B2B Brands in the Human Era

When a transaction becomes a relationship

LIPPINCOTT
Sense Perspective

A fundamental shift is taking place in business, *which has profound implications for brands and organizations.*

At the core of this shift is the realization that, to create a meaningful connection, brands need to start behaving less like faceless institutions and more like people.

Customers everywhere are demanding that companies connect in new ways: be more transparent, empathetic, open and authentic.

For B2B organizations, brand has never mattered more.

Today, brand matters more than ever in B2B

It is clear from a quick look at some of the most highly valued brands in the world — brands such as GE and IBM, Cisco and SAP, Goldman Sachs and Caterpillar — that brand matters in B2B. In the old institutional era, brand was closely linked to corporate reputation: the adage that "no one ever got fired for buying IBM." But times have changed. The formal sales pitch and occasional service call of yesterday have been replaced today by "always on" human relationships where companies interact very differently.

Now we connect by blogging, using LinkedIn and social media to follow and serve customers in a much more dynamic, transparent and human way, often in the context of strategic, collaborative relationships. As a consequence, in today's Human Era, the role of B2B brands goes much deeper, and they need to be managed differently.

B2B buyers are concerned with the vitality and longevity of the brands behind the products they buy.

It's easy to assume that "emotional" consumers are most strongly influenced by brands, whereas "rational" business buyers are evaluating vendors' product features and prices, undistracted by brand stories. But it doesn't work that way. To understand the significance of brand in B2B, look at a product that is chosen by both types of customer: tablets. Working for one of the world's largest PC makers, we conducted a survey asking consumer and business customers to choose the device they would most likely buy, in a sequence of simulated choices, offering tablets with different features, prices and brands. We wanted to pinpoint actual influences, not stated preferences.

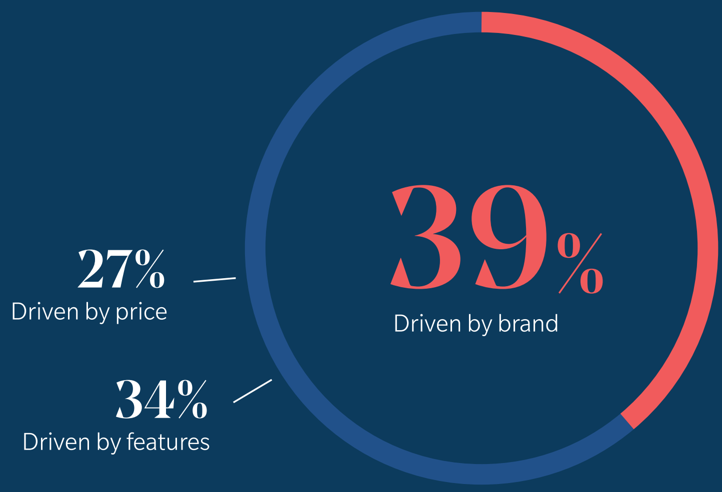
Our statistical analysis of these simulated choices showed the relative impact of individual features, price and brand on purchase decisions. The consumer's choice was driven 34 percent by features, 39 percent by price and 27 percent by brand. But for the business buyer, the impact of brand (39 percent) and price (27 percent) was exactly reversed.

The strong influence of brand in B2B is quite rational. For a business, choosing a product goes well beyond considerations of features and price. Consumers can afford to be fickle if they choose, with little penalty to choosing a different brand of toothpaste or television next time they make a purchase. For business customers, switching costs are often higher. Outside the world of pure commodities, they may have to train their people on a different supplier's equipment, or adapt their operations to a different supplier's performance. So a purchase choice in B2B is not a one-off. It is often an implicit commitment to buy future products and services, including future offerings that do not yet exist, and to depend on ongoing support. These considerations amplify the importance of the company behind the product. B2B buyers are concerned with the vitality and longevity of the brands behind the products they buy.

