

Significance Of Branding In Industrial Marketing

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BACKGROUND

Though branding has assumed greater significance in the last fifty years with increased consumption in both the industrialized as well as emerging nations, it has been in existence since ages. In ancient periods, kings and queens used to mint coins and seals with their faces on them or built memorials in their names. The potteries and other artefacts that have been found during excavation of ancient sites of Greece, Egypt, Indus Valley and China depict various marks identifying the potters. Branding of cattle by shepherds to differentiate their livestock from others was also in practice in Europe. During the medieval period, slaves, bread, gold, silver, paper and handicrafts were also marked to identify the owners or the craftsmen. With the industrial revolution, the commodities were branded in Europe and during the late nineteenth century, companies such as P&G and Unilever began to brand their products. Branding has, nevertheless, got much boost with the rise of mass communication media such as radio and television during the twentieth century. The purpose of branding initially was to identify the source, or the owner of the product. Later, it was also associated with other aspects, such as sincerity & commitment in providing quality services, differentiating similar products and building image & emotional bonding. It is, however, very essential for a brand to develop regular communication and friendly relationship with the customers.

The paper has been divided into four sections. Section I discusses the concept of branding and industrial marketing process; Section II investigates the branding strategies of few B2B firms, while the issues and challenges faced in the industrial product branding has been explored in the Section III. The paper concludes with the Section IV, in which the strategies and a model for branding industrial products have been suggested. Scope for further research is also covered under this section.

SECTION I : INTRODUCTION

WHAT IS AN INDUSTRIAL PRODUCT?

Industrial products are generally more complex in terms of technology and costs involved in their development. They are used either as inputs in the manufacturing process, or are traded for direct consumption. Normally, these are categorized as follows :

- ✿ **Raw Materials, Parts And Components:** Lubricants, coal, steel, cement, hand tools, paper, nut and bolts.
- ✿ **Capital Items: Installation Accessories And Equipment:** Motors, Pumps, Alternators, Cranes, Trucks.
- ✿ **Supplies And Services:** Management & consulting services, technical or legal services.

INDUSTRIAL MARKETING PROCESS

The customers in industrial buying vary widely since the offerings include raw materials, parts, components, finished products as well as specialized services. At times, the same organization is both the buyer as well as the seller of the industrial products. An OEM sells electrical equipment to a utility, and in return, might purchase electric power from it. Similar to consumer goods, industrial marketing processes also involve the process of STP, that is segregating the potential and key customers and then positioning product and promotional strategies to those targeted prospects & customers. The industrial marketers usually segment their customers on the basis of respective trade and industry such as mentioned below :

- ✿ Trading organizations such as agents, contractors, distributors, retailers, etc;
- ✿ Original equipment manufacturers, which constitute a substantial number ranging from small scale industries to the large MNCs;

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✿ Direct users or consumers of the products such as utilities, defence, irrigation, railways, etc. It also includes non-profit organizations and institutions such as hospitals, colleges, schools, etc.;

✿ Long duration projects such as setting up of power plants, construction of bridges, factories, etc.

In an industrial buying process, there is generally one key management team (or person) who holds the maximum influence over others and is termed as the *DMU or the decision making unit*. The task of the industrial marketers, therefore, is extremely critical - to identify the DMU, especially in a large public sector, multi location or multinational organizations. The buying centre members evaluate the suppliers on the basis of various key parameters. These are :

✿ Technical competence of the supplier;

✿ Performance of the product;

✿ Price and its impact on the final costing of the buyers;

✿ Duration in which the ordered equipment may be supplied;

✿ Reliability of suppliers in terms of after sales services, repairs, warranties, etc.

