Clarifying the Brand Orientation Construct for Business-to-Business Sector

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Abstract

Purpose of this conceptual article is to clarify scope and propose model of brand orientation in business-to-business (B2B) sector. Brand orientation was first introduced by Urde (1994). To author’s knowledge, Baumgarth (2010) is the only article to propose and empirically test brand orientation construct in B2B context in nearly 20 years. No other study offers explanation to conceptualize brand orientation for industrial supplier’s perspective. This article addresses following questions. How brand orientation is relevant in B2B sector? And how brand orientation can be conceived and operationalized by industrial supplier in B2B sector? It extensively reviews the brand orientation, industrial marketing and strategic management literature to uncover elements of brand orientation in industrial context. Model has three interdependent levels (mindset, management and performance), and each level is embedded into internal and external environment of industrial supplier.

Keywords: brand orientation, B2B branding, B2B marketing, branding

1. Introduction

Brand orientation is all about creating, developing and protecting brands. The origin of brand orientation can be traced to the article of Urde (1994). So far this concept has been applied to various contexts including nonprofit, place, small businesses, public and consumer sector (Baumgarth et al., 2013). Most of these articles reported positive effect of brand orientation on brand strength and related company/organizational performance.

Branding strategies in B2B sector was quite unpopular subject for scholars before 2007 (Keränen et al., 2012). Only in recent years, practitioners and academics realized the need to advance the understanding of brand’s role in inter-organizational transactions because a strong brand is often associated with several strategic benefits (Leek & Christodoulides, 2011; Glynn, 2012). To make brand stronger needs a brand centric approach like brand orientation. Application of brand orientation in B2B sector is nearly nonexistent. To author’s knowledge, Baumgarth (2010) is the only article to propose and empirically test brand orientation model in business-to-business (B2B) context. He also reported positive effect of brand orientation on marketing and company performance.

This article acknowledges the need to clarify the brand orientation construct that fit according to the characteristics of B2B markets. Therefore, based on extensive literature review of strategic management, brand orientation and industrial marketing, this article offers a clarification and information to reduce the barriers in implementing brand orientation in B2B. Research questions are.

1) How brand orientation is relevant in B2B sector?

2) How brand orientation can be conceived and operationalized by industrial supplier in B2B sector?

Because the prominent characteristic of B2B value exchange is relational (Hadjikhani & LaPlaca, 2013), therefore article makes a notion that brand’s primary role is relationship development within and outside of a company in B2B sector. In addition, drawing from strategic management process (Slater et al., 2006; Hofer and Schendel, 1978), article considers mindset, management and performance are essential and interdependent level of brand orientation constructs. Therefore, brand orientation model has three levels (mindset, management and performance) and each level is embedded into internal and external environments.
2. Literature Review

2.1 Brand Orientation

Brand is a symbolic representation of company (or product) values. According to brand orientation, brand provides a strategic platform to consolidate unique set of values to not only satisfy customer needs but also to manage all internal and external activities (Urde et al., 2013). For brand oriented companies brand is not an unconditional response to customer needs, as in market orientation (Urde, 1999). Therefore, it is an inside-out approach.

Brand orientation is “an approach in which the processes of the organization revolves around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands” (Urde, 1999, p. 117). Bridson and Evans (2004, p. 404) defined as “the degree to which the organization values brands and its practices are oriented towards building brand capabilities”. Brand orientation considers “brand as a resource and strategic hub” where “the core of this orientation is customer satisfaction within the limits of the core brand identity” (Urde et al., 2013, p. 14, 16).

Wong and Merrilees (2005, p. 157) defined as “the extent to which the marketing strategy and activities are centered on the brand”. Baumgarth (2010, p. 656) defined as “specific type of marketing orientation, which is distinguished by the high relevance accorded to branding by top management”. Wong and Merrilees (2007, p. 400) defined “brand orientation is associated with the use of the brand to integrate all aspect of marketing and operations, instilling a great consistency that achieves synergies across component of marketing and management”.

