

The Power of Industrial Brands

By Paul Hague

Forward:

I have been involved in industrial marketing for the past 20 years...primarily industrial marketing hosted on the web.

I have seen the immergence of HTML as a recognized standard to create a basic brochure that did little other than sit there. Then the early search engines WebCrawler, AltaVista & Lycos made web sites slightly more visible...but not much. I witnessed Google's early search technology and watched Google's real money-maker, Google Adwords, launch in 2000.

Google's technology continues to improve their basic mission of "solving people's problems" - *Matt Cutts-wrote Google's first search algorithm & currently in charge of improving Google's search results*. I continue to be amazed at the speed and accuracy of the answers Google provides its customers.

Along comes social media. At first, industrial marketers poo-pooed social media and then comes LinkedIn in 2003. Now B2B and industrial marketers rethink their social media strategy. They can identify with LinkedIn as it seems like an online Rotary Club, not even realizing the real benefits.

Then Google updates their search algorithms (Panda & Penguin) in 2011 & 2012 and astute industrial marketers realize they must use social media and create helpful content to be ranked well.

After Google's Panda & Penguin updates, content that benefits your audience and does not sell products and services becomes an increasingly popular and effective web strategy. A successful content marketing strategy is now a requirement to be successful on the web.

As a sales & marketing professional I am constantly aware of the brand message an industrial company portrays in the market place. (Let me briefly give you my favorite definition of brand: *The emotion aftertaste once you experience a product or service*). Another brand element for me is consistency in the entire marketing mix. Are the graphics consistent? Does the logo trumpet the brand theme? Are the colors consistent? Is the brand message used effectively throughout their sales materials and product sheets?

For most of the industrial market, the answer for me is a resounding “NO”.

The new rules of marketing require your company to open up and produce content for the entire world to view and digest. The essence of this new content is contrary to anything a marketing person over 25 is taught in college or an MBA program. The new rules require you to not sell your products or service...but to produce content that is helpful to your constituency.

Remember Google’s Webmaster tools say, “...make sure your site adds value”. It does not say, “Make sure your site hard-sells your products”. As industrial marketers, that is contrary to everything we have learned.

For all this newly created content to be of real value and a force multiplier, a strong and consistent brand message is an absolute necessity.

I have looked long and hard for resources that speak to the necessity of industrial branding in the age of Google. There is little that speaks to this void in the industrial market.

Paul’s book, *The Power of Industrial Brands*, gives the industrial business owner a great place to start with the critical exercise of brand evaluation...**BEFORE** you update your web site, start a Facebook page, create a LinkedIn account or create a content marketing strategy.

We will have more industrial branding information on our web site in the coming months but Paul Hague’s book is a great place to begin.

Also, keep in mind that Paul’s company, B2B International, is based in Great Britain so some of the spelling and terms may look a little wacky. (i.e. “High Street” equals “Main Street”)

Enjoy!

Tom Repp, Founder of Market Pipeline
and The Repp Group

Preface:

There have been millions of words written on the subject of branding, but they nearly all relate to consumer products and markets. This is hardly surprising in the light of the megabucks spent on brands by firms like Coca-Cola, Intel, McDonald's and Levi's. **However, for most managers of businesses, the strategies of the branding gurus are as remote as the sums of money which the big brands spend on advertising.** A manufacturer of printing presses in Manchester, a foundry in Birmingham or an office equipment supplier in London will find little relevance in the branding theories because they are not written with them in mind.

This book is written for managers whose customers are other businesses. Their products (or services) are not consumed in the High Street but are bought by other companies to help in their own output. This is the field of industrial and business-to-business marketing.

“ This book was written to show that branding is as appropriate for a company pressing metal pieces as it is for Pepsi-Cola ”

Companies start small and grow big. They are created because someone had a good idea for a service or a product. Companies are built up by people who know how to make good products or services but who may not give much thought to the longer term implications of their branding. The term branding and its links with consumer marketing may be thought by some industrial managers to be a frivolous subject concerned with creating the illusion that a product is better than it really is. There is some truth in this - branding can make customers think better of a good product or service but it does not compensate for deficiencies in quality or design.

