

Área Temática: Marketing

**Branding on B2B corporations trading commodity goods: does it really matter?
A theoretical essay**

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Abstract

It can be noticed that branding literature is vastly dominated by consumer goods products and on what concerns business-to-business corporations trading commodity goods, there is a very limited number of studies. So that, the aim of the present study consists of developing a theoretical essay addressing this subject matter. For this purpose, it has been carried out a review on 662 articles out of 67 issues of two leading international business-to-business journals (*Industrial Marketing Management* and *The Journal of Business & Industrial Marketing*). It has revealed that only 3.47% of them have addressed the issue of branding on business-to-business corporations. Moreover, the study has also revealed that many corporate managers fail to view branding as relevant for business-to-business corporations as it is for consumer goods companies.

Key words: branding management; commodity goods; B2B management

1 – Introduction

It can be noticed that branding literature is largely dominated by consumer goods examples, case studies and theories, while on what regards industrial goods or business-to-business (B2B) marketing there is a considerable lack on this subject matter, as pointed out by Leek; Christodoulides (2011) and also by Kuhn; Nigel; Pope (2008) that argue that B2B lacks of a comprehensive branding model.

Still within industrial marketing management it is also possible to notice that there is an even greater gap when it comes to assess the relationship or relevance of branding management on commodity B2B transactions. So that, the question that can be done is: does it really matter after all?

Based on an extensive research on 67 issues of the two world's leading B2B journals (*Industrial Marketing Management* and *The Journal of Business & Industrial Marketing*) ranging from 2007 up to 2011 it was possible to notice that from a large pool of 662 papers published alongside this timeframe, only 23 of them addressed the issue of branding or corporate image/reputation (i.e. 3.47%) and none of those 662 papers addressed the issue of commodity in any way.

So that, the main purpose of the present study lays in the investigation of both the importance and the role that branding may play in such B2B setting. While it does not aim to bring a definite answer for that research question, we believe that it sheds some light on this subject matter and adds a contribution in order to broaden the boundaries of branding and industrial marketing studies.

As a theoretical essay, the study makes use of extensive literature review as research methodology and it is structured into four parts. On the introductory part it is discussed the study's main purpose and its relevance, followed by the literature review. On the third part comes the final considerations backed up by the previews studies reviewed and on the fourth part address the study's limitations, suggestions for future studies and possible managerial implications.

2 – Literature Review

Firstly, as the present study address commodities as a central issue, it is considered important to bring into the surface some definition of such product category. Portela; da Silva (2009, p. 2), for instance, argue that commodity represents “a group of products which have little or no differentiation [at all]” among themselves. Branco (2008, p. 12) on his turn says that commodity refers to products of primary origin or raw goods that have not gone through too much industrialization. Besides that, this author adds that commodity goods can be characterized, for instance, as agricultural, mineral and even investment products.

Additionally, it is possible to notice that Bozza (2008, p. 12) brings the formal definition of the word commodity in order to explain its meaning and contextualize it, arguing that “it is an article or raw material” of large international importance that can be traded mainly on stock exchanges across the globe.

According to Branco (2008) and Bozza (2008), there is a large number of commodity goods, and some of them comprise the following: a) coffee; b) wheat; c) soy bean; d) cotton; e) corn; f) sugar; g) ethanol; h) gold; i) silver; j) copper; k) crude oil; l) aluminum; m) zinc; n) iron, among many others. Coote (2000) also presents a similar categorization dividing commodities into six groups as follows: 1) food products and fisheries; 2) agricultural non-food products; 3) ferrous metals; 4) non-ferrous metals; 5) industrial raw material; 6) energy.

Dumlupinar (2006), on the other hand, argues that commodities applies to products or services provided by a particular organization or a group of companies that are alike amongst themselves due to a lack of perceived substantial differentiation, and consequently, price usually becomes the sole buyer's factor for supplier selection.

Kotler; Pfoertsch; Michi (2006, p. 60) also reinforce this perspective arguing that, from customers perspective, "the only distinct point of differentiation of commodities is price".

