

## “The Business Brand as Growth Driver”

### Harnessing the Power of the Customer Experience

By Ray Baird and Ryan Rieches

Millions of words have been written and thousands of books have been published on the subject of branding. Open any one of these books at any page and chances are you will be reading about branding only as it applies to consumer products. That's not surprising as branding originated in the fast-moving consumer goods (fmcg) industry.

But, as a result, many CEOs of business-to-business companies tend to overlook the potential of branding or simply dismiss it as irrelevant.

The reaction is understandable. After all, corporations are not consumer products. And while it may be seductive to regard both as “brands” and both therefore equally susceptible to consumer branding techniques, they exist in vastly different worlds.

In fact, branding can be a powerful driver of growth in the B2B world, but the translation of branding techniques into the corporate realm requires a clear understanding of what applies and what does not.

The main differences between business markets and consumer markets are found in the nature and complexity of the products and services, the nature and diversity of industrial demand, the significantly smaller number of customers, larger volumes per customer and the longer-lasting supplier-customer relationship.

B2B companies are often complex-systems businesses that specialize in tackling large-scale problems and responding with individualized solutions with a high proportion of consultative services. They include such companies as IBM, Cisco, Boeing, Bechtel and Accenture.

The volume-operations model, in contrast, specializes in serving high-volume markets through standardized products, which are “branded” and mass-marketed through low-touch distribution channels and serviced by close-ended transactions. This model describes how business is done at Verizon, Nike, Hertz and Procter & Gamble.

Given such a stark polarity, it is scarcely surprising that B2B executives might consider branding to be part of the volume-operations model and, therefore, not relevant to their business.

We at RiechesBaird believe the role of branding in business has never been more important in the B2B world. We would go even further, in fact, and say that, in this increasingly competitive business environment, branding today can play a critical role as the strategic growth driver in business, albeit with some important qualifications about what branding actually is.

### From Corporate America to Corporate Generic

Most of the familiar corporate brands around today were developed in the first part of the 20th century. It was an era in which markets were growing, supply rarely exceeded demand and people aspired to a



common standard of well-being. Strategy was inevitably seen as the efficient expansion of capacity and volume to meet demand. Advertising was a simple mass-market media buy to raise awareness. As recently as the 1970s, you could reach 90 percent of the U.S. television audience just by buying ads on the three networks at 9 P.M.

The practice of branding at that time was the exclusive and arcane province of brand managers in fmcg companies such as Procter & Gamble and Unilever. Their concern was with the marketing, promotion, distribution and merchandizing of products differentiated by product features and packaging design.

Elements of consumer brand techniques first spilled into the corporate world in the 1980s when industries bearing the brunt of regulatory and technological changes sought to meet the challenges of new competition. Airlines, telecommunications, financial services and energy companies led the way, hiring armies of consumer goods marketing executives who met with varying degrees of success and acceptance in what were alien cultures.

It was the Internet bubble of the 1990s that finally churned the accepted conventions between corporate and consumer branding practices. As new dot-com companies sprang up overnight like mushrooms, it became increasingly difficult to legally register new corporate names; naming attempts grew increasingly desperate as a result. Spurred on by venture capitalists, the rush was to “get a name, build a brand” in order to mask questionable business models and nonexistent profits. The increasing difficulty of finding legally available names, combined with the ignorance of consumer product naming companies who failed to understand the difference between corporations and chocolate bars, gave us the era of “Generica.” In a frenzy of what the Economist referred to as “Italianate bogus classicism” companies began to sound like drugs, drugs began to sound like computers and computers began to sound like cars. We got everything from A to Z—from **Aprisma, Aptr**a and **Ascentia** to **Zafira, Zeneca** and **Zenovia**. It soon became impossible to distinguish between products and companies.

The enthusiasm for this bogus classicism even spilled over into the sober ranks of blue chip corporate boardrooms. Philip Morris Co. changed its name to **Altria**, in doing so joining the ranks of **Altera, Altrus, Altius, Altia, Altra, Altura, Altira** and **Altiva**, among many others, in its quest for corporate coolness and distance from its tobacco heritage.

## From Production to Connection

The global market of the early 21st century is a vastly different place from the 1990s. The Internet and deregulation have shrunk the world; economies are becoming increasingly interconnected; technology has rendered product innovation to a short-lived advantage that is soon copied. In such a climate of product proliferation and parity, competitive advantage has inevitably migrated from low-cost production to value. In this equation, customers hold the balance of power. In fact, the only viable basis many businesses have for differentiation is the relationship with the customer and the management of the total customer experience.

The shift that we see taking place is from production to connection. Most companies are still organized as production companies in a 100-year-old industry model. A production company structures itself primarily around what it makes and tries to sell. It typically lacks insight into what really matters to its customers and focuses on separate product offers, distributed through independent and often competing channels.



