CHAPTER 5

MANAGING BUSINESS-TO-BUSINESS SERVICE BRANDS

Donna F. Davis, Susan L. Golicic and Adam Marquardt

ABSTRACT

The failure to manage the firm's brand successfully with trading partners is a potentially fatal obstacle to success in today's hypercompetitive global economy. Strong brands serve as an important point of differentiation for firms, assisting customers in their evaluation and choice processes. Considerable research exists on the branding of consumer goods, and the literature on business-to-business (B2B) brands and service brands is increasing. However, research on branding in the context of B2B services is relatively sparse. This paper integrates research in B2B brands and service brands to explore B2B service brands. The paper reports a multiple methods study of brands and brand management in the logistics services industry as a specific case of B2B service branding. The study addresses two research questions that are relevant for B2B service brands. First, how are brands perceived when the customer is an organization rather than an individual? Second, how do brands differentiate intangible offers that customers often consider as commodities? The first study reports data collected in an exploratory investigation comprised of depth interviews with representatives of logistics services firms and customers. The study supports the extendibility of Keller's

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brand equity framework into the B2B services context. The second study tests the framework using data collected in a mail survey of logistics service providers and customers. Results suggest that brands do differentiate the offerings of logistics service providers and that brand equity exists for this commodity-like B2B service. However, findings reveal differences in perceptions between service providers and customers. Specifically, brand image is a stronger influence on customers' perceptions of service providers' brand equity, whereas brand awareness is a stronger driver of the service providers' perceptions of their own brand equity. The paper discusses implications of these differences for managing B2B services.

INTRODUCTION

Firms around the world are entering a new era of global network competition (Achrol, 1997; Achrol & Kotler, 1999). In this business environment, effective business-to-business (B2B) relationships are essential to the survival and success of the enterprise; however, acquiring and maintaining profitable relationships is becoming increasingly difficult. Many companies are responding to economic pressures by engaging new trading partners in regions of the world with lower cost structures. At the same time, firms are rationalizing their supplier bases to realize cost savings by doing business with fewer vendors (Dorsch, Swanson, & Kelley, 1998). As a result, competition is intensified and long-standing B2B relationships are in jeopardy as firms struggle to secure profitable positions in global trading networks. Marketing scholars suggest that under these conditions the failure to manage the firm's brand successfully with trading partners is a potentially fatal obstacle to success (Shocker, Srivastava, & Ruekert, 1994).

This caution is particularly relevant for firms that provide B2B services. The services sector is increasingly important to the global economy, accounting for more than two-thirds of developed economies' GDPs (Lovelock, Vandermerwe, & Lewis, 1999). Indeed, marketing scholars argue for adopting a service-dominant (S-D) logic that recognizes the centrality of services to market offers (Vargo & Lusch, 2004). While a significant body of research exists to inform branding of tangible goods, the number of services branding studies is relatively small. Similarly, the preponderance of brand research focuses on consumer brands, with little attention to brands in the context of B2B exchange. The aim of this study is to address this gap in the literature by exploring the nature of B2B service brands.

The following section provides a brief overview of brands and brand equity. The next two parts review the literature related to B2B brands and service brands. The subsequent discussion of B2B service brands integrates these two streams of research. The paper then presents and discusses an exploratory, multiple methods study of brands in the logistics services industry as an illustrative case of B2B service branding. The chapter concludes with implications for brand managers and directions for further research.

BRANDS AND BRAND EQUITY

The practice of branding has endured for centuries as a method for distinguishing the goods of one producer from another, exemplified by the rancher's symbol burned into the hides of livestock, the medieval silversmith's trademark on the base of a candlestick, or the sixteenth-century distiller's name burned on a whiskey barrel (Farquhar, 1989). These are examples of *brands* as defined by the American Marketing Association (2008): "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." Brands distinguish the firm's offer from competitors' products in the marketplace by linking the product with an abstract representation (e.g., name, term, design, or symbol) in the minds of customers. Aaker (1996) describes the brand as a "mental box" where customers file information relating to the brand and accumulate evaluations of the brand.

Although branding has played a role in commercial trade for centuries, brand management rose to prominence in building competitive advantage during the twentieth century (Aaker, 1991). As Low and Fullerton (1994) note in their examination of the evolution of the brand manager system, marketing scholars often view the introduction and adoption of the marketing concept in the 1950s as the beginning of the second "Golden Age" of brands. Fueled by the economic boom following World War II, "an explosion of new products, soaring demand for national brands, and the impact of television advertising increased the importance of brands" (Low & Fullerton, 1994, p. 181). Anthropologist John Sherry (1987) describes the prevalence of brands in twentieth century America as living in a rich "brandscape."

Ultimately, the goal of brand management is to build brand equity. Various marketing scholars define brand equity in financial or behavioral terms, from both the seller's and customer's viewpoints. Farquhar (1989, p. 7) offers a broad definition that subsequent scholarly work often cites. He defines brand equity from the seller's point of view as "the added value with

which a given brand endows a product.'' This definition could apply to the value realized by the seller or to the value perceived by the customer. However, Farquhar clearly states the measure of brand equity should be the incremental cash flow that accrues to the seller from associating the brand with a product. While he briefly considers the consumer's perspective of brand equity, reflected as an increase in attitude strength for a product, he advocates the measure of brand equity as incremental cash flows to the firm ''because attitude strength is a major determinant of product purchase behavior'' (Farquhar, 1989, p. 8). Following Farquhar (1989), several authors define brand equity as the added financial value realized by the seller and recommend calculations of incremental cash flows to measure brand equity (e.g., de Chernatony & McDonald, 1998; Simon & Sullivan, 1993; Swait, Erdem, Louviere, & Dubelaar, 1993).

