

The Brand Effect - Living the Brand in Negotiations

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Abstract

Prior studies in marketing could confirm that the humanization of the brand through the sales person is beneficial for the brand perception by the customer during the selling process. While this research could indicate a positive effect through the behavior of the sales representative on the overall brand success, these studies have not considered negotiations as an intense and complex part of personal selling. The purpose of this dissertation project is to close this research gap and to generate insights into brand effects within negotiations. In order to examine this research question, the dissertation will include conceptual, quantitative and qualitative research approaches. Furthermore, different techniques (e.g. experiments, management interviews, surveys with professional negotiators and observations of real negotiation behavior) will be applied. By researching the humanization of the brand through the negotiator within a negotiation, marketing science will gain significant insights. By understanding the sales person as an identifier of the brand within a negotiation setting, the brand will be the outcome variable as well as the predictor of the brand specific negotiation behavior. In addition, this dissertation will be helpful for marketing practice, since it will lead to important implications for the brand management, the training of negotiation teams and the strategic decision-making within negotiations. Therefore, the objective of this dissertation is to prove that a negotiator, who is a true personification of the brand, will have an impact on the effectiveness and efficiency of a negotiation.

Keywords: negotiations, brand effects, brand strategy, brand personification, brand promise delivery.

JEL classification: M31

1. Introduction

Prior research in the business-to-consumer (B2C) marketing as well as in the business-to-business (B2B) marketing has proven that branding is powerful in enhancing the emotional value of a brand and therefore an effective marketing tool (Farquhar, 1989). Only recently, studies in the B2B marketing identified branding in the industrial sector as a capable way of getting into a relationship with the targeted business customer. In addition, these studies have shown that emphasizing the brand values leads to a greater emotional connection between the customer and the brand. An accurate branding strategy is highly needed, especially in situations within the brand-customer relationship where the customer is able to directly experience the brand. These direct intersections between the customer and the brand can occur in the B2C as well as in the B2B business. For example, the final customer can have a face-to-face interaction with the frontline employee in the selling process. Moreover, in the B2B environment personal relationships and the contact with the representatives of a company are the main characteristics of business buying and selling. All of these touchpoints between the customer and the brand have the commonality that the employee acts as a personification of the brand. Especially in today's business environment, which is influenced by the progressive globalization and its consequences (e.g. interchangeability of products, crowded and highly competitive markets and well-informed customers), a company needs to differentiate itself. This provision of a unique company image can be achieved through emphasizing the corporate brand values. Since many companies in the B2C sector have removed their fixed price strategy, negotiations are a perennial occurrence between a company and its customers. Furthermore, the B2B buying and selling has always been a subject for negotiations and therefore one of the most relevant brand touchpoints. These changes in the B2C selling and the high dependence on personal

relationships within B2B buying and selling leads to the consequence, that a negotiator, respectively the seller, needs to be an indicator of the brand. Therefore, a brand-compliant negotiation behavior is highly required.

This dissertation project will take into account that negotiations, due to their intensity, are a highly critical brand touchpoint that needs special attention by marketing science. While prior marketing studies have provided insights into the strong impact of negotiations on the overall company success and the power of branding in enhancing the company value through differentiation, it is rather surprising that no research exists which has explored the use of branding within negotiations. The aim of this dissertation project is to close this research gap and to examine in depth the effects of branding within negotiations.

2. Theoretical foundation

Branding as well as the concept of the *brand as a person*, respectively the *humanization of the brand* or the *anthropomorphization of the brand*, originates out of the consumer marketing. Consequently, the strategic management of the brand and its effects on the consumer was always a vital research area for B2C scholars. Generally branding is a method that is enhancing the affective component of a brand and a way of getting into a relationship with the customer (Farquhar, 1989). In addition, branding can lead to an emotional connection between the customer and the brand (Farquhar, 1989). Hence, a brand can be defined as a bundle of emotional and functional benefits (Lynch and De Chernatony, 2004). Moreover, a brand is a welcome and unique promise to the customer (Lynch and De Chernatony, 2004). In markets where products are mainly bought because of their functional characteristics, branding offers the customer additional buying arguments (Farquhar, 1989). Therefore, the brand attributes are indicators of the customer behavior (De Chernatony et al., 2011; Garry et al., 2010).

