

Revisit on the importance of B2B advertising

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Abstract

B2B advertising has been evaluated as less important to decision-makers, including corporate marketers, than B2C advertising. However, the importance of B2B advertising should be emphasized from various perspectives. In this study, research was conducted focusing on existing literature to explain the importance of advertising in the B2B market. In addition, this study highlights the importance of B2B advertising in the three criteria; first, B2B Sales and Advertising, second, the relationship between buyers and sellers, and third, B2B Advertising Methods and contents.

Keywords: *B2B, Advertising Theme Park, B2B Marketing, B2B Sales*

1. Introduction

The growth of B2B companies and the intercompany advertising industry continue to grow steadily. According to the market trend report(Yoon, 2000), which cited AdRelevance data reporting trends for B2B advertising in the U.S., the growth rate of B2B companies was 58% from October 1999 to January 2000 and the growth rate of average exposure per company was 66%. In the fourth quarter of 1999, the exposure of B2B banner ads was 1.9 billion, or 5% of the online advertising industry. These indicators are still in progress as of 2020. Due to the influence of Covid-19, the U.S. spending on B2B digital advertising will grow 22.6% compared to the one in 2019, according to marketing market researcher

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eMarketer(<https://www.itworld.co.kr/news/161560>). As such, the increase in the B2B advertising market and B2B companies suggests that it could be a very desirable opportunity for B2B industry. Companies can achieve competitive advantages by expanding their capabilities in growing potential markets. At the center of its competitive edge is the volume of trading of goods or services by companies. According to the analysis by the U.S. Department of Commerce's Bureau of Economic Analysis in 2010, trading in the B2B market amounted to about \$10.7 trillion, accounting for 42% of the total U.S. commercial volume. Given that the U.S. economy accounts for about 22% of the world, global B2B transactions amount to \$5 trillion. Recently, this increase is expected to intensify. The increase is the same in the Korean market. It is estimated that the amount of B2B e-Commerce transactions in 2013 was about KRW 1,095 trillion, which is about 46 times the amount of B2C transactions (about KRW 24 trillion) (Kim et al., 2016).

The B2B market often involves transactions that are not known to the general public. In other words, B2B transactions allow participating companies to communicate and get to know each other through their individual sales activities. In this process, B2B entities have a different orientation from B2C entities' selling behavior. Typically, B2C companies advertise around emotional stimuli, while B2B companies execute sales around value (KOMPASS, 2020). B2B sales target a wide variety of stakeholders compared to B2C sales, and the sales process is also more complex (Liu et al., 2015). In this regard, the purchasing decision structure of B2B is more complex than that of B2C (Kim et al., 2016).

B2B business managers believe that they drive their sales around relational sales, and they believe that advertising is just a secondary vehicle (Guenther & Guenther, 2020; Keller & Kotler, 2012, Schultz, 2012). Looking at the advertising budget data, it can be seen that the importance of advertising in the B2B market is much lower than that of advertising in the B2C market. AdAge estimates that in 2015, the top 100 B2B companies spent a total of \$4.8 billion annually on advertising.

In contrast, B2C companies spend \$245 billion annually on advertising (Guenther & Guenther, 2020). Despite the existence of the size of the B2B market and the importance of transactions, B2B companies' awareness of advertisements is still insufficient. However, considering the size and importance of the market, advertising between B2B companies has sufficient potential to develop in various forms in the future. These B2B ads are important, especially in industries such as theme parks centered on entertainment.

Therefore, this study aims to present the importance of advertising to B2B companies from three perspectives: B2B sales and advertising, the relationship between buyers and sellers, and advertising methods and content.

2. The importance of B2B advertising

2.1 B2B sales and advertising

B2B market and sales are different from B2C. Sales play the most important role in understanding and responding to customers' needs at the closest point of contact with the customer (Gu, 2019). For this reason, sales professionals are in charge of the most difficult tasks in the organization (Lussiera & Hartmann, 2017) and are under a lot of pressure. Recently, many sales professionals are having difficulties in face-to-face business at the site due to Covid-19. Nevertheless, operations strive to achieve that goal in a key position in determining an entity's performance. Good sales representatives strive to identify customer problems and propose optimized products (Saxe & weitz, 1982), even in tough situations. These sales activities have a significant impact not only on customers but also on their business performance, even on the survival of a company. In addition, sales activities can be divided into the target industry and target customers. That is, sales activities should consider both industrial and customer characteristics. B2B operations centered on transactions between companies and B2C operations targeting consumers are the main pillars