This book has been written to show that branding is as appropriate for a company pressing metal pieces as it is for Pepsi Cola. It will work for a manufacturer of industrial hose just as it does for Honda. In fact, branding is working already for industrial companies but not with the efficiency it could. Many industrial companies have customers they have supplied for years. These loyal customers buy more than products; they buy trust, friendship, reliability and any number of other intangibles which have a value. Few buyers would change their supplier just because someone knocks on their door offering the same goods for 10 per cent less. The premium which a product enjoys over and above its commodity price, is directly attributable to the benefits the customer believes they obtain as a result of buying from that company. **That difference lies in branding.**

Where industrial companies are already benefiting from branding, it is often by accident rather than design. However, with a little extra effort and cost, the effect could be much improved. With better branding will come increased business, improved loyalty and greater profitability. I have no intention of over-claiming. Branding is certainly not everything which underpins a successful business. Branding is not the whole of marketing - in fact branding is just one aspect of marketing, **but if a company gets its branding right, the likelihood is that all the other parts of the marketing mix will fall into place. Branding is the thread which runs through the book and marketing is the subject which surrounds it.** Also many other business functions determine success; efficient production, innovation, training, financial control and other aspects of good management are all vital. But above all, there is a need for a commitment to quality; both product and service quality. Everyone engaged in a business must have this commitment but for the marketing director or manager it needs to be a passion. Some believe that quality issues ought to account for a third of a marketer's time. Branding may increase the success of a product but without continual maintenance of quality standards and a continuous search for improvement, the foundations rest in sand and long term failure is assured.

“ ...but if a company gets its branding right, the likelihood is that all the other parts of the marketing mix will fall into place ”

I have come to this subject as a practitioner in marketing, a market researcher to be precise, where I have worked on industrial subjects for over 30 years. I am not an academic. The theory of marketing has to work in practice and so it is without shame that I have written this book from my experiences. I will have done my job properly if, from time to time, the reader nods and says, "yes, this is only commonsense".

The book is in five parts. I begin by examining the way in which people buy industrial products; this is the starting point for any consideration of branding. Section two then moves on to discuss what branding is and the role it has to play in industrial marketing. In the third part of the book I focus on understanding brands and see how to take them apart and measure what is happening. With this background, in Section four I talk about how brands can be built in industrial markets. The book concludes with three chapters in Section five about brand management including how to place a monetary value on them.

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SECTION ONE: INDUSTRIAL BUYING BEHAVIOR

Chapter 1 Summary: How Do People Buy Industrial Products?

Industrial marketing is concerned with goods and services which are bought by businesses for use in their own factories or offices. Demand for all products is pulled through from the consumption of products by consumers resulting in a chain of industries stretching back to raw materials. The variety of industrial products is enormous.

A feature of industrial markets is an often complex buying decision involving many managers within a firm. The order placed by a buyer, may be the culmination of a lengthy and complex process. Compared to consumer markets, the purchasing of industrial products meets largely functional needs and arguably decisions are more rational. **However, non-rational and even irrational factors also shape industrial purchasing.**

Historically, industrial buyers have multi-sourced their requirements. However, this approach has changed with a greater emphasis on building a partnership with a just one or a smaller number of suppliers. The major motivators in supplier choice are quality, price and delivery, although each of these factors is complex, encompassing various issues which can be critical to the buying decision. Once suppliers gain business there is a strong influence of inertia; buyers tend to buy from suppliers they know and trust. Often just a few suppliers are considered at all - those included in the buyer's consideration set.

“ However, non-rational and even irrational factors also shape industrial purchasing ”

Industrial products lie on a spectrum that ranges from undifferentiated commodities at one end through to complex equipment offering unique design features at the other. Products towards the commodity end are typically traded on price with business won through undercutting competitors. **Branding offers a different and more profitable marketing approach, and can transform a commodity into a differentiated and customer requested product.**

SECTION TWO: BRANDS AND INDUSTRIAL MARKETS

Chapter 2 Summary: The Awareness and Associations of a Brand

There are three levels of brand recognition; awareness of the brand name only, knowledge of products and other features associated with the brand and experience gained through buying the brand. Various marketing techniques can be used effectively to build awareness.

Buyers are exposed to hundreds of brands in their own field but "top of the head" recall is often quite low. Brand recognition, triggered by some stimulus such as the brand logo, is always much higher than brand recall.

Like all proper names, brands have associations; with the products and activities under the brand umbrella but also with many other attributes surrounding the name. Brand association can be positively fostered.