After evaluating various offers and suppliers, the order is finally placed on the qualified lowest bidder. Industrial buying involves a complex process - considering high value & large volume of the purchases as well as involvement of various departmental functions. The task of the industrial marketer is, therefore, multifaceted; to be in regular touch with the buying centre members, to understand the anticipated needs and requirements of the initiator or buyer, to assess the strengths and weaknesses of the firm's products, as compared to those of the competitors, to identify the DMU and to offer the product features desired by them. However, for effective building of the brand, an industrial marketer needs to be in regular touch with the buying unit, not only prior to receiving the order, but also after its execution.

BRANDING : WHY IS IT REQUIRED?

A Brand, whether in the form of a name, logo or symbol, gives identity and recognition to a product. Once established in the market, it becomes an asset for the company because of the value it commands. High brand equity not only denotes the quality and performance, but also signifies the confidence and trust placed on it by the satisfied customers. Thus, organizations make every effort to successfully position and promote their brands so as to achieve growth and profitability. Industrial products usually are not branded separately, considering the complexities and large number of variants involved. These are mostly identified by their catalogue reference numbers and are represented by a corporate umbrella brand. Hence, it becomes extremely important for the marketers to build and maintain their reputation as being reliable and trustworthy for the successful positioning of their offerings. Branding has assumed immense significance in industrial marketing now-a-days, in view of immense global business opportunities. Several commodity exporters are branding their products to command premium prices in the overseas markets, while importers are sourcing cheaper products from China, Taiwan, etc. and marketing them under various brand names.

A successful industrial brand is developed when a firm keeps up its commitment on quality, deliveries and services to its customers. The reputed brands hold a distinctive and powerful position in the market, which helps them in introducing new products successfully. Such brands are able to withstand the competition with ease and command premium prices. Branding is essential as it helps in generating repeat sales for the company and earning goodwill from the consumers. Many products or services, which are otherwise reasonably superior in performance or are cost-effective, simply fail because of improper branding or incorrect brand positioning. In industrial marketing too, branding is important because the same brand might represent a large number of different products, serving various customer segments and industries.

SECTION II : BRAND STRATEGIES IN INDUSTRIAL PRODUCTS FIRMS

Industrial product firms represent every major industry including food and beverages, metals, energy, heavy engineering, software and telecom. These firms though rely heavily upon personal selling, make use of other strategies to strengthen their brands, such as building public relations, nurturing corporate social responsibility, improving customer service and relationships. With electronic commerce getting immensely popular now-a-days, the websites of these organizations are structured not only to conduct business, but are also used as a public relations instruments. The

Firm's mission & vision, CRM & CSR activities, employee achievements, customer testimonials, etc. are all listed on the websites. This aids in generating a favourable image about an organization as being more stable and sensitive to the customers, society and employees. The branding strategies adopted by few industrial product manufacturers have been discussed in the subsequent paragraphs :

✿ **Tata Steel** : A major constituent of the established Tata group and among the oldest steel companies of India, Tata Steel manufactures and exports various variants, including long products, flat products, tubes, bearings and wires, catering to sectors such as auto & ancillaries, consumer durables, construction, infrastructure, capital goods and general engineering. Though dealing in a commodity product, Tata Steel was among the earliest companies to brand its products to make differentiation according to various applications of its products. The Firm, however, has ensured that the umbrella brand - TATA is prefixed nearly on all the individual product brands. The blue coloured Tata logo signifies flexibility and conveys itself as a fountain of knowledge or a tree of trust under which people can take refuge. Its various brands includes Galvano™, a galvanized plain steel in sheet & coil forms for manufacturers of white goods, panels, bus bodies, etc.; Steelennium is aimed at urban and semi-urban sectors, with the slogan '*trusted steel for your home*'; Tata Shaktee is GC Sheets that '*Lasts Longest*'; Tata Agrico products are the most sought-after hand tools and implements in the country, while Tata Bearings is a leader in the auto ancillary two-wheeler market segment. Tata Wiron is the trusted brand for the galvanized wires having applications in the auto, infrastructure and power segments. Its tag line, '*baandhe rishton ke taar*' boast of a long association with the customers. The Tata Steelium with the slogan '*steel with a soul*', is the first branded cold-rolled steel product in India. The company has built its reputation as a trusted, ethical and reliable quality supplier to global customers. It focuses on customer satisfaction through a team of motivated employees and innovative offerings. The Firm has a strong CSR orientation towards the conservation of the environment and well-being of the employees, besides focusing on transparent business practices. The Tata Code of Conduct (TCOC) has served as a manual for each employee on how to perform in personal and professional lives. The firm has a very comprehensive website, listing its various global activities and operations. The site has links for customer query, complaint, feedback and opinion, depicting its intention and sincerity towards continuous improvement and quality service.