A connection company, by contrast, is an emerging business model for the 21st century. This type of organization configures itself around customer preferences and groups, not around the products it makes. It focuses on knowing its customers and building long-term relationships with them. It provides easy access through multiple integrated channels, often with alliance partners. A connection company fundamentally recognizes that it's no longer about making and selling products, it's about connecting complete offers—products, services, channels and people—with the experiences their customers seek.

Connection companies define brand in terms of relationship values, not product values. They recognize that the customer experience is the brand, so they combine services, channels and people with products to provide complete experiences.

Customer experience has to be managed enterprise-wide. Each and every experience impacts the perception of the brand and, by extension, the performance of the company itself. The development of an experience brand has three key components:

## 1. Aligning brand strategy and business strategy

Our initial charge when working with a client is to identify the gaps between what the client wants to accomplish and the ability of the organization to deliver it.

While there are many tangible and explicit details that enter into a transaction between a company and a customer (price, quality, delivery, etc.), many unknowns and uncertainties remain for the customer. Will I receive the best possible deal? Will the product and service perform as specified? To what degree will the company support its service proposition? At one level, a company can identify a significant customer need and build its marketing strategy around it, but in reality it might be operationally incapable of delivering on that promise.

For example, a few years ago, RiechesBaird worked with a manufacturing company that considered customer service to be its number-one asset. As we began to develop a branding strategy for the company, we continually hit roadblocks in our attempts to align brand strategy with business and marketing plans. Deploying our Strategic Brand Assessment benchmark research tool, which incorporates an online questionnaire administered to three audiences (management, employees and the sales channel), we discovered that the company's customer service was, in fact, horrible. We then worked directly with senior-level executives to align business processes with customer needs in order to build a brand promise that could be delivered on.

## 2. Touchpoint Mapping®

Once the organization is structured to deliver on its brand promise, the brand must be delivered consistently across the continuum of encounters a customer has with the company. These "moments of truth" (famously identified by Jan Carlson, CEO of Scandinavia Airline Systems) are formalized today as brand touchpoints.

Touchpoint Mapping delineates and assesses all the physical, communication and human points of contact that your customers experience in their relation lifecycle with your company. A poor experience tends to degrade brand perception, and a "brand gap" is created because the experience differs from the brand promise. If too many of these brand gaps occur, the customer's overall sense of satisfaction declines and



the level of commitment to the relationship (loyalty) may drop—either of which can signal the potential for brand switching (moving to a competitive product) or category abandonment (finding a completely new way of doing the job the firm is currently performing).

Because of the supreme economic importance of maintaining the trust of customers, the brand must be measured beyond the simple awareness and perception level and should be assessed at every significant interaction or transaction a customer has with the company.

By taking an inventory of your customer touchpoints and arranging them according to where they fall in the customer-relationship life cycle, this process alone will deliver insights you can't put a price on.

### 3. Employee Adoption

Internal communications, internal marketing, internal branding—the idea that it is important to get employee buy-in to company goals and strategies has been around for decades. Huge amounts of time and money have been expended in efforts to motivate employees and create cultures that buzz with energy and enthusiasm. Yet, in corporate America, employee commitment has actually declined. According to one survey, only 19 percent of employees think employers involve them in open, effective communications.

There is also a vast difference between being communicated to and being actively engaged. People can hear fine words about vision and mission and see customer commitments in advertising, but still not understand how what they do in their daily work connects with the higher purpose of the company. Systems are often a problem: exhorting frontline employees to “put the customer first” and then creating performance management systems that penalize those who do goes right back to our earlier client experience and the importance of aligned business strategies, brand strategies and marketing. Most employees want to do a good job. Most frontline employees want to serve customers well. What kills commitment and engagement is when self-motivated people are stymied by back-office systems that hinder rather than help and policies that place employees in conflict with customer interests.

Since a brand's strength lies in its delivery, not just its communication, HR can be extremely effective in creating a brand-based culture through training programs, new employee orientations and performance evaluations.

HR is the function most capable of identifying and encouraging change agents—employees who embody and live the ideals of the brand and are individuals that many people in the organization respect. By identifying these people and aligning their messages and behaviors, you create a very powerful force of internal role models for employees to emulate.

### The Bottom Line

Brand can be a powerful driver of growth in the B2B world. It can create preference, build loyalty and ultimately create market value. We give the last word to strategist and author Frederick Reichheld. In his seminal book *The Loyalty Effect*, he concludes that satisfied and loyal customers are less costly to serve, are less price sensitive, tend to allocate more of their category dollars to the brand and are, in the long run, your best “salespeople.” He also illustrates the risks of not paying attention to these critical issues by citing that “on average, U.S. corporations now lose half their customers in five years, half their employees in four, and half their investors in less than one.”



He goes on to say, "Experience has shown us that disloyalty at current rates stunts corporate performance by 25 percent to 50 percent, sometimes more. Contrary to some beliefs, loyalty is by no means dead; it remains one of the greatest engines of business success."