of operations. B2B operations are complexly linked to various interests and processes of operations longer than B2C operations. The reality is that the internal purchasing process and the interests between the purchasing organization are also very complex. For this reason, B2B operations increase their complexity over B2C operations in identifying factors that determine operation performance. Although B2C operations have a simpler stage of operations than B2B operations, there are many problems with easy rejection and change of mind in the final decision-making phase. The process of reversing decision-making is also simple because it is not complex. B2C operations have many networks formed through the introduction of individual customers. In addition, B2B operations have more forms of relationship-oriented operations. On the other hand, B2B sales require a continuous approach through accurate understanding of customers' needs and consulting-level suggestions or support. As such, B2B operations and B2C operations differ in the scope and objectives of their activities, and the complexity of their processes is also different. For this reason, access to advertising in the B2B market requires a customer-centered strategy rather than a public approach. B2B advertising should provide information focusing on customers' problem solving rather than simply listing their products or services. This is highly specialized information and must be essential to customers purchasing decisions (Gagnon, 2015).

2.2 The relationship between buyers and sellers

"Trust in suppliers can be defined to the extent that the purchasing decision-maker believes in the supplier's words, commitments and actions."(Anaza, et al., 2020; Doney, Barry, & Abratt, 2007). In other words, supplier and buyer confidence can be considered one of the most important factors determining the relationship between them. Positive trust appears stronger as trading practices continue. However, a particular firms' reference to trust at the beginning of the

transaction or before the occurrence of the transaction would imply the transaction with other firms. Advertising can be one of the tools to estimate and evaluate this trust. The delivery of advertising based on storytelling is one of the ways to express trust and advocacy between suppliers and buyers. Anaza, et al (2020) conducted a study on the effect of narrative and narrative transportation on the attitude of purchasing decision-makers in advertising. In an empirical study of Fortune 100 companies, stories delivered using narrative advertising techniques were analyzed to have a positive effect on buyers' confidence in suppliers, their ability to build personal relationships with suppliers, and their tendency to support suppliers. We also compare and analyze the form of decision-makers (C-level decision-makers vs. non-C-level decision-makers). The analysis showed that the effect of the relationship was stronger in C-level decision-makers than non-C-level decision-makers. Furthermore, we conducted in-depth interviews with decision-makers at C-Level, and our findings showed that we support the results of empirical studies. We also found additional insights into the C-level decision-maker's perspective on story and explanatory delivery. The result of this study is that stories about buyer-seller relationships can help organizations make decisions by improving supplier relationships. We also showed that brand messages delivered using descriptive advertising have the ability to produce specific results. For example, the story of buyer-seller experience in B2B advertising was positively related to decision-makers' confidence in suppliers, their ability to build personal connections with suppliers, and their tendency to advocate suppliers.

Creativity and emotional appeals have traditionally been rejected by B2B marketing literature (Lynch & De Chernatony, 2004) among the methods of advertising to secure trust in the relationship between buyers and suppliers. However, creative and symbolic messages play an important role in the B2B domain as well. Because these messages are inherently rewarding, reducing objections, and allowing deeper

involvement in interpreting meaning in communication. It also has the potential to influence the way brands are placed in the minds of B2B buyers (Van Desel, 2010). A successful B2B customer experience can elicit an emotional response through functional satisfaction of the buyer (Meyer & Schwager, 2007). Thus, the result of emotions such as trust, peace of mind, and security can build customer relationships and lead to competitive differentiation (Baack et al., 2016). In addition, B2B advertising has the effect of increasing sales through a positive role of enhancing customer loyalty by providing an emotional connection with buyers. Not only that, customers also value the emotional dimension of B2B brands. This allows companies to offer their products at a higher price, and lay the foundation for strong connection of customers to their organizations. B2B advertising allows buyers to reduce or eliminate purchase inconsistency, and raises supplier awareness. In addition, it increases value by reducing information overload and clarifying the differentiating points of companies. Increasing customer loyalty can be a driving force in generating a company's unique profits. Therefore, B2B advertising expenditure has a significant effect on sales performance (Guenther and Guenther, 2020).