✿ **Bosch Limited** : Bosch Limited is India's largest auto component manufacturer, and also one of the largest Indo - German companies in India. It has a strong nationwide service network, which spans across 1,000 towns and cities, with over 4,000 authorized representatives. The firm manufactures and trades in three major business sectors. These are :

- (i) Automotive technology division that includes Blaupunkt Car Multimedia Systems, chassis brakes, spark plugs and glow plugs. These are sold under the brand "*Bosch*".
- (ii) The Industrial technology division consists of drive, control and motion technologies, special-purpose machines and high-precision tooling. These products are sold under the brand name "*Rexroth*".
- (iii) The Consumer goods and building technology division offers a complete range of power tools for construction, woodworking and metalworking industry, and are again sold under the brand '*Bosch*'.

Since industrial tools and components are offered in various sizes, designs and features, they are further classified on the basis of product code or catalogue reference numbers, which are mostly alphanumeric. The red coloured logo BOSCH and a slogan '*invented for life*' indicates the firm's assurance of durability and reliability to its customers. The company's logo was designed in 1918, and depicts a magnetic ignition key. In its continuing efforts towards building a strong brand, Bosch has incorporated latest technology in its Hyderabad plant for producing quality products and has also taken initiative on several CSR activities to generate positive public opinion.

✿ **Crompton Greaves Limited** : Crompton Greaves is among the oldest electrical product manufacturers in India, and has turned truly transnational with several acquisitions in last few years, including those of Pauwels, Ganz, Microsol, Sonomatra and MSE. The firm has manufacturing presence in Belgium, Ireland, USA, Canada, Indonesia, Hungary, Ireland, UK and France. Its various SBUs offers established products like transformers, circuit breakers, motors, generators, lighting products, fans and pumps. CG exports to more than 60 countries worldwide, has 22 manufacturing divisions and 14 marketing offices in various states. The company has a vast customer base, including SEBs, PGCIL, Infosys, Reliance, L&T, Whirlpool, etc. Though ceiling fans are sold under the separate brands such as Leron, Dec'air, Senorita, etc., these are broadly packaged under the corporate logo of '*CG*'. The industrial lamps and luminaires are

catalogued under alphanumeric names such as IFC11, IGP12, IHB13, etc. The domestic pumps are branded as Mini, Aqua, Jet, etc. However, all industrial products such as transformers or switchgears are under the logo of 'CG'. The company consistently operates on the motto of customer preference, vendor satisfaction and profitable growth through continuous improvement. CG is among a few firms that are extremely conscious of their brand identity despite being in the core industrial marketing. The company modifies its logo periodically to adapt according to the changing environment, customers and competition. It earlier had a blue coloured logo "*Crompton Greaves - Everyday solutions*", which was replaced by acronym 'CG' in blue colour again, signifying stability, trust and commitment. Now, with a substantial number of overseas employees and customers, the firm has again changed to a new blue and green coloured 'CG' logo that indicates harmonious integration of C (Crompton Greaves) with the G (Global customer and environment). Apart from being passionate, responsive, down-to-earth and trustworthy, the logo also symbolizes the firm's commitment to being eco-friendly and responsive to the environment.