Aaker (1991, p. 15) includes the value to customers in his definition of brand equity: ''A set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers.'' He defines five categories of brand assets that capture a mix of the customer's and the seller's viewpoints: (1) brand loyalty, (2) brand awareness, (3) perceived quality, (4) brand associations, and (5) other proprietary assets. Based on these categories, Aaker proposes a set of management guidelines for measuring and managing brand equity by benchmarking and monitoring each type of brand asset.

Building on Aaker's work, Keller (1993) develops the behavioral concept of customer-based brand equity (CBBE), which he defines as ''the differential effect of brand knowledge on consumer response to the marketing of the brand'' (p. 8). According to Keller, the advantage of his CBBE concept over Aaker's conceptualization of brand equity is that the CBBE framework ''is based on a more detailed and fully articulated conceptual foundation'' that provides brand managers with a better understanding of how to build and manage brand equity (Keller, 1998, p. 625). Like Aaker's framework, Keller's conceptualization of brand equity includes brand awareness as a fundamental component. However, Keller incorporates Aaker's other brand assets – brand associations, perceived quality, and brand loyalty (which Keller calls brand attitude) – into the higher-order concept of brand image. Thus, Keller proposes brand awareness and brand image as the two elements of brand knowledge, the central construct in the CBBE theory.

Although conceptualizations of brands and brand equity vary, differences in definitions do not distinguish product branding from services branding or B2B brands from consumer brands (de Chernatony & Segal-Horn, 2003; Webster & Keller, 2004). Instead, the execution of brand strategy sets B2B

service brands apart from product brands and consumer brands. The evolution of the concept of brand equity from a seller-based phenomenon to include a customer-based perspective is particularly relevant to understanding B2B service brands. The following discussions of B2B brands and service brands consider the implications of this development.

B2B BRANDS

Webster and Keller (2004, p. 388) assert that, while "virtually all discussions of branding are framed in a consumer marketing context," the conclusion that branding is not as important and valuable to B2B marketers as it is to consumer marketers is wrong. Compared to research on consumer brands, brands in B2B contexts receive little attention. However, a growing body of evidence supports the importance of brands and brand management for marketers of B2B goods across multiple industries.

In an early exploration of branding for commodity industrial products, Sinclair and Seward (1988) examine the effectiveness of product brands for reconstituted wood structural panels, a product used in construction. Although they find that product brands tend to confuse customers in this industry, they propose that promoting a brand associated with a manufacturer's corporate image could be a profitable strategy. Shipley and Howard (1993, p. 65) report that brand names are widely used by industrial goods manufacturers in the United Kingdom and are "very important to manufacturers of industrial products." Gordon, Calantone, and di Benedetto (1993) apply Aaker's (1991) brand equity framework in their study of the evolution of brand equity in the electrical components industry. They find evidence for brand equity in the form of increased purchase frequency, higher quality perceptions, greater brand loyalty, and increased brand extensibility. Study participants report that brand loyalty, a dimension of brand equity, is strong and enduring in this industry with 96% of a buyer's purchases attributed to only two brands. In a study of the industrial buying process for precision bearings, Mudambi, Doyle, and Wong (1997) find that risk and performance play critical roles in the buying decision, both of which are cues provided by a brand. They conclude that developing a relationship with the supplying company is critical to brand development.

A key characteristic of B2B brands highlighted in these studies is that brand equity accrues to the firm brand rather than to a product brand. This finding is consistent with the prevailing focus in organizational buying on establishing long-term relationships with a relatively small group of

well-known suppliers that consistently deliver high-quality goods and services. Thus, to a significantly greater degree than is the case with consumer brands, the quality of buyer–seller relationships is a fundamental component of a seller's B2B brand (Webster & Keller, 2004).

Another important characteristic of B2B brands that this research reveals involves the complexity of the B2B purchasing process. In their seminal work on buyer behavior, Webster and Wind (1972, p. 2) examine the theoretical foundations of organizational buying behavior, which they define as "the decision-making process by which formal organizations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers." This definition draws attention to two key dimensions of organizational buying that are relevant to B2B brand management: (1) the actors in the exchange and (2) the nature of the exchange.

First, the actors in B2B exchanges are formal organizations. As such, the buying process is very complex. Members of the customer's firm who participate in the buying process comprise the buying center (Johnston & Bonoma, 1981; Webster & Wind, 1972). The number of members in a buying center varies, and members' roles often shift depending on the buying task and the stage of the decision-making process. Several individuals may fulfill the same role, and an individual may play more than one role as the buying task unfolds. Depending on a variety of factors, a buying center has a minimal or extensive set of relationship connections with a supplier (Cannon & Perrault, 1999). Hence identifying the relevant members of the buying center, understanding their needs and motivations, and discerning the decision-making process add considerable complexity to understanding the target market for a B2B brand.

Second, the volume of exchange and concentration of power in B2B exchanges differ greatly from individual or household buying situations. Buying firms face serious disruptions if selling firms fail to meet expectations, and selling firms typically rely on a handful of key customers for a significant portion of their revenues. This situation produces high levels of interdependence among trading partners. Interdependence defines B2B exchange as not only the consideration and choice of products and/or brands, but also the selection of a trading partner with whom the firm will engage over time. Pure, discrete transactions – building blocks of the microeconomic theory of market exchange – are rare in B2B exchange (Day, 2000; Dwyer, Schurr, & Oh, 1987; Weitz & Jap, 1995; Wilson, 1995). Thus, B2B brand managers face the dual task of delivering value not only in the product, but also in the customer relationship.