So that, as it can be seen from those definitions and considerations, contrary to what happens to the majority of consumer goods, when it comes to differentiate commodity goods, managers face diverse kinds of challenges in order to make the goods be perceived not only based on price but also on other attributes. And on that context it is considered that branding can play an important role in order to make this task feasible.

As a mean to illustrate the gap between consumer goods and commodity goods, it can be seen that, according to the most recent survey on world's top 100 most valuable brands (Roth, 2011) only 3 of them are B2B commodity corporations: a) Brazil's Petrobras on the 61st position; b) UK's BP on the 64th position; c) China's PetroChina on the 78th position. In other words, from the total US\$ 2,884.88 billion worth of top 100 world's most valuable brands, only US\$ 37.254 billion (i.e. 1.29%) comes from commodity-based B2B corporations. This chosen categorization considered organizations that trades predominantly commodity goods among other organizations and have limited or no B2C (Business-to-Consumer) transactions.

This picture does not mean solely that B2B commodity corporations are less valuable than consumer goods companies in general but it reinforces or illustrates the prominence of the second group over the first, on what regards business relevance. Consequently, literature about consumer goods companies abound.

On this context and as previously mentioned on the introduction, it has been done a survey on 662 articles out of 67 issues of two world's leading B2B journals (*Industrial Marketing Management* and *The Journal of Business & Industrial Marketing*), as show on Table 01 and Table 02. As it is possible to notice, on the *Industrial Marketing Management* journal, only 3.62% of the articles surveyed addressed the subject matter of branding or corporate image. Similarly, on *The Journal of Business & Industrial Marketing*, only 3.23% of the papers published alongside the same timeframe addressed the issue of branding on B2B organizations. On a combined analysis, the figure does not change that much because there are only 23 articles out of a pool of 662 (i.e. 3.47%)

Besides this fact, it is also important to highlight that along the timeframe chosen for the present study (from 2007 up to 2011), both journals have dedicated a special issue to address the subject matter of branding on B2B. *The Industrial Marketing Management* journal have done so on volume 39, number 5, July 2010 with an edition named "Corporate Image and Reputation in B2B Markets". *The Journal of Business & Industrial Marketing* has done the same on volume 22, issue 2, 2007 with an edition named "Branding in Industrial Markets".

So that, given this initiative, it can be noticed that the subject matter of branding applied on B2B corporations have already been a subject of concern on both publications.

Table 01: Survey of articles published on *Industrial Marketing Management*

#	Special Issue	Volume	Number	Month	Year	Number of papers	Subject Matter			
							Brand	Corporate Image / Reputation	Commodity	
1	x	36	1	january	2007	13				
2			2	february		11	1			
3			3	april		11				
4			4	may		12				
5			5	july		11				
6			6	august		12				
7	x		7	october		13				
8			8	november		9				
9	x	37	1	january	2008	10				
10			2	april		10		1		
11	x		3	may		10				
12			4	june		11				
13			5	july		12				
14	x		6	august		12				
15	x		7	october		14	2			
16			8	november		10				
17		38	1	january	2009	11				
18	x		2	february		11				
19			3	april		10				
20	x		4	may		14				
21	x		5	july		9				
22	x		6	august / september		14	1			
23			7	october		13		1		
24	x		8	november		17				
25	x	39	1	january	2010	17				
26			2	february		16				
27	x		3	april		16				
28			4	may		16				
29	x		5	july		18	2	7		
30	x		6	august / september		16				
31	x		7	october		18				
32	x		40	1		january	2011	17		
						414	6	9	0	
							1.45%	2.17%	0.0%	
							3.62%			

Source: the authors

Table 02: Survey of articles published on *The Journal of Business & Industrial Marketing*

#	Special Issue	Volume	Issue	Year	Number of papers	Subject Matter					
						Brand	Corporate Image / Reputation	Commodity			
1		22	1	2007	7						
2	x		2		6						
3	x		3		6						
4			4		7						
5			5		7						
6	x		6		8	8					
7			7		7						
8			1		7						
9	x	23	2	2008	7						
10			3		7						
11	x		4		6						
12			5		7						
13	x		6		7						
14			7		7						
15			8		7						
16			1		7						
17		24	2	2009	6						
18	x		3/4		15						
19	x		5/6		12						
20			7		6						
21			8		7						
22			1		7						
23			2		7						
24	x		3		7						
25	x	25	4	2010	8						
26	x		5		7						
27	x		6		7						
28			7		7						
29	x		8		5						
30			1		6						
31			2		6						
32	x		3		7						
33		26	4	2011	6						
34	x		5		7						
35			6		5						
						248	8	0	0		
							3.23%	0.0%	0.0%		
							3.23%				