✿**Siemens** : Siemens is a global firm having several pioneering products in industries, ranging from energy to the healthcare. The Firm's success lies in its strong motivated workforce of over 400,000 and its commitment to innovate constantly. During the late nineties, it developed a worldwide branding strategy in order to increase its market share and sales. A new distribution, pricing and advertising plan was prepared that helped the company in positioning itself among the top brands of the world. Its efforts to bring out innovative products can be gauged from 55,000 patents and a mammoth team of 32,000 researchers and developers. Siemens launched two extremely successful CSR activities a few years back to establish itself as a responsible brand in the country; an '*Equal opportunity employment program*' for the disabled and the '*Turtle walk*' for educating the fishing community on the protection of turtles. The company has wide presence in Power plants, Airports, High-speed trains, Relays, Lighting products and Healthcare solutions. It has 17 manufacturing plants and an extensive network of sales and service offices in India. Though all its products are branded as aqua coloured '*SIEMENS*', the individual products are given alphanumeric characters such as SGT5-2000E, SGT-300, etc. to differentiate between the technical specifications.

✿**Boeing** : Boeing is the world's leading aerospace company and the largest manufacturer of commercial jetliners and military aircrafts. The firm also designs and manufactures rotorcraft, electronic and defence systems, missiles, satellites, launch vehicles and advanced information and communication systems. As a major service provider to NASA, Boeing operates the Space Shuttle and International Space Station. Boeing has customers in more than 90 countries around the world, and is one of the largest U.S. exporters in terms of sales. Headquartered in Chicago, Boeing employs more than 150,000 people across the world. Its commercial airplanes are sold under brand names 737, 787 Dream liner, etc. Its Integrated defence systems include 737 AEW&C and A160 Hummingbird. Earlier, Boeing did not place much importance on branding as it felt that it was not in the consumer market. It, however, gained immense significance in recent years and the firm redesigned its logo and shifted the headquarters to Chicago as a part of the branding strategy. Boeing has strengthened its global brand presence and has reduced costs by aligning all its business divisions under a single logo, typography, colour palettes, layout grid and imagery. The first Boeing logo and its trademark, the vertical winged Boeing '*totem*' was designed in 1928 for use as a symbol for airline services. In 1947, the totem was replaced by a new trademark, the word '*Boeing*' in the Stratotype typeface. Presently, the logotype and symbol together represent the Boeing brand. The Firm is engaged in community and educational relations to generate new ideas among the students, and to gather the best possible research and development being conducted in the universities.

SECTION III : ISSUES & CHALLENGES

Most of the industrial marketers rely on their established corporate group image to position their products or services. An automobile part supplier would name the lamps, seat covers or glasses under the single umbrella brand so as not to lose the existing loyal consumers. It is feared that customers may not be able to relate a different brand name with the trusted supplier and ,therefore, may not be certain about the reliability of that product. Besides, promotional and packaging costs also reduce substantially if all products are marketed under a single corporate umbrella brand. There is, however, always risk in such strategies, especially for small and medium enterprises. Product failure or service-related issues in one category might adversely affect the image of other products offered by the firm. Customers at times, generalize the quality and performance of all products under the same corporate brand, especially if the firm is largely unknown, new to the market or small in size.