An important dimension of a brand name is its visual representation - the logo. Developing and communicating the logo is an important part of successful brand marketing.

Chapter 3 Summary: Brand, Brand Values, and Brand Image

The core of branding is differentiation. Products are seen to be different because of their brand name. The successful communication of non-functional benefits (eg confidence in the products) is an important means of achieving differentiation.

In consumer markets, brands often cover only a narrow range of products and a company will own and market a number of distinct brands - the company name may be unknown to customers. In industrial markets it is more common for the brand and company name to be one and the same. Smaller markets and other factors are reasons for this difference.

Brands must be linked to a wider business strategy and their identity may change as the business focus of a company shifts.

Brand values reflect the issues which the market considers to be important influencers in the choice of its suppliers. Core brand values reflect major issues but other values may be the factors which enable a brand to be effectively differentiated.

“ The core of branding is differentiation ”

The perception of brands in a market is brand image made up of the many attributes which surround a brand. **Perceptions, the image of brands, shape purchase decisions whether or not they are objectively real. Attention to a brand’s image is very important for long term success. Branding offers real benefits to companies and directly or indirectly these will be reflected in enhanced profits and the worth of the company.** Brands also offer benefits to customers by making it easy to choose products and feel good about that choice.

Chapter 4 Summary: Sub Brands And Brand Extensions

Sub brands are part of a company's family of brands and come under the overall umbrella of the main brand or company name. Sub brands can be very effective to support new and novel products and especially where they are initially unique. They can also work well in markets with strong third party specification.

Sub brands should, however, be understood to be quite different to mere product or model identification names which could be inter-changed with numbers. Unlike identifiers, sub brands must be communicated and supported.

Sub brands are a call on the marketing budget. In many industrial markets the size of the market and the available budget precludes effective sub-brands or if they are used leads to an unsatisfactory marketing dilution. Sub brands can also weaken the main brand through creating confusion and blurring its identity.

Brand extensions allow new products or business diversification to capitalize upon the strengths of established brands. This is most effective in linked markets and where the brand name has an established and positive profile.

Chapter 5 Summary: The Role of Brands In Industrial Marketing

Brands create trust and confidence in industrial market and have come to symbolize a strong and on-going relationship between customers and suppliers. **In the long term, branding is a far better approach than building business just on personal relationships.**

Brands provide a focus for promotion and help build continuity. Effective branding encourages buying; either choosing one supplier over its competitors or stimulating interest and demand for novel products. Branding can also stimulate demand downstream and encourage final buyers to specify products that contain branded components.

Many consumer brands communicate status. Status is seldom a driver in the selection of brands in industrial markets but there is a strong propensity to go with the flow and choose the brand that is market leader.

Branding is an effective competitive strategy in industrial markets. A strong brand blocks out competitive penetration.

SECTION THREE: ANALYSING BRANDS

Chapter 6 Summary: Stripping Back To The Core Values

Successful planning requires a complete understanding of the core values of a brand. Brand differentiation should be developed on the basis of this approach. The core values may be what makes the brand unique but in other cases something additional is required. However, **whatever is selected as the core values of a brand must be a genuine part of the product or service package and not an aspiration. And furthermore, the simpler the core value is to understand, the easier it will be to communicate. It is a healthy discipline to find one word that describes the core value of a company.**

Internal analysis is the starting point for understanding core values. However, this approach should be seen as a method of generating hypotheses. Core values are the issues which make customers buy and they can only be really understood by talking to the market. Informal methods can be effective but often professional market research should be considered.

“ Successful planning requires a complete understanding of the core values of a brand “

The type of market research required to strip back to the core values is likely to be qualitative as this provides an understanding of the subtleties of what could differentiate a company or a brand from another. Appropriate techniques are focus groups and depth interviewing. Small samples are usually sufficient - e.g. four groups to research a market although more may be required to analyze different markets or sectors. Respondents for qualitative brand research include customers and potential customers. In some industrial markets distribution chains and independent specifiers/installers may also have to be covered in the research.

Chapter 7 Summary: Measuring Brands

Strategies for brands include strengthening and building them, protecting against competitors and extending brands to cover additional products and businesses. Decisions in these and other areas often require measurement - where does a brand stand now and over time and how does it compare with competitors' brands?

Relevant brand measures include:

Awareness: How well known is the brand compared with others in the market? Measurement covers both unprompted and prompted awareness.

