An empirical analysis of the role of industrial brands for industrial distributors

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Abstract

Purpose – Current research on industrial management strategy is mostly directed at industrial end customers. In doing so, current research overlooks one critical constituency – industrial retailers, i.e. companies selling products manufactured by industrial manufacturers to other companies using these products to create a finished product or service. Since the current literature states that retailers are mostly interested in category profit margins and profitability (regardless of specific brands), it is not clear whether industrial retailers value brands at all. The purpose of this paper is to determine the importance of industrial brands versus other purchase criteria for industrial distributors.

Design/methodology/approach – Three studies are conducted to examine the importance of brands *vis-à-vis* other purchase criteria for industrial retailers and end users. In a longitudinal study employing conjoint analysis the authors find that industrial brands have a larger impact on industrial retailer choice than product price or margin.

Findings – First, these results suggest that industrial brands are a strong purchase driver also for industrial retailers (and not just industrial end users). Second, industrial marketing managers are thus well advised to invest in brand building to positively impact industrial retailer choice, rather than reducing prices or increasing product margins as the prevailing literature suggests. In conclusion, these studies seem to suggest that retailers use brands not only as associative or predictive cues of product performance, but also as predictive indicator of a product's expected future profitability.

Research limitations/implications – From a theoretical point of view, the authors' studies suggest that industrial brands not only transmit cues to prospective end-customers, but also send cues to intermediaries – such as industrial retailers – which influences their decision-making processes. The strong importance B2B retailers place on brands as key purchase factor is an indicator that retailers use brands not only as associative or predictive cues of product performance, but also as predictive indicator of a product's expected future profitability (i.e. profit margins and asset turnover), which positively affects retailers' own profitability. The results of this study are also an indication that the relationship between industrial manufacturers and industrial retailers are probably driven more by considerations of cooperation than by considerations of conflict.

Practical implications – As a managerial implication, it is suggested that industrial marketing executives should invest in brand building to positively impact industrial retailer choice, rather than reducing prices or increasing product margins, as the prevailing literature suggests.

Originality/value – In this paper, three separate empirical studies are conducted to examine the role of brands in industrial management practice.

Keywords Spain, Greece, Germany, Brands, Marketing, Distributors, Retailers, Industrial brands, Industrial marketing, B2B, Purchase factors, Industrial distributors, Industrial retailers, Prices

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1. Introduction

There has been a growing interest in the topic of industrial branding over the last decade. Brands are hypothesized to play a significant role in the purchase behavior of industrial end customers (e.g. Bendixen *et al.*, 2004; Mudambi, 2002). The role of industrial brands for industrial distributors, however, is not sufficiently addressed. Traditional research tends to assume that retailers are interested mainly in product or category profit maximization and not in brands (Tellis and Zufryden, 1995). Our key research question is thus as follows:

> What is the importance of industrial brands versus other purchase criteria for industrial distributors?

Industrial distributors are intermediaries selling products manufactured by industrial manufacturers to industrial businesses using these products to create a finished product or service (Noad and Rogers, 2008); business-to-consumer distributors (or retailers), by contrast, are companies selling products to consumers for their own consumption (McGoldrick, 2002).

We examine the importance of brands for industrial distributors through two separate empirical studies in one specific industrial purchasing context, the specialty chemical industry. In the first survey we poll 100 industrial distributors on the importance of alternative purchase criteria via unaided, spontaneous elicitation. Product quality exceeds other purchase criteria such as product profitability or price but brand name is of substantial importance. The second study employs conjoint analysis at three different time periods to assess the importance of alternative purchase criteria for industrial distributors. After polling, on average, 228 respondents at three different measurement periods we find that brand is more important than margins and price for industrial distributors. To complement our research findings and gain a different perspective, a separate end-user study with 401 respondents was conducted.

In addition to contributing to an enhanced theoretical understanding of the value of brands for industrial distributors, our research also answers a significant managerial problem: until now, academic research has not been able to offer any guidance to B2B manufacturers as to whether industrial distributors value industrial brands at all. Our longitudinal study seems to suggest that industrial distributors attribute a higher value to industrial brands than to other factors such as product price or distributor margin. These results thus suggest that industrial manufacturers can positively influence the selection process of industrial distributors by investing in their own brands – rather than (as the current literature suggests) reducing product prices or increasing distributor margins.

