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Applying Keller's Brand Equity Model in a B2B Context: Limitations and an Empirical Test

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Abstract

It has been recognised that brands play a role in industrial markets, but to date a comprehensive model of business-to-business (B2B) branding does not exist, nor has there been an empirical study of the applicability of a full brand equity model in a B2B context. This paper is the first to begin to address these issues. The paper introduces the Customer-Based Brand Equity (CBBE) model by Kevin Keller (1993; 2001; 2003), and empirically tests its applicability in the market of electronic tracking systems for waste management. While Keller claims that the CBBE pyramid can be applied in a B2B context, this research highlights challenges of such an application, and suggests changes to the model are required. Assessing the equity of manufacturers' brand names is more appropriate than measuring the equity of individual product brands as suggested by Keller. Secondly, the building blocks of Keller's model appear useful in an organisational context, although differences in the sub-dimensions are required. Brand feelings appear to lack relevance in the industrial market investigated, and the pinnacle of Keller's pyramid, resonance, needs serious modifications. Finally, company representatives play a role in building brand equity, indicating a need for this human element to be recognised in a B2B model.

Introduction

Powerful brands create meaningful images in the minds of consumers (Keller, 1993), with brand image and reputation enhancing differentiation and thus potentially having a positive influence on buying behaviour (Gordon, Calantone and di Benedetto, 1993; McEnally and de Chernatony, 1999). Branding in consumer markets has been shown to increase a company's financial performance and long term competitive position (Mudambi, 2002).

While the power of branding is widely acknowledged in consumer markets, the nature and importance of branding in industrial markets is under-researched, and in the literature which does exist, a division of academic thought is apparent.

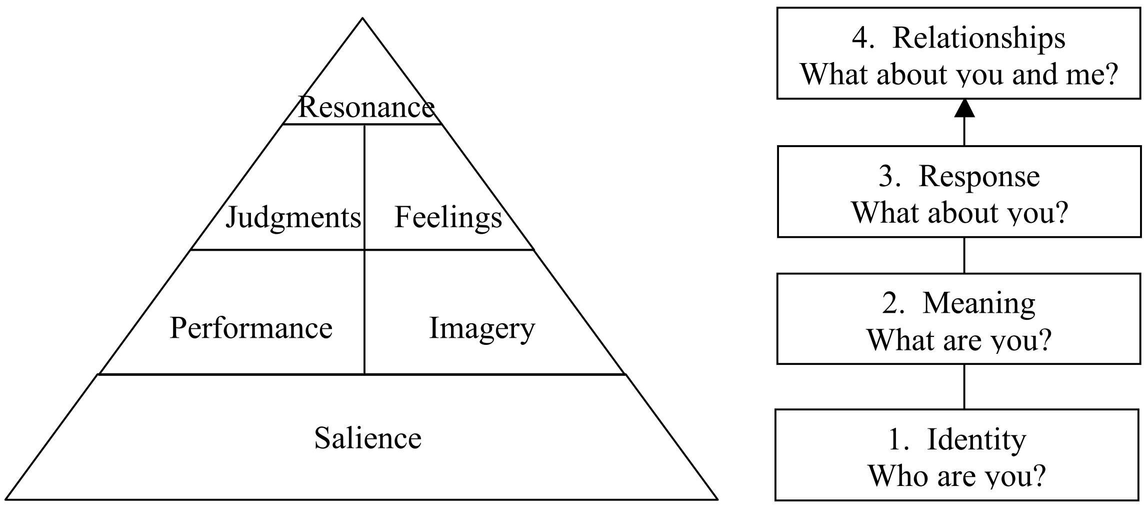
Many business-to-business (B2B) marketing strategists have claimed that brand-building belongs in the consumer realm (Lorge, 1998). Collins argued that industrial products do not need branding as did Saunders and Watt who claimed that branding was confusing and added little value to undifferentiated industrial products (Thompson, Knox and Mitchell, 1997/1998). It has also been claimed that the sales-dominated nature of the industrial marketing environment is so important that brands have no place in a B2B setting (Rosenbroijer, 2001). Others have claimed that the importance of branding in industrial contexts has increased (Rosenbroijer, 2001) and that brands can indeed provide a great deal of value in such an environment (Gordon, Calantone and di Benedetto, 1993; Hague and Jackson, 1994; Hutton, 1997; Low and Blois, 2002; Michell, King and Reast, 2001; Mudambi, 2002; Mudambi, Doyle and Wong, 1997; Thompson, Knox and Mitchell,

