



The Role of Branding in Markets for Industrial Goods



Prof. Dr. Thomas Ginter,
Professor of Business Studies, Albstadt
Sigmaringen University, management
consultant, member of the advisory
committee for AUTOMATICA,
thomas.ginter@web.de

Sixty years ago, Hans Domizlaff, the father of brand management in Germany, recognized that the customer has a deep-seated need to find something he can trust, some fixed points of reference he can rely on in an increasingly confusing world of proliferating messages. The promise contained in a brand name goes way beyond a particular product characteristic. Rather, they are the expression of all those characteristics and values that give the business a clear, distinctive profile in the daily battle for profits and market share. COCA COLA, MARLBORO, NIVEA, AUDI, LUFTHANSA, KLEENEX, MICROSOFT, HERTZ – to name just a few brands that are now firmly fixed in our consciousness and are a part of our everyday lives. We admire their success, we envy them their strength and market standing – and above all we envy them their customer loyalty.

All the above are consumer brands. But increasingly we are starting to see the power of brands at work in the market for industrial goods as well, because here too decisions are taken by people who can be influenced by the brand name – in terms of filtering and prioritizing their choices – long before they make personal contact with a salesman or enter into a concrete buying situation. As examples of well-known industrial brands we could mention big names like INTEL, BOSCH, THYSEN and SIEMENS; but there are also successful smaller enterprises, such as TRUMPF or SEW, whose brands possess the same kind of mystique within their relevant markets as MICROSOFT does in computing circles. What they all have in common is that none of them need fear any competition, because generally speaking they are the market leaders within their own markets. Furthermore, they are constantly extending the lead they have already built up. And herein lies a huge opportunity for success. Those businesses that recognize today what can be achieved by the conscious exploitation of a B-to-B brand will in future become the dominant players within their markets.

So why all the fuss? It's very simple. Whereas there are any number of professionally managed consumer brands, the transference of brand management techniques to industrial brands is still in its infancy. And you know what they say: the early bird catches the worm!

In order to establish a framework for the design of a B-to-B brand, we shall outline four propositions aimed at bringing about change. Change, that is, in the way B-to-B brands are normally developed and managed or cultivated today*:

* See also Ginter, Th. / Dambacher, J. (2001) "Markenpolitik im B2B-Sektor", in: Business-to-Business-Kommunikation – Neue Entwicklungen im B2B-Marketing, ed. v. Baaken, Th. / Ginter, Th. et. al., Berlin 2001



Proposition 1: B-to-B brands find it much easier than other brands to discover their brand essence

The central component of a brand is its basic underlying idea, or *brand essence*. Discovering and locating this brand essence is the first challenge facing branding professionals: establishing it and sustaining it over the long term is the second and far greater challenge. The essence of a brand is composed of a whole set of rational and/or emotional reasons for buying the product. Formulated as the brand essence, these reasons crystallise into *a meaning that confers identity*. So from this set of reasons for buying the brand we extrapolate a promise, a promise given by the brand, i.e. the necessary condition for the buyer to enter into a binding contract with the manufacturer. But how do we arrive at the assertion that B-to-B brands find it easier to formulate reasons for buying, easier to locate their core brand identity, than other brands?

The answer lies in the origins of manufacturing businesses and in the nature of the core brand identity. The key questions for the functioning of a core brand identity are these: Is my promise relevant? Is it plausible? Do my customers buy – in every sense of the word – what I am claiming? Or does it come across as insincere, implausible and far-fetched?

A brand gains enormously in plausibility if its essence, its core identity, is not just pure invention, but based on fact. Since companies that manufacture industrial goods can generally trace their origins back to a single founder or a small group of founders, and since these founders nearly always came up with a very specific idea, with which they planned to change the world, the businesses in question start with an inestimable advantage. In the search for the essence of a brand, it is always important to take a close look at the history of the company. Because in many cases that original bright idea serves as an invaluable basis for developing a modern brand identity with a long-term future.

Proposition 2: B-to-B brand management calls for a high degree of intuition

In a world where businesses and marketeers want to get a tighter grip on markets and market events, where cause and effect are studied and analysed in the most minute detail, the above proposition – “B-to-B brands call for a high degree of intuition” – must at first sight appear extraordinarily vague. Why were marketing, and especially market research, invented in the first place, after all, if not to ensure that suppliers and buyers are equally content with the business relationship they have entered into? The theory states: the customer has a problem, which he wants the supplier to solve effectively and efficiently. And how does the supplier know about the problems his customers are having?

Consumer market research says: Observe the everyday life and market behaviour of consumers, ask them questions, identify the target group that is relevant for you. So what does everyday life normally look like in market research for industrial goods? Here, generally speaking, it is the salesman in the field who takes on the “customer survey” role: any such survey is generally conducted in a fairly unstructured way, with the results being passed on via a phone call to the product development department. Unfortunately the target groups addressed by this means do not articulate needs so specific that the supplier is able to come back to them directly with the right products. The crucial point is this: in markets for industrial goods, the natural order of cause and effect is frequently reversed. For example, the advent of automated manufacturing in industry, or the unprecedented advance of robots as key agents in modern production processes, has certainly not come about because certain target groups were able to articulate their specific needs very clearly. Rather, manufacturers found themselves – and continue to find themselves – under such pressure from rising costs that they had to find some way of rationalizing their production processes. So this is the problem to which suppliers of automa-



tion technology are called upon to provide a solution for their customers. Yet many users don't even realise that their problem can be solved by installing robot-assisted production systems. In this case the B-to-B brand and its initial target groups might be created at around the same time, but new target groups generally emerge only after the establishment of a brand identified with a problem-solving solution.