This paper is organized as follows: we first review the role of brands in industrial markets and in particular for distributors. Three empirical studies in the specialty chemical industry are presented: two studies on the role of brands for distributors and one study for end users.

1.1 The value of industrial brands

Industrial or B2B activities – as the result of the division of labor and specialization of companies along different stages of the value chain – comprise a significant share of total (i.e. B2C and B2B) activities: B2B activities are responsible of 50 percent of total activities in the USA, of 59 percent of total activities in Japan, of 68 percent in Italy, of 71 percent in Germany, and of 72 percent of total activities in Austria (Frauendorf *et al.*, 2007).

To assess the importance of brands in industrial contexts it is useful to analyze the most recent annual ranking of the world's most valuable brands by *Business Week*

(Kiley, 2007). Of the world's 20 most valuable brands the following nine brands belong predominantly to industrial purchasing contexts: Microsoft, IBM, GE, Intel, Citi, HP, American Express, Cisco, and Google. Based on the brand value estimates in this ranking we calculate the relative contribution of brand values to parent companies' market capitalization for the leading industrial brands mentioned. The results are reported in Table I (predominantly industrial brands highlighted in gray, other/mixed brands in white).

The average contribution of industrial brands to the market capitalizations of parent companies is 17 percent. On an absolute basis, these nine brands are worth on average US$33.5 billion. Research in marketing and branding does not fully reflect the

Interbrand/ BW brand value rank	Company name	Origin	Sector	2007 brand value (US$billion)	2007 market capitalization (US$billion)	% contribution brand to parent company market capitalization
1	Coca-Cola	USA	Beverages	65.3	136.7	48
2	*Microsoft*	*USA*	*Computer software*	*58.7*	*286.0*	*21*
3	*IBM*	*USA*	*Computer services*	*57.1*	*156.5*	*36*
4	*GE*	*USA*	*Diversified*	*51.6*	*411.6*	*13*
5	Nokia	Finland	Consumer electronics	33.7	144.8	23
6	Toyota	Japan	Automotive	32.1	192.9	17
7	*Intel*	*USA*	*Computer hardware*	*31.0*	*155.6*	*20*
8	McDonald's	USA	Restaurants	29.4	66.7	44
9	Disney	USA	Media	29.2	67.3	43
10	Mercedes	Germany	Automotive	23.6	106.4	22
11	*Citi*	*USA*	*Financial services*	*23.4*	*212.0*	*11*
12	*Hewlett-Packard*	*USA*	*Computer hardware*	*22.2*	*132.2*	*17*
13	BMW	Germany	Automotive	21.6	38.9	56
14	Marlboro	USA	Tobacco	21.3	150.5	14
15	*American*	*USA*	*Financial services*	*20.8*	*67.3*	*31*
16	Gillette	USA	Personal care	20.4	221.7	9
17	Louis Vuitton	France	Luxury	20.3	60.3	34
18	*Cisco*	*USA*	*Computer services*	*19.1*	*191.0*	*10*
19	Honda	Japan	Automotive	18.0	119.0	15
20	*Google*	*USA*	*Internet services*	*17.8*	*203.0*	*9*
Average industrial brands				*33.5*	*201.7*	*17*
Average other brands				28.6	118.7	24

Note: Highlights refer to B2B brands

Table I.
Brand value estimates and contribution of brand value to parent company market capitalization for leading industrial brands

importance of B2B markets. Researchers generally agree that branding in industrial markets is still an under-researched area (see, e.g. Bendixen *et al.*, 2004; Beverland *et al.*, 2007; Lynch and De Chernatony, 2004; Mudambi, 2002; Mudambi *et al.*, 1997). Empirical studies of branding in industrial markets are not anywhere as numerous as empirical studies branding in consumer markets.

A potential reason for this gap may arise from the view that branding itself is not considered as being important in industrial purchase situations. Narayndas (2005, p. 131) writes in a recent paper: "Business markets are very different from consumer markets. In consumer markets, large numbers of buyers have similar wants, transactions are typically small in value, products can be mass-produced, consumers' perceptions determine products' value, and companies focus on managing brands. In addition, the selling process is brief, retailing strategies play a vital role, and sales efforts arte focussed on end users. A business market, by contract, has fewer customers and transactions tend to be larger. Customers often need a customized product or price, the usage of the product or service determines its value, and brands mean very little to customers. Moreover, selling is a long and complex process, retailing isn't a factor and the target of the sales pitch may not be the product's end user." The main implication that brands mean very little to industrial customers may be is a reflection of the assumption that industrial purchasers are more rational than purchasers in consumer goods setting (e.g. Murphy, 1990).

