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PRESS RELEASE

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Product Brands in B2B

Beloved and defended within the company – rarely perceived as brands by customers

Just like B2C marketing, B2B companies rely on the power of brands. After years of obscure marketing strategies and uncontrolled spreading of brands, many organizations are now actively working on their brand architectures. This in turn also raises the question of the significance of product brands in B2B markets. Schlegel und Partner conducted a number of studies and discovered that product brands are hardly as effective as their producers expect.

For B2C businesses, brand management has long been a vital tool for sales promotion. Strong brands are supposed to increase sales and multiply marketing efforts. A well-positioned brand can be of great value in B2B. However, the way a brand is managed and how it is perceived in this context has its own characteristics.

There is, for example, the popular but problematic notion that a product – including its name, logo and packaging – is already a brand. This frequently leads to internal misunderstandings when discussing brand management. "Brand" is not the equivalent of "product" or product names, but it entails abstract benefits and characteristics. All products, services and actions compiled under a specific brand have to offer and represent these benefits. Nonetheless, many still refer to "brand" when they mean "product". This misconception often goes hand-in-hand with a strong, emotional attachment to one's own products and their subjective status as an established brand.

Additionally, product brands are often born out of a good idea for a product name while the development of comprehensive brand management is neglected. Establishing a brand successfully requires much more extensive and complex planning.

Performance and consistency constitute the core of a strong brand. A brand promises to deliver a certain benefit, like being innovative, reliable or efficient; this promise must be kept. Brands are thereby based on past performances because they rely on results the company has already achieved. Future brandrelated activities have to follow consistently. All products, actions and interactions on the market have to be in line with the values represented by the brand. In order to ensure success, brand management needs to create a system of values and principles that guides the actions of the whole company. This task is immensely time and cost consuming.

Moreover, the sales promoting effects of well-positioned B2B brands are limited. Purchasing decisions, rational in nature, still rely heavily on aspects like price, quality, performance, reliability and complexity reduction. Elaborate brand management can influence the decision favorably, however, to less of an extent than in a B2C context. This is also caused by certain external factors and restrictions affect and limit decision options. Restrictions range from extensive approval processes and legal frameworks to requirements, specifications and certificates. Such factors can induce repurchasing – not as a result of loyalty to the brand, but merely because switching to another product is too complicated or not possible.

Several research projects by Schlegel und Partner have now additionally revealed that customers do not perceive single B2B product brands as distinctly as companies expect. Customers tend to associate products with family or company brands, not with a specific product brand. Product names are rarely associated with the values that are meant to be communicated by a brand. Customers often do not even use the names referring to products instead with article numbers or names like "material A by company X".

Nevertheless, making use of brands in B2B remains important and is a sensible business practice. A strong brand creates security with customers and thus stable business relationships. Product brands are particularly effective if the customer uses or integrates the product and emphasizes it in his own marketing efforts.

Considering that customers are rarely aware of different product brands or names and that comprehensive brand management is highly time and cost consuming, Schlegel und Partner recommends a well-reasoned implementation of a coherent brand strategy. In B2B contexts, focusing on and strengthening family and company brands is often more productive than fighting for individual product brands. Systematically aligning all products and services with a consistent brand image thereby constitutes the core of effective brand management. Individual product brands are only profitable if they conform to the family or company brand and if they are specifically managed like a brand.

Interested in further information?

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