

## **Thoughts on Business to Business Advertising**

### **By Bruce McTague**

Business to business advertising often has a mysteriousness associated with it different than consumer advertising. There sometimes seems to be this belief that business people and organizations don't read or watch anything for their own pleasure. Or that every B2B decision is solely a rational decision.

However, thanks to numerous research studies the true effectiveness of B2B advertising cannot be questioned. Studies have proven advertising can improve corporate image. Studies have proven there is a correlation between corporate advertising and stock price. And Fortune Magazine Corporate Reputations Survey concludes reputation (image/brand) has strong links to tangible differentiation points. Therefore, we have multiple purchasing studies concluding that many B2B decisions incorporate a significant emotional aspect to the final decision.

With that in mind, let's talk about how to insure the proper thinking takes place to develop effective Business-to-Business marketing and advertising.

### **B2B versus B2C (and the "B" to "C" comparison).**

Generally speaking it is the nature of the purchasing process that truly differentiates the b2c and B2B markets. The business purchase decisions are often more complex procedures involving multiple decision makers and buying teams. All audiences, both the C and the B, are increasingly better informed smarter purchasers with a higher degree of confidence in their decision making capabilities. It is becoming increasingly difficult to create a differentiated, relevant and credible space for a brand to compete.

People making business purchase decisions typically consider three bundles of attributes:

- Product attributes – price & physical properties. Price includes aspects such as quoted price, degree of discount, payment terms, and financial support.
- Augmented services – technical support services, ordering and delivery services. Design and advice, product testing and troubleshooting. Product availability, ease of ordering, delivery reliability, delivery convenience. Quality of the working relationship (sales force relationship)
- Branding attributes – name awareness, brand reputation.

Each buyer (or buyer group) may weight each bundle differently but they consider all.

In some cases, products and services sold from one business to another are far more technologically complex than those marketed to consumers (understanding the features and benefits of a fraud protection system for wireless providers, for example, versus understanding the features and benefits of orange juice.) This is not to suggest that consumer insights take more in-depth understanding than business-to-business campaigns – just that they are different.

Regardless of B2B or b2c the objective should always be to gain deep insight with regard to the specific decision maker for the purchase of eth products. In particular with business products everyone should recognize that the mindset and approach to purchasing is different from their behavior as consumers. Think about the critical business objectives of their company, how the purchasing decisions affect their own performance and career path and what pressures they are

under from influences and competitors. Recognizing a thorough understanding of their needs, and the environment in which they operate, is essential.

At a fundamental level, understanding how organizations make purchases requires an insight into the structure, process and content of the organizational buying behavior. By structure we mean the composition of the buying group in terms of management levels, roles played and influence while process deals with various stages of the purchase decision from problem identification to post purchase decision. Finally, by content we mean the evaluation criteria.

### **Viewing the process as a considered purchase**

Consumer and B2B purchases share two critical elements:

- both purchases are made by people (therefore a certain human element resides in both buying processes)
- considered consumer purchase process bears a strong similarity to B2B purchase process
- ***The people element:*** We mention the human element not simply to be funny but as a reminder. So often the B2B market is referred to in cold, mechanical process-like terms. So much so we wanted to remind everyone that ultimately people drive this process and make the decisions. And while B2B purchasing has a strong rational element you cannot ever count the people factor out.
- ***The considered purchase process:*** A key difference between an individual buying process and an organizational buying process is that there is no such thing as an “impulse” purchase in an organizational structure. But a key similarity is to view B2B purchases as considered purchases (and in that way they are very similar to a large number of individual buying systems).

While the organizational structured purchasing process implies a rational approach, similar to any considered purchase, non-rational variables do play a role in the final purchase decision. Research has shown that professional buyers exhibit significant brand equity behaviors in their purchase decisions such as willingness to pay a substantial premium for their preferred brand. The correlation between this behavior pattern is significant with purchases where concerns with negative consequences of product failure reside. In other words, professional buyers perceived well known brands (or brands they aware familiar with) as a way to reduce risk in their purchase decision. Once again, this is very much like a considered purchase decision (or even a high ticket consumer purchase) within an individual buying process.

