Rationality versus Emotionality in Organizational Purchasing Behavior: The Role of Brands in Classic and Contemporary Management Theory

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Abstract

Powerful brands create meaningful images in the minds of consumers (Keller et al., 2008, p.2) with brand images serving as a means of differentiation from the competition and thus positively influencing customer’s purchasing behavior. However, until recently the discourse in Business-to-Business settings focused exclusively on the performance characteristics of the product or on the needs of buyers addressed by rational and tangible features of the product and price. However, an increasing amount of studies indicate cases where price and tangible factors do not fully explain buying decisions made by B2B customers and where emotional aspects have a role to play. In spite of the increasing academic interest, theory on the relevance of brand images as emotional cues for B2B purchasing behavior is scarce and fragmented. This article reviews the pertinent theories on rationality versus emotionality concluding that brands are an important influencer of organizational purchasing behavior and that the distinction between B2C and B2B settings less clear than traditional notions suggest.

Key Words: Rationality, emotionality, B2B branding, organizational purchasing behavior
1. Introduction

1.1 Problem Statement and Research Objectives

Brands have traditionally played an important role in influencing private purchasing behavior. However, until recently most marketing discussions in Business-to-Business settings focused exclusively on the performance characteristics of the product or on the needs of buyers addressed by rational and tangible features of the product and price (Bendixen et al., 2004, p. 371). An increasing amount of studies indicate cases where price and tangible factors do not fully explain B2B purchasing behavior, suggesting that emotional aspects have a role to play in organizational purchasing behavior (e.g. Leek and Christodoulides, 2011; DeChernatony and Lynch, 2004). Kapferer (2003, p. 94) makes the distinction between a brand’s identity and its image by differentiating between the roles of sender and receiver. Since the image is on the receiver’s side, indicating how the brand is perceived by (organizational) purchasers, it is the key conception for the present article. Consistent with this notion, these authors have been supporting the notion that B2B branding and a favorable brand image provides multiple benefits, both for buyer and seller organization. Yet there appears to be a lack of conceptual research on the role of brands in management theory, in regard to rationality versus emotionality and their relevance to organizational purchasing behavior. The author identifies this research gap to be of conjunctional nature due to the fact that the theories underlying this research problem are of different scientific areas, both of organizational behavior and of marketing theory, which appears to make them difficult to merge.

Therefore, in an attempt of lay a foundation for future research by building upon theories from organizational behavior and marketing science, the following research objectives (RO) shall guide this conceptual article:

**RO 1:** To review development of brand image concept as well as models on organizational purchasing.

**RO 2:** To review the pertinent theories on rationality versus emotionality in B2B purchase decision making and derive conclusions on the role of both rationality and emotionality.

1.2 Research Proposition

Total models of organizational purchasing behavior (e.g. Webster and Wind, 1978) take on a holistic perspective on the complex purchase decisions and their antecedents. Analyzing these frameworks, the author finds support that rationality merely sets the ground work for an organizational buying decision, since presence of certain rational attributes is paramount to comparing different offerings and proceeding with the purchase analysis. However, emotionality
provides essential framing for the interpretation of rational aspects and becomes increasingly relevant for the actual decision itself. Analogously, authors in B2B marketing and branding repeatedly describe branding as a multi-layered pyramid with basic physical and rational attributes forming the base and upon which rest the emotional benefits that ultimately influence purchasing behavior (Mudambi et al., 1997). Due to the theory-based nature of this research, rather than positing a quantitative hypothesis, pursuit of the research objectives along a qualitative proposition appears most appropriate.

Bridging these similar, yet so far unconnected theoretical backgrounds, the author defines the qualitative proposition (P) that:

P: Rational factors constitute the basis for the formation of the emotional dimensions, however, the emotional factors serve as a transmitter towards the actual purchasing decision.

1.3 Methodology and Organization of the Research

The author captured and constituted relevant theories from the fields of organizational purchasing behavior as part of organizational behavior as well as marketing research to develop a theory-oriented conceptual approach in light of the research objectives. As the present paper strives for identifying fundamental principles and laying a foundation for further (quantitative) research, the conceptual approach is considered to be applicable by the author, since it is likewise an appropriate and often used mode to approach underlying causes and motivations of a certain problem setting (cf. Malhotra, 2010, p. 171).