Many small-scale manufacturing or marketing firms dealing in auto, electrical or machinery parts and accessories, at times indulge in the practice of branding their products similar to the famous corporate group names. A consumer might purchase such products presuming them to be manufactured by the reputed group. This severely harms the image of that corporate house in case the product quality is not satisfactory. The Tata group has been engaged in several legal issues to protect its corporate brand name from being misused. It has become extremely difficult and expensive for the corporate houses to guard their brands, not only in their home country, but also in the international markets. There are instances, when large MNCs had to purchase their own brand names or logos in foreign markets as the local firms in those countries had already registered such brands from some other products. Industrial product firms, including the spare parts, small machinery and equipment manufacturers, function in a relatively smaller markets and cater to a limited number of known customers. Since these firms also operate as vendors, sub-contractors or ancillary units to large companies, not much emphasis is placed on separately branding their products. The goods can be easily identified by the name of the manufacturing firm, or even by their owners or salesperson. Products such as locks, glass wares, carpets, handicrafts, electrical goods & accessories from the small or medium enterprises are generally exported to overseas markets as a commodity, where these are sold by the importers under local brand names. However, as the demand grows and smaller firms aspire to grow beyond the existing markets, they now need to develop a branding strategy to create a distinct identity as well as to command a better price for their products. It is, nevertheless, difficult to assign brand names to industrial products similar to those in case of consumer goods. An electrical motor, transformer or a turbine can't be named as FROOTI, AMUL or CLOSE UP. An industrial brand should reflect maturity, durability, utility and dependability not only of the product, but also of the firm that is promoting it. Customers for such products are government organizations, industries and institutions, where buying authorities are technically qualified and experienced, and they evaluate the brands by its specifications, past performances and competence of the suppliers. At times, industrial brands names have alphanumeric characters considering the large design variants involved within a single product. This makes the brand complex as it becomes difficult to pronounce or remember it. Thus, despite having a separate brand identity, the product continues to be recognized by the familiar corporate brand only.

SECTION IV : CONCLUSIONS & RECOMMENDATIONS

A strong brand not only helps a customer to recognize a product, but it also imparts a sense of responsibility and commitment within an organization. The responsibility is of satisfying the customers with quality products, while commitment is of delivering the best services as and when required. Since industrial product branding is largely based on personal selling, the role of the sales personnel is extremely important. He represents the brand and organization to consumers, and it is important that he embraces the brand values fully before interacting with the customers. A successful brand has to begin with the corporate culture and extend to all its stakeholders, including customers and channel partners. Sales persons' and channel partners' training and understanding of a brand are essential so that they are able to promote the brand with sincerity and dedication.

The present business environment is rapidly changing due to globalization of the market, movement of capital and shifting of production base. MNCs are utilizing economies of scale and are moving their manufacturing units to cheaper locations. They are sourcing components and raw material requirements locally as well as from other parts of the world. Industrial OEMs now have immense opportunity to market their products in overseas locations. The best way by which they can brand themselves is by adhering to the quality, delivery and service commitments made to the customers.

In industrial marketing, performance of a product in terms of reliability and after-sales service is extremely vital for its success. Sales or service personnel have to remain in regular contact not only with the buyer, but also with the actual user to gather feedback on the product performance and to resolve the issues, if any. Though most firms rely on the personal visits to the customers, the same may not be always feasible, considering that users may be spread to remote geographic locations. Call centres and videoconferencing would be the most suitable option for such firms to remain in touch with the worldwide customers. Besides, setting up a 24 hour help-line and online demonstration of the compliant rectification through the website will help in improving response time considerably. Interacting with the satisfied customers and users through social-networking sites can also significantly help in brand image building. In order to expand their operations in international markets, large MNCs are now-a-days engaged in joint ventures, mergers,

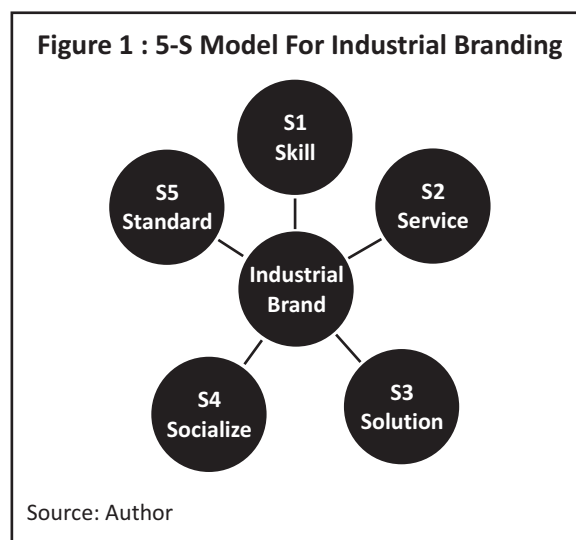
acquisitions or strategic alliances. It is ,therefore, extremely important for the industrial marketers to develop and nurture a separate brand identity for each of their product categories, either according to the application, customer segment or technical specification. An individual industrial brand, if successful, can command high equity and can be separately sold without affecting the selling group's image. Considering the high advertising and promotional costs involved, companies can also go in for co-branding, that is, by promoting their brand along with those of their customers in the media. MRF tyres along with Maruti; ACC Cement along with DLF; Rath Steel along with L&T; so on.