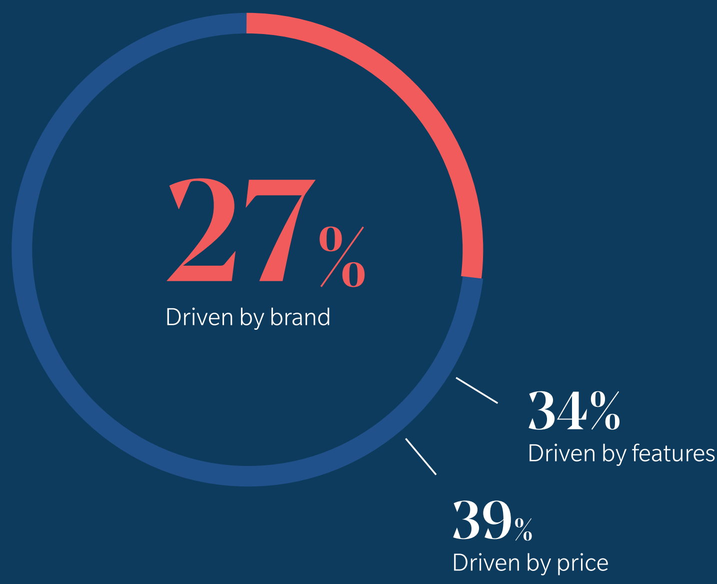
Despite these findings on the right, many B2B companies do not manage and invest in their brands to the extent that consumer-facing companies do. Often they expect the corporate-level brand management, focused on the company's reputation, to serve the B2B need.

How brand impacts B2B and B2C purchases: a breakdown of tablet purchases

BUSINESSES' PURCHASE DECISIONS



CONSUMERS' PURCHASE DECISIONS



A powerful business brand creates meaningful economic value in the near term and the long term

Near-term benefits

Staying front of mind for customers

Landing on customers' short lists

Winning the coin toss in close calls — making it both easier and faster to say "yes"

Capturing a larger "share of wallet" and preferred supplier position with customers once relationships are established

Long-term benefits

Building barriers to commoditization in competitive industries

Making new market entry more effective and efficient

Winning permission to play in adjacent spaces and play higher value-added roles

Engaging existing employees and enhancing talent recruitment efforts

The disciplines of marketing and branding grew out of the fast-paced world of consumer goods, and these origins continue to influence how marketing and branding are taught and practiced. But while brand has not necessarily been a strategic priority within B2B in the past, the time has come to exploit its potential.

Leading B2B organizations are beginning to treat brand as a bigger idea — one that extends beyond communications into the totality of how different audiences experience the organization. These organizations are discovering how to connect with their B2B customers in the Human Era.

Creating B2B brand value in the Human Era

B2B branding is challenging, as it involves a promise of an enduring customer relationship, not just an immediate product proposition. More than being just vendors, leading business brands are becoming trusted collaborative partners, promising a future relationship beyond immediate value. In multiple businesses, we have found that how strongly customers agree that "I enjoy doing business with them" is one of the metrics most strongly correlated with overall performance.

A strong brand makes B2B customers more disposed to buy, everything else being equal, just as it does in B2C. Creating that value is not about managing the company's image; it's about managing the authentic identity that shapes how the company thinks and acts, as well as how it communicates.

From our work across different sectors, we see three key methods by which B2B brands are creating value for their organizations:

01

Promise a true customer relationship

02

Become a partner, not a supplier

03

Connect with both direct customer needs and broader stakeholder interests

Promise a true customer relationship

In today's world of tightly integrated supply chains, companies need high levels of trust in their business partners. They are constantly putting their own production at risk, depending on delivery from others. The brand promise in this context is less about conveying what you can measure and verify today, and more about building trust and confidence about what you cannot verify today — knowing that in challenging circumstances in the future, which we can guess about but not predict or test, your partner will perform as you would like and do the right thing for your business. That's the test of a true relationship.

While consumer marketers often talk about "customer relationships," few consumer brands actually have real relationships with their individual customers, in the everyday sense of the word. Consumer brands certainly form emotional bonds with customers, but they don't often have the daily, human interactions that define real relationships. B2B companies do, often involving tens of thousands of their employees. So beyond whatever you do in marketing communications, how do you empower sales, service and engineering teams across the world to develop genuine, yet on-brand, relationships with their clients? Part of the answer is often in supporting and liberating your employees to deliver faster and more flexible decision-making, allowing them to respond to customer needs on the ground. Part of the answer can also be in equipping your employees with the tools, information and stories they need. 3M gave client-facing representatives lively and actionable examples of 3M innovations as part of a detailed brand guidebook. Representatives are not only familiar with the brand's innovative themes, but they also have interesting facts and stories to share about the products they sell — where the ideas came from and how the technologies are applied. These unexpected details intrigue potential and current clients, reinforcing brand perceptions and offering transparency around internal processes.