This article is organized in the following way. The author firstly elaborates on the development of the brand images concept and its different focal points. In a subsequent step, theories on organizational purchasing are reviewed to set the research context. Development of theory in the field of B2B marketing form the main part, in which the author connects and transfers major concepts of decision theory to purchasing behavior in B2B environments. The article then ends with conclusions and recommendations drawn from the conceptual research.

1.4 Development of the Brand Image Concept and its Different Focal Points

Various attempts at describing and defining the brand construct have emerged in the last decades. Wood noted that the different approaches which exist to defining the brand construct partly stem from differing philosophy and stakeholder perspectives (Wood, 2000). Originally the American Marketing Association (AMA) in the 1960s defined a brand as a “name, term, sign, symbol, or design, or a goods or services of one seller or group of sellers and to differentiate them from those of competitors”. This definition was shaped when manufacturer’s brands emerged and only comprises brand elements such as names, logos or jingles. According to the latest AMA
definition, a brand is a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (AMA, URL). This definition, deviates from the AMA’s original definition in that it now contains the words “any features", leaving room for intangibles and emotional dimensions such as image to be the point of differentiation (Wood, 2000). Keller, however, states that further contrasting brands from products is important (Keller et al., 2008). He defines a product to be anything that can be offered to a market for attention, acquisition, use of consumption that satisfies a need or want. Following this logic, a product can be physical item, a service, a shop, a person, organization, place or idea. He distinguishes five levels (Keller et al., 2008) for products being defined as:

**The core benefit level:** The fundamental need or want that consumers satisfy.

**The generic product level:** A basic version of the product containing only those attributes or characteristics absolutely necessary for its functioning.

**The expected product level:** A set of attributes or characteristics that customers expect when they and agree to when they purchase a product or service.

**The augmented product level:** Additional attributes, benefits or related services that distinguish the product from its competitors.

**The potential product level:** All of the augmentations and transformations a product could ultimately undergo.

Keller concludes his argumentation stating that

“A brand is therefore a product, but one that adds other dimensions that differentiate it from other products designed to satisfy the same need” (Keller et al., 2008).

What becomes clear from this definition, which shall guide the understanding of brands for the present article, is that competition is an essential aspect of the endeavor to brand a product or service. Competition allows customers to choose from alternatives and therefore puts them in a powerful position, forcing marketers to differentiate their offerings in order to be favored over their competitors in purchasing decisions.

Keller defines customer-based brand equity (CBBE) as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). In line with this definition, a brand is said to have positive (or negative) customer-based brand equity if consumers react more (or less) favorably to the marketing mix elements of a certain brand than they do to the same marketing mix elements when it is attributed to a alternatively named or unnamed version of a product of the same category (Keller, 1993). Keller’s definition comprises three important concepts; "differential effect,” "brand knowledge,” and "consumer response to marketing." The differential effect is important as it considers competing brands or unbranded
alternative which a purchaser may encounter in a purchase situation. Brand knowledge is addressed in terms of brand awareness and brand image and is conceptualized according to the characteristics and relationships of brand associations. Consumer response to marketing is addressed in terms of consumer perceptions, preferences, and, very importantly, actual behavior arising from marketing mix activity and brand choice.

Brands in their early forms go back as far as commercial trade itself. In their classic review of 28 prior studies, Dobny and Zinkhan find that since its formal introduction in the 1950s, the notion of brand image has become commonplace in consumer behavior research (Dobny and Zinkhan, 1990). The author used the analysis of Dobny and Zinkhan as a guideline for research on salient articles and augmented it with findings of his own literature review based on data base search.

Gardner and Levy have been credited with extracting brand image as the first researchers in their 1955 article (Gardner and Levy, 1964). They criticized previous research as too superficial due to its focus on stereotypical purchase reasons and claimed that it was time to identify more enduring motivations for purchase. Their idea was that products had a social, a psychological and a physical nature. Finally they laid out that the totality of feelings, ideas and attitudes that consumers had about brands were crucial to purchase choice. That was how the term of “image” was originally coined. Conceptions of brand image in the past six decades can be summarized into:

- **Generic blanket** definitions,
- **symbolic** definitions,
- definitions from a **meaning** point of view,
- from a **personification** standpoint and
- with **cognitive or psychological focal points**.