In summarizing the above studies, it seems that B2B advertising utilizes the characteristics of popular communication means, but acts as a very important means in establishing a deeper connection in the relationship between buyers and suppliers. It can be interpreted that the role of advertisements in B2B transactions can provide meaningful content by providing the basis for trust building beyond simple product promotion effects.

2.3 B2B advertising methods and content

B2B brands can be valuable assets through advertising. This requires well-planned and executed advertisements in advance. It is necessary to plan an integrated marketing communication that can build a corporate brand image and brand identity

beyond simply listing the characteristics of individual products (Ballantyne & Aitken, 2007; Mora et al., 2020). Therefore, advertisements need to complement the following major communication platforms. “(1) sales promotion, (2) events and experiences, (3) public relationship and publicity, (4) online and user-generated content marketing, (5) mobile marketing, (6) direct and database marketing, and (7) personal selling” (Mora et al., 2020). In particular, the effect of B2B advertising depends on which media and which message it is delivered (Belch & Belch, 2017). B2B advertising is often required by customers in the early stages of making a purchase decision. Therefore, it is necessary to determine which information the customer finds more useful and to establish a survey plan for each sector. B2B advertising is a challenging task for B2B marketers because it plays an important role in cultivating brand equity and generating awareness (Kuhn et al., 2008; Mora et al., 2020).

To realize the characteristics of such B2B advertisements, the importance of digital media and social media has recently emerged. A network-based on social media enables two-way communication, which includes the advantage of enabling interaction with customers. This provides suppliers an opportunity to provide solutions to the buyer's problem more specifically and promptly. In addition, it can provide differentiated content according to the interests of various purchasing decision centers (Mora et al., 2020). In B2B research, there is a high correlation between brand, sales and information search strategies and social media-based advertising. B2B marketers have found that corporate brand strategy is more important than individual product strategy in brand strategy, and it is more effective in the B2B market (Swani et al., 2017; Swani et al., 2020). The use of social media in a company's brand strategy enables information based on search efficiency. Through this, it has a more efficient advertising effect to enhance the brand image.

In terms of B2B advertising content, it is necessary to consider the phenomenon of globalization. As multicultural

buyers are increasingly involved in purchasing decisions, cultural values should be included in advertising plans. The culture of a particular country or region influences the socialization process and influences environmental relationships with buyers, decision-making and other behaviors(Hoftstede, 2001). In B2B advertising, if the recipient's national cultural issue occurs, the effect of the advertisement has a negative effect(Swani, 2020). This is because the buyer is the subject of a specific culture, and it is a risk factor that can arise in the process of projecting individual-level decisions in corporate-level decision making.

3. Suggestions

The reality is that B2B advertisements are not highly recognized compared to advertisements of B2C companies. However, the development of the B2B market has already expanded to not only the offline market but also the online market. This implies a change in the B2B market with the characteristics of closed trading, such as when the buyer sends an RFP(Request For Proposal) to a specific supplier for a transaction. In this closed transaction relationship, B2B advertising was not recognized as an important means of increasing corporate value. But now buyers are looking for more intelligent ways to find suppliers. Typically, it is online search and information absorption. In such an open transaction relationship, advertisements have become a very important means for B2B companies to provide their value to customers in abundance. Therefore, in this study, we would like to propose several B2B advertisements. First, for B2B advertising, it is essential to collaborate with the sales organization at the center of B2B sales. For the advertising department, the voice of the site is the voice of the customer itself. Second, it is necessary to be able to establish and execute an integrated advertising strategy for B2B companies. This is because the image centered on the products deals with B2C advertisements and the advertisement strategies of B2B companies are

different. In other words, advertising of B2B companies must understand and implement the company's strategic direction and goals. Third, research on a more diverse approach to B2B advertising is needed at the academic level. B2B advertising research is a relatively uninterested field. However, it has tremendous academic potential (Swani et al., 2020). B2B advertising can also be a meaningful study in industries such as theme parks. Traditionally, customers of the theme park focus on B2C, but B2B companies also use theme parks for programs such as training sessions and events of companies. From this point of view, research on advertising for B2B companies in theme parks can be expected to be another important direction.

In this study, the importance of the B2B advertisement was described from three perspectives. However, it is considered to be a quite insufficient standard to explain all the importance of B2B advertising. In the future, it is expected that it will be expanded into more extensive B2B advertising research.

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