

BRAND WORLDS IN INDUSTRIAL MARKETING



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BENJAMIN ÖSTERLE

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Prof. Dr. Ir. J. Henseler

and the Co-supervisor
Prof. Dr. M. M. Kuhn

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SUMMARY

In today's world, brands are one of the most valuable, intangible assets for companies (Kotler & Pfoertsch, 2006). They are ubiquitous and serve several important functions (see for example Kapferer, 2012; Keller, 2013). While in earlier days the relevance of brands was perceived to be limited to consumer markets, nowadays, despite the important role of functional and rational aspects in organizational buying decisions, "branding is just as relevant in B2B as it is in B2C" (Kotler & Pfoertsch, 2006, p. 12). This can be traced back to the pressures of commoditization, growing customer power, globalization, price, and a decreasing number of personal relationships originating in digital communications (Baumgarth & Schmidt, 2010; Keränen, Piirainen, & Salminen, 2012; Kotler & Pfoertsch, 2007; Leek & Christodoulides, 2011b; Mudambi, Doyle, & Wong, 1997; Walley, Custance, Taylor, Lindgreen, & Hingley, 2007). In this environment, where reliability, functionality, and the quality of products are now assumed as minimum requirements (Lynch & de Chernatony, 2007), even in the industrial field branding may represent one of the last means by which companies can create a sustainable competitive advantage (Ohnemus, 2009). Therefore, many industrial companies invest in their brands, and in fact some of the most valuable brands today are B2B brands, such as GE, Cisco, or IBM (Interbrand, 2018). Yet, B2B branding research is still considered relatively novel (B. P. Brown, Zablah, Bellenger, & Donthu, 2012; Gomes, Fernandes, & Brandão, 2016; Keränen et al., 2012; Leek & Christodoulides, 2011a, 2011b; Mohan, Brown, Sichtmann, & Schoefer, 2018; Seyedghorban, Matanda, & LaPlaca, 2016), and especially knowledge on the tactics of actually building and managing brands in this context is scarce (Lindgreen, Beverland, & Farrelly, 2010).

Meanwhile, industrial marketing practitioners lean on the further developed area of consumer branding, and transfer and implement several brand building instruments and tactics to the B2B area. One of the most powerful instruments of branding in consumer marketing, also called "the apex of branding" (Dolbec & Chebat, 2013, p. 460) or the "home of the brand" (Moore, Doherty, & Doyle, 2010, p. 153), are brand worlds. These permanent physical spaces, such as brand museums (e.g. the Mercedes-Benz Museum), flagship stores (e.g. the Apple flagship stores), or brand lands (e.g. the Heineken Experience or the VW Autostadt), use experiential marketing techniques to provide their visitors with emotion-laden, extraordinary, strong, and memorable branded experiences, much stronger than regular advertising (Borghini et al., 2009; Zarantonello & Schmitt, 2013). Recently, more and more of these spaces have also been implemented in the industrial area. One can for example find the Mack Trucks Customer Center, the John Deere Pavilion, the Caterpillar Visitors Center, the Customer Experience Centers of General Electric and Honeywell Process Solutions, and the Automation and Power Center of ABB in the US. In Europe, there are for example the Innovation Center of logistics provider DHL, the Stahlwelt of Austrian steel producer Voestalpine, or the Brand Stores and Flagship Stores of power tool manufacturer Hilti. In Asia, the Mitsubishi Minatomirai Industrial Museum can be found.

Given the traditionally more rational and functional approaches in organizational buying and the nuances of branding in B2B, this might at first seem counterintuitive. In fact, some of the experiential marketing tactics based on fantasies, feelings, and fun, might not only be ineffective, but even counter-productive in industrial markets (Rinallo, Borghini, & Golfetto, 2010). And in contrary to their counterparts in consumer marketing, there is so far no evidence for the effectiveness of such experiential marketing instruments in the industrial area (Rinallo et al., 2010). In order to allow for a conscious and targeted use of the, on the one hand potentially very powerful, and on the other hand potentially counter-productive, branding instruments of brand worlds for the strategies and tactics of brand building in industrial markets, the central purpose of this work is therefore to answer two primary research questions:

RQ1: Do brand worlds also work in industrial marketing?

And, if so:

RQ2: How do brand worlds work in industrial marketing?

Answering these questions with respect to these carefully designed physical artifacts can be seen as the last, crucial step of the design science research process: testing and evaluating whether a design or artifact actually ‘works’, i.e. whether it is effective in solving a problem (van Aken, Chandrasekaran, & Halman, 2016). Furthermore, understanding ‘how’ it works subsequently allows for further improvements of the design and its implementation (Holmström, Ketokivi, & Hameri, 2009; G. G. Meyer, Buijs, Szirbik, & Wortmann, 2014; Peffers, Tuunanen, Rothenberger, & Chatterjee, 2007; van Aken et al., 2016). To provide these information, several steps are taken.