### 2. Theory on Organizational Purchasing Models

#### 2.1 Total Models of Organizational Purchasing Behavior

One of the first and most comprehensive models was developed by Webster and Wind (1972) who distinguish between four groups of influencing factors being, environmental, organizational, social and individual factors. Webster and Wind aim at overcoming the inadequacies of consumer buying frameworks for organizational settings. Another reason was that traditional models lacked comprehensiveness as they either overemphasized rational economic factors or, as the opposite, erred by overly appreciating the role of emotion and personal goals. Webster and Wind hence found these models incomplete and for industrial practitioners and researchers as they leave out task and non-task variables while the overemphasis on certain variables is misleading. The
authors of this then new general model acknowledged buying behavior as a complex process involving many persons, multiple goals, and potentially conflicting decision criteria. It often takes place over an extended period of time, requires information from many sources, and encompasses many interorganizational relationships. They defined organizational buying behavior as a process which includes all activities of organizational members as they define a buying situation and identify, evaluate, and choose among alternative brands and suppliers. While Webster and Wind stressed the formal organization of the buying center, the contemporary view is that buying centers are neither formal nor structured and their size and composition vary greatly depending on the purchasing task and its complexity (Kotler and Pfoertsch, 2006).

Sheth and Sharma (1973) developed a model of industrial buying behavior which was an extension of the earlier Howard-Sheth model of consumer behavior that was constructed along the S-O-R paradigm. The model has a psychological as well as a behavioral emphasis, focusing on the mental states and decision processes of individual participants in the buying process. Among the key concepts in Sheth and Sharma’s model are purchasers’ expectations, perceptions, role orientations, lifestyles, and the perceived risk. Organizational variables are comprised by the three overarching constructs of orientation, size and degree of centralization. The Sheth model shows that differences among buyers’ expectations are due to the background of the individuals involved in the purchasing process, their sources of information, the notion of active search, perceptual distortions as well as satisfaction with past purchases.

Choffray and Lilien developed a total model in 1978, which puts into account the earlier model by Webster and Wind and also the model by Sheth and Sharma. Choffray and Lilien strive at a more operational model than the one by Webster and Wind. Their model takes on a process-oriented view dividing the organizational purchasing process into the three phases of selection of alternatives, formation of preferences among the members of the buying center and formation of an organizational preference. After pre-selection of available alternatives, the so-called evoked set, a feasible set is remains depending on environmental as well as organizational constraints. Every involved buying center member develops their own preferences based on their individual traits and criteria. When selecting alternatives, Choffray and Lilien find that corporate engineers, the equivalent of buyers in Webster and Wind’s model, are concerned with the initial acquisition costs, reduction of complexity and the product to be field proven and reliable. Production engineers, corresponding with users according to buying center theory, are more concerned with operating costs and energy savings. Top Management as another of their functional definitions, associated with Webster and Winds concept of decider, are said to be more concerned with the product being up-to-date, energy efficient and with low energy costs. The author derives from the
model that rational aspects of the product or service subject to later purchasing behavior play more towards the technical and financial organizational requirements. Rationality thereby is established by the fact that the criteria are quantitative, measurable and highly tangible, such as the product’s price or elements of technical specifications. But even these seemingly rational aspects require emotional context for their interpretation, framing and comparison with other offerings. In this regard, Mudambi et al. describe rationality and tangibility as a continuum, whereby at the extremes the differences in the terms are clear. They mention the example of tangible aspects of an offer as those which are physically present, or can be seen, experienced, or measured in some way”. Intangible aspects are described to be more “elusive or visionary” (Mudambi et al., 1997, p. 438). They are understood using cognitive processes and also often contain an emotional dimension. Mudambi et al. then further argue that even evaluations of physical quality can be elusive or difficult to define, even these tangibles can contain intangible aspects. This argumentation shows that there are often overlaps between tangibility, intangibility, rationality and emotionality. The author resumes that rationality is closest to being predominant early on in the purchasing process when manifestations are clear-cut in the initial stage of the purchase decision process when making the step from an evoked set of alternatives to a feasible set. From the feasible set to the actual organizational choice, however, emotional aspects increasingly gain importance. Figure 1. displays Choffray and Lilien’s model:

**Figure 1.1**

[Diagram of Choffray and Lilien’s model]
2.2 The Homo Economicus Assumption and its Relevance for Business Management