Importance of brand values: Which of a brand's values are the most important? Which is second etc.? Methods of measuring including ranking, against a scale of importance and sophisticated techniques such as trade off analysis.

Strengths and weaknesses of a brand: This includes comparing brand values with each other, against an established normative standard or against competitors. Relative measurement is usually the most effective. Brands can also be "mapped" to understand how, quantitatively, they differ from each other.

Brand measurement involves researching and quantifying perceptions of a brand amongst its market. Relevant groups to research are as for qualitative research - customers, potential customers and others including, if relevant, the distribution network and independent specifiers.

The requirements of brand measurement are such that in nearly all cases a professional research agency should be briefed and commissioned to carry out the work. The outcome must be interpreted with care, including the distinction between perceptions and objective facts. The effect of brand halos and the opposite must be considered.

SECTION FOUR: BUILDING INDUSTRIAL BRANDS

Chapter 8 Summary: Creating and Changing Brands

In consumer markets the cost of launching new brands can run to many millions of pounds. In industrial and business to business markets the level of expenditure may be very much less but planning a new brand is still a major undertaking and should include; defining the aims of the new brand and the brand values to be communicated, choosing a name and logo, a promotion strategy and internal communication so that everyone understands their own company's brands.

“...why are customers expected to buy our brand rather than competitors’?”

The aims of branding include a focus for awareness, achieving differentiation, creating positive perceptions and adding value. The aims to be pursued should be formally recognized as should the values of the brand. The later should be explicit and formally stated within a company and especially in relation to differentiation; why are customers expected to buy our brand rather than competitors'?

The exact importance of one name over another is uncertain. However, since brands last and the name will become worth something, considerable thought should be given to choosing an effective name. If possible the chosen name should be researched for acceptability to the market. **Legal protection should also be considered.**

Brands are not only spoken but are communicated visually through logos. **Logo design is not an area for do-it yourself efforts and the best professionals that can be afforded should be engaged.**

Names can also get you into trouble. Steve Jobs, when he formed Apple, the computer company, is reputed to have chosen the name because he was a Beatles fan and loved the Apple recording label used by the four Liverpool lads. Since the two companies were in completely different markets, there was no conflict and both companies could trade happily under the same name. He was not to know that 30 years later he would see the recording company in court about the name. The original Apple computer company has become big in iPods and iTunes and potential confusion exists around the two companies' names.

So, what is there in a name? Absolutely everything. It is one of the most important assets we have, providing instant recognition and a shorthand for our brand values. If we don't understand the importance of our name, if we don't nurture and cultivate it, and if we don't manage it throughout the growth of the company, we are missing a very important trick and we could be in big trouble.

Chapter 9 Summary: The Marketing Mix and Building a Brand

Effective promotion is vital to build a brand. Often, however, brand building is only an analytically separate activity and the marketing tools available can all be used, to a greater or lesser extent, for achieving the other major promotion objectives; informing about the product range and selling.

Promotion methods to build a brand include;

Website: This has become the brochure online and is the most important promotional weapon for most business to business companies. It is low cost and allows small companies to promote themselves at no great disadvantage to the behemoths.

Promotional literature: This used to be the must-have for all industrial companies. It is still important but less so today, being increasingly usurped by the cheaper, more flexible website.

Product and product packaging: Although well developed in consumer markets, opportunities to use the products and their packaging for branding purposes are often missed in industrial markets.

Signs and livery: These are effective but they must be kept in good condition and up to scratch.

Direct Mail: Direct mail is a very flexible tool to meet both brand and product objectives **but it delivers less and less in this noisy promotional market.**

Media advertising: Generally media advertising is more effective at building a brand than selling a product.

PR: Generally PR is best carried out by professionals although in-house work can be effective. **It is important to tell a consistent story** rather than just send out anything which is felt to be vaguely newsworthy.

Exhibitions: Attendance at exhibitions can be used effectively to build a brand and works well for high value products that have to be seen, touched and demonstrated.

Personal Contact: Managed badly, face to face selling and other forms of personal contact are extremely powerful. They need careful management to ensure that there is a uniformity of approach – in other words the consistency that we expect should come from strong branding.

Promotion planning requires a budget, the setting of objectives, selecting the mix of methods, design work and a plan to make sure it all happens. Evaluation through appropriate research is also needed if the budget is sufficient.