Become a partner, not a supplier

B2B companies are increasingly using brands to reposition themselves with customers. Businesses no longer want to be seen as suppliers or vendors, selling on customers' terms. Instead, they want to be understood as strategic partners, working collaboratively in long-term, win-win relationships. This shift is taking place across the B2B world. Companies undergoing this transition must take definite steps to ensure they are perceived in the correct light, to increase both relationship life and value.

CA Technologies, one of the world's largest software developers, used to market single-product technologies. But the company realized that its IT department customers sought more enterprisewide solutions. Now, instead of selling one-off products, CA Technologies tells a corporate brand story about how solutions ranging from traditional mainframe and infrastructure software to cloud-computing technologies create greater value. This strategic story encapsulates the company's ability to be a partner that helps business leaders achieve bigger-picture strategic goals beyond the product transaction itself.

Some markets are more conducive to this partnership model than others. While CA Technologies demonstrates an ideal partnership, in other cases, such as traditional government procurement, even the word "partner" can raise alarms about perceived collusion between supplier and customer. As ever, the brand strategy needs to reflect the business strategy. If the business strategy seeks the value of win-win, collaborative relationships, the brand must lead in creating the expectation and trust in the minds of customers.

Connect with both direct customer needs and broader stakeholder interests

In B2B, the corporate brand — where you work and what you invest in — is usually the same as that behind the products and services you sell. The agendas and priorities of the stakeholders in each case can be different, so the brand needs to be managed to address both.

Some companies do too little corporate marketing and rely on the sum of the business-level marketing to tell the overall story. This can work, but it becomes critical to infuse the common corporate positioning into how the business units tell their individual product stories, so the whole is greater than the sum of the parts. Rather than talk about its individual product innovations in a vacuum, 3M focuses on where the innovations come from — the previous technological breakthroughs that were exploited and built on. That way they reinforce not just the power of each product, but the company's systemic culture and ability to harness the chain reaction of new ideas.

Other companies rely largely on corporate marketing to tell their B2B stories. The need here is to keep the message relevant to B2B customers. If, as often happens, the corporate story is too centered on social responsibility and sustainability, or on institutional strength, it is missing the critical promises for B2B customers about what the company will be like to do business with.

Leading B2B marketers create unique strength in uniting the two agendas. The brand's values and core tenets can be the same, whether they are used to woo recruits, train employees, reassure investors or guide sales and marketing messages. When this alignment happens, the brand moves from a message to a belief set, and it plays a deeper role in truly signifying what a company is about.

Here's how 3M describes itself to its B2B customers, focusing on what matters to them, but in the context of its broader institutional character for other stakeholders:

"3M is the innovation company that never stops inventing, because we're passionate about making progress happen. We keep our customers competitive by tapping into our collaborative culture to provide a never-ending evolution of ideas and technologies to solve the world's most critical problems."

Take three steps forward for a successful B2B brand

Similar to their B2C counterparts, the B2B brands that thrive in today's economy look beyond the traditional focus of marketing. To unlock the value of B2B brands, three new rules provide a useful guide:

01 Go beyond communications to tell authentic stories and craft memorable experiences

02 Go beyond consistency to stay true to a human and distinct personality

03 Go beyond purchases to inspire internal belief in the brand purpose and the initiative to deliver on it

Tell authentic stories and craft memorable experiences

Stories matter as much in building B2B brands as they do with B2C. But successful stories today are not polished, choreographed narratives, eloquently told in television commercials or corporate videos. They are more of a folk tradition — retold by different people, each in their own way. The collective retelling instills a distinct culture and set of values. The story defines the experience, and the experience shapes brand perceptions. This is particularly true in B2B companies where tens of thousands of employees interact with customers through sales, service and collaboratively working together.