This study is considering brand orientation at corporate level, not product level. Because corporate brand name is the reflection to the values on which a company stands. Industrial buyers are also more sensitive to corporate brand image (Beverland et al., 2007).

2.2 Brand Orientation in B2B Sector

Majority of literature seeking application of brand in B2B context is not more than a decade old (Leek and Christodoulides, 2011; Glynn, 2012; Keränen et al., 2012). By and large these articles have evaluated the effect of brand on customer’s buying process (Baumgarth, 2010). They have found that industrial supplier’s brands can produce customer’s loyalty, reduce risk, repeat purchase (Leischnig & Enke, 2011; Walley et al., 2007). Attract new customers, effectively target and position products for clear differentiation (Blombäck & Axelsson, 2007); transfers products knowledge to customer (Gupta et al., 2010); and earn premium prices (Persson, 2010); image consistency, positioning, effective communication, legal protection, uniqueness and value solution to customers (Michell et al., 2001).

However, there is limited theoretical explanation for a brand strategy which is aligned with the characteristics of B2B sector (Glynn, 2012; Leek & Christodoulides, 2011). So what makes B2B sector different? Hadjikhan and LaPlaca (2013) reviewed B2B literature for last 100 years and concluded with two dimensions. B2B literature is fundamentally a tug-of-war between economic and behavioral theories. Economic theories see marketing process as for financial gains, but behavior theories emphasize more on mutual benefits (including financial benefits) by developing strong relationships. However, authors observed a shift of interest from economic theories to behavior theories in last two decades.

Therefore, based on the behavioral school of thought, this article is proposing that corporate brand of industrial supplier is responsible to strengthen relationship between supplier and external entities (Kuhn et al., 2008; Vallaster & Lindgreen, 2011; Hadjikhani & LaPlaca, 2013). Theoretically, relationships are improved when inter-organizational trade is mutually beneficial. In this case, industrial suppliers can produce values, which are communicated through brand, to attract external entities. But at the same time internal environment of an organization should also behave and perform according to these brand values, because industrial suppliers may not able to deliver promised values to external entities if they are not produced inside. In a sense, brand becomes the bridge between internal and external environment. Thus, a strong brand is one which has developed relationship with internal and external actors using the scholarship of strategic management (e.g. brand orientation) (Hadjikhan & LaPlaca, 2013; Leek & Christodoulides, 2012). Earlier article has taken brand orientation as internal anchorage (Baumgarth, 2010).

Viewing from the lens of behavioral (relationship) perspective, this article consider brand orientation in B2B as strategic management approach which uses brand values to develop or facilitate relationship of industrial supplier with itself and external stakeholders.
2.3 Internal and External Environment

**Internal environment** of a company is composed of all those elements which fall within its direct control or ownership (Barney, 1991). These elements include organization’s assets, capabilities, knowledge, processes etc. This article uses the classification by Huang and Tsai (2013) and therefore internal environment consists of organizational resources, organizational culture and organizational structure (shown in Figure 1).

![Figure 1. Internal environment of industrial supplier](image)

Organization structure is the hierarchy of organization. For example the departments, chain of command, degree of formalization, inter-functional coordination, etc. Organization resources refer to those capabilities which are used as input to product specific value as output. Employee, finances and manufacturing technology are type of these resources (Baumgarth & Schmidt, 2010; Veloutou & Taylor, 2012; Gupta et al., 2010). Organizational culture deals with the norms and behavior of organization’s members. Such as how strongly they believe and behave according to vision of the organization.

**External environment** is a composed of those entities which exists outside the legal ownership or direct control of organization. This article has categorized external environment of industrial supplier into business customers, society and business partners (shown in Figure 2). Naturally, business customers are considered more often in industrial marketing literature, but at the same time the importance of society and business partners have been undermined (Mariadoss et al., 2011; Sandbacka et al., 2013; Mäläskä et al., 2011). However, this article assumes equal importance for all entities.