Evaluation of human behavior over centuries was determined by rational choice theories, in which context the economic man or homo economicus, in its twentieth century form as a rational utility maximizer striving to increase their benefit, traditionally was a major conception (Levin et al., 2015). In the course of being economic, the economic man is also postulated to be rational (Simon, 1955). Such theories attempt at explaining complex social behavior with simple and generalizable and objective assumptions. Such rationalist notions stem from the fact that until the late nineteenth century, research had focused on “inanimate objects in a physical world” of which Newton’s works are influential manifestations (Collis and Hussey, 2009). Developments in economics in the theory of the business firm in the 20th century have raised major doubts as to whether the model of the economic man builds a suitable foundation of how firms do or should behave (Simon, 1955). In this regard, Simon made an important contribution. He challenged classical concepts of rationality as they, according to Simon, make severe demands on the choosing organism who must be able to attach definite pay-offs to each potential outcome of a decision situation without any room for unanticipated outcomes (Simon, 1955, p. 103). For the construction of a theory for the behavior of an individual or of groups of individuals who are making decisions in an organizational context, he substitutes the economic man with a choosing organism with limited abilities.

But even far into the twentieth century, rational assumptions lasted, even sparked with the event of computers, comparing the human brain and subsequently human decision making with rational and logical processes similar to electronic computing. Hence, when it comes to emotions and their influence on decision making, it was not until in the mid-nineties of the twentieth century when American neurobiologists Damasio and LeDoux found through their research on injured brains, that emotions by no means were mere disturbances in the decision process, but rather requirements for decision making processes and that without emotions decisions were not even possible (Haeusel, 2012). However, Levine et al. argue that despite the fact that the canonical model of the homo economicus, which they call “both descriptively misleading and insufficiently predictive”, persists in in cognitive and behavioral sciences. They find that this “ghost” of homo economicus endures because a unified and accessible synthesis of alternative models has yet to emerge from the diversity of findings of the different sciences (Levin et al., 2015) The assumption of rational behavior has begun to shift in consumer research as early as the 1950s as the emergence of the brand image concept shows. In this context, according to Trommsdorff and Teichert mention that image research can be understood as a critique of
economic theory of household and the homo economicus assumption (Trommsdorff and Teichert, 2011).

3. Development of Theory in the Field Of B2B Marketing

Analyzing the advances in marketing theory, it was not until the brink of the new millennium when research slowly started to adopt a similar view on B2B settings as they had nearly half a century earlier in B2C. What hindered the earlier convergence of B2C and B2B marketing in regard to the relevance of branding was that traditionally, classic organizational buying models as the one by Webster and Wind (1972) tend to portray organizational buyers as rational decision makers who rely on objective attributes when making decisions. This rational view of organizational purchasing behavior has not left a significant role for emotive or self-expressive benefits which are an integral part of brand conceptions (Brown et al., 2011). It was therefore due to the process which was believed to be of very rational nature (Leek and Christodoulides, 2011) as well as the general setting where purchasers are trained professionals operating in buying centers (Lindgreen et al., 2010) which eliminates the influence of brand images that are based nonfunctional and subjective attributes (Bendixen et al., 2004). Lynch and DeChernatony note that B2B buyers are generally more knowledgeable about the products they purchase and more rational in their decision making than private consumers. They conclude that this focus on rationality has fostered the assumption that organizational buyer is making rational business decisions as opposed to emotional or impulsive ones (Lynch and DeChernatony, 2004). However, leading representatives of the scientific community have increasingly questioned these propositions. Kotler and Pfoertsch claim:

“Forget about the entirely rational and perfect business person. They no longer exist, if they ever did at all. We are all human beings with emotions and feelings and this makes us automatically susceptible to branding whether we are at home or at work” (Kotler and Pfoertsch, 2006).

They further negate the notion of branding as an attempt to seduce customers into an irrational decision but instead emphasize the brand as a transmitter of a meaningful value proposition which can serve making business-related purchasing decisions (Kotler and Pfoertsch, 2006). Since business is always done with people, who are constrained by time, intellectual computing skills and other environmental influences as noted by Simon, branding can assist in emotionally transmitting relevant messages and value propositions which “cut through the noise in that way”. (Cahal, 2014) In line with Chahal’s thoughts, it may be that B2B marketers employ very rational brand communication because they believe it more appropriate with their target groups (Cahal,
Similarly, Freundt et al. found that a “surprising gap” between B2B brand messages and what customers really want to know (Freundt et al., 2013).