These conclusions were challenged by Kotler and Pfoertsch (2007) who highlight the potential of reputation in industrial markets. Rese *et al.* (2007) indicate that when consequences of choosing best option are not connected to survival purchasing agents are more likely to engage in less than full rational behavior. Lynch and De Chernatony (2004) highlighted the role of trust and security and emphasize the need for further understanding the role of brands in industrial markets. Ward *et al.* (1999, p. 86) similarly concluded: "It is true that most of our knowledge about brand strategies come from the accumulated experience of consumer-packaged-goods-companies like Procter and Gamble, Nabisco, and Nestle – and a wealth of enduring and highly profitable brands. But just because a concept evolved in consumer goods markets is no reason to reject it in business-to-business markets."

2. The role of industrial brands

Current research on industrial brands can be categorized along the industrial supply chain in the following way[1] (Table II).

2.1 Industrial brands and industrial manufacturers

Brands are valuable for their owners: Michell *et al.* (2001) find that for industrial manufacturers brands lead to improvements in perceived quality, image, competitive differentiation, and price premiums. Kotler and Pfoertsch (2007) find that companies with strong brands have higher stock returns than companies with weaker brands. Similar results are reported by Barth *et al.* (1998). In sum, even industrial commodities benefit from industrial branding (McQuiston, 2004).

2.2 Industrial brands and industrial distributors

Industrial distributors are intermediaries purchasing goods from industrial manufacturers and reselling them to other industrial companies. Research on the role of industrial brands specifically for these distributors is scarce: in a qualitative study Glynn *et al.* (2007) list the generic benefits which manufacturers of industrial brands deliver to industrial distributors.

Table II.
Selected past research on the value of industrial brands along the supply chain

Article	Industrial manufacturers	Industrial distributors or resellers	Industrial end users	Consumer end users	Other stakeholders
Author (year)	Michell *et al.* (2001)	Glynn *et al.* (2007)	Ward *et al.* (1999)	Norris (1992)	Jones (2005)
Author (year)	Kotler and Pfoertsch (2007)		Ballantyne and Aitken (2007)	McCarthy and Norris (1999)	
Author (year)	Barth *et al.* (1998).		Beverland *et al.* (2007)	Erevelles *et al.* (2008)	
Author (year)	McQuiston (2004)		Melewar and Walker (2003)		
Author (year)		The emphasis of this paper	Roberts and Merrilees (2007)		

This study aims to answer the question of the relative importance of industrial brands vs other purchase factors for industrial distributors (resellers).

2.3 Industrial brands and industrial end customers

Industrial brands create value for industrial end customers. Ward *et al.* (1999) document which psychological and emotional benefits (e.g. trust) brands such as Intel, IBM, EMC, and Microsoft create in high-tech and industrial businesses (see also in earlier studies Lehmann and O'Shaughnessy, 1974; Christian, 1959). Ballantyne and Aitken (2007) propose to extend the service-dominant logic of marketing (Vargo and Lusch, 2004) to industrial branding. In line with this logic, Ballantyne and Aitken (2007) argue that brands are essentially promises companies make which need to be fulfilled in order to maintain and gain credibility in the eyes of industrial customers.

Walley *et al.* (2007) study the role of brands among farmers, tractor buyers, find that brand is the most important factor in the industrial purchase decision ahead of price and service. These findings may be explained by the conclusions of Kool (1994) who pointed out that much of farmers' purchase decisions are influenced by the desire for simplification, with resulting patterns of habitual purchases and high brand loyalties. Other studies similarly highlight the importance of brands for industrial end consumers (e.g. Beverland *et al.*, 2007; Melewar and Walker, 2003; Roberts and Merrilees, 2007).

2.4 Industrial brands and consumer end customers

Industrial ingredient brands – such as Intel, Stainmaster, Teflon, NutraSweet, and others – create value also for end users. Differentiated products offering significant benefits to end customers are particularly suitable for ingredient branding (Norris, 1992). Ingredient brands favorable impact consumer choice, especially for mid-tier brands (McCarthy and Norris, 1999). Due to the mitigation of double marginalization (elimination of two separate margins being passed down to end customers), ingredient branding can potentially lead to lower prices for end customers (Erevelles *et al.*, 2008).