SERVICE BRANDS

Like B2B brands, service brands attach more often to the parent firm than to an individual service (Berry, 2000). The quality of the service, the people standing behind the service, and the value of the supplier/customer relationship determine the strength of a service brand (Berry, 2000; McDonald, de Chernatony, & Harris, 2001). Service brands assure customers of a consistent, uniform level of service quality, thus reducing decision-making uncertainty and providing a point of competitive differentiation for service providers (Berry, 2000). For service firms, brand management aims to associate the brand with attributes valued by customers. When executives successfully identify areas of customer-desired value, integrate these values into the brand's value proposition, and effectively communicate the brand's value proposition, customers are more likely to consider and purchase the brand (Keller, 1998; Romaniuk, 2001).

Unlike branding for tangible goods, the value delivery system for service brands actively involves customers. Thus, quality perceptions consist of *what* customers receive (the technical outcomes) and *how* they receive the service (the service process) (de Chernatony & Segal-Horn, 2003). Firms implement branding activities such as employee training and technical support to assure consistent service delivery outcomes. Service process branding activities focus on recruiting employees whose values align with the organizational culture and who possess a commitment to behaving in ways that support the brand. A fundamental difference between managing service brands and product brands is that service employees primarily deliver the service brand promise, whereas a physical product primarily delivers the product brand promise. Thus, successful service brand management requires a coherent internal and external communication strategy to ensure brand consistency across service personnel.

As stated previously, the purpose of brand management is to generate brand equity through meaningful differentiation by linking the brand to an abstract concept (e.g., name, term, design, or symbol) in ways that increase the brand knowledge held by customers. Hence, two foundational assumptions of brand management are that (1) customers have the ability to perceive differences and (2) they will have differential responses to differentiated offerings. These assumptions immediately raise questions for brands in the B2B services context. First, how are brands perceived when the customer is an organization rather than an individual? Second, how do brands differentiate intangible offers that customers often consider as commodities? The following section considers these questions in exploring the nature of B2B service brands.

B2B SERVICE BRANDS

Following Webster and Keller (2004, p. 389), this paper conceptualizes a B2B service brand as a psychological construct: ''The brand surrounds a product or service with meaning that differentiates it from other products or services intended to satisfy the same need.'' Thus, the brand is a valuable, intangible component of the B2B service firm's offer that ''must be managed carefully so that its meaning is preserved and enhanced, and so that customers form strong bonds as a result.'' The two components of the psychological meaning of a brand are brand awareness and brand image.

Brand Awareness

Brand awareness is the customer's ability to recognize and recall the brand under different conditions (Aaker, 1996). Building brand awareness is a long-term process that contributes to increasing brand knowledge, favorability, and sales over time (Keller, 1993). Customers are more likely to include brands with higher levels of awareness in their consideration sets and subsequently select and value those brands, compared with unknown brands (Aaker, 1991; Gordon et al., 1993).

Perhaps the most fundamental element of brand awareness is the brand name. A brand name provides symbolic meaning that promotes customer recognition of the B2B service provider and assists in predicting the service outcome (Herbig & Milewicz, 1993; Janiszewski & Van Osselaer, 2000; Turley & Moore, 1995). For example, nearly all shipping customers can identify FedEx as the provider of reliable overnight delivery service, because the name, FedEx, now means overnight delivery in everyday language.

For many B2B service providers, the company name is the brand. Several challenges arise for brand managers when the brand is the company name. The company name may not be one that is particularly memorable or distinctive (e.g., Jones Trucking). The name may reflect attributes of the firm instead of communicating customer benefits (e.g., Northwest Marketing Resources). If customers have no experience with the service provider, they have no associations to draw on that aid in recognition and recall.

Firms also realize advantages to having the brand associated with the company name, rather than a product line. Brand loyalty is more global in nature when the brand is associated with the firm, extending across all the firm's product lines (Gordon et al., 1993). Global brand loyalty increases

brand awareness with comparatively less investment by generating positive reactions to new product introductions.

Brand Image

Brand image consists of the attributes and benefits associated with a brand that make the brand distinctive and, thereby, differentiates the firm's offer from competition in ways that provide a comparative advantage (Webster & Keller, 2004). In a B2B services context, every interaction between a firm and its stakeholders becomes an input to brand image. A service brand communicates a commitment to provide a certain kind of experience for customers. Thus, B2B service firms should clearly articulate a desired value proposition, and everyone in the organization must understand the importance of consistently performing to customer expectations (Gombeski, Kantor, & Klein, 2002; Webster & Keller, 2004). In order to thrive, a B2B service brand must convey something profound about both the company and its service, and the message must resonate with customers.

B2B service firms employ a number of brand management strategies to enhance brand image. The brand image of a B2B service frequently centers on the firm's experience and reputation, which are often among a company's most valuable, but underused, assets (Aaker, 1996). For example, Cat Logistics, a spin-off of Caterpillar, Inc., claims to have "*The know-how that helped build the legend*." Empirical evidence supports the influence of a seller's reputation on the development of buyer–seller relationships and on buyer trust (Doney & Cannon, 1997). Buyer trust is the glue for the effective buyer–seller collaboration that is critical for B2B service firms (Selnes & Sallis, 2003). Strong relationships and mutual trust are key antecedents to performance, commitment, and satisfaction, which, in turn, influence customer perceptions of overall service quality and brand image (Berry, 2000; Singh, 2000; Zeithaml, Berry, & Parasuraman, 1996).