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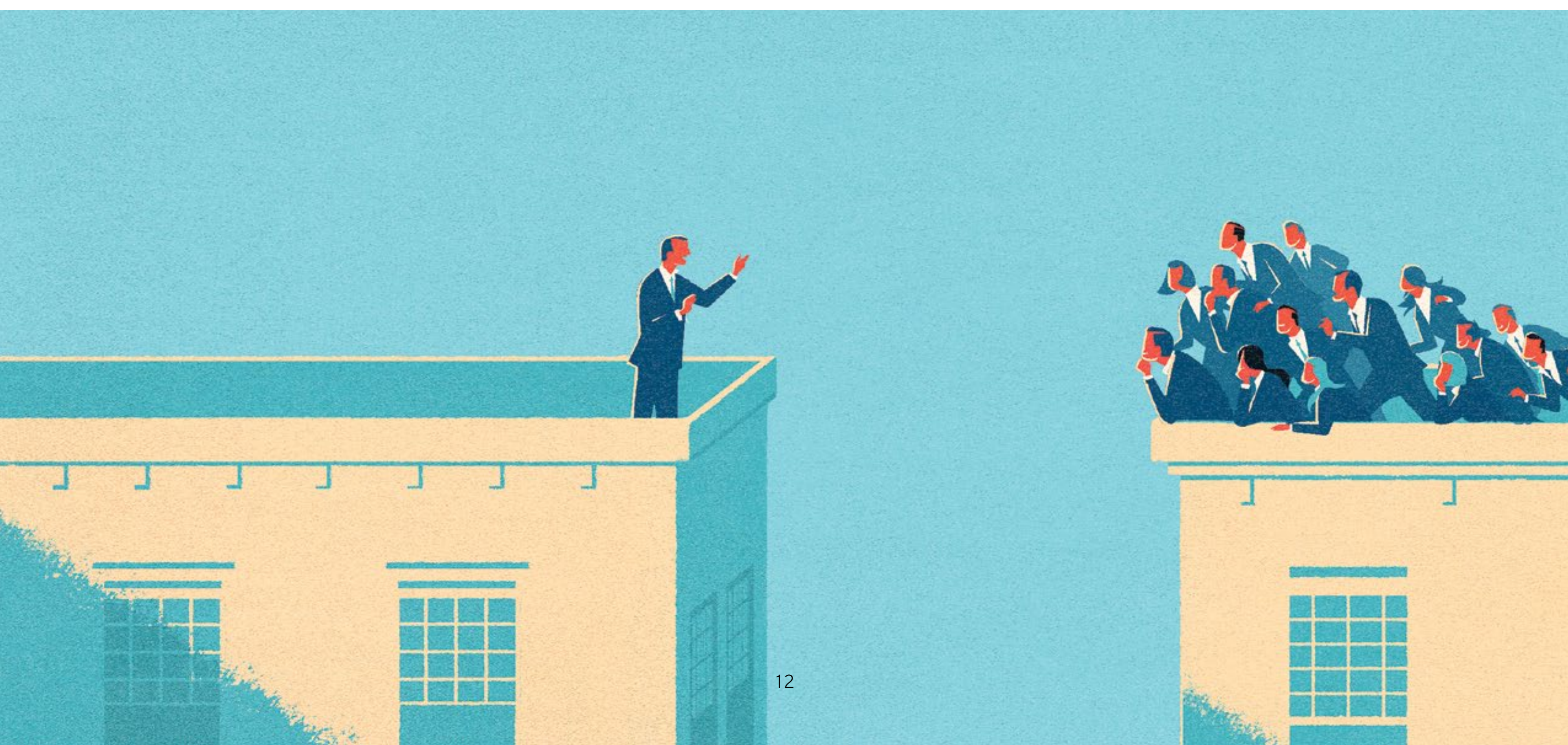
Because brand is more than a marketing communications message, the management of brand needs to be elevated beyond the Marketing department — the whole organization should understand not only what the brand means but also how it impacts each employee's role and how they can together improve customers' interactions.

SABIC is the world's second largest diversified chemicals company. Founded in Riyadh in the 1970s, its origins were in manufacturing commodity plastics, exploiting the hydrocarbon feedstock from Saudi Arabia's mineral wealth. Now a thriving $50 billion global enterprise, with operations on four continents, SABIC's brand vision is to power the ambition of its customers, leveraging its expertise in materials and tailored solutions. Its business evolution is a good example of the strategic shift from supplier to partner discussed earlier.



