

# How B2B companies talk past their customers

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New research shows there's a surprising gap between the brand messages that suppliers offer to customers and what their customers really want to know.

Although the digital-marketing revolution's clearest ramifications and earliest impact may have come in the consumer arena, it's also roiling the world of business-to-business (B2B) brand building. Business customers, like consumers, engage with companies through search, online communities, and Web-based video, so these are potentially powerful tools for delivering B2B brand messages and amplifying their impact. Our research suggests a potential stumbling block, though: a marked apparent divergence between the core messages companies communicate about their brands and the characteristics their customers value most.

In our research, we examined publicly available documents of Fortune 500 and DAX 30 companies to develop a list of 13 themes and topic areas that companies use to position their brands. These were broad ranging, from the extremely practical (low prices) to the more elevated (corporate social responsibility). We then selected the top 90 global B2B companies by market

capitalization across six surveyed sectors.<sup>1</sup> We reviewed the public documents of the companies to verify how many of their brand messages were clearly linked to the 13 themes that emerged from the broader sample (3 of them didn't appear among the 90 companies). Then we assessed the degree to which the companies aligned their brand messages with the remaining 10 themes.

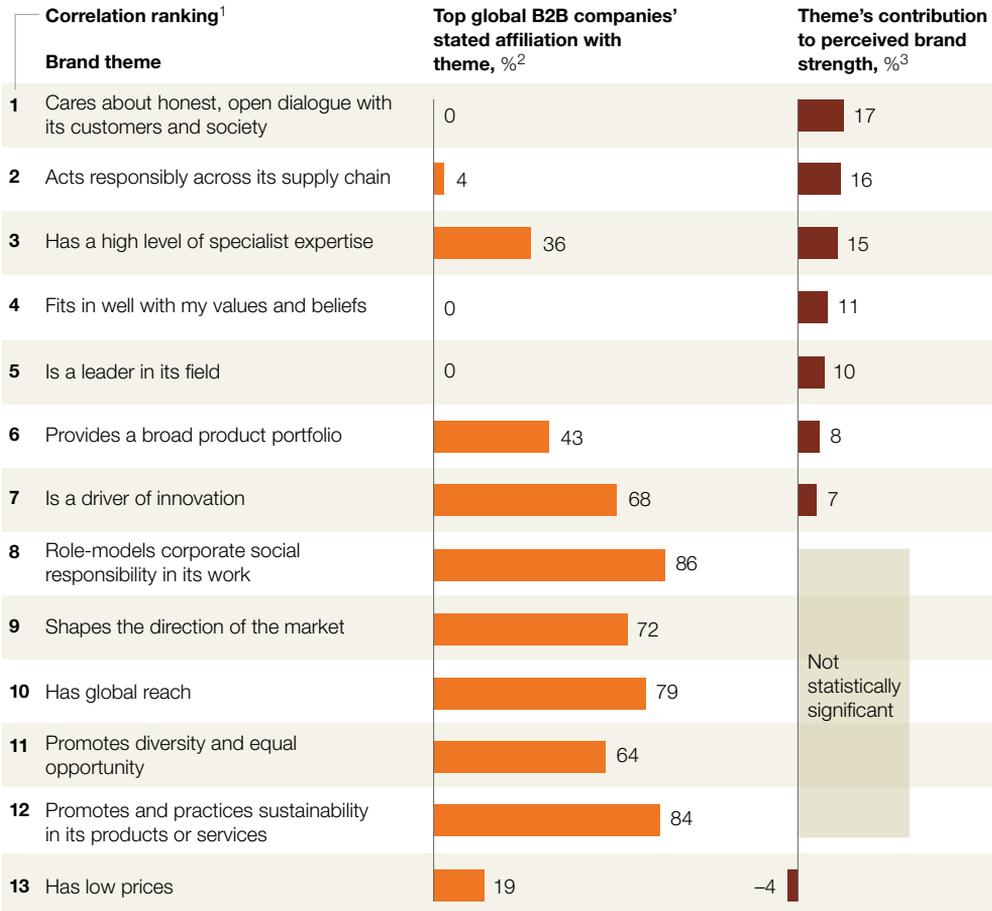
To discover how customers viewed these same themes, we surveyed more than 700 global executives<sup>2</sup> across the six sectors, asking how important each theme was to the way they evaluated the brand strengths of their primary and secondary suppliers. We used multiple regression analysis to determine the extent to which a theme influenced the correlation.