1997/1998). According to Aaker, in deciding between industrial purchase alternatives, the decisive factor can in fact be what a brand means to the buyer (Mudambi, 2002).
To date, a sufficient base for a comprehensive model of B2B branding does not exist, nor does a thorough empirical study of B2B brand equity. This paper will first introduce in conceptual terms a leading branding model, that by Kevin Keller (1993; 2001; 2003), and then empirically test its applicability in a B2B context. These are large issues not easily resolved, but this is the first paper to begin in this important pursuit.

The Keller Model

A major contribution to branding theory was that made by Kevin Keller (1993; 2001; 2003) with his introduction of the concept of customer-based brand equity and the brand hierarchy (as graphically portrayed in Figure 1) (Keller, 2003).

Figure 1: Keller's Customer-Based Brand Equity Pyramid



Brand equity, according to Keller, is the effect that brand knowledge has on consumer response to the marketing of a brand, with the effect occurring when the brand is known and when the consumer possesses favourable, strong and unique brand associations (Keller, 1993). The Customer-Based Brand Equity (CBBE) model identifies four steps which denote questions asked by customers, and represent a 'branding ladder', with each step dependent on achieving the previous one (Keller, 2001). These steps consist of six brand building blocks, with a number of sub-dimensions (Keller, 1993). To build a strong brand, the aim is to reach the pinnacle of the pyramid where a harmonious relationship exists with customers.

Briefly overviewed, the first step of the CBBE model is to ensure the correct 'brand identity'. Answering the first question customers ask about brands - Who are you? - the purpose is to create an identification of the brand, and an association with a specific product class or need (Keller, 2003). The initial step consists of the brand building block, 'salience'.

The second step answers the customer question - What are you? - by establishing 'brand meaning' in their minds, and linking brand associations with certain properties (Keller, 2001). Two brand building blocks make up this step - 'performance' and 'imagery'.

The next step is 'brand response' whereby the proper customer responses to the brand identification and meaning are elicited (Keller, 2003). This step is achieved with the 'judgments' and 'feelings' building blocks, and answers the question - What about you?
'Brand relationships' constitutes the final step in the CBBE pyramid where brand response is converted to an intense, active loyalty relationship between customers and the brand (Keller, 2001). Addressing the customer question of - What about you and me? - the final brand-building block and the pinnacle of the pyramid is 'resonance'.

Keller's conceptual framework provides guidance in building, measuring and managing brand equity. While Keller claims that the model can be applied in a B2B context and a consumer environment (Keller, 2003), it does not appear to have been tested for industrial brands. The similarities and differences between business and consumer markets have long been debated with organisational buyers found to differ in many ways (Hutt and Speh, 1998; Kotler, 2000; Mudambi, 2002; Thompson, Knox and Mitchell, 1997/1998; Wilson and Woodside, 2001), suggesting that the application of such a model in a B2B setting will pose challenges.

In answer to Keller's call for additional research to refine the framework and suggest implications for marketing strategy (Keller, 1993), this exploratory study aims to identify difficulties in applying the CBBE model in a B2B context - that of electronic tracking systems for waste management.