Adopting a strong customer orientation (Aaker, 1996; Wiedman, 2005) and an emphasis on creating customer-valued innovation enhance a B2B service firm's brand image (Cohen & Levinthal, 1990). For example, Cat Logistics strengthens their brand image as the global leader in customer value by leveraging and continuously improving customer-support capabilities. A customer-centric service brand image serves as the foundation for building long-term, trust-based relationships by enabling customers to better visualize and understand a service offering, thereby reducing customers' perceived monetary, social, or safety risk (Berry, 2000).

In consumer markets, firms typically build brand awareness and brand image through heavy expenditures in advertising, promotion, and distribution. In contrast, B2B firms develop brand awareness and brand image through personal contacts among boundary-spanning personnel who engage in buyer–seller relationships. Buyers are concerned about their organizations' economic welfare as well as their own personal desire to achieve recognition and rewards. While economic and functional benefits are central in an organizational buying situation, the emotional security of purchasing a brand with a strong, positive image also plays an important role in B2B exchanges (Webster & Keller, 2004). Some B2B service brands, exemplified by the Staples campaign, "*That was easy*," are positioned as choices that will make the buyer look good to upper management and colleagues. However, the employee looks good not only for choosing a trusted brand, but also for selecting a brand that actually delivers superior value for the organization.

The following sections present the results of an exploratory field study of B2B service brands conducted in the logistics services industry. The findings provide empirical evidence of the nature of B2B service brands.

LOGISTICS SERVICE BRANDS

This research employs a multiple methods research design to explore B2B service brands, specifically examining the logistics services industry. Logistics services (i.e., carriers, warehousing firms, and third-party providers) supply the infrastructure that is essential to global trade. During the latter part of the 1980s and the early part of the 1990s, firms across multiple industries adopted strategies that focused on building core competencies in order to compete in their respective markets. Focused business strategies led to increased outsourcing of logistics functions and generated a surge of new customers for logistics service providers. In response to higher demand, hundreds of thousands of firms entered the marketplace to provide logistics services. Studies show that customers typically engage a small number of providers for logistics services (Fuller, O'Conor, & Rawlinson, 1993; Gordon, 2003). Consequently, the industry is highly competitive with service providers routinely matching competitors' offers and reducing prices in order to attract and keep customers. Therefore, the potential to use brands to differentiate firms in this industry make the context ideal for exploring B2B service brands.

Research Design

Multiple methods research is a type of research in which a researcher, or a team of researchers, draws on data from more than one source and employs more than one type of analysis (Creswell & Plano Clark, 2007; Jacobs, 2005; Johnson & Onwuegbuzie, 2004). The present study uses a qualitative method (i.e., depth interviews with coding of emerging themes) followed by a quantitative method (i.e., mail survey with statistical analysis) in an initiation research design (Fig. 1). Researchers adopt an initiation design when they need to explore a phenomenon about which little is known. The two methods used in an initiation design have unequal weight; that is, the first method initiates the research and is secondary to the primary method used in the main study. Researchers conduct the steps sequentially, completing data collection, analysis, and interpretation from the first study before the second study begins.

Study 1

The first study consists of depth interviews with managers and executives of two carriers, two third-party logistics service providers, and one customer of these services. The interviewers assured informants of confidentiality, and the interviews averaged about one hour in length. Two trained researchers conducted the interviews using a semi-structured interview protocol and prompts, as necessary, to elicit rich descriptions of logistics service brands and brand management. They took detailed notes and independently coded the notes to identify themes. Inter-coder reliability for the emergent theme coding exceeded 90%, and coding discrepancies were resolved through discussion. A third researcher reviewed the resulting themes to assess their appropriateness.

The research team assessed data quality by applying standards for interpretive research that evaluates the trustworthiness of the data (Guba &

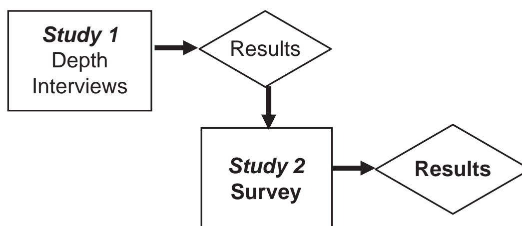

Fig. 1. Initiation Research Design.

Lincoln, 1989). The four criteria of the trustworthiness approach (i.e., credibility, transferability, dependability, and confirmability) correspond to the objective measures of rigor used in confirmatory, hypothesis-testing research (i.e., internal validity, external validity, reliability, and objectivity). Table 1 presents the four criteria along with the actions taken to address each criterion.

Study 1 Findings. Three themes emerged from the depth interviews. The first theme addresses the awareness of brands in the logistics services industry. The second theme describes the role of the customer's service experience in logistics service brands, and the third theme considers the allocation of resources dedicated to brand management.

The first and most evident theme emerging from the interviews is the importance informants placed on actively creating, developing, and managing their brands, with interviewees emphasizing, "Branding is critical." Informants described a strong, recognizable brand as a very important aid in customer decision making. One executive commented that

Table 1. Data Trustworthiness (Study 1).