2.5 Industrial brands and other stakeholders

Jones (2005) proposes a stakeholder model of industrial brand equity arguing that industrial brands can create value for multiple stakeholders, including consumers, managers, employees, suppliers, distribution partners, media, competitors, NGO's, governments, and public opinion.

3. Industrial distributors and brands

There are studies examining somewhat related issues such as antecedents of satisfaction in industrial manufacturer-distributor relationships (e.g. Ghosh *et al.*, 1997; Rodriguez *et al.*, 2006), studies examining the role of price vs non-price in industrial manufacturer-supplier relationships (e.g. Ulaga and Eggert, 2006), studies examining expected benefits in distributor-manufacturer relationships (e.g. Ghosh *et al.*, 2004), but there are no studies examining the relative importance of brands vs other purchase factors for industrial distributors.

Industrial distributors (or resellers) are markedly different from industrial end customers. First, for industrial end customers the products purchased become part of their industrial production process, whereas for industrial distributors the products are purchased for immediate resale. Purchasing by industrial distributors thus involves a deep understanding of end-customer needs of the specific product in question. Second, industrial distributors are inherently partners in the value creation process of industrial manufacturers: they make products available to end customers, provide logistical support in product delivery, take on financial risks, and support industrial manufacturers through own investments (e.g. training, promotion). Industrial distributors' performance is thus linked to the performance of industrial manufacturer brands, and vice versa. Third, industrial distributors are frequently competitors to industrial manufacturers themselves: industrial distributors frequently introduce private label brands which compete directly with the brands of manufacturers (Quelch and Harding, 1996). Industrial distributors may thus compete directly with industrial manufacturers for customers and for profits. Finally, by taking a network perspective (Anderson *et al.*, 1994), one further difference regarding the nature of the relationship emerges: industrial manufacturers sell to multiple industrial distributors, which compete among themselves; industrial distributors, on their side, sell a multitude of industrial manufacturer brands, which again compete among themselves. Relationships between industrial manufacturers and their customers are typically dyadic; relationships between industrial manufacturers and their distributors are thus typically more complex. The main distinctive properties of industrial distributors as opposed to industrial end customers for industrial manufacturers are summarized in Table III.

There is thus elements of conflict in the relationship between distributors and manufacturers with regards to industrial branding: industrial distributors could view

	Industrial end customers	Industrial distributors
Product use	In corporation in own production process	Immediate resale
Role in value creation process	Product use and consumption	Partners in value creation process
Competitive nature of relation ship	Usually not competitive	May become competitors (private labels)
Relationship	Dyadic	Complex

Table III.
Main differences between industrial end customers and industrial distributors

brand building activities of industrial manufacturers as attempt to gain power over them and as an attempt to undermine their own efforts in guiding the decision-making process of their industrial end customers. This conflict could turns into outright competitive activities once industrial distributors introduce private labels which compete directly with industrial manufacturer brands. On the other hand due to lack of deep understanding and knowledge, as end users, distributors may rely on brand names as a signal of performance, overall quality, and reputation. The objective of this research is to examine the relative importance of brands for industrial distributors.

4. Empirical studies

Three studies were conducted in one specific industry setting, in the agrochemical industry. This industry is a particularly suitable research setting, since it has a very transparent distribution structure dealing exclusively with products from this industry: products pass from chemical manufacturers (e.g. Syngenta, Bayer, Monsanto, BASF, etc.) via industrial distributors to industrial end users (professional farmers). It is thus an industry context where it is possible to study the importance of brands along the distribution channel, i.e. from the perspective of both industrial end users (i.e. professional farmers) as well as from the perspective of industrial distributors (specialty chemical resellers).

The agrochemical industry itself produces chemicals controlling weeds, diseases, and insects harmful to the healthy development of a wide range of crops (e.g. cereals, rice, cotton, fruit, corn, etc.). Agrochemical products fall into three categories: insecticides, herbicides, and fungicides: insecticides are products designed to control insects that damage plants. Herbicides prevent or reduce weed competition in a crop and are thus capable of replacing or reducing manual and mechanical weeding. Fungicides are agents used to control plant diseases caused in particular by fungi.