As a first inquiry into experiential marketing and brand worlds in business markets, a thorough understanding is needed of what these instruments are, what characterizes them, and whether these characteristics could be transferred to the industrial marketing area. Due to a lack of research on brand worlds in industrial markets, a systematic literature review on brand worlds in consumer markets is conducted, and the findings are mirrored to the B2B realm.

Subsequently, in order to allow for the investigation whether brand worlds are effective in achieving an intended outcome, this intended outcome must first be known. Therefore, the goals and motives of brand worlds in B2B, as well as the expectations and value derived from a visit of B2B visitors are identified in the next step, by means of qualitative expert interviews with operating companies, business visitors, and exhibition designers. Next to providing first qualitative support for their effectiveness in branding, this exploratory step also provides crucial information on what the B2B brand world consists of, and how it works on a micro-level in co-creating experiences. Additionally, based on these information, the differences between brand worlds in B2C and B2B are delineated.

The subsequently developed theoretical framework links recent findings on customer experiences and brand experiences, and conceptualizes the overall brand experience as dynamic (Andreini, Pedeliento, Zarantonello, & Solerio, 2018; Kranzbühler, Kleijnen, Morgan, & Teerling, 2018; Lemon & Verhoef, 2016). This allows for its measurement across multiple individual touchpoints and stages, and thus for the investigation of the effect of the experience at one individual touchpoint on the overall brand experience.

Lastly, to quantitatively investigate whether a visit to a B2B brand world increases the levels of the crucial branding outcomes of brand experience and brand equity, i.e. whether brand worlds work in industrial marketing, a pretest-posttest quasi-experimental study is conducted at a B2B brand world. This step also shows how the brand world works on a macro-level from an experiential marketing perspective, by analyzing how the co-created brand world experience relates to pre-visit and post-visit brand experience and brand equity in a nomological net, using partial least squares structural equation modeling.

In summary, the research conducted within this dissertation shows that brand worlds work in industrial marketing, and that they can help to build brand equity.

Looking at how this instrument works in B2B, a core difference between B2C and B2B brand worlds is, that B2B visitors expect more functional than hedonic benefits, and the visit has to support them in their own business activities. Yet, emotional and more hedonic factors do also play a role.

On the micro level, the experience at a brand world itself is co-created by the operating company and the visitor. On the one hand, the B2B brand world experiencescape reflects the company's contribution to this co-creation. It is the manifestation of the contents that the company wants to convey in the brand world in physical artifacts and spaces, and in social environments and practices. On the other hand, the embodied cognition of the B2B brand world reflects the visitor's contribution to how he perceives and interacts with the affordances provided within the B2B brand world experiencescape, and thus how he experiences it. Through their actions and perceptions on these affordances, the visitors interact with and influence both the physical artifacts and spaces, as well as the social environment. These perceptions of and interactions and relationship-building processes with subjects (i.e. the brands employees), as well as the interactions with, perceptions of, and immersion in the physical environment leads to further engagement, a personalization and co-production of the B2B brand world experience, and facilitates learning and relationship-building in the brand world. It is how the B2B brand world experience itself, and the value in it for both parties, is co-created.

On the macro level, this experience at the B2B brand world is influenced by previous brand experiences. Yet, it is not influenced by levels of pre-visit brand equity. In a complementary mediation, the brand world experience itself in turn influences post-visit brand equity directly and indirectly through post-visit brand experience. The total effect of this experience co-created at the brand world on post-visit brand equity amounts to more than half of the size of the effect of pre-visit brand equity on post-visit brand equity. This means that if the visitor was unaware of the brand, had negative associations with the brand, perceived it as being of low quality, or was disloyal to the brand prior to the visit, one single visit to a B2B brand world can compensate for half of these possible preconceptions with respect to the visitors post-visit brand equity evaluation. On the other hand, it also means that visitors who have high levels of brand equity prior to the visit do not necessarily also have a great experience at the brand world. If the visitor is in fact disappointed by the experience at this individual touchpoint, it can also have a negative effect on his levels of post-visit brand experience and brand equity. Thus, to reap the potential benefits of brand worlds in industrial marketing, operating companies

have to fulfill, if not exceed, the expectations of their visitors. This calls for careful management and an individualization of the brand world experience to each B2B visitor's needs, and is in line with the findings in this thesis about the importance of individualization and the creation of a visit that is relevant for the business visitor in that it supports him in his business activities. The differences between brand worlds in B2C and B2B described in this thesis provide further information for their implementation in practice.

To conclude, brand worlds in industrial marketing, the 'living rooms' of B2B brands, might not only be the apexes of branding in B2C, but also in B2B.