ABSTRACT

This article aims to develop an understanding of how branding strategies can be tailored to different types of offerings in the B2B market. Furthermore, by comparing existing theories and frameworks from B2C and B2B marketing, a range of branding strategies for the B2B market within a spectrum of products to services offerings will be discussed. The objective is to argue for specific branding strategies for business-to-business markets by emphasizing on the efficiency and trustworthiness of product-service offerings and how these qualities can be formalised into brand values and incorporated in a company's design philosophy.

Keywords: Products and Services, B2C Settings, B2B Settings

1 INTRODUCTION

It is evident that the marketplace is changing as the world is becoming increasingly globalized. As technology products continue to converge and become increasingly more important in consumer's daily lives, service expectations continue to rise. Consumers are looking at retailers to provide more value, increased levels of product support, higher levels of customer service and better protection options. Additionally, the transition from a manufacturing to a service economy has led to a shift in business agendas from goods-oriented organizations to service-oriented organizations (Gloppen, 2011).

B2B markets are said to take on the characteristics of B2C markets, however there are still some noticeable differences. In general, B2B markets consist of fewer customers who are involved in high volume transactions. The procurement processes involve more people, are more time demanding, and require more complex, often tailored-made products. The decision-makers are purchasing on behalf of the company, and therefore have a greater responsibility in the decision-making process.

B2C markets are characterised by large customer groups and small individual purchases. Purchasing behaviour tends to be more impulsive, as it is usually associated with less responsibility and fewer people involved. Moreover, features such as price, positioning, and packaging have a greater influence on the purchasing decision, making B2C-markets less predictable. In contrasts, purchasing behaviour in B2B relationships are more predictable, and market segmentation is based more on quality and service, rather than price.

Companies operating in the business-to-business (B2B) sector are subjected to increased competition they need to differentiate their specialised offerings to survive in today’s complex and competitive market. One of the ways to
Designing Brand Strategies for Product-Service Offerings; A Comparative Study between B2C and B2B Settings

André Liem

accomplish this is through the development of brands to create positive associations complementary to their offerings.

This article discusses how to develop brand strategies for Product Service Systems (PSS) in Business to Consumer (B2C) and Business-to-Business (B2B) interactions. Hereby, the following question were raised:

- How can design contribute to the development of branding strategies in B2B and B2C markets?
- How do different contexts influence the design of typical branding strategy, and what are the main characteristics associated with branding different types of combinations of products and services for both B2C and B2B markets?
- What are the differences in developing brand strategies for B2C and B2B?
- How can brand strategies be integrated in all parts of a company, operating in a B2B market environment?

2 PRODUCTS AND SERVICES WITHIN B2C AND B2B MARKETS

The difference between products and services is not clear-cut. It is not always possible to classify products and services in definite categories, as most offerings contain a product as well as a service element. However, Kotler (2003) managed to define five different categories of products and services, and mapped these combinations on a continuous spectrum, ranging from tangible to intangible.

![Product-Service Continuum](adapted from Kotler, 2003)

When juxtaposing types of markets and offering, differences between B2C and B2B markets based upon different product-service offering are shown in table 1.
Designing Brand Strategies for Product-Service Offerings; A Comparative Study between B2C and B2B Settings

André Liem

Table 1—Characteristics of B2C and B2B markets based upon different product-service offerings.