Because of the high degree of rationality, which is a major characteristic of the buying behavior by B2B customers, branding in the B2B context was not of interest for the marketing practice as well as marketing science (Garry et al., 2010; Robinson et al., 1967; Baumgarth, 2010a). Since 2000, this perspective has changed. Recent changes in the markets have forced many B2B companies to consider branding as an opportunity to set themselves apart from their competitors (Baumgarth, 2010a). The increasing globalization and therefore the entrance of new market participants mainly caused this additional differentiation, which goes beyond the functional product attributes (Baumgarth, 2010a; Baumgarth, 2010b; Mudambi et al., 1997). Nevertheless, for an application of branding into the B2B context the scientific findings from the B2C marketing have to be adjusted (Leek and Christodoulides, 2011). This can be reasoned by the monetary value of the transactions, the consequences of buying decisions and the collective decision-making process (Baumgarth, 2010a). Therefore, the B2B selling and buying differs significantly from the B2C buying decision. On the other hand, successful B2B buying and selling is highly dependent on personal relationships (Baumgarth, 2010a). Even though this dependence may differ among the cultures, the need for a personal exchange offers a decisive opportunity to emphasize the brand values and research the effects of branding.

Besides this external view on brand effects, an internal branding approach can be applied (Kilian and Henkel, 2010). Especially in the offline buying and selling process between the company and the final customer, respectively the business customer, the sales person is acting as a representative of the brand and its attributes. This brand personification is of special importance in markets where personal relationships are needed (Kilian and Henkel, 2010). This face-to-face communication within the buying and selling process remains as a valid chance to transfer the brand values to the target group and inform the customers about the brand benefits. From a brand management perspective the brand message should be effectively and efficiently communicated if there is a personal contact with the brand. As a result, the sales force can be

seen as the mediator between the brand and the customer and is therefore of special importance in communicating and delivering the brand promises (Lynch and De Chernatony, 2004; Punjaisri and Wilson, 2007).

Recent studies could confirm that the perception of the brand experience is correlated with the personal interaction with the sales person (Baumgarth and Schmidt, 2010). Researchers also applied the brand humanization approach in a service context. In service marketing the interaction between the frontline personnel and the customer can be seen as the *moment of truth* (Aaker, 1997; Kimpakorn and Tocquer, 2010; Punjaisri and Wilson, 2007). Nevertheless, especially in a B2B setting, the concept of the sales person as the brand identifier or the humanization of the brand is under research (Bendapudi and Bendapudi, 2005; Gupta et al., 2010a; Gupta et al., 2010b).

The implementation of the concept of the brand as a person can appear in many forms (Aaker, 1997). One form of this approach is to bring the brand to life through a person and therefore perceivable for the customer. Originally, this theoretical construct was used in marketing science for analyzing the impact or the effect of brand endorsement or as a certain way of advertising the brand. By humanizing the brand, the customer becomes able to perceive the personality of the brand, which is defined as a “set of human characteristics associated with the brand” (Aaker, 1997). Furthermore, the customer will have a personal connection or even enter into a friendship with the brand.

Recent studies have shown that communicating the emotional component of the brand is also of relevance in the complex B2B buying and selling (Lynch and De Chernatony, 2004). In the often uncertain buying and selling situation, the existence of a personal connection with the brand can enhance the credibility and reliability of the brand. In addition, studies have confirmed that a brand-compliant behavior by the sales person can enhance the customer satisfaction (Bitner et al., 1990; Keaveney, 1995; Parasuraman et al., 1985; Zeithaml et al., 1996; Zeithaml et al., 1988). In literature, this direct perception of the brand is defined as brand touchpoint. A brand touchpoint can be understood as a moment or a situation in which the customer is having a direct brand experience (e.g. buying-selling interaction) (Burmam et al., 2003). The identification and the management of these brand touchpoints is one of the major tasks of the brand management.

It is important to notice, that the touchpoints with the brand can differ in their intensity and they are dependent on the circumstances. For instance, negotiations are a highly intensive and conflicting brand touchpoint within the buying and selling process. In negotiations, the negotiator, respectively the sales person is acting as the representative (i.e. agent) of the company (Agndal et al., 2017). Hence, the negotiator respectively the seller will be the personification of the brand. This makes a negotiation a highly relevant application area for the strategic brand management.