The results were revealing (exhibit). Themes such as social responsibility, sustainability, and global reach, which many B2B companies cast in a leading role for brand imaging, appeared to have a minimal influence on buyers'

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## Exhibit

**The themes that many B2B companies consider important for brand imaging appear to have minimal influence on buyers' perceptions of brand strength.**



<sup>1</sup>Correlations statistically significant at  $p < 0.1$ .

<sup>2</sup>Top 90 companies from 6 sectors by 2012 market capitalization.

<sup>3</sup>Coefficient's explanatory power on perceived brand strength expressed as a percentage; analysis based on 704 global executives' ratings of the brand strength of their primary and secondary suppliers; figures do not sum to 100%, because of coefficients that are not statistically significant.

Source: 2012 McKinsey B2B branding survey of 1,408 global executives; McKinsey analysis

perceptions of brand strength. The inverse was true, as well: two of the most important themes for customer perceptions of brand strength—effective supply-chain management and specialist market knowledge—were among those least mentioned by B2B suppliers. Honest and open dialogue, which customers considered most important, was one of the three themes not emphasized at all by the 90 companies in our sample. In addition to these disconnects, our analysis showed a surprising similarity among the brand themes that leading B2B companies emphasized, suggesting a tendency to follow the herd rather than create strongly differentiated brand messages.<sup>3</sup> Here are three questions whose answers may point to opportunities for improvement.

### **Are you telling the same story as your competitors?**

Given the prevalence of similar messages, this is an important checkpoint for many companies. For example, if both you and your rivals claim that your (and their) products derive from renewable sources, this probably won't move the needle when customers consider your brand. Contrast that with IBM's Smarter Planet branding effort, which tells a story emphasizing the company's special capabilities in the digital economy and guides not just external communications but also product development and other forms of employee engagement.

### **Does your sales force say it is facing headwinds?**

Even in the digital era, our surveys show that personal interactions with sales reps remain the most influential factor—across touch points—for B2B customers.<sup>4</sup> That makes salespeople a great source of information about the degree to which customers see your products as differentiated or worth a premium. Have an honest dialogue with your sales staff. If you hear about consistent pushback on pricing or an inability to articulate a compelling argument for the value of your products, you've got a problem. It could be your product or service, of course. But it also may involve disconnects between what your customers value and the messages you send them in your broader (digital and more traditional) marketing activities. Use your sales force to inform these strategies. Leading companies make extensive use of frontline interaction and market research to stay in tune with customer needs and perceptions. For example, Hilti, a maker of professional construction tools, has its salespeople do double duty as distributors and hands-on market researchers at customer construction sites.

### **Do you deliver your brand in a consistent way?**

Especially at a time when opportunities to deliver brand messages are proliferating as never before, consistency is crucial. If anything, today's

increasingly fragmented environment calls for a more disciplined communication of values and messages across a wider range of channels, including some quite traditional ones, for a longer period of time. DHL's rebranding effort after its acquisition by Deutsche Post is one example. More than a hundred planes, tens of thousands of trucks, and countless uniforms were repainted or replaced to boost brand visibility. Internal company-wide training was designed to turn employees into brand ambassadors, and a set of binding rules for corporate identity and design govern all campaigns and materials.

Don't mistake consistency for inertia, though: changes in the market environment should influence brand-messaging priorities. To stay abreast of market shifts, American Express, for example, created Open Forum, a virtual platform that helps small-business owners connect with the company and with one another. Amex acts as an adviser, helping its small- and midsize enterprise customers understand the constant variations in the retail marketplace—and learning, in the process, how it can best differentiate its own offerings. Consistently gathering information such as this and evolving in response are valuable ways of closing any gaps that may be opening up between your brand messaging and your customers' needs. ◉

<sup>1</sup> The selected companies were publicly traded, with dominant share deriving from B2B activities. These 90 companies (by 2012 market cap) compete in six sectors: banking and insurance; machines and components; utility services; IT-related products and services; chemicals, commodities, and basic materials; and telecommunications products and services. The survey questionnaire also included a seventh sector, logistics services, which had to be excluded from this analysis as a result of insufficient answers for brand-strength ratings.

<sup>2</sup> Executives chosen for the survey, conducted in mid-2012, had a substantial influence on the choice of their companies' suppliers.

<sup>3</sup> In additional research, we found that companies with brands that survey respondents considered strong often had higher EBIT (earnings before interest and taxes) margins than those with weaker brands.

<sup>4</sup> Face-to-face and phone contact with sales representatives ranked highest among B2B customers considering, evaluating, and purchasing products, as well as in product-loyalty decisions. This was true across all industries and regions in our sample.

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