Three studies have been carried out. In the first study, we assess product selection criteria for end users (professional farmers). In the second study, we focus on industrial distributors, and assess their supplier selection criteria via unaided recall. In the third study, we assess product selection criteria for industrial distributors using a conjoint design on a longitudinal basis.

4.1 Study 1

The study was conducted in the Spain. A total of 401 farmers participated in the study. A pre-test conducted in the same population employed 15 farmers, identified about 20 attributes that were mentioned by these farmers as important in choosing herbicides. A parallel process was conducted with experts in this field. The items mentioned in this pre-test by farmers and experts in the field were combined. These combined preliminary investigations led to the usage of 11 attributes in the main study. The 11 attributes are presented in Figure 1.

Participants were interviews face to face. Participants were asked to rate each attribute on a ten-point importance scale (1 = least important, 10 = most important).

Findings are reported in Figure 1. The first four attributes relate directly to product performance that is quality (i.e. crop safety, breadth of control, availability of one-time application solutions, and duration of control, respectively). Brand reliability is immediately following these attributes suggesting that brand has some importance but not as major one as product performance. The next four attributes focus on usage flexibility and convenience except for price ranked at the seventh place. These results may imply that the industrial brand is of importance following product quality attributes.

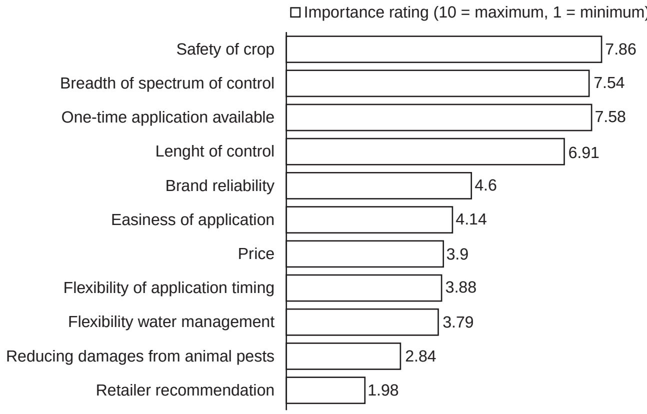

Figure 1. Product attributes – importance rating ($n = 401$)

These results are consistent with previous research suggesting that brands are important for industrial end users.

The following two studies focus on other members of the industrial value chain, namely industrial distributors.

4.2 Study 2

The objective of this study is to investigate purchasing decisions by industrial distributors. A less direct method was used to investigate the relative importance of different attributes in industrial purchasing decisions.

The study was conducted in Greece. Face-to-face interviews were conducted among distributors who directly purchase from agrochemical manufacturers. The target respondents had to meet the criteria of being either the owner or the manager responsible for deciding which brands to purchase. A total of 100 distributors participated in the study. Face-to-face interviews were conducted with these 100 distributors. In the first phase of the interviews, participants were asked to list whatever criteria they use for selecting a supplier. This measure was spontaneous and completely unaided.

Findings are reported in Figure 2, where the percentage of distributors spontaneously indicating each criterion in selecting a supplier is presented in descending order. As

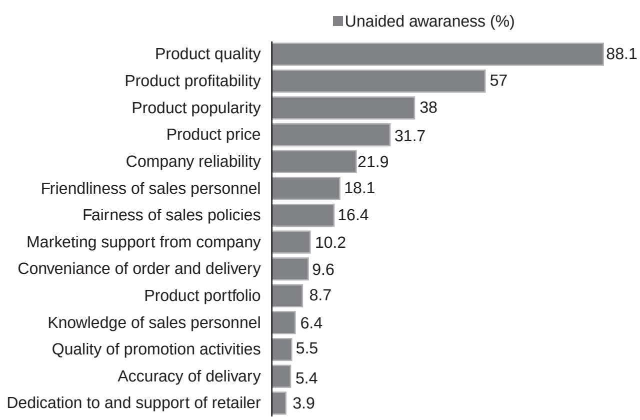

Figure 2. Survey among industrial distributors ($n = 100$): criteria for selecting suppliers – unaided, spontaneous criteria selection

in Study 1 product quality is the first criterion. As can be expected for industrial distributors product profitability and product price are of great importance (i.e. second and fourth place). A direct indication for the industrial brand importance is presented in the fifth place: company's reliability. Other significant indirect evidence for industrial brand importance can be seen in the following attributes: product popularity (third place), marketing support from company (eighth place), and product portfolio (tenth place).