Negotiations are an essential part of the everyday business life and can occur in many forms and settings. Therefore, negotiations take place within the company (e.g. HR-negotiations), between companies (e.g. buyer-seller-negotiations) or between the employee and the final customer (e.g. B2C-negotiations). All of these different kinds of negotiations have in common that they are highly individual and dependent on the unique situation in which the negotiation takes place. In addition, negotiations are characterized by a certain degree of complexity depending on the subject and the negotiation counterpart. Criteria's for classifying negotiations are, for example: the frequency, the form of the settlement and the organization that the negotiator is representing (Voeth and Herbst, 2015). By definition, a negotiation is an interactive process in which two or more parties try to reach their own or common goals through communication (Leigh, 1990; Voeth and Herbst, 2015). All parties will have conflicting interests, respectively partially different preferences, according to the negotiation

outcome (Leigh, 1990). Although the parties try to find an agreement on one or more negotiation objects, they will try to influence the general solution to their benefit (Voeth and Herbst, 2015). Therefore, a negotiation is a joint decision-making process between at least two parties (Voeth and Herbst, 2015). Thus, general features of negotiations are the involvement of more than two parties, the congruence of goals, the conflict of preferences, the interactive process and the chance of reaching an agreement (Voeth and Herbst, 2015).

Negotiations are an emerging research field and studies on negotiations have proven that they greatly contribute to the achievement of the overall company goals. Even though negotiations are significant success indicators for the customer satisfaction within the buying-selling process, it is rather surprising that most of the research on negotiations deal only with functional, respectively rational aspects of negotiations. By addressing the emotional aspects of negotiations (e.g. the brand), comprehensive knowledge can be provided enabling the negotiator to be more effective.

By applying the humanization of the brand approach, different research questions can be addressed. Firstly, the negotiation outcome can be affected if the negotiator, respectively the seller, is able to be a true representation of the brand. The negotiation outcome relates to rational and emotional dimensions. The rational dimension of the negotiation outcome consists of the individual and the joint outcome. The emotional dimension of the negotiation outcome includes the negotiation satisfaction, the customer satisfaction, the feeling about oneself and the other person, the feeling about the process (e.g. fairness) and the satisfaction with the relationship.

A theoretical approach that explains the positive impact of a strong negotiator-brand connection on the negotiation process and outcome is the information processing approach. This theoretical framework can offer a comprehensive understanding on which circumstances individuals' process information's either in a heuristic manner or in a more effortful way (Chaiken and Trope, 1999; Petty and Cacioppo, 1986). These two different routes of processing information's are influenced by many factors. One of these factors are positive emotions. If individuals are in a positive mind set (e.g. due to their psychological connection with the brand), these positive emotional state will influence the way of processing information's (Forgas 1998; Forgas 1995; Kopelman, Rosette and Thompson, 2006).

Another aspect by examining the humanization of the brand by the negotiator within a negotiation are the consequences for the brand itself. By analyzing the effects for the brand, the point of view will change. If the negotiation counterpart is having a strongly positive perception of the negotiator as the personified brand, she or he can gain a better brand attitude or is more convinced of the brand message. Therefore, if a company emphasizes the communication of the brand values within a negotiation, the company becomes able to enhance the brand equity. Brand equity refers to the value, which is created by the brand and can be separated into the psychographic and the economic value (Aaker, 1996; Burmann and Meffert, 2005). The fact of having a strong brand will create a competitive advantage for the company (Aaker, 1991; Ohnemus, 2009).

Finally, the application of the internal branding perspective can reveal the requirements for turning negotiators, respectively the sales person, into brand champions within negotiations. Possible variables for determining a strong brand connection of a negotiator are the brand commitment, the brand knowledge or the brand involvement (Baumgarth, 2010b). For example, a high expression of brand commitment by a negotiator can be an indicator for a potentially good brand representation. From this internal branding (i.e. behavioral branding) perspective, *being the brand* or *acting like the brand* can be an orientation guide for the negotiator during a negotiation.

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