Component	Description	Actions Taken
Credibility (internal validity)	Degree of match between the respondent's constructions and researchers' descriptions	Survey items were examined and confirmed by those interviewed. Conclusions from the interviews and the surveys converged.
Transferability (external validity)	Extent to which the study is able to make conclusions that can be applied to other contexts	Data were collected from respondents in various positions (analyst through senior executive level) representing different sized companies. The scope and boundaries of generalization are discussed in the conclusions.
Dependability (reliability)	Extent to which the data is stable over time	The interviews (introduction and questions) and the survey administration followed written protocols. The research questions were explained in the interviews to avoid confusion. All survey respondents received identical instructions. A third researcher reviewed all data interpretations.
Confirmability (objectivity)	Extent to which the findings represent the results of the inquiry and not the researchers' biases	The methodology was documented for the research team to follow at each stage. Written protocols were used. Multiple researchers were used at each stage of the research to minimize bias.

customers "want to see more [branding] – it helps them justify their choice of provider to management when the chosen company has recognition."

The interview team asked informants about their perceptions of the state of branding in the logistics services industry. The consensus among the executives was that although many firms recognize the importance of brands, most logistics companies do not actively manage their brands. They attributed the low level of brand management to a lack of understanding regarding fundamental marketing concepts and limited financial resources. They noted that the logistics firms with the strongest brands are also the firms with the highest levels of human and financial resources. All five informants mentioned FedEx and/or UPS when providing examples of logistics service providers that are successful at developing and managing their brands, stating that these two companies "have money, name recognition, and presence." One executive added that while a few, high-profile logistics service providers are exemplars, other providers are also "good at [developing] name recognition."

The second emergent theme concerns the critical role of the customer's service experience in the brand management process. Informants reported that the development of strong provider–customer relationships is central in building logistics service brands. One executive stated that branding "is a dynamic give-and-take process where customer relationships are critical." Another informant emphasized that customers need to know they can trust the service provider to listen to their wants and needs and to deliver consistently on their promises to meet customer expectations. The quality of provider–customer relationships determines customers' performance expectations, trust in the service provider, and overall experience with the service brand. Informants observed that consistent, high-quality service helps to achieve repeat business, which further strengthens the brand.

The level of resources needed for effective brand management is the final theme that emerged from the interviews. One executive repeatedly touched on his company's commitment to invest "substantial" firm resources in the development and promotion of its brand through employee training, advertising, and the creation of internal and external marketing materials. Another informant stressed the importance of establishing a continuous, internal educational process, adding that branding has to be part of the company's culture because "you brand every day, whether you think you are or not." Informants indicated that the willingness to invest resources in brand management varies markedly across the industry. An executive pointed out that many companies realize "it is important, but not important enough to spend money on." An informant emphasized, "It is expensive to do it [branding] right, but if you don't spend, you could still brand yourself

and it may not be the brand you want. It [the logistics industry] is a labor-intensive industry with thin margins. Spending on marketing is foreign. Historically any money is used to spend on equipment.''

Additionally, informants noted the negative impact of an uncertain economy on branding expenditures. One executive lamented, ''When times get tough [economically], people pull back marketing spending.'' A second executive added, ''Companies are slowing down branding efforts recently due to the economy. Marketing dollars have been dwindling over the last few years.'' The executives reported that while economic uncertainty presents challenges, uncertainty also affords opportunities for branding. They shared a belief that a committed effort to developing a strong brand pays dividends in the form of a better return on brand investments.

Descriptions of logistics service brands and brand management provided by participants in Study 1 provide insight into the two components of a B2B service brand: brand awareness and brand image. Informants reported the target of brand awareness activities to be not only customers, but also prospective employees and trading partners. One service provider noted that her company attracted high-quality employees and customers through advertising and other marketing efforts, such as the visual design elements and messages on their trucks. Although some service providers pay attention to brand awareness, informants agreed that, overall, logistics service providers invest very low levels of resources in building brand awareness.

Several informants noted that while quite a few service providers are ''pretty good'' at building name recognition, they are less competent in associating their names with a distinctive value proposition. Informants suggested that everyday operational processes build brand awareness, but that building a favorable brand image requires proactive marketing efforts. They noted that logistics service firms should improve their ability to translate brand awareness into a brand image that is meaningful for current and prospective customers.

Informants emphasized that creating superior customer experiences strengthens brand image. They pointed out that many logistics service providers fail to connect the dots between building brand awareness, developing a brand image that customers value, and building brand equity.

Study 2

Following the exploratory findings in Study 1, the second study employed a mail survey of logistics service providers and customers. The questionnaire included measures of brand awareness, brand image, brand equity, and open-ended questions to gather additional qualitative data. The research team

constructed the sampling frame for service providers from the carrier base of Transplace, a third-party logistics firm. The membership list of SMC^3, an organization that provides educational services and transportation technology for service providers and their customers, provided the sampling frame for customers. Target informants were senior managers with knowledge about their firms' trading partner relationships and brand strategies. To assure variation, the questionnaire asked customers to report perceptions of the brand of the logistics service firm represented in the most recent transaction.

Measurement. Items that measure brand awareness, brand image, and brand equity were adapted from Aaker's (1996) proposed measures of brand assets and Davis' (2003) study of brand equity in supply chain relationships (see the appendix for sample items). The questionnaire used five-point items to capture informants' demographic data, experience levels, and self-reported knowledge of key constructs. A subset of service providers and experts in branding and/or logistics reviewed the questionnaire. The research team administered a pretest at a logistics industry meeting to approximately 50 service providers. An exploratory factor analysis (principal component analysis with varimax rotation) conducted on responses from 25 individuals revealed three factors and, thus, resulted in no changes to the items for the final survey.