The results suggest that key purchase criteria are linked to the industrial brand name. Industrial brands convey the following attributes: product popularity (#3), company reliability (#5), marketing support from company (#8). Given the importance of product quality (#1) it may well be that brands convey this information as well. The results of this study suggest that brand name is of substantial importance for industrial distributors. The following study further examines this issue.

4.3 Study 3

The objective of this longitudinal study was to assess the importance of brands for industrial distributors over time. This study uses conjoint analysis conducted in three different time periods.

Data collection is executed in 2006-2008. All studies are done in Germany. Data for agricultural distributors and cooperative are obtained from a commercial database provider. A total of 1,023, 1,151, and 985 questionnaires were sent out in 2006, 2007, and 2008, respectively. After accounting for incomplete or otherwise non-utilizable questionnaires returned, responses were obtained from 212, 238, and 233 distributors in the three measurement periods of our study. This corresponds to response rates of 21.3, 20.7, and 23.7 percent, respectively. These response rates are in line with those in similar studies (e.g. Michell *et al.*, 2001). A test of early vs late respondents showed no significant statistical differences, thus indicating that non-response error is probably not a problem in the survey (Armstrong and Overton, 1977).

Similar range in size and composition are used in the other two time periods. The factors "brand," "price," and "margin" use four, three, and three levels, respectively: on brands, respondents are given the choice between three competing branded products and a generic, unbranded product from China. Respondents are given three different levels of margins used at that period by competing agrochemical suppliers (e.g. 5-10; 10-15; 15-20 percent). On price levels, respondents are given the choice between price levels corresponding approximately to prevailing market prices of the four brands examined. Respondents are presented with profiles drawn from a fractional factorial design and rank order their preferences.

A conjoint analysis is applied to the responses and the importance of the various factors is derived. The results suggest a progressive growth of the relevance of the brand component in comparison to price and distributor's margin. The importance of brand increased from 35 percent up to 53 percent (Figure 3).

5. Discussion

Industrial branding is important, even if research on industrial branding is still in its infancy. We investigate the role of brands in a specific industrial purchasing context – the agrochemical industry – where we conduct three different studies on the purchasing decision of industrial end customers (one study) and on the purchasing decision of industrial distributors (two studies).

In the first of the two studies involving industrial distributors we find that product quality is the most important aspect which industrial distributors consider (88 percent unaided criteria selection ahead of product profitability with 57 percent unaided criteria selection).

This result is surprising, since retailers are usually assumed to be driven primarily by their desire to maximize profits (Raymond *et al.*, 2004). Tellis and Zufryden (1995, p. 272) state that "the retailer is not interested in brand but in category sales and profits." That is, current models of retailer (or distributor) behavior assume that retailers are less interested in the inherent product properties *per se*, and more in their own ability to maximize the profits resulting from selling manufacturers' products (irrespective of the quality grade), by increasing either sales profitability and/or asset turnover.

Research about the effects of branding on consumer perceptions finds that brands have two important functions: one the one side, brands can help consumers recall important information (e.g. Janiszewski and Van Osselaer, 2000). The association from a brand name to a product's benefit helps consumers understand a product's positioning and usage situations. In addition to providing associative cues for information transmission brands can also serve as predictive cues about product performance (e.g. Brucks *et al.*, 2000; Cretu and Brodie, 2007; Keller, 1993). Brands thus signal future product performance to potential buyers.

Our second distributor study further expands on this point: we employ a longitudinal study, thus answering the suggestion by Ghosh *et al.* (1997) to utilize longitudinal studies in examining distributor-manufacturer relationships. As Walley *et al.* (2007) and as Bendixen *et al.* (2004) – who study industrial end customers – we use conjoint analysis to quantify the relative importance of product brands, product prices, and margins on distributor choice of products from competing suppliers.

In our second distributor survey we find that product brand is the single most important factor explaining distributor choices (accounting for 35, 45, and 53 percent of totals) in the three measurement periods of our study. Since we replicate the survey twice, we have confidence in the validity and robustness of our findings.