<table>
<thead>
<tr>
<th>B2C</th>
<th>B2B</th>
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<tbody>
<tr>
<td>Impulse-driven purchases</td>
<td>Combination of product and service</td>
<td>Multiple touchpoints between customer and seller</td>
</tr>
<tr>
<td>Large markets, intimate segmentation</td>
<td>Focus on dependence between product and service to obtain a synergy effect</td>
<td>The purchase is an experience</td>
</tr>
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<td>Importance of packaging and positioning</td>
<td>Example: Restaurants</td>
<td>Perishable: Simultaneous production and consumption</td>
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<tr>
<td>Shorter sales cycles</td>
<td></td>
<td>Marketing focused on imagery</td>
</tr>
<tr>
<td>Emotional buying decision based on status, desire, or price</td>
<td></td>
<td>Quality may vary</td>
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<td>Example: Soda drinks</td>
<td></td>
<td>Example: Airlines</td>
</tr>
<tr>
<td>Rationale decisions</td>
<td>Combination of product and service</td>
<td>Concentrated markets</td>
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<td>Large sales volumes</td>
<td>Personal and long-term relationships</td>
<td>Personal and long-term relationships</td>
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<td>Small and concentrated markets</td>
<td>Educational building activities</td>
<td>Something a customer need to have carried out/solved</td>
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<tr>
<td>Segments based on price, quality, and service requirements</td>
<td>Create dependence between components to obtain a synergy effect</td>
<td>Trust and reliance are key issues</td>
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<tr>
<td>Important to offer complimentary services</td>
<td>Offer complimentary services</td>
<td>Perishable: Simultaneous production and consumption</td>
</tr>
<tr>
<td>Complex, tailored products</td>
<td>Example: Video conference systems</td>
<td>Focus on the expected outcome</td>
</tr>
<tr>
<td>Example: Industrial tools for professionals</td>
<td></td>
<td>Example: Strategic consulting</td>
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3 BRANDING OF PRODUCTS AND SERVICES

A series of case studies by Ravasi & Lojacono (2005) showed the importance of a design philosophy, which is made explicit in tangible products and establishes a connection among the core capabilities of the company, its strategy, and brand image. Karjalainen & Snelders (2010) elaborated more on this through their visual recognition framework, where core values have been transformed into brand and identity features. In this semantic transformation, the embodiment of brand values in a design can be strategically organized around lead products by serving as a reference for what the brand stands for. (Karjalainen & Snelders, 2010).

A company offering tangible goods where services are complementary should consider a comprehensive sales and after-sales service, with multiple touchpoints between the customer and company. Aaker (1996) emphasized the importance of delivering a concerted brand message to customers by communicating brand value in a synchronized way. Hybrid offerings of products and services are defined as a combination of “one or more goods and one or more services, creating more customer benefits than if the good and service were available separately” (Shankar et al., 2007). According to Shankar et al. (2009), branding can benefit a hybrid offering by increasing the link between the product and the service in the customers’ minds. Besides that, it can also improve the credibility of the company, which is vital when working with a
Designing Brand Strategies for Product-Service Offerings: A Comparative Study between B2C and B2B Settings

André Liem

In service-dominant offerings, it is important that the consumer forms a perception of the company based on a total experience through touch-point interactions. In support of this view, Murphy (1990) argues that for a monolithic approach, where companies, who offer a wide array of services (e.g. airlines, banks), should use corporate names to present the more generalized benefits of quality, value and integrity. De Chernatony (1996) concluded that corporate brands are a crucial means to help make the service offering more credible and tangible in consumers’ minds.

Service quality and customer satisfaction are closely related constructs, whereby the former is rendered as a subjective perception due to its intangible nature. With respect to building a good brand image of a service, a well-developed branding strategy and visual identity should be implemented, which communicate values such as integrity, trust, and respect among the receivers of such services.

4 BRANDING IN BUSINESS-TO-CONSUMER MARKETS

Branding in B2C markets is a widely researched field. Powerful consumer brands create meaningful, consistent and lasting impressions in consumers’ minds (Keller, 1993; Shocker et al., 1994). Brand image and reputation enhance differentiation and can positively influence buying behavior (de Chernatony and McEnally, 1999; Kapferer, 1995). Because a brand is created carefully and deliberately to appeal to a particular group of people at a particular point in time, it can be ingrained with powerful, complex, highly charged and immediate symbolism aimed at a specific marketplace (Olins, 1990).

