B2B BRAND MYTHS

It’s time to tear down outdated beliefs

brand incite

THE FIVE MYTHS OF B2B BRANDING

Consumer companies obsess about their brands, constantly modernizing them to keep pace with consumer preferences. They know keeping their brand relevant is essential to their survival. On the other hand, B2B companies tend to let their brands age to the point of obsolescence.

Business-to-business organizations often attribute their successes and failure to the parts of the business they believe to be more relevant to the customer purchasing decision. As a result, they under invest in their brand which ultimately costs them.

In my work as a brand strategist, I have heard many of the misgivings small to mid-sized B2B companies have about the role of brand in their business. These can be boiled down into five key myths that most marketers instinctively know are falsehoods, but few have the facts at their fingertips to prove it. I went looking for the research to help.

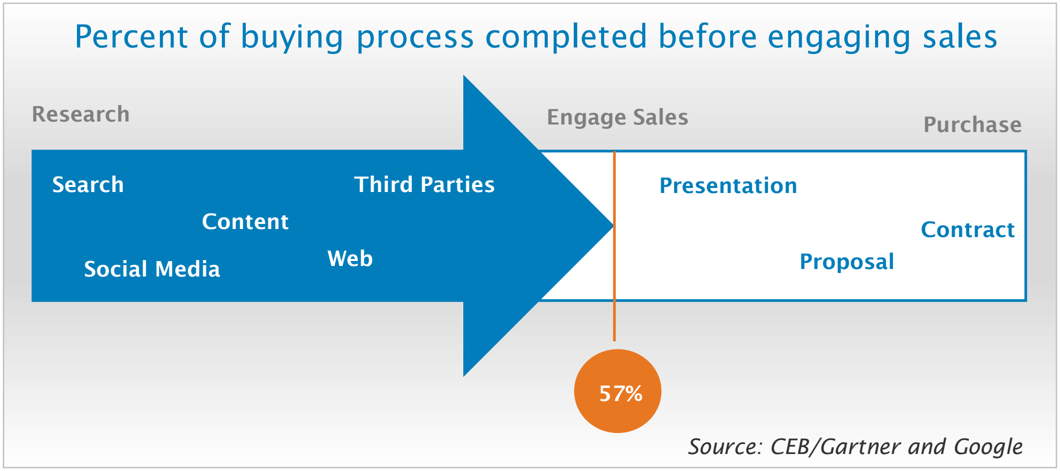
As expected, there is a mountain of information available when it comes to large consumer brands like Apple, Google and Coca-Cola. B2B research is harder to find. However, there are organizations like CEB, McKinsey & Company, Harvard Business Review and others that study B2B markets and the role of brand in business performance.

The research I selected to debunk the five myths can apply to nearly any B2B company – small or large, public or private – in any industry to keep it relevant to as many organizations as possible. If you work in B2B markets, you'll likely nod your head in acknowledgement on a few of these.

MYTH #1:

SALES RELATIONSHIP IS KING

Many business-to-business companies are still holding onto the belief the sales relationship is all that matters. These companies were founded when buyers were largely reliant on suppliers for information, specifications and pricing to help them evaluate possible solutions. The digital age has completely blown up that dynamic. Today, buyers are well into their evaluation of vendors before the sales team even knows there is an opportunity.



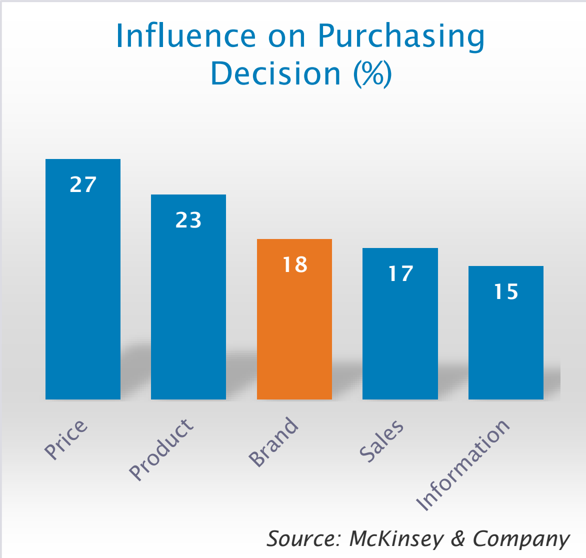
FACT

Buyers complete 57% of the buying process before engaging a salesperson, regardless of price point.