Indeed satisfied and loyal customers are license for business growth and performance. Therefore, a great proportion of branding literature in B2B aims to explore the influence on buying process, satisfaction and retention of customers (Leek & Christodoulides, 2011; Ballantyne & Aitken, 2007; Lynch and De Chernatony, 2007). Business partners and network actors are gaining attention from research scholars in recent years. List of entities fall in this category could vary and depends on individual organization. However, key entities could be banks, shareholders, raw material suppliers, resellers or dealers, competitors etc. Although B2B firms work in close business networks and do not often directly serve to end consumers but still they may influence environment and society. Society includes well-being of general public and environment protection. Mariadoss et al., (2011) demonstrated the relative importance of marketing capabilities and strategies on sustainable environment and society for industrial supplier.

True scope of brand orientation is incomplete without discussing external actors (Urde, 1999; Hankinson, 2001). Execution of brand strategy is ongoing social interaction among internal and external brand actors. Brand strategy manifestation is thus co-created, co-constructed and simultaneously implemented (Vallaster & Lindgreen, 2011).

Brand orientation is a strategic orientation (Urde et al., 2013). Strategic orientation is combination of at least two concepts, orientation and strategies. Orientation reflects the firm’s culture, which is the fundamental and dominant pattern of beliefs and values that management emphasizes on a continuous basis to guide the organization. And Strategies comprise the pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives (Hofer & Schendel, 1978, p. 25). Putting it simply, Hofer and Schendel (1978) suggested that a successful strategic orientation is what leads the business decisions to meet organization’s objectives and higher performance. Therefore strategy formation process would be: orientation to strategies to performance (Knight, 2001; Slater et al., 2006).

Based on above discussion and including the suggestions of Baumgarth et al. (2013) and Urde et al. (2013) this paper proposes that brand orientation is best explained and composed of three levels (Mindset, Management and Performance). Performance level depends on management, and management depends on mindset level. In addition, this paper proposes that success of brand orientation in B2B depends on how well brand develops relationships with the elements of internal and external environments (Vallaster & Lindgreen, 2011; Burmann et al., 2009). Therefore each level is implanted in internal and external (shown in Figure 3).

3.1 Mindset of Brand Orientation

This is the first level of brand oriented approach. It basically defines the orientation or culture of firm. Here, top management of organization make a principle decision to put brand ahead of every other operations. They see brand as a center to manage all other internal and external activities of firm. In other words, mindset of brand orientation is gauged with top management’s commitment and priority of developing and competing on the basis of brand (Urde et al. 2013; Huang & Tsai, 2013). This approach calls to incorporate brand in vision, values and objectives of organization. In addition, since brand is symbolic representation of company (or product) values, top management also make selection of values to associate with brand to make it stand out (Rozin & Magnusson, 2003).

This approach appears to be similar with planning school of thought (Mintzberg, 1973; Slater et al. 2006) or projective paradigm of brand management (Louro & Cunha, 2001). It reflects the attribute and belief of an organization that a clear brand oriented culture and vision is required to develop a strong brand. When developing brand oriented culture lack of vision and resources may become barriers. Louro and Cunha (2001); Huang and Tsai (2013) and Sandbacka et al., (2013) suggested that brand orientation is long-term objective and successful brand oriented companies had found ways to minimize the effect of low resources.

In value-based brand building, which brand orientation is, brand values are often the continuity of organizational values (Urde, 2003; Huang & Tsai, 2013). These values provide lead or become point of reference to manage whole organization. Brand oriented organizations discourage any activity which is against brand values. While
one can debate on what is successful and unsuccessful values (which is not the objective of this article), this article makes argument that all those values should be selected which improves the relationship of brand with internal and external stakeholders. Same brand values may have different meaning and implications for internal and external actors.

3.1.1 Internal Environment

In internal environment primary purpose of brand values is to endorse corporate brand identity. Brand identity refers to unique brand values which make a firm distinctive (De Chernatony, 1999). Usually these values are based on actual and potential capabilities of industrial supplier. So how industrial supplier may select brand values? Webster and Keller (2004) suggested that brand values (1) should have relevance for all significant players or members in the decision-making unit and decision-making process; (2) brand values should be made at corporate level; (3) intangible value are more effective such as expertise, trustworthiness and ease of doing business. Kuhn et al. (2008) model suggested four questions to define brand values. (1) Who are you? –points to the salience features of brand identity. (2) What are you? –points to unique and core capabilities and reputation. (3) What about you? –points to responsive capacity for customer. (4) What about you and me? –this is the highest level where company develops a partnership solutions and relationships.

