, but also will ensure minimum notoriety required and the desired positioning by means of communication effectiveness, in a single but consistent brand.