MYTH #2:

BRAND IS NOT A FACTOR

A second misconception is that brand is a minor consideration in the B2B decision-making process. Product managers tend to believe its all about superior products and services offered at competitive prices. The sales team believes it's their relationships that make it rain. Both groups undervalue the role of the brand.



"Our survey indicates that a company's brand is on par with sales as an influencing factor."

- McKinsey & Company

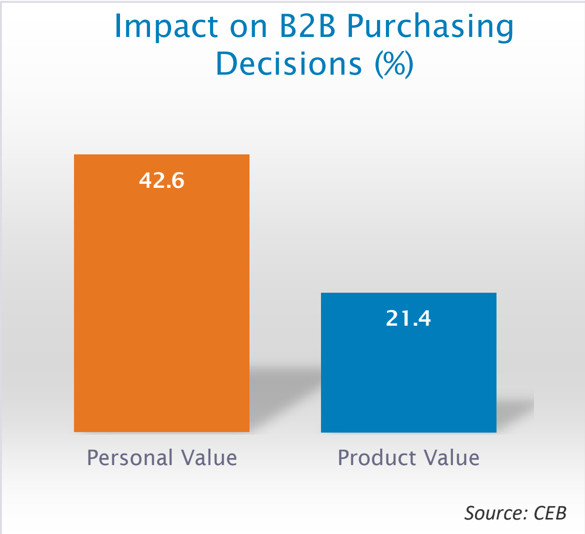
FACT

Research from McKinsey shows decision makers consider the brand to be a central element in selecting a supplier.

MYTH #3:

PURCHASING IS RATIONAL

The B2B community focuses heavily on product and price as the most important factors in the buying decision. This approach assumes decisions are entirely rationale and based on a feature-by-feature comparison. The reality couldn't be further from the truth.



"People are buying what the company stands for more than they are buying the products or services it sells."

- CEB/Gartner

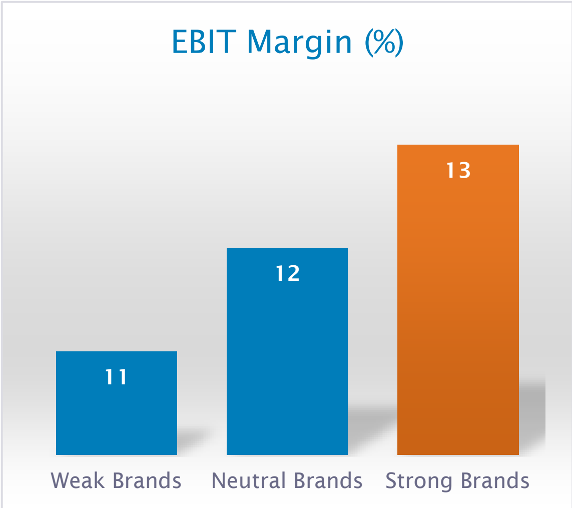
FACT

Only 14% of B2B buyers perceive enough of a difference in vendor offerings and value to be willing to pay for it.

MYTH #4:

BRANDING HURTS PROFITS

Building a brand is often seen as a marketing expense that decreases profitability. However, when the brand is seen as a company strategy that is supported by the entire organization, profitability soars. Strong brands command higher prices, greater customer loyalty, and healthier margins.



"Supplier brands that respondents considered to have a "strong" brand image exhibit a significantly higher EBIT margin."