Brand positioning represents supplier’s value in terms of their developed skills and expertise. Jalkala and Keränen (2014) found four positioning strategies: value diagnostics, global solution provider, high quality subsystem provider, and long-term service partner. Beverland et al. (2007) outlined five capabilities to base brand identity on. These are relational support, coordinating network players, leveraging brand architecture, adding value, and quantifying the intangible. Mudambi et al. (1997) gave the model of tangible and intangible values in company’s performance perspective. These include company, distribution, support services, products.

3.1.2 External Environment

In external environment, this article is proposing that brand values act as brand promise for external entities. Brand promise reflects the commitment (set of values) of industrial suppliers that it pledge to customers, society and business partners. Delivery of brand promise is likely to satisfy customer, contribute to society and can build healthy relationship with business partners.

Therefore, drawing from previous section, brand values should be extended specifically to focus each external player. For instance, brand values may contain the section for the improvement of society. When industrial brand have a commitment to protect environment and improve living standards of general public it is likely that it would improve brand image. Similarly, brand values can be tailored to win the support from business partners. Such as financial stable and progressive brand image can attract banks and investors. In a same way, customers may also appreciate those brands which are stable, committed and competitive in terms of brand values.

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3.2 Management of Brand Orientation

Management of implementation process of brand values is the second level of conceptual model (Urde et al., 2013). Since brand values set in the prior level is purely abstract (Baumgarth, 2010), therefore brand orientation would remain half-finished without this level. As Baumgarth et al. (2013, p. 977) said that “we find the managerial aspects of brand orientation to be essential for the new paradigm’s relevance for practice”. It is associated with resource planning and implementation, and calls for all necessary managerial and marketing activities to establish values of brand (Wong & Merrilees, 2005).

Importance of these measures can also be seen when alike companies may desire similar corporate values (Urde, 2003). In such cases, brand-led competitive advantage is achieved through the efficient management of company capabilities and resources allocation (Huang and Tsai, 2013; Bridson and Evans, 2004). It is the fine details of strategy and tactics that can make a difference in brand building process. In addition, it has been advised that long-term consistency and stability is required to achieve desired brand objectives (Leischnig & Enke, 2011). Wong and Merrilees (2005) suggested holistic approach, where brand building is the responsibility of whole firm as a common goal.

Baumgarth (2010), Huang and Tsai (2013) and Hirvonen and Laukkanen (2014) are among key articles to discuss brand management in internal environment. But external environment is more complex and equally important for brand value management (Louro & Cunha, 2001; Sandbacka et al., 2013).

3.2.1 Internal Environment

For internal environment, internal branding approach is useful to implement brand values. It aims to develop internal systems and operations according to brand values. It also supports the notion that brand oriented values became a strategic hub to manage all other business operations with aim to deliver brand values (Urde, 1999; Wong & Merrilees, 2005; Simoes & Dibb, 2001).

Organizational structure (inter-functional coordination, departmentalization, roles and responsibilities); organizational resources (employees, product differentiation capabilities, operational efficiencies and procedures) and organizational culture or beliefs (top management involvement) are among vital elements of internal environment (Gromark & Melin, 2011; Huang & Tsai, 2013). Support from these elements is absolutely important to meet brand identity/value.

Skilled employees are indeed an asset of a company. And when it comes to execute brand strategy the involvement of every employee, irrespective of their department, is highly desired by industrial suppliers (Hutt et al., 1985; Vallaster & Lindgreen, 2011). Particularly the salespersons of industrial suppliers because they often hold embedded positions in both supplier’s and customer’s organizations (Bradford et al., 2010). In fact salesperson interaction with customer is needed for building relationships and better satisfaction (Homburg and Rudolph, 2001).