Data Analysis. Descriptive statistics summarize responses to the open-ended questions. Structural equation modeling using partial least squares (SEM-PLS) was employed to simultaneously estimate relationships among brand awareness, brand image, and brand equity for the two samples (Fig. 2). The research team chose SEM-PLS over SEM-ML (maximum likelihood) for two reasons. First, sample sizes were below the recommended minimum for SEM-ML. Second, observations were not independent because the same respondent answered questions for both the independent and dependent variables. SEM-PLS produces reliable results for sample sizes as low as 20, does not assume independence of cases, and does not require any two cases to have equivalent residual distributions (Chin, 1998; Chin & Newsted, 1999).

Study 2 Findings. A total of 1,341 surveys were mailed (672 service providers and 669 customers), and 53 of these were returned due to bad addresses. One hundred and forty-two service providers and 71 customers submitted complete questionnaires, providing response rates of 23% and 11%, respectively. A comparison of item responses across two survey waves revealed no significant differences, indicating that non-response bias was not a potential threat to the validity of the findings (Armstrong & Overton, 1977).

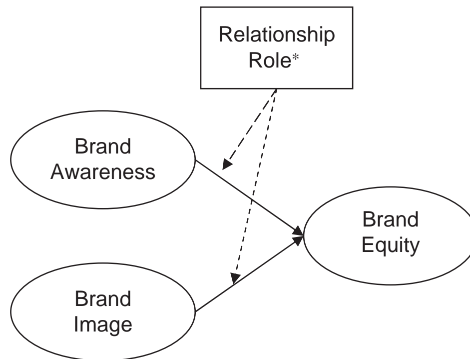

Fig. 2. Conceptual Model. *Relationship Role: Service Provider or Customer.

Demographics. Both service providers and customers represented small, medium, and large firms. However, the majority of customer respondents were larger firms (56% greater than \$100 million in annual revenue), whereas the majority of service providers were small- to medium-sized firms (66% between \$1 million and \$50 million). A correlation analysis revealed no significant differences in results based on firm size or any other demographic characteristic for either sample. Most of the informants held management positions (67% of service providers and 68% of customers), with fewer at the executive level (22% of service providers and 10% of customers) and the analyst or supervisor level (9% of service providers and 17% of customers). All respondents had at least one year of work experience in the industry, with 93% having at least 3 years of experience. Most service providers claimed to have high levels of knowledge of their firms' branding strategies (92%). Eighty-one percent of customers reported doing business for more than three years with the service provider in the most recent transaction, and 74% had personally managed the relationship for more than three years.

RESULTS

Measurement Model

Convergent validity was assessed by examining construct loadings and construct reliability (Peter, 1981). The examination showed that all construct loadings were significant ($p<0.001$) and above the recommended

0.70 parameter value, with the exception of one item on the brand image scale that was 0.66 for the service provider sample (i.e., ''Our customers can reliably predict how we will perform.''). This item is important to the theoretical domain of the construct and the study retains the item. Construct reliability was evaluated using two indices: composite reliability (CR) and average variance extracted (AVE). All of the estimated indices were above the recommended thresholds of 0.60 for CR and 0.50 for AVE (Bagozzi & Yi, 1988). Table 2 displays composite reliabilities, average variances extracted, descriptive statistics, and correlations for the constructs.

The test for discriminant validity compares the shared variance among indicators of a construct (i.e., AVE) with the variance shared between constructs (i.e., correlations). When the square root of AVE for the construct is greater than its correlations with other constructs, the construct meets the test for discriminant validity (Fornell & Larcker, 1981). Table 2 displays correlations between constructs and the square root for AVE for each construct. Reading down the columns and/or across the rows, the square root of AVE for each construct is greater than the correlations between constructs for both samples, meeting the test for discriminant validity.

Table 2. Descriptive Statistics, Correlations, and Validity (Study 2).

Construct	CR[b]	AVE[c]	Mean	S.D.	Correlations[a]		
					AWARE	IMAGE	EQUITY
Service providers							
Brand awareness (AWARE)	0.90	0.75	5.0	1.4	**0.87**[d]		
Brand image (IMAGE)	0.88	0.60	5.8	0.9	0.69	**0.77**	
Brand equity (EQUITY)	0.85	0.66	4.8	1.3	0.75	0.68	**0.81**
Customers							
Brand awareness (AWARE)	0.94	0.84	5.3	1.4	**0.92**		
Brand image (IMAGE)	0.92	0.70	5.1	1.1	0.71	**0.84**	
Brand equity (EQUITY)	0.82	0.60	4.2	1.2	0.65	0.75	**0.77**

[a] $p < 0.001$ for all correlations.
[b] Composite reliability.
[c] Average variance extracted.
[d] Square root of average variance extracted (AVE) on the diagonal in bold; correlations on the off-diagonal.

Structural Model

Explanatory power demonstrates the quality of SEM-PLS models, and evaluation of the squared multiple correlations (R^2) of endogenous constructs determines explanatory power. For the service provider sample, the independent variables explain 61% of variation in the level of brand equity (i.e., $R^2 = 0.61$). For the customer sample, the independent variables explain 59% of variation in the level of brand equity (i.e., $R^2 = 0.59$). Thus, the model demonstrates acceptable explanatory power for both groups.

Examination of the significance levels, direction, and magnitude of standardized estimates of paths provides evidence for relationships among brand awareness, brand image, and brand equity. All relationships are significant ($p < 0.001$). The findings support a positive relationship between brand awareness and brand equity for both service providers ($\beta = 0.54$) and customers ($\beta = 0.25$). Similarly, results show a positive relationship between brand image and brand equity for service providers ($\beta = 0.31$) as well as customers ($\beta = 0.57$).