- McKinsey & Company

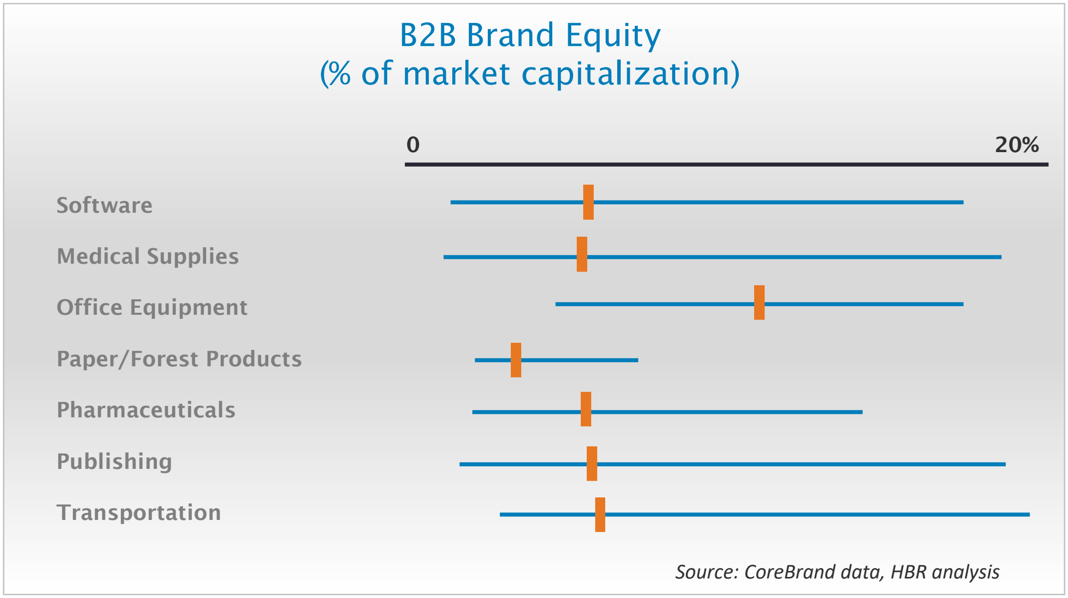
FACT

Strong brands outperform weak brands in EBIT margin by 20 percent.

MYTH #5:

THE BRAND HAS NO VALUE

Harvard Business Review analysis shows how companies in a range of industries are missing an opportunity to create value that comes from the brand being treated as a corporate strategy. The orange marker shows industry averages for brand equity on a continuum of results for the companies studied.



FACT

In public B2B companies, corporate brand equity is responsible for 5-7 percent of stock performance.

CASE STUDY: GARDNER DENVER

Private companies rarely consider the value of their brand until its time for a merger or acquisition, but they should. A study published in the Journal of Marketing concluded that, on average, a target firm's brand value accounts for 7.3 percent of the transaction value. Gardner Denver far exceeded that.

Gardner Denver is one of the oldest providers of air compression and vacuum products in the country. The $2 billion manufacturer is renowned for excellence in product design, manufacturing and support for its products. It is the Mercedes of pumps.

In fact, the company is so well regarded in its field they calculated 43 percent of its value lie in goodwill and other intangible assets driven by the brand – more than Procter & Gamble at 40 percent. It paid off when KKR acquired Gardner Denver for $3.9 billion dollars in 2013.

ABOUT GRANT KIMBALL

Grant Kimball is the only brand strategist in the Northwest with a focus on growing brand value in small to midsized organizations. Through his brand consultancy, Brand Incite, he provides brand strategy, management and marketing services including:

- One-on-one consulting with corporate leaders to integrate brand and business strategies.
- Leading brand development, brand architecture, rebranding, and brand identity projects.
- Facilitating cross-functional teams of brand leaders to ensure company-wide alignment.
- Leading internal and external brand launch teams.

Grant Kimball
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