All employees should be unified in performing brand oriented activities so that the message to customer remains consistent. And therefore, should share a same meaning and importance of brand (Leek & Christodoulides, 2011; Huang and Tsai, 2013). To educate and train employees about brand values several managerial measures are available. Such as comprehensively communicating brand values (through briefing, corporate magazines, group meetings), formally and informally making employees responsible for compliance, evaluating brand oriented employee performance and reward, employee empowerment and resource availability (Hirvonen & Laukkanen, 2014). Through these programs the idea is to emphasize employees’ brand commitment, knowledge, loyalty, identification and involvement towards set brand values and identity benchmarks (Punjaisri et al., 2009; Baumgarth & Schmidt, 2010). However, Punjaisri and Wilson (2011) cautioned that the effect of such measures among employee would not be consistence due to varying individual characteristics.

Structure of company also matters when implementing brand oriented values internally. Organization’s hierarchy, departments, degree of formalization, inter-functional coordination, roles and responsibilities, and top down bottom up integration (Webster & Keller, 2004). Reijonen et al. (2012) results strongly suggested that growing SMEs were more brand oriented where inter-functional cooperation was also high.

Value producing capabilities are also among the focus of academic scholars. Fundamentally, these capabilities (e.g. production technology, innovation) are ingredients of producing brand oriented values (Simoes & Dibb, 2001). In addition, it could also be meaningful to consider country of industrial supplier as it may also effects on brand oriented values. Chen and Su (2011) found that country of design and country of manufacture does contribute to industrial brand identity when only one of them is clearly communicated. Contrary, Chen et al. (2011) have reported no effect on industrial brand equity in case of fastener’s industry in Taiwan.
online-market place, country of industrial supplier also matters. Same country suppliers have to compete with each other aggressively for a same customer because customers evaluate them on the basis of their country of operations (Zaheer, 2001).

3.2.2 External Environment

Entities in external environment of industrial supplier are part of brand oriented process. Vallaster and Lindgreen (2011) said that the boundaries of supplier’s organization are permeable and brand strategies are co-created, co-constructed and simultaneously implemented with external brand actors.

Society mainly represents general public and environment. Brand values or brand promises of industrial supplier may contribute to welfare of people and protection of environment to achieve socially responsible image. We know that manufacturing process often receive a criticism from environment protection agencies when manufacturing process cause environment degradation. Investing in those measures which can reduce carbon footprint or any other activity that leads to protecting environment can be a brand promise. Klassen and McLaughlin (1996) findings suggest the effect of environment management practices is likely to be positive on financial performance of firm. Public concern provides driving force for corporate environmentalism and top management is responsible to pursue environmental protection measures (Banerjee et al., 2003). In managerial perspective, environment friendly marketing capabilities and innovation strategies need to be considered (Mariadoss et al., 2011).

Academic scholars and practitioners have started to see inter-organization relationship as strategic in nature (Hadjikhani & LaPlaca, 2013; Han & Sung, 2008). Industrial supplier requires and seeks support from their business partners. Industrial suppliers need to make themselves attractive for business partners so that their support can be gained. A win-win situation is highly desired in an inter-organizational relationship; and therefore brand promises should reflect benefits what industrial supplier can offer to its business partners, and what support to receive in return (Mäläskä et al., 2011; Wilkinson et al., 2005).

Resellers or distributors fall after industrial manufacturer in value chain, and thus more close to business customers. Reseller satisfaction, loyalty and commitment towards industrial manufacturer depends on the financial benefits and marketing support they receive from industrial manufacturer (Glynn et al. 2007; Anisimova & Mavondo, 2014); and when organizational learning of industrial manufacturer is high (López Sánchez et al., 2011).

Similarly, when choosing the supplier of their raw material, it is the responsibility of industrial supplier to seek complementary (or similar) characteristics including brand values (Campbell et al., 2010 and Wilkinson et al., 2005). Compatibility can be assessed in terms of inter-firm operational procedures, systems and IT synchronization and quick responsiveness (Seggie et al., 2006; Kim & Cavusgil, 2009).