Group Differences

The results reveal differences between customers and service providers in the effects of brand awareness and brand image on brand equity. For customers, the effect of brand image is significantly *greater* than the effect of brand awareness ($0.57 > 0.25$, difference $= 0.32$, $p < 0.001$). In contrast, the effect of brand image is significantly *smaller* than the effect of brand awareness ($0.31 < 0.54$, difference $= 0.23$, $p < 0.001$) for service providers.

Open-Ended Responses

The questionnaire for service providers contained a series of open-ended questions developed from the depth interviews conducted in Study 1 (see the appendix). Respondents generally associate their brands with customer service (76%), firm name (59%), and/or a person or logo (30%). Most (61%) claim that their biggest strength is in providing flexible, reliable, timely, and responsive service and that service is the cornerstone of their value proposition. Three-quarters of the respondents desire their brands to have an identity, with 63% saying the desired identity is "quality service."

Nearly one-third of service providers (31%) report that they actively manage their brands. Among firms in this subset, 78% (or 25% of the total) rely on internal marketing efforts for brand management. Respondents cite training employees on aspects of the brand as an effective means of promoting the brand internally, with 32% indicating that they do this. Among the firms that rely on employee training, only 59% (or 19% of the total) describe using a formal training program. Among the one-third of firms that engage in brand management, only 22% (or 7% of the total) employ external marketing efforts.

For the firms that actively manage their brands, 73% (or 23% of the total) claim that they realize a return on their brand investments. However, many of these do not explain how they evaluate such returns. Those respondents that do provide measures list the creation of new sales opportunities, increased brand awareness through better name recognition, and the attraction of talented employees. Only two respondents state that they are able to charge a premium price because of branding.

DISCUSSION

This study of branding in the logistics services industry provides insight into brands and brand management for B2B services. The findings provide evidence for the existence of brand equity in this commodity-like service industry. The test of the framework (Fig. 1) demonstrates the effects of brand awareness and brand image on brand equity, providing support for the conceptualization of brand equity as a psychological construct in the context of B2B services. Interestingly, results reveal differences in perceptions between customers and service providers. Specifically, brand image is a significantly stronger influence on customers' perceptions of service providers' brand equity, whereas brand awareness is a significantly stronger driver of the service providers' perceptions of their own brand equity. The following sections consider the implications of this difference.

First, informants in Study 1 stressed the importance of branding for logistics services, but observed that few service providers devoted the necessary resources to building either brand awareness or a favorable brand image. Findings in Study 2 confirm this observation with less than one-third of respondents reporting that they actively manage their brands. Firms that manage their brands rely heavily on employee training, with fewer firms engaging in external brand communications.

Second, the results suggest that experiential attributes are fundamental to developing a strong B2B service brand image. Consistent with informants' reports in Study 1, findings in Study 2 show that service providers are keenly aware of the significance of positive customer relationships to building strong B2B service brands. Throughout the course of the research, participants reiterated the role of customer relationships in brand management. Service providers stress the importance of having customers as the focal point of branding efforts with 63% reporting that their desired brand identity focuses on responding to customer wants and needs.

Third, informants in Study 1 acknowledge that a logistics service provider has a brand image, regardless of the resources devoted by the service provider to managing that image. Similarly, respondents in Study 2 are aware of the extent to which certain attributes and benefits are associated with their brands (e.g., quality service, taking care of trade partners), even though the majority of firms do not actively manage their brands. Customers routinely share opinions of logistics service providers' performance – good or bad – making the reputations of logistics service providers well known throughout the industry. As noted by one of the informants in Study 1, the high visibility of service providers' reputations makes active brand management even more important in order for them to build the brand image they prefer.

Nearly two-thirds of the service providers responding to the survey indicate that their desired brand identity is "quality service." High-quality service is the price of admission for B2B service providers; therefore, high-quality service alone is not a promising differentiator from the offers of competitors. A brand must achieve meaningful differentiation in order to be valuable to customers. Building a distinctive brand image on a point of parity, such as quality service for B2B service providers, is not possible.

IMPLICATIONS

This research suggests several interesting implications for practitioners. The results support the notion that customers use brands to differentiate B2B services and that service providers can build brand equity. Customers in both studies could identify service providers with high and low levels of brand equity. In order to differentiate themselves, B2B service providers must be diligent in developing and communicating their distinctive capabilities that support superior service and associating those capabilities

with their brand names. As more customers associate superior performance with the service provider's brand, the brand will differentiate the offer from others in the market and distinguish the service as one of higher value.

Similar to findings in previous research, this study provides evidence that brand equity accrues to the firm in the context of B2B services branding. Hence, the firm name is a significant component of the brand. Service providers with names that are similar to those of competitors or difficult to recall may need to consider a name change in order to increase brand awareness and strengthen brand image. When the firm name is the brand, the credentials of the firm, such as management expertise or financial stability, are inputs to brand image, in addition to attributes of the core service and personnel delivering the service. Every touch point between a firm and customers influences brand image. B2B service providers should proactively build positive brand associations by assuring service delivery that is consistent with a clear brand promise.