An Empirical Test Application of Keller's Model for Brands of Electronic Tracking Systems for Waste Management

To address legislation requirements for Australian local authorities to monitor the generation, transportation and disposal of wastes, new companies have emerged with electronic means of waste tracking. Two competitors operate in this space, with different technologies: a bar code docket system, brand A, and a system using the Global Positioning System (GPS), brand B.
The market for electronic tracking systems for waste management is an interesting one for investigation. The use of brands for high-technology products has been minimal until recently, with the marketing of such products representing a challenging field (Zajas and Crowley, 1995). The potential for waste tracking systems however will encourage the entrance of competitors, thus increasing the importance of branding. Already there are indications that branding is critical in this market as potential customers learn to differentiate between the technologies and their manufacturers. An investigation into the sources of, and means to measure brand equity will therefore assist these companies and others in the information and communications technology sector. The market also met other criteria for this study as it is a new sector with complex and expensive products sold on a B2B basis. The purchase decision is high-involvement with strong elements of risk, and involves a sophisticated tender process. This requires a significant amount of time, involves the input of people at different organisational levels, and includes a complicated assessment of the product/service offering. The market is characterised by many of the elements that constitute a B2B environment, and which pose the most difficulty in terms of marketing and branding.

A sample of five South East Queensland local government authorities (where sales activity has been specifically concentrated) was selected for this study, with each potentially representing more than a million dollars over a contract period. Councils were chosen that differed on a number of dimensions including size, region, perceived knowledge of the brands, and stage in the purchase decision. The respondents were Trade Waste Officers who are responsible for the pick-up and collection of trade waste in their respective shires, and are therefore the first point of call in the sales process. They instigate and influence the purchase process, are directly involved in the decision, and are the primary system users.

Semi-structured telephone interviews were conducted, with the survey instrument designed to use Keller's CBBE model as best could be applied in assessing the equity of the waste tracking brands. Using the pure Keller model, the ordering of the questions was based on the sequence of steps in the pyramid to identify new sub-dimensions within the building blocks.

Findings

It was found that in this B2B market for electronic tracking systems there was much more emphasis on the companies behind the brands than the brands themselves, with the company name being the main discriminator. Respondents expressed confusion about the difference between the manufacturer and product brands stating that company names are used to distinguish between products. Keller's model fails to take into consideration the equity of manufacturers' brand names in contrast to individual product brands.

An interesting finding was respondents' reactions when asked about one of the brand slogans. Respondents downplayed the importance of this brand element and expressed some confusion. Keller claims that brand elements can enhance brand awareness and facilitate the formation of brand associations (Keller, 2003), thus they perform an important role in the CBBE model. Typically however more research is conducted in a B2B market, as the purchase involvement is greater. The implications for branding appear to be that organisational buyers care little about product slogans or brand names, but more about the company and its product offering.

All respondents seemed to know what their counterparts in other councils were doing, representing another key finding. Even when asked to recall brands of electronic tracking systems for waste management, in two instances respondents also recalled councils using these brands. Respondents made reference to the systems different councils are using, the applications they have tested, their related successes and failures, and also offered opinions about how other users feel about the systems. Both councils who had not purchased a system stated they were monitoring their counterparts closely. These responses point to the importance of customer referrals and the experience of other users in a B2B environment, and indicate that monitoring other councils could be a mechanism for decreasing risk. Under his imagery brand building block, Keller identifies user profiles and purchase and usage situations as important categories, which was confirmed by these Trade Waste Officers.

Two of Keller's sub-dimensions under the imagery brand building block were not mentioned in this study. The two waste tracking brands did not possess any personality traits or values, nor did they possess any associations related to history, heritage or experiences. It is uncertain whether these sub-dimensions would lack emphasis in other B2B markets, but in the case of electronic tracking systems for waste management, they seem inappropriate for measuring brand equity.

When asked about their opinion of the waste tracking brands and their quality, it was evident both brands were under consideration and were personally relevant to all respondents, although cost was an issue. While the technology of Brand B was recognised as superior, Brand A was perceived to be a proven product, so its manufacturer had more credibility. Credibility emerged as an element even more important than recognised by Keller.