### **Individual buying behavior versus organizational buying behavior**

Identifying target markets of prospective business consumers is just as complex as identifying the consumers of products in a non-business environment. Many of the variables used to identify consumers in non business environments can also be used in business markets – geography, buying behavior, features/benefits, etc. but business markets do have some special characteristics. They often utilize professional buyers and use systematic purchasing procedures. And in any single market there may only be a small number of buyers.

When business people evaluate new products they typically use a process far more complex and rigid than a consumer buying process. And business marketers should design their advertising & marketing programs in mind.

Larger firms have purchasing departments that act as professional buyers. They evaluate the need for products, analyze proposed purchases, weigh competitive bids, seek key approvals from internal personnel, make requisitions, place orders and supervise all product purchasing.

In business the purchases may appear more important both in the context of the amount of money spent and the likely outcome for the people involved in the decision. But don't be fooled by this. Everything is relative. A \$30,000 car decision to a family with a household income of \$75k is just as important a financial decision as a multibillion dollar company making a multimillion dollar financial decision.

Having reassurance in the brand eases the possibility of spending money unwisely or making the buyer look foolish. Branding can differentiate in both private commodity sectors and the public sectors. Confidence and trust can influence an industrial customer's decision making at 4 main points: deciding on the overall bid list, creating the short list for negotiation, agreeing on a purchase and finalizing the supply of support services. And the value of the brand becomes more important because many business buying decisions are multi level where one individual buyer/group makes the decision but other departments/levels within the organization influence the purchase or are impacted by the end decision.

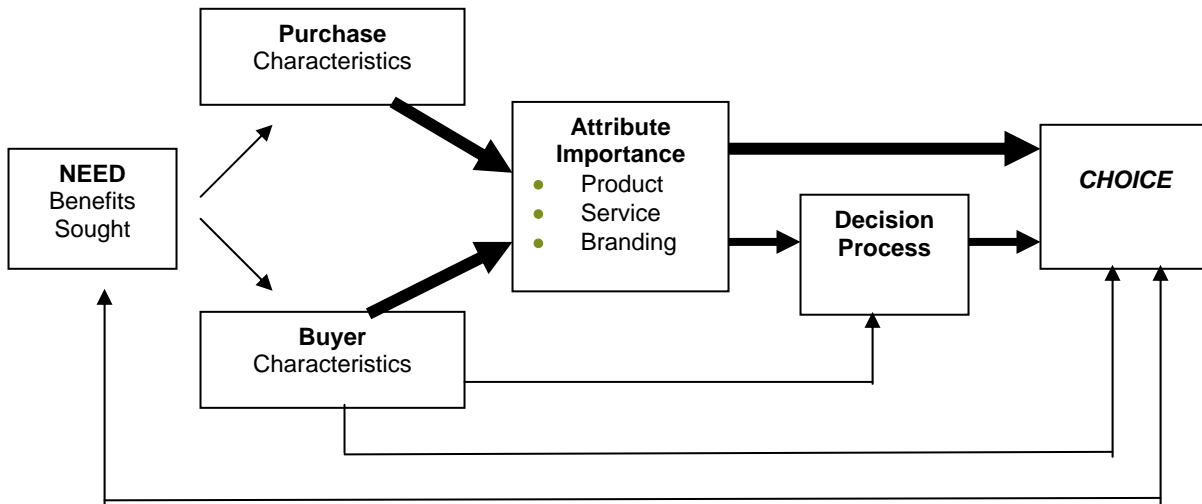
Good branding is not about making rational people make irrational decisions. It is about communicating the benefits and value proposition that a business or product provides its customers.

### **No one understands value more than a business audience**

It isn't about price, it's about quality therefore business purchases is truly a value equation. Value wins the day with a business audience. That doesn't mean that your functional benefits are not important to communicate, or that price doesn't play a role, but unless you want to be a low cost provider day in and day out you will need to invest some time and effort telling people about your brand. That thought alone validates the value of advertising in a business to business environment. At no other time in history have companies run leaner in terms of numbers of employees. Staff utilization, maximizing billable hour time, has never been higher. There is not only less time for on-the-work relaxation but there is also less time for "do-overs" (fixing breakdowns and mistakes). People are willing to pay a higher price when they believe it insures

Your brand represents a cluster of functional and emotional values that promise a "unique" experience between buyer and seller.