Service providers and customers have different perceptions on the relative importance of brand awareness and brand image. For customers, brand image is more important than brand awareness. This finding is particularly useful for service providers as they decide how to allocate resources to brand management. Resources devoted to programs that assure a consistent, distinctive brand image, such as employee training, may have a greater impact than costly expenditures related to building brand awareness, such as advertising. Because customers expect service providers to deliver high levels of service performance, service quality is likely a point of parity for B2B service brands. Thus, service providers cannot distinguish themselves based on high-quality services alone. A distinctive brand image is likely to be one that identifies customers' needs and places them at the heart of the value proposition. Thus, service providers will need to understand how their service addresses customers' needs and then communicate those benefits in their brand image.

The results and limitations of this study provide interesting directions for future research. Findings indicate that Keller's (1993) conceptualization of brand equity as a psychological construct comprised of brand awareness and brand image provides an appropriate framework for explaining and predicting variance in brand equity among B2B service brands. Other research proposes different conceptualizations and other dimensions of brand equity (e.g., Aaker, 1996; Berry, 2000; van Riel, Pahud de Mortanges, & Streukens, 2005). Examining other models of brand equity in the context of B2B services will expand understanding of brands.

This research tested a basic model of brand equity in order to explore B2B service brands. Testing an expanded model that more fully examines brand image by including the functional, experiential, and attitudinal dimensions of brand image would be useful (Keller, 1993). In addition, including antecedents to brand awareness and brand image would provide guidance for brand managers who want to strengthen their firms' brands. Given the pressing need to invest in core capabilities that are essential to service delivery, future research should explore conditions within a firm and/or industry that facilitate (or block) investments in building brands.

B2B service providers are typically third parties to other relationships. Investigating the effects of a third-party, B2B service brand on a buyer's perception of the relationship value with a seller would contribute to new insights to the understanding of B2B relationships. For example, do third-party service providers' brands have an effect on the strength of buyer–seller relationships? Does a halo effect surround the third-party's brand that strengthens (or weakens) the focal relationship?

This study examines differences in perceptions between service providers and customers. However, other key stakeholders are important for B2B service firms. Employees' perceptions of service providers' brands would be particularly salient for B2B services, where every interaction with customers has the potential to increase or diminish a firm's brand equity. Exploring perceptions of upstream trading partners may also provide interesting insights. Does a B2B service brand have an effect on service providers' relationships with their suppliers? If so, how does that affect the firm's ability to deliver superior services to customers?

Finally, a related question might be, "When do B2B service brands matter?" Do service brands influence trading partner selection in new product development? Are brands more or less important when the provider is geographically or culturally distant (i.e., located in another state or country)? Are B2B service brands more or less important for expensive or critical processes, such as hazardous waste disposal or biomedical research?

The exploratory research in this report provides insights into B2B service brands and offers a starting point for future B2B services branding research. The findings provide evidence for the application of CBBE theory, traditionally used in consumer contexts, in the context of B2B services. The results suggest that while service providers perceive brand awareness as a stronger influence on brand equity, customers perceive brand image as the greater contributor to brand equity.

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APPENDIX. SAMPLE SURVEY ITEMS

Logistics Service Providers (Customers)

Brand awareness

- The name of our firm (this provider) is well known in our industry.
- Our company (this provider) is recognized by other members of our supply chain as a strong trading partner.

Brand image

- Our firm (this provider) is known as a company that takes good care of their trading partners.
- In comparison to other logistics service providers, we are (this provider is) known to consistently deliver very high quality.
- Our customers (We) can reliably predict how we (this provider) will perform.
- Our (this provider's) brand has a rich history.

Brand equity

- Our customers (We) are willing to pay more in order to do business with us (this provider).
- Our (this provider's) brand is different from other providers.
- Our (this provider's) name gives us an advantage over other logistics service providers.

Open-Ended Questions for Service Providers

- What are your firm's biggest strengths?
- What is the value proposition of your service offering?
- Is your firm's brand associated with: (*check all that apply*)
  - a service? ______
  - a firm name? ______
  - a person? ______
  - a symbol? ______
  - a logo? ______
  - a slogan? ______
- What identity do you want your brand to have?
- Does your firm actively manage your brand? If so, please briefly describe how that is done.
- Does your firm train employees on the aspects of your brand? If so, please briefly describe how that is done.
- How does your brand benefit your company?
- Does your company realize a return on investments made in building the brand? Why or why not?

B2B SERVICES BRAND CASE STUDY

The commercialization of the Internet in the mid-1990s spawned a new breed of non-asset based third-party logistics providers (abbreviated 3PL). These 3PLs do not own any trucks, rail cars, or any other transportation assets. They use Web-based logistics technology and transportation management services to build large networks of customers and transportation providers (e.g., trucking firms, railroad companies) that afford low-cost shipping options for customers and maximum utilization of capital assets for transportation firms. This type of 3PL is a pure B2B service. They offer the intangible benefits of logistics expertise, advanced technology, and the advantage of a dense transportation network, but there is no tangible evidence in the form of transportation assets. To add value, these 3PLs must demonstrate the ability to use their intangible assets to improve customers' and transportation providers' financial and operational outcomes. One successful 3PL recently hired their first Director of Marketing who is responsible for all firm communications, advertising, and brand management. The new Director is quite comfortable with managing communications and advertising, but needs guidance on managing the brand. In the past, the firm focused on technology development and paid little attention to brand management. A graphic design company developed the firm's logo more than a decade ago. Company executives are unsure that potential customers recognize the firm's name and logo. They asked the new Director of Marketing for a plan to improve the brand.

1. Where should the new Director begin with the task of managing the firm's brand?
2. How is managing a B2B services brand different from managing a product brand?
3. What are the challenges that a pure B2B service firm must address in building brand awareness?