“ Providing a service has a cost but when linked into branding the cost of service can often be recouped through added value ”

Chapter 10 Summary: Using Service to Build Brands

Services are already built into most industrial products and it is estimated that they account for between 10% and 20% of the value of the products. **This proportion is growing and it offers a great opportunity to differentiate a product and build a strong brand.**

Important elements of service include; sales, quality assurance, packaging and shipping, delivery, after sales support and financial aspects.

Service is a customer experience and is of major importance in a supplier/customer relationship. Service must be proven and until then it is just a promise. This is why me-too copying is often harder for service than for products. **Service can, therefore, defend a brand effectively against competitors.**

Many services have a strong element of personal relationship and this can be strengthened and made more durable by branding (as well as in turn helping to support the brand).

Providing a service has a cost but when linked into branding the cost of service can often be recouped through added value.

Service is an effective means of achieving brand differentiation and increasingly more so than through attempting to base a brand solely on short-lived product features.

Service should be based on customer needs with the aim of doing it better and differently. The benefits of the service component should be positively communicated to customers including by tangible symbolization.

As much care should go into planning service as products. This should cover; a review of the market's requirements, a critical review of the existing service provision, the launch of new or improved services to meet requirements, linkage to branding, monitoring service provision and if possible measuring, through research, the impact on perceptions of the brand.

SECTION FIVE: BRAND MANAGEMENT

Chapter 11 Summary: Caring For Brands

In most industrial and business-to-business markets the brand which really matters is that which carries the company name. Brands are often badly neglected and yet this is a missed opportunity which could make the difference to the success of companies in markets where there is only a hair's breadth separating a close run pack. **A small percentage improvement in brand awareness and image could provide a company with an opportunity to obtain premium prices or take a greater market share.**

Since branding is so important, they should be given aims and the support of the most senior management in the company. Managers who are responsible for the day-to-day task of defending and building the brand need clear guidelines on what their company and brands stand for. Setting branding goals should be supported by precise instructions of where and how the corporate name, logo and design can be used.

Under the umbrella of the strong company brand, long term success of a company is secured by innovation. The encouragement for launching new products to strengthen the corporate brand is another responsibility for senior management. The important thing here it so ensure that when new products are launched, they are only given the status of a brand if they really do have unique features that will be attractive to a significant sector of the market.

Chapter 12 Summary: Revitalizing Flagging Brands

There are three causes of flagging brands; neglecting to promote the brand, competitive threats and a change in structural demand. The only way forward in the latter case is to innovate or move into new markets. Innovation is something that all companies should be doing in order to stay healthy and, since this strategy needs time and money, it is better as a preventative measure than a cure for a brand which starts to flag in a changing market.

Short term measures which can be used to defend a flagging brand include more and different promotions. Spending on promotions is an obvious way to revitalize flagging brands although it will not do much for a company in terminal decline because its products are no longer required. It is not just the size of the promotional spend which matters, the messages and the media can also make a difference. If needs must, price deals and discounts may be required but this is too often the first line of defense whereas it should be the last. If there is time, brands can be defended against competitors by innovation, or finding new markets.

It is not always apparent that a brand is under threat as a fall in sales could be the result of seasonal or economic factors. However, when the threat does occur, the response time can be slowed by the size of a company which makes it slow to react or the sacred cows which interfere with the decision making process.

Chapter 13 Summary: Valuing Brands

Brands clearly have a value to the companies which own them; the business is worth more because of the position of the brand in its market. Traditionally the value of a brand has been regarded as part of goodwill (the extra worth of a business over and above the value of physical

assets) and accountants have only valued this at the time a business is sold - up to then it does not appear on the balance sheet.

In recent years some major consumer brands have been capitalized - a value has been put on the brand and included as a balance sheet asset of the company owning the brand. Various approaches to measuring brand value have developed but are not as yet standardized. Problems remain, including that brand worth can fluctuate quickly (e.g. as the result of some marketing disaster).

In most industrial markets there is additional complication to valuing brands; the brand and the company name are the same. Although, arguably, the two can be separated in theory, how or whether this should be done in practice is as yet uncertain. In the future, however, industrial companies may start to formally value brands and adjust their net worth accordingly.

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Reorganized and condensed by Tom Repp with permission from B2B International and Paul Hague at www.b2binternational.com

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