In B2C branding, a product offer consists of three levels (Levitt, 1980). The first level consists of the tangible features, the second level complements the product by adding other features and services, and the third level emphasizes the intangible features and benefits, which captures the untapped essential characteristics of the brand.

5 BRANDING IN BUSINESS-TO-BUSINESS MARKETS

While branding in B2C markets has been recognized as an important strategy tool for years, many have doubted its impact in B2B markets Explicitly, industrial brand value can be perceived as a function of the expected price, the expected benefits of the basic product, the expected quality of the augmented service, and the brand intangibles (Mudambi et al., 1997). Brand equity exists in business-to-business markets in the form of buyers’ willingness to pay a price premium for their preferred brand (Bendixen et al, 2003; Hutton, 1997).

In B2B settings, company relationships and networks are more important. Branding strategies should both address internal stakeholders and the external market interests, by aligned products and services with the company’s philosophy, internal assets and capabilities (Lynch & De Chernatony, 2004).

In recent years, an increasing number of markets have taken on the characteristics of networks. According to Chakravorti (2004), a change in the nature of markets can be seen as a result of improved communications technology, the spread of the Internet, and an increasing reliance on global markets. Based upon the notion that collaborative advantage is created through strategic alliances, companies tend to be more active in outsourcing due to the high costs of developing products and penetration of new markets (Das and
Designing Brand Strategies for Product-Service Offerings; A Comparative Study between B2C and B2B Settings

André Liem

Teng, 2000). Furthermore, companies being part of networks, experience that the value of their offer increases as the size of the network grows. With respect to branding, a strong brand can then benefit from the ripple effects created through the network. Potentially, this will lead to a stronger proliferation of brand awareness within the present network and a broadening of the network horizon involving stakeholders who share and value the same interests.

Sophisticated buyers recognise B2B markets by their highly complex product and service offerings (Mudambi, 2001), which are often customized to fit the customer’s needs. The volume of business-to-business purchases is generally higher than in B2C markets, and seller-to-buyer relationships are often personal and long-term. It can be argued that industrial purchases have higher risk involved compared to consumer-purchases. According to Harrison et al. (2006), business-to-business buyers are more rational than B2C, and more people are involved in a purchase-decision. Decision-making units (DMU) are often dynamic and ephemeral, causing a complex structure. It can be hard to determine who is making the buying decision, and stakeholders have different interests and motivations.

Consequently, when interacting with the target audience, marketers should demonstrate a high level of expertise (Harrison et al., 2006), where trust and control are key issues. This put great emphasis on brand, reputation, and other factors that convey reliability and consistency to the product or service offering. However, stakeholders rank attributes differently. A study by Bendixen et al. (2003) revealed that users of a product and technical specialists credited the brand name with higher importance than the gatekeepers, buyers and decision makers. The study also indicated that gatekeepers, the people who control the organization’s purchases, had difficulties making the distinction between different brand names of specialized technical equipment, while the users were judgmental due to their previous experience with various brand names. As the quality of personal relationships often is essential in closing a deal in B2B markets, a positive image should be created to all stakeholders who interact with the company. To achieve this, Bendixen et al. (2003) suggest the supplier company to develop a total corporate communication program to build up the corporate brand.

6 DISCUSSION

The concept of brand equity is undoubtedly current in society today. Brands work by facilitating and making the consumer’s choice process more effective (Doyle, 1989). Not surprisingly, perceived quality has proven to be a key determinant of brand strength (Doyle, 1989; Michell et al, 2001). Successful brands deliver on their expectations, and consequently companies are able to charge a price premium for their offerings (Bendixen et al, 2003; Hutton, 1997). While the B2C market is a widely researched field, branding has proven to be much more complex in B2B markets. Consistently, strong relationships are mentioned as the important criterion. The seller should seek to establish long-term partnerships based on trust to increase brand strength. Consistent communication of brand values throughout the supply chain is essential for obtaining ripple effects within the network. B2B customers have defined needs, and these should be revealed by the company and hence reflected in its brand identity.