Source: the authors

Similarly to the methodological approach adopted on the present study, it is possible to notice that Jensen (2009) have also conducted a research of branding on B2B corporations reviewing articles published on *The Journal of Brand Management* and *The Journal of Product and Management*. This author has found out that only 2.8% of articles addressing B2B branding out of the total of 1,269 articles published on both journals since 1993.

Additionally, it is also interesting to notice that on *The Journal of Business & Industrial Marketing*, after the mentioned special issue that was published five years ago from that time on nothing else was published about that. On the other hand, the special issue on the *Industrial Marketing Management* is newer and it was published in 2010.

Besides all that, as it can be seen on Table 01 and Table 02, while the only articles found on *The Journal of Business & Industrial Marketing* addressing the subject matter of branding on B2B corporations are concentrated on a single issue published back in 2007, on the *Industrial Marketing Management*, the picture is different. On this last publication, it is possible to notice a greater distribution of the articles alongside the timeframe with at least one article a year. From the data available it is not possible to infer the causes of this diverse approach, but it sure calls our attention.

Taking into consideration the growing relevance of branding studies along the recent past, as pointed out by De Roeck; Maon; Lejeune (2010), and that the survey shown on Table 01 and Table 02 covers the last five years of both leading international journals, we believe that it contributes to reveal that this subject matter has not been frequently addressed on B2B contexts.

It is also possible to notice an interesting fact that even some B2B managers consider branding as irrelevant to their businesses, as highlighted by Kotler; Pfoertsch; Michi (2006, p. 13) which say that for some managers “branding is not meant to be relevant”. In a research conducted by Borghini; Cova (2006) through in-depth interview with executives from some large European corporations (such as France’s Valeo and Messier-Bugatti, and Italy’s branch of Swedish ABB) they have found out that, for those managers interviewed, branding is not that important.

Such approach of some B2B managers considering branding as irrelevant to their businesses, can be considered as a sort of marketing myopia as pointed out by Levitt (1985) and Leek; Christodoulides (2011). And on this context, McQuiston (2004) also contributes to highlight the fact that managers make a mistake thinking that way, because, according to him, branding goes far beyond than simply adding a fancy name on a company’s product. In fact, this author calls it as a multidimensional construct due to the fact that it also involves logistic operations, customer support service, and also corporate image delivering trust. Jensen (2009, p. 9) also say that “a brand has grown to become much more than merely a logo and product packaging”. Moreover, De Roeck; Maon; Lejeune (2010) say that the task of corporate branding involves a great deal of efforts from managers to comprehend how their organization it is actually perceived by its target audience in order to better promote or communicate its attributes to them.

So that, given those aspects, a B2B brand capable of delivering those set of attributes to its target audience and also perceived by them in the same way can be considered as a strong brand and with a larger degree of differentiation from its competitors (Davis, 2008). Additionally, Aufreiter; Elzinga; Gordon (2003) and Aaker (2007) also say that branding allows companies to differentiate their offerings from another’s in an ever increasing crowded marketplace, and on the other hand, the less differentiated (or perceived this way by the target audience) the more price sensitive the product becomes. De Roeck; Maon; Lejeune (2010, p.4) also reinforces this same picture arguing that branding “allows organizations to better distinguish themselves in the face of the increasing homogenization of products in the globalizing business environment”. And this homogenization pointed out by those authors it can be considered as a mean to address commoditization.

Besides that, Dearlove; Crainer (1999) argue that brands represent an efficient way to communicate intrinsic product’s attributes to the target audience and, possibly, influencing their purchase decision. Moreover, branding it is also an important mean to establish differentiation within its marketplace and obtain competitive advantages.