B2B marketing is gaining widespread popularity these days due to increased IT literacy, reduced infrastructure costs and improvement in broadband connectivity. In view of this, most of the manufacturers have installed ERP software for online communication among their different offices, manufacturing works and even other channel partners such as vendors, transporters or distributors. This helps in reducing the response time to the customer considerably and assists in generating goodwill and trust for the brand. With customers spread globally, a firm's website can be accessed from anywhere in the world and ,therefore, it plays an important role in its branding and positioning strategy. The content, design and colour scheme should be such as not to offend any nationalities. Firms also should keep their sites user friendly with a self-help guide so that even the lesser technically qualified customer may also be able to make transactions. In a similar manner, general enquiries for a product should be answered through auto generated e-mail or posted on the web site, since some are of common and repetitive nature. Wherever possible, software may be loaded on the site itself where customers may be able to work out the pricing of the product required. Companies should also promote their social and employee engagement activities, testimonials from the satisfied customers, endorsement of business ethics, and support of strong sales, distribution and service networks. This is extremely beneficial in the successful image building of a brand.

Looking at the complex buying process in industrial marketing, it is important to create favourable brand recognition in the minds of each and every buying unit member, rather than only among DMUs. A long term association has to be nurtured with the buying unit members through prompt response, consistent quality delivery and frequent interaction. Due to severe competition, industrial marketers now-a-days communicate directly with the end users of their product. Intel, which sells microprocessors to computer OEMs, targets the end consumers through its '*Intel inside*' campaign. The purpose is to assure the quality and reliability of the computer, which the customer is purchasing. Besides, brand loyalty is created in such a manner that consumers themselves demand only those computers, which have Intel microprocessors.

5-S MODEL FOR INDUSTRIAL BRANDING

Based on the above study, a '5-S' model for branding industrial products is being proposed (Refer to Figure 1). These five 'S' are extremely important for the successful positioning of any industrial brand.



- ✿ **S1 - Skill** : It relates to skills and competencies of the sales person in resolving the technical queries of the customers. A qualified and trained salesperson can help in promoting the brand considerably.
- ✿ **S2 - Service** : Pre-sale and after sales service is extremely important in satisfying an industrial customer. A satisfied customer can be the best brand ambassador and opinion leader for a product.
- ✿ **S3 - Solution** : It involves attending to the specific requirement of the customer and providing him the required solution (product or service) within a reasonable time period and cost.
- ✿ **S4 - Socialize** : Developing personal contacts and maintaining informal association with the buying organization members can help in long term growth of the brand. It is very important for the marketers to socialize not only with the customers, but also with other stakeholders, including channel members and vendors.
- ✿ **S5 - Standard**: Firms must establish its quality standards, product technology requirements & ethical norms to be followed and must sincerely adhere to them. By achieving agreed commitments, a firm can earn enough trust and loyalty for the brand.

SCOPE FOR FURTHER RESEARCH

- ✿ To study how to position the same product brand in different customer segments.
- ✿ To find out what is more important for a customer - Product brand or manufacturer's brand.
- ✿ To explore customer's perception about the quality and performance of different product offerings of an established corporate brand.

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