In this article the influence of internal and external factors on branding strategies have been investigated. Findings indicate that a brand strategy...
framework can be developed for different product-service combinations in the B2B sector based upon “Brand Architecture”, “Communication” and “Offering” (Table 2). In this framework, “Brand Architecture” refers to how brands in a company portfolio are related to and/or differentiated from one another. Brand communication is the art of bridging the gap between perceptions of the target audiences and what the brand wants to convey.
Similar to the B2C market, products offered in the B2B market should be designed to reflect brand values. The company should choose certain core values and seek to transform these into design characteristics by semantic transformation. This is a complex task that requires profound knowledge of the company and its customers. These characteristics should then be used throughout the portfolio to establish recognition of the brand. However, lead products can ease the task by serving as references for the company’s identity.

Table 2 – Branding criteria in Business-to-Business markets

Similar to the B2C market, products offered in the B2B market should be designed to reflect brand values. The company should choose certain core values and seek to transform these into design characteristics by semantic transformation. This is a complex task that requires profound knowledge of the company and its customers. These characteristics should then be used throughout the portfolio to establish recognition of the brand. However, lead products can ease the task by serving as references for the company’s identity.
Designing Brand Strategies for Product-Service Offerings; A Comparative Study between B2C and B2B Settings

André Liem

and inspiration for new product developments (Karjalainen & Snelders, 2010). Furthermore, as products in the B2B market are often complex, and companies should seek to tailor its products to key customers. Tailoring can take place either by involving consumers and other stakeholders in the very early stages of the development process. A brand’s communication should highlight product efficiency and technical specifications, as these are factors subject to comparison with competing products. Lastly, the company should seek to create a positive image in the minds of the customers by offering additional (pre-, and after-sale) services complementing the goods.

Hybrid offers are unique in their combination of specific products and services, and can be difficult to copy by competitors. The distinctive characteristics should be enhanced to further differentiate the offering. Hereby, entities should be adequately incorporated to form a synergy effect. Branding should enhance the compatibility of the hybrid offering. This means that the product should ideally be paired with a service of equal quality to obtain a similarity effect. A pitfall of hybrids is that the offer is found to be too complex for the customer to handle.

The importance of communicating a clear message to the customer is even more important in service-dominant offerings. Where, price and quality are the only quantifiable factors of a service; a brand should be carefully designed to explicitly promote the intangible qualities of the service to form an invaluable impression in the minds of the customers. Designing and presenting service touch points that are of high quality to facilitate good user experience can achieve this. However, as each service encounter is unique to a certain extent, service customisation is an important factor for brand differentiation. In other words, competitive advantage is gained by adopting a flexible branding strategy and by being able to tailor to its services to its markets. Such a branding strategy has major implications not only for brand managers, but also for the company as a whole, suggesting that a brand should be embedded and integrated in all company’s internal assets and capabilities, whereas its offerings and markets determine the brand architecture, communication channels, and focus areas. Furthermore, brand values should be reflected in all stakeholder interactions, as well as related marketing activities.

7 CONCLUSION

This article has explored how brands are affected by changes in the global marketplace. A branding strategy that is tailored to its offerings and markets has been found to yield considerable gains, due to the prominent characteristics of the different categories. By examining branding in a business-to-business context a framework has been proposed, which summarizes and categorizes important characteristics (see table 2).

Companies using the framework might experience that it is hard to position an offer within one of the categories, as most offers contain some portion of both products and services. Although the framework has been created with the context of B2B marketing, most criteria are applicable to B2C markets. Furthermore, as the proposed framework is based on existing theories from literature search, empirical research is needed to substantiate the framework before it can be implemented as a guide for branding products and foremost services.
8 REFERENCES


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Designing Brand Strategies for Product-Service Offerings; A Comparative Study between B2C and B2B Settings

André Liem