From those perspectives, it can be seen that branding can in fact represent an important component on the leverage of B2B corporation competitiveness. Hitt; Ireland; Hoskisson (2005), for instance, argue that corporations make use of two categories of resources to compete in the marketplace: 1) tangible resources such as financial, organizational structure, material and technological; 2) intangible resources such as innovation, creativity and reputation.

As tangible resources are not that difficult to be matched by competitors, Hitt; Ireland; Hoskisson (2005) consider that intangible resources tend to be more relevant for companies in order to obtain greater competitive advantage. Consequently, as corporate reputation or image is directly related to branding, it contributes to illustrate the importance of branding also for B2B commodity organizations in order to turn their products less price sensitive. It is possible to notice that De Roeck; Maon; Lejeune (2010, p. 4) say that “effective corporate branding practices become critical for companies to strategically manage their reputation.” Kotler; Pfoertsch; Michi (2006, p. 60) reinforce this point of view arguing that “a strong brand that customers know and trust can be elevated above price and feature competition”. Blombäck;

Axelsson (2007) on their turn, say that branding principles applied on B2B contexts can deliver trust, competence and attract the attention of its target audience.

In other words, it can be noticed that those authors are in fact highlighting the role played, or at least that could be played, by branding management even for corporations trading commodity goods in order to move it out from the box of products traded only on the basis of the lowest price possible.

3 – Final considerations

As already mentioned, the aim of the present theoretical essay consisted of bringing some light on the subject matter of branding management principles applied on business-to-business corporations trading commodity goods. Previous studies (Kuhn; Nigel; Pope, 2008; Jensen, 2009; Leek; Christodoulides, 2011) have also somehow demonstrated concern with this subject matter and conducted researches addressing the issue of branding on business-to-business contexts.

The study has revealed that two of the world's leading business-to-business journals (*Industrial Marketing Management* and *The Journal of Business & Industrial Marketing*) have not dedicated too much room to address the issue of branding management principles applied on business-to-business corporations. The overall result of 662 articles reviewed has shown that only 3.47% of them have addressed the issue of branding or corporate image/reputation. This picture is somehow similar to Jensen (2009) study with 1,269 articles also from two international journals (*Journal of Brand Management* and *The Journal of Product and Brand Management*) where this author has found out only 2.8% of articles addressing branding on business-to-business contexts.

Besides that, it also calls the attention the fact that many corporate managers do not consider branding as an important or relevant issue to their businesses (McQuiston, 2004; Borghini; Cova, 2006; Kotler; Pfoertsch; Michi, 2006). Certainly that this cannot be assumed as an explanation to the lack of studies of branding on business-to-business but only that it represents a situation worth of highlighting. As a matter of fact, the same authors just mentioned unanimously argue that such approach by corporate executives represent a mistake or a marketing myopia, as said by Levitt (1985) and Borhini; Cova (2006).

As a theoretical study, the presentation of a definite answer to the research question if branding on business-to-business corporations trading commodity goods does really matter, is beyond its aim. Nevertheless, even considering that commodity goods are defined as undifferentiated products offerings and whose only selection criteria by its target audience is price (Dumlupinar, 2006; Kotler; Pfoertsch; Michi, 2006; Bozza, 2008; Portela; da Silva, 2009), the study has shown that those products can indeed benefit from branding management principles, add some degree of differentiation and become less price sensitive.

So that, to sum up, it is considered that the discussion raised on this study adds a contribution towards the increasing perception of the important role that branding can play on an ever increasing globalizing and competitive economy that tends to commoditize many products offerings.

4 – Limitations, Suggestions for Future Studies and Managerial Implications

On what concerns the limitations of the present study we consider that the timeframe chosen could be enlarged on a future study as a mean to identify possible trends or patterns, and besides that, it has been chosen two leading international journals for the analysis and, on a future opportunity, we believe that it could consider a greater pool of journals in order to broaden the view of this phenomenon, such as, for instance, *The Journal of Brand Management* and *The Journal of Product and Brand Management*.

And regarding managerial implications of the present study we believe that it has clearly revealed the importance of branding management also on B2B corporations trading commodity goods. Even though it may not share the same fuss and glamour of some sought after consumer goods, it does not mean that it cannot benefit of branding strategies.

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