



Strategic Direction

Boosting the financial performance of B2B SMEs: Why brand orientation can pay dividends

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Boosting the financial performance of B2B SMEs

Why brand orientation can pay dividends

Brand orientation in a B2B context

Any mention of the word 'brand' overwhelmingly conjures up thoughts of consumer markets. By extension, it's relevance within the business-to-business (B2B) sector is often regarded as minimal at best.

Such assumptions are way off the mark though. Armed with suitable strategies and mechanisms, B2B operators can utilize branding as an effective means of delivering value to their customers. Successful branding in this context enables firms to reap benefits from such as charging premium price and launching brand extensions. Hence, a significantly positive impact on both business and financial performance is a realistic possibility.

A brand-oriented approach is required to get the ball rolling. Indeed, product homogeneity, market integration and soaring media costs arguably compel firms towards greater emphasis on branding. With brand orientation, the brand becomes the very essence of the firm. It influences organizational culture and shapes company values and future direction. Developing and enhancing a distinctive brand identity is fundamental to brand orientation.

The importance of internal branding

Of course, any ambition to make branding part of an organization's DNA is heavily reliant on employee input. Workers in the firm have a critical part to play and must effectively become brand ambassadors. Consistency is the name of the game to ensure that people at all levels are cognizant of branding and its relevance to the company. To have the desired effect, internal branding should be comprehensive and include:

- use of available channels to connect with staff through different planned and spontaneous activities;
- appropriate and extensive employee training that includes regular workshops, exercises and other initiatives; and
- strong emphasis on the brand within employee recruitment and appraisal systems.

These processes help boost employee understanding and increase their support for brand-related activities. Given the predominance of one-to-one interaction within B2B settings, the contribution of employees cannot be overstated. Many firms recognize this and designate particular responsibilities to each individual.

Equally important is the scope of internal branding to ensure that congruence exists between brand and employee values. Alignment persuades employees to help create and then sustain customer belief in the brand's integrity.

How to build awareness

Communication is king in many contexts and this one is no exception. If anything, it is even more crucial since it must be effective both inside and outside the organization. Internal communication serves to reinforce employee knowledge about the brand, while information relayed externally generates greater awareness among different stakeholder groups. It also affords an opportunity to inform potential buyers about different characteristics of the firm's offerings.

Businesses should communicate using a range of formal and informal activities to get the meaning across. Advertising campaigns, worker uniforms and customer services are just some of the options open to them. The key factor is delivering messages that remain consistent and suitably coordinated across internal and external pathways. That way, brand-related information is more likely to be similarly interpreted by employees, customers, suppliers and other stakeholders involved.

Developing brand awareness is one of the most significant tasks of a brand-oriented approach. After all, how can any customer be expected to choose a particular brand if they don't know it exists? Communication thus helps create awareness among potential B2B customers by relaying information about key brand attributes. Awareness then builds up recognition and recall levels so that the brand name comes more readily to customer minds. This can result in a distinct advantage over competitors during the purchase decision-making process.

How brand values are communicated determines the creation of brand awareness. In this regard, businesses should engage in different promotional activities and positive word-of-mouth (WOM) to maximize the effect. Message consistency is again imperative because awareness doesn't usually happen overnight. Achieving recognition and familiarity must therefore be considered part of a longer-term approach. Making sure that the brand repeatedly does what its promises is another vital part of the package.

Brand credibility and its effect

People naturally trust entities they are more familiar with. Comparable logic applies where B2B brands are concerned. Any purchase involves risk to some extent but this is significantly mitigated when brand awareness is high. In such situations, industrial customers can be more confident in the choices they make. Another benefit is the lower cost of the information search that will invariably be less intensive for known brands.

Reputation is everything in the business world. It can take years to build yet be destroyed almost in the blink of an eye. The consequences are frequently disastrous, as many operators have found to their cost. Astute firms will no doubt be conscious of any threats and put measures in place to build, enhance and protect the credibility of their brand. High awareness levels obviously help. So does commitment across the entire organization to make sure the brand delivers what it says on the tin.

These sentiments are even more applicable for small and medium-sized enterprises (SMEs) operating in the B2B context. Many would-be industrial buyers tend to be skeptical about

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smaller concerns having the necessary capabilities and resources to meet their needs. Credibility can play a huge part in helping to alleviate such fears. Previous knowledge and experience heavily influences decision-making of customers within B2B settings. They are obviously inclined to stick with brands they feel confident about and can trust.

Ultimately, B2B companies should direct appropriate effort to each area of the branding process. Strong brand orientation serves to enhance internal branding and brand communication. Brand awareness and brand credibility can then be built and strengthened accordingly. The uniqueness of credibility makes it highly a valuable mechanism for reassuring customers of B2B SMEs by reducing their perceptions of risk. Increased likelihood of purchases and a positive impact on the financial well-being of such companies are thus feasible outcomes.

Comment

The review is based on: "How brand-oriented strategy affects the financial performance of B2B SMEs" by [Anees-ur-Rehman et al. \(2018\)](#), published in *Journal of Business & Industrial Marketing*. A focus on branding can positively impact on the financial performance of B2B SMEs. In this detailed piece, the authors advocate a brand-oriented strategy and identify key constructs and how the interaction between them leads to performance enhancement.

Reference

Anees-ur-Rehman, M., Wong, H.Y., Sultan, P. and Merrilees, B. (2018), "How Brand-oriented strategy affects the financial performance of B2B SMEs", *Journal of Business & Industrial Marketing*, doi: [10.1108/JBIM-10-2016-0237](#).

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