6. Implications for research and management practice

The strong importance B2B distributors place on brands as key purchase factor is an indicator that distributors use brands not only as associative or predictive cues of product performance, but also as predictive indicator of a product's expected future profitability (i.e. profit margins and asset turnover), which positively affects distributors' own profitability. The results of this study are also an indication that the relationship

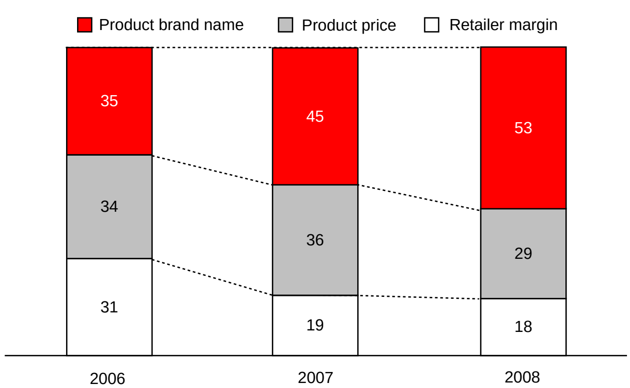

Figure 3.
Conjoint analysis of industrial distributor preferences for product brand name, product price, and distributor margin (relative importance; $n = 689$ over three measurement periods)

between industrial manufacturers and industrial distributors are probably driven more by considerations of cooperation than by considerations of conflict.

Second, for industrial end users we find – in line with previous research – that purchasers rely on a combination of intrinsic (product safety, performance, convenience, ease of use) and extrinsic (brand reliability, price) cues in evaluating alternative product offerings. Brands are seen as relative important in our study (#5 ranking after a series of intrinsic product attributes).

In addition to contributing to an enhanced theoretical understanding of the value of brands for industrial distributors, our research also answers a significant managerial problem: until now, academic research has not been able to offer any guidance to B2B manufacturers as to whether industrial distributors value industrial brands at all. Our longitudinal study seems to suggest that industrial distributors attribute a higher value to industrial brands than to other factors such as product price or distributor margin. These results thus suggest that industrial manufacturers can positively influence the selection process of industrial distributors by investing in their own brands – rather than (as the current literature suggests) reducing product prices or increasing distributor margins.

Third: in light of the high importance of brands for industrial resellers, it seems that resellers do not see industrial brands as a threat to their profitability in our study. As discussed in Section 3, the relationship between industrial resellers and manufacturers is driven by elements of cooperation (i.e. joint efforts to sell to industrial end customers) as well as conflict (e.g. threat of private labels). Further studies should further expand on our results, examining to which degree high levels of actual or potential conflict (i.e. presence of private labels) influence the importance of brands for industrial distributors.

7. Limitations and opportunities for future research

Our research findings have limitations: first, from a theory-building standpoint, our studies do not address important contingent factors on the importance of brands for industrial distributors. Future research could address the customer-specific (e.g. familiarity with the product category, risk aversion, competencies, capabilities), the product-specific (e.g. product quality, product price), and the relationship-specific (e.g. nature of relationship with downstream or upstream industrial companies) contingencies of the importance of brands in the industrial supply chain. In addition, we need additional longitudinal data to understand how the importance of industrial brands varies over time and under which circumstances the importance of industrial branding changes.

Second, we limit ourselves to examining customer and distributor purchase criteria in the agrochemical industry, which may limit generalization of our findings to other industry settings. In our industrial end-user (i.e. farmer) survey we use direct questioning. In our two distributor surveys we first use unaided, spontaneous criteria selection to understand distributor purchase criteria, an approach which usually is seen as quite robust is heavily used in brand equity measurements (e.g. Srinivasan *et al.*, 2005). In our second distributor survey we use conjoint analysis to determine the relative important of brands vs other criteria (margins, price) for distributors. Conjoint analysis is extremely widely used and suitable for our research question (e.g. Hauser and Rao, 2004).

With these limitations our main empirical contributions are as follows. Our study is the first study to employ a longitudinal design in examining the importance of brands for industrial distributors. The high important industrial distributors place on attributes such as product quality and product brand name is an indicator that distributors use brands not only as associative or predictive cues of product performance, but also as predictive indicator of a product's expected future profitability (i.e. profit margins and asset turnover), which positively affects distributors' own profitability.

Note

1. We thank an anonymous reviewer for this suggestion.

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