Results show that brand values or promises, which are often delivered through salesperson, directly impact on the factors of customer satisfaction. Product related information, order handling, technical service and complaint handling are perhaps most critical dimension of customer satisfaction (Homburg and Rudolph, 2001; Patterson et al., 1996; Persson, 2010). And stability and consistency in brand values and promises, as perceived by business customer, improves customer satisfaction and loyalty (Leischnig & Enke, 2011).In addition, communication channels, such as social networking sites, bear the responsibility of delivering brand values (Michaelidou et al., 2011).

3.3 Performance of Brand Orientation

This is the third and last level of proposed brand orientation conceptual model. It has been recommended to use multidimensional measures of performance when evaluating the effect of brand orientation (Baumgarth et al., 2013). Based on this recommendation this article suggests to measure effect of brand orientation on brand strength, company performance, compatibility in internal and external environments, and beyond. Both economic and non-economic measures should be used to assess performance, as suggested by Hadjikhani and LaPlaca (2013). Choice of performance measurement dimension(s) should also be according to the brand values and their implementation process set at the previous two levels.

3.3.1 Internal Environment

Economic scale of performance may include to measure profitability, sales growth, cash flow, return over investment, shareholder’s value, operational cost efficiency, etc. Non-economic scale may measure performance in terms of top-down and bottom-up integrating, more committed towards brand values, employee satisfaction and retention, organization’s responsiveness towards brand values, more effective and efficient operational
capabilities, better internal communication, product quality, brand oriented roles and responsibilities, inter-functional coordination, brand value oriented quality assurance, how unique brand values are, etc.

3.3.2 External Environment

Economic scale of performance can measure price premium, low cost bank loans, high external investment interest, low cost in sourcing and distribution, less or illegal penalties often regulated by trade or governmental bodies in case of noncompliance, market share, etc. Non-economic performance can be measured by effective external communication, investors trust, brand strong image, brand loyalty, brand association, sustainable and consistent brand image, brand relationship with external entities, supplier integration and training, co-branding, protected intellectual property rights, customer services, contribution to corporate social responsibility, customer experience with brand, supplier and distributor satisfaction with brand, etc.

4. Discussion and Findings

Brand orientation is a strategic orientation (Urde et al., 2013) which emphasizes on brand focused planning and implementation. It consider brand as strategic resource and asset for a company. It strongly criticizes to the perspective where brand is a byproduct of company’s operations. This article identifies gap in literature for brand orientation in industrial sector. Current, the only brand orientation model, is well short to accept the totality of industrial characteristics (Baumgarth, 2010). Fundamentally, inter-organizational transactions are becoming more relational and less transactional. And brand in this context is a relationship developing asset, in both internal and external environment of industrial supplier (Hadjikhani & LaPlaca, 2013).

In this paper, author has followed the footsteps of Hofer and Schendel (1978); Slater et al., (2006); Urde et al. (2013) to propose three levels (mindset, management and performance) of brand orientation construct and argue that each level should be embedded into internal and external environments, as shown in Figure 3 (Burmann et al., 2009; Vallaster & Lindgreen, 2011). Therefore, the proposed conceptual model begins with company’s culture and vision to build brand and associate differentiating values in the form of brand identity and brand promise (mindset level); then marketing and internal managerial measures are utilized to ensure the implementation and behave according to brand values (management level); then both economic and non-economic measures are appropriate to measure performance of brand, company, relationship with internal and external actors and beyond (performance level). Internal environment includes organization’s culture, resources and structure. External environment includes business customers, network actors and business partners and society.

5. Conclusion and Implication for Future Research

Given the growing importance of brand building through brand orientation perspective, this article has proposed and clarified the model of brand orientation for an industrial supplier. Readers of the article would able to conceptualize the totality and strategic elements of brand orientation construct in business-to-business sector. This article offer better explanation for scholars and managers. Managers would learn and understand that what it takes to be brand oriented company? And research scholars would able to use this model to direct their research studies. Future research studies can investigate how this model may vary when there is change in brand values; competitors’ influence; how successful brand values are brainstormed; varying characteristics of industries, economic and social context may effect?

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