Stay true to a human and distinct personality

Strong brands today go beyond the consistency of the guidelines book and the logo enforcers. They thrive by reflecting the authenticity of the company, in a voice that is often surprisingly varied and human. Consistency alone is a recipe for dullness, inflexibility and stagnation. While many B2B brands have rich, long histories, placing too much emphasis on historical accomplishments may not be desirable. If history doesn't translate to meeting today's and tomorrow's customer needs, it only reinforces the idea that the company is trading on its past reputation.

Like people, brands need to be able to adapt — to local markets, customer interests and global trends. B2B brands are based on relationships, and they must be comfortable with the give-and-take that any relationship requires. Perfectly consistent brands, however admirable they may appear, may have trouble evolving.

Yet consistency has been a mantra of branding. Are consistency and vitality in conflict? Not if the freshness of a brand is created with a set of consistent principles, values and behaviors. It is this deeper consistency that ensures a brand's authenticity. The brand management challenge is to define and manage the brand at this more fundamental level — not telling colleagues what to do, but what they should be demonstrating in whatever it is they are doing.

Like any system of empowerment, making this work has two sides to it: liberating colleagues to adapt on the one hand, and setting the culture and guiding principles on the other. Without the first, the system is too rigid; without the second, there is no meaningful brand promise.

Inspire internal belief in the brand purpose and the initiative to deliver on it

Involving employees in the brand is critical to success. This is not just “feel-good” involvement, but it is instead a more active effort to inspire internal belief and enable tangible action to deliver the brand promise. Brand cannot just be communicated externally to the customer. Instead, employees must be recruited into the brand purpose and encouraged to apply the brand to their own work.

Enlisting employees into brand principles can transform brand development. Some of the most admired brands — in B2B and B2C — have individual charismatic leaders, often founders, at the helm. These leaders provide a beacon for and unite the company behind a collective effort to get there. On the other hand, many long-established highly successful corporations do not have that style of leadership; however, for them, brand can play a comparable leadership role, both as a beacon and as a uniting force. The Marketing department cannot create this impact alone. Employees sense the direction of a company from three central sources — brand from Marketing, culture and values from Human Resources, and vision and strategy from the corporate center — all filtered through the influences of line management. The real power comes when these different sources are coordinated as one, driven from the top and cascaded through the line.

At SABIC, while the communications team coordinated and drove the branding effort, leadership sat clearly with the chief executive officer and the company’s 15-member executive committee. The SABIC brand team also worked with its Human Resources department (and business units) in a series of workshops around the world to define the brand-led employee experience.

The teams worked their way through the employee journey — from joining the company, to meeting the leadership and being managed, to how they were measured and rewarded. At each step they asked, “How should this happen at SABIC given what our brand represents?” The ideas from these workshops were presented to the whole executive committee, which developed a set of high-level principles defining the global management culture that the brand required.

Engaging employees with the brand starts during the recruiting process. For Chevron, the challenge is to attract the brightest young engineers to the oil and gas industry when they could work with technology giants like Google and Microsoft. Research led Chevron to create a brand based on Human Energy. It helped the company stand out and showcase the important role and influence of individuals within Chevron’s teams, which helped to overcome the industry hurdle and support the company’s long-term global human resource growth and development.

While demonstrated leadership from the CEO and the broader leadership team is vital, chief marketing officers can help lead this charge, as their mandates extend beyond external messaging to include internal engagement. CMOs are increasingly recognizing that brand stewardship is, more than ever in the Human Era, an inside job. This rings particularly true with CMOs in B2B industries. They are finding they must be catalysts for change within their organizations. To do so, CMOs must dive into their organizations and hurdle internal barriers before driving the external, broader agenda.

Brand drives leads and sales, but more important, brand fosters lasting relationships. B2B companies establish genuine partnerships with their customers, and they infuse their internal culture with an inspiring purpose and identity. It is the B2B companies that drive their brand through their employees, and, therefore, through their customer interactions, that will thrive in the Human Era.

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