Functional factors include price, product specification, delivery, quality consistency, supplier reliability and customer service. Yet, the notion that organizational purchasers are purely rational buyers is flawed. While some buyers may be strongly influenced by functional values other buying center members may base their decision on more emotional considerations. In research conducted by Susan Mudambi she was able to articulate the roles of the functional and emotional variables in a model of B2B branding (within the purchase process):



Recognizing the value of a balanced approach removes a B2B brand from solely being a functional product. To tap the potential of B2B brands business marketers must understand and effectively communicate the value of the brand – intertwining emotional to functional. .

### What is business to business (B2B) advertising.

So. What is business to business advertising?

B2B marketing takes many forms ranging from internal communications with employees to formal advertising and promotional campaigns to customers and prospects. But there are a couple of things to keep in mind to be effective:

- **Relevant memorable and differentiated communication.** Yes, creativity does have a role in B2B branding, but its creativity in the way the essential core values are illustrated and explained, not just in clever, 'off the wall' creative used simply to get attention.
- **Aligning promises with performance.** The ability to align the brand promise or value proposition with the actual performance within the organization. Jan Carlson, SAS Airline, suggests that the brand success rested on Moments of Truth (experiences that customers, employees, stakeholders and others). At these moments the brand either fulfills the promises made or clearly indicates that the promises were nothing more than empty words.

Branding may not be important to everyone but it plays a role because price and tangible attributes of products in highly competitive markets often differ slightly. To prevent their products from becoming commodities, companies seek to differentiate themselves with service, with the company brand and with brands at the product level. Organizational buyers have long been known to consider service and other more intangible aspects of the offer, in addition to price and product quality. To David Aaker, "Many industrial purchases alternatives tend to be toss ups. The decisive factor then can turn upon what a brand means to a buyer."

At a fundamental level, understanding how organizations make purchases requires an insight into the structure, process and content of the organizational buying behavior. Structure refers to the composition of the buying group in terms of membership, roles played and influence while process deals with various stages of the purchase decision from problem identification to post purchase decision. Content refers to evaluation criteria.

Organizational buying behavior research indicates that intangible attributes, like reputation and image, are just as important in business purchases as the tangible attributes. Simplistically speaking business customers generally evaluate purchases on 3 segments: price, service, commitment. Often they find all choices are only slightly differentiable from competitors as they evaluate on these three things.

Therefore the true differentiation resides in the fact that *known brands* have existing perceptions to take advantage of – like the emotional benefits of reducing perceived risk and uncertainty (both of which have identifiable costs to the individual buyer). These brand benefits, self expressive benefits, can also become quite personal to the buyer and consistent to the buying organization as a whole. "purchasing departments will often be judged by the company it keeps."

### **Most effective B2B advertising is part of a Larger Plan**

Jim Taylor, Exec. VP of Marketing Gateway, "the brand is a promise and it is a promise we must keep. There is no difference between who we are and what we sell. "The Limited retail chain states on a sign in their office "A brand is a promise delivered every single day in the store." In many B2B businesses there is no store. Their store is the salesperson (and the sales material they utilize).

While advertising can play an effective role in the communications mix, for many firms the salesperson is the most important means of communicating with customers. Many B2B marketing efforts fail because they fail to reflect the salesperson's role in implementing the supplier's marketing strategies. Branding challenges increase when differences exist between a customer's trust and perception in the salesperson and of the company.

While the company name and logo are recognizable elements of a brand and what most people think of when the word brand is mentioned, they are not 'the brand.' The brand is owned and controlled by the internal organization that represent it day in and day out, the customers and the people who have perceptions of it.

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The true challenge lies in the fact while we know the development and communication of emotional brand values enhances the potential for value creation and be a means of developing a sustainable differential advantage, these same emotional brand values need to be effective within the organization and threaded through the sales force and communications plan.