It is precisely in the world of technology, where inventions and new developments are the product of a mindset in which changing reality is not a fiction, but a profession of faith, that the idea of intuitive branding ought to find favour. How often have we seen it happen: an individual becomes obsessed with an idea, which he has to force through in the face of great initial resistance, and only after a long struggle is this person in a position to demonstrate that his intuition, far from leading him astray, has led him straight to fame and fortune. The basic idea behind intuitive brand management is just as plausible as the idea behind market research, but it is very different. It says: *Enter the domain of pure potential and create from it the reality that you would most like to see.* This is not to question the importance of traditional market research for the management of brands in markets for industrial goods. But the famous "gut feeling" of creative visionaries should be considered just as important as market research. What is possible when visionary flair ousts bureaucratic unimaginativeness is vividly highlighted by the example of INTEL.

Proposition 3: B-to-B brands need to be built on very simple promises

When IBM built microprocessors made by the INTEL Corporation into its desktop PCs for the first time in 1981, nobody could have guessed that INTEL would evolve into one of the world's leading B-to-B brands. The breakthrough came in 1991, when INTEL ran an advertising campaign in the USA which for the first time was targeted not at PC manufacturers, but at indi-

vidual PC users. The so-called "Red X campaign" was designed to show PC users how they could buy into the new 32-bit world at an affordable price. The crux of the campaign was the red logo "Intel Inside", which appeared in May of that year in advertisements and on packaging and brochures. It drew attention to the INTEL Corporation's "unseen" product, and at the same time enhanced the status of computers that carried the logo. As a result, PC manufacturers were effectively put under pressure from two directions at once, by INTEL and by end users, which led in the end to PC manufacturers adopting the slogan as a sales argument in their own advertising. 18 months later a survey found that some 80% of all PC users were aware of the slogan "Intel Inside".

So what was the promise that INTEL made to its industrial customers and end users? Behind the slogan "Intel Inside" lies a very simple and basic, and therefore extremely relevant, promise for all computer users: SPEED! No doubt the marketing executives at INTEL could have used any one of a hundred themes as the central message of their campaign. But the key issue for the PC user was, and remains, speed – end of story.

What is intriguing about this example is less the fact that a company that manufactures a technological product focuses on a single message and achieves success with it. Rather, it is the way that INTEL packaged the message so that it resonated with people all over the world. Probably only a fraction of computer owners really know what a processor actually does. And of these probably only a handful know what features distinguish an INTEL processor from any other processor. The fact is that for the vast majority of PC users a strong and simple message was sufficient to build their confidence in a hitherto little-known supplier of industrial goods. Confidence too in a product that only a few years ago we didn't even know was a critical component of a PC.



INTEL also happens to exemplify the often-feared consequence of professional brand management. Once a B-to-B brand has committed itself to a promise, this has knock-on effects not only on marketing and communication, but also – and more especially – on the technology. In all probability the top priority at INTEL today is still speed – ahead of all other product development goals. And this kind of narrow focus alarms the development people, of course, because at first glance it appears to limit their scope for creativity.

Certainly, the insistence on simple messages seems a difficult trick to pull off at first, but this is where the creation of an overarching umbrella brand helps a great deal. Having demonstrated their expertise at the individual product level, businesses that go on to establish their credentials as solutions suppliers are definitely moving in the right direction. Viewed in this light, the B-to-B brand has the potential to become the key distinguishing characteristic vis-à-vis the competition. And all this can generally be accomplished with a couple of short, easily comprehensible sentences. Incredible – but true!

Proposition 4: The management of B-to-B brands demands more stubbornness and staying power than the management of other brands

The management of a brand can be compared to a marathon run. All brand management demands a measure of stubbornness and staying power. Plenty of good reasons can always be found for changing a brand. This is particularly true of B-to-B brands, which, given that most firms in the B-to-B sector are engineer-driven, are generally regarded by many employees with scepticism and incomprehension anyway. Often a change of marketing director is sufficient to trigger a change in the brand. The new marketing director comes with his own advertising agency, of course, and is keen to mark out his territory in the new job by changing the brand. Or else the product development department makes its own elaborate pitch, supported by all kinds of plans and technical drawings, arguing the need to break out of the narrow straitjacket of the existing brand

message. Otherwise, they claim, the company risks being left behind in the dash to stay at the technological cutting edge. And what does it matter if the essence of the brand gets somewhat diluted in the process? The brand is strong enough to take it – isn't it?

These examples show how easy it is for a brand to become damaged, so that its original message, clearly formulated and clearly communicated, gets lost. Brand management is hard work, and it calls for a strong personality within the company who will not lose sight of the target group and who will stick resolutely to the chosen path, even when siren voices are urging a rapid and supposedly essential change of direction. To put it another way: in brand management long-term goals are always more important than short-term events, because continuity, and the promise of continuity, are among the chief assets of any brand. So the best advice to suppliers of industrial goods is to make brand management a matter for decision-making at the very top level. And failing that, one should leave well enough alone. After all, the only thing worse than no brand at all is a brand that is managed badly or half-heartedly. If the job is worth doing, it's worth doing well!

In conclusion it can confidently be stated that there is no real alternative to brands in the marketplace for industrial goods, just as there is no alternative in the consumer goods market. And just as industrial products have to be able to perform much more precisely, more consistently and better than we expect consumer products to perform, so B-to-B brands need to be managed more precisely, more consistently and better than other brands.

"It is not enough to come to the river wanting to catch fish. You must also bring the net with you." (Chinese proverb).