In Keller's CBBE model the credibility sub-dimension of the brand judgments building block is the only element which addresses customer perceptions of the company or manufacturer. Although often unavailable in the consumer market, the sales force is a major brand-building tool in a B2B context. Sales representatives are product ambassadors who have the opportunity to form relationships with industrial buyers, as direct selling is ongoing (Lorge, 1998). Purchase choice therefore can depend not only on an assessment of the product's functional benefits, but also the company's people (Gordon, Calantone and di Benedetto, 1993; Michell, King and Reast, 2001). These perceptions play an important role particularly in high value purchases, where the differentiating factor can be the partnership capabilities of the firm pre- and post-purchase (Lorge 1998; Thompson, Knox and Mitchell, 1997/1998). In the organisational purchasing environment investigated, respondents identified with the manufacturer brands and spoke about relationships with company representatives rather than products, indicating some revisions of the Keller model are required.

It was evident in this study that feelings do not play an important role in purchasing an electronic tracking system for waste management, indicating that the purchase process is more rational than emotive. When asked what they felt about one of the waste tracking brands and its manufacturer, the majority of respondents did not have any feelings and stated 'they have the product that will do the job'. Only one respondent hinted that he felt excited about the technology stating the system would make him feel proud, and would provide his council credibility for taking care of the environment. This response highlighted that self-expressive benefits of brands could exist in an organisational context, but overall Keller's feelings brand building block lacks relevance in the B2B market investigated.

Brand resonance, as described by Keller, was also not evident amongst the organisational buyers surveyed. 60% of respondents indicated that their council had purchased an electronic tracking system for waste management, but when asked about their experiences in purchasing the systems, these councillors gave significantly different answers to those that characterise resonance. In discussing their experiences, respondents referred to the product functionality and tangible product performance as reasons for purchasing. The resonance sub-dimensions were not evident in their responses, with interviewees failing to demonstrate any behavioural loyalty, attitudinal attachment, sense of community, or active engagement (Keller, 2001).

Some respondents who were already using waste tracking brands spoke about the terms of their contracts and the possibility of switching to the competitive product following the contract completion. Several respondents indicated they were interested in remaining updated on each of the products, with one respondent stating 'every contract has a use by date'. Behavioural loyalty therefore appeared to be a consequence of the contract period, with respondents stating that after this time they would review all products to determine which would best meet their needs at the right price.

When asked how they felt about their relationship with the product, the company and its representatives, the closest respondents came to expressing any attitudinal attachment was by using the words 'good', 'comfortable' and 'it will do the job'. These terms were consistently used by most interviewees. Although respondents mentioned their relationships with company representatives were positive, in no way did their responses reflect a sense of community. Keller's active engagement dimension was also not evident. Some respondents stated they receive information about both brands which they enjoy, but did not actively seek this. Furthermore, one respondent indicated he speaks to his counterparts about the brand his council is using, but this was only when they phoned - he did not actively engage in word-of-mouth communication. It was recognised that the potential for this one respondent to become an advocate for the brand did exist.

Conclusion

This is an exploratory study using a small sample with the intent to determine how well the pure Keller brand equity model will fit in a B2B context. The advantage of this study is that it investigates a real brand with real potential B2B buyers, however there is a risk that the results may represent context-specific factors that are not representative of all industrial markets. Nevertheless, some interesting insights and challenges have been identified in applying Keller's CBBE model in an organisational environment.

It is suggested that an adaptation of the model is necessary for industrial marketers to effectively use it in building, measuring and managing brand equity. While this research has highlighted modifications required for the building blocks and some new sub-dimensions, further research is needed. Knowledge gained from this investigation and future studies will assist industrial marketers in their ability to develop more effective marketing strategies, and to make better investments in their brands.

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