## **Make messaging relevant: addressing business needs**

It would be silly to suggest advertising wasn't effective just because you were the mechanic and owner of a garage or a CEO of a global telecommunications company. Advertising communications can reach and be effective with all audiences. But it has to be relevant. The tone and message you would use to communicate with a garage owner is different the tone & message for the telecommunications CEO. And it becomes even more difficult to make it relevant because the garage owner who works only on semis is different than the owner who only works on sports cars. Just as the CEO of a 50 person company seeks something different than the CEO of a 50,000 employee company.

Effective marketing communications to the business target mandates bringing the same level of disciplined thinking and fresh creative that any category demands to be successful.

The message for B2B marketers: Think about the basic mindset of the executive you most want to reach. Often, you can find a new competitive relevance simply by deciding which "type" best fits with and is addressed by the "essence" of your brand.

## **As with any Advertising – think in terms of vowels (a, e, i, o, u)**

- **Audience:** Who are you communicating with affects what you say and how you say it. Even when you say it. Know your audience. Know what they care about and know their mindset.
- **Educate:** If someone actually takes the time to look at and actually read, or listen, to what you have to say then make sure you make it worth their time. In business decisions in particular you should educate them about something at that moment. It is an opportunity to educate about your brand, your product, your service. That doesn't mean you should lecture and ramble on with a laundry list of things to try and make them remember, just use the time to educate them on a key learning point.
- **Intrigue/interest:** Business communications doesn't have to be boring. In fact, vivid metaphors make it easier for the buyer to relate to the brand and the product. If creativity can show "they truly understand my problem/issue" quickly you have captured the audiences interest and received permission to tell your brand & product story. A quick perusal of any trade magazine typically reveals an even more pervasive presence of predictable, stale, clichéd images and copy approaches than we find in consumer advertising. The business-to-business challenge consequently offers us an ideal opportunity to redefine our client's category; to elevate their brand image above this dull landscape with advertising that is unexpected, distinctive, provocative – and highly relevant to the target audience.
- **Offer:** Offer a solution. Too many times we develop communications pounding our chest and telling everyone how unique we are. Well, folks, not many things are truly unique anymore. So make sure you offer the reader/viewer a solution to some problem they have (and offer them a contact). Sometimes simply offering a relevant solution (in a likeable way) can win the day. At minimum it gets your sale group through the door.

- **Understand:** Understand the objective of the communications. You cannot be everything to everyone. Choose an objective. Choose a target audience. Choose what is most important to say.

### To summarize

Business to business advertising has to deliver upon the cost of entry factor – meet the main rational criteria. But that does not mean it should be the sole focus. For meeting the rational criteria can often simply mean getting in the door. Once your brand is in the room it can become more of a personality or character debate.

The development and communication of emotional brand values enhance the potential for value creation in the potential buyer's mind. And an emotional connection to your brand is a means of developing a sustainable differential advantage.

The challenge remains that these emotional brand values need to be effectively communicated, and embraced, within the organization as well as externally through the sales force and communications plan. Successful B2B advertising has to be an extension of who the company is and what they have to sell – communicating both in a way that makes the brand relevant to the audience.

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#### Helpful sources:

- Managing Brand Equity, D Aaker.
- A General Model for understanding organizational buying behavior, FE Webster.
- Marketing complex technical products: the importance of intangible attributes, J Giglierano & J. Shaw.
- Building Strong Brands, D. Aaker.
- An exploration of branding in industrial markets, SM Mudambi
- The power of industrial brands: an effective route to competitive advantage, P. Hague & P. Jackson

#### About Bruce McTague:

In a career spanning over 20 years, I've been involved with a wide range of industries including packaged goods, restaurant, pharmaceutical, retail, business-to-business and tourism. I won't bore you with all the details, but the bottom line is I have touched so many businesses across so many categories the headline for my career should probably be "Collector of experiences and knowledge."

***If you would like some additional work experience details and see what a number of people have said about me, visit my [LinkedIn Profile](#) my blog, [brucemctague.com](http://brucemctague.com) or contact me directly by email at [bruce@brucemctague.com](mailto:bruce@brucemctague.com).***