Therefore, the discourse comes down to two alternative views. The first and traditional view is that managers reduce their increasing purchase risk by pursuing choice strategies based on the evaluation of objective and rational criteria, in which information search constitutes the major risk reduction behavior. The alternative, brand-driven view of decision making suggests that organizational purchasers rely on heuristic decision behavior when facing high risk purchase decisions (Brown et al., 2011). This more recent notion in the arena of B2B branding corresponds with the work by Gigerenzer and Brighton. By introducing the concept of “Homo heuristicus”, as an individual with a biased mind, ignoring part of the available information. They state that a biased mind can handle uncertainty more efficiently than an unbiased mind which relies on more resource-intensive and general-purpose strategies. The assumption that “if you have heard of one player but not the other, predict that the recognized player will win the game” (Gigerenzer and Brighton, 2009) can also be applied to a B2B product or service with a distinct brand image compared to a product with no or merely a weak brand image. Brands can therefore create such biases as, according to Fischer et al., one of their main functions is information efficiency (Fischer et al., 2002). They argue that information efficiency in particular relates to the preparation of the purchase decision making where brands support the processes of information collection, consolidation and processing within the limits of the organism. As a new synthesis and a further alternative to the homo economicus, Levin et al. propose an “efficient complexity manager”, referred to as “Homo efficens”. The essence of this model is that humans “work within biological limits to efficiently filter massive environmental complexity”. This model appears comprehensive and relevant to buying center members in purchasing situations in regard to constraints in time and budget, increasing complexity as well as proliferation of products and services and increase of global competition (Kotler and Pfoertsch, 2006) providing them with more options to select from when making a purchasing decision. As a perspective, the principal distinction between B2C and B2B marketing when it comes to the relevance of branding seems to become obsolete or, as Kramer puts it, that there is no B2B or B2C, but only H2H – Human to Human (Kramer, 2014).

Resuming the reviewed theories, the author finds that the reasons which classically prevented convergence between decision theory and organizational purchasing behavior appear to be receding in light of contemporary findings within the fields of neurological and decision-related research. Recent literature gives less weight to the peculiarities of organizational purchasing, namely multi-personality, complexity and process orientation. Instead, human factors which put
the individual decision maker at the center of subsequent group decision making in organizations, appear to dominate contemporary notions. It appears logical that in absence of the very factors which separated B2C and B2B theory for a long time, the role of emotionality becomes more significant in B2B marketing and eventually also in regard to organizational purchasing behavior.

4. Conclusions and Recommendations

In conclusion, after review of the pertinent theories on rationality versus emotionality in B2B purchase decision making on the role of both rational and emotional factors, it can is established that the differences between B2B and B2C are blurring, emphasizing the human factor behind every purchasing situation and crediting the individual buying center member as a focal point of decision making and therefore marketing efforts of industrial vendors who must direct their efforts at meeting the individual’s needs and priorities. In this context, brands can offer effective heuristics and thus providing decision makers with meaningful shortcuts towards a purchasing decision, particularly so in situations characterized by higher levels of complexity and risk.

The conceptual research further emphasizes the notion that emotion is paramount to purchasing decision making, also when it is related to B2B purchasing behavior. Emotions fuel any human’s ability to make decisions and the elaboration of theory indicates that these neurological processes hold true in organizational purchasing settings as well as they do in private consumption. Brand images as psychological constructs can effectively bundle attributes and associations, both on a rational as well as on an emotional level and thus provide the necessary framing in the minds of organizational deciders. Hence it can be summarized that major differences exist in the way in which purchasing is conducted in B2B markets compared to B2C settings. Particularly, multi-personality, complexity and process-orientation distinguish B2B purchasing from consumer-oriented purchasing, but the mental processes are shared by private consumers as well as organizational buyers alike. This has led to a more contemporary notion that branding despite its largely emotional and self-expressive nature is applicable to B2B markets. Factors like globalization, proliferation of industrial products as well as advances in technology seem to bring additional momentum to this circumstance.

Transferring these findings from B2B marketing and taking the elements of a highly relevant model of organizational purchasing behavior by Webster and Wind (1978), which was identified through the literature review, that rationality is closest to being predominant early on in the purchasing process when manifestations are clear-cut in the initial stage of the purchase decision process when making the step from an initially evoked set of alternatives to a feasible set. From the feasible set to the actual organizational choice, however, emotional aspects increasingly appear to gain importance in the process of shaping individual as well as group preferences.
Therefore the author derives rational aspects to be more important for setting the foundation and emotionality as more influential for the actual decision itself. These findings from analysis of organizational purchasing theory support the initially postulated proposition that rational factors constitute the basis for the formation of the emotional dimensions, however, the emotional factors serve as a transmitter towards the actual purchasing decision.

As a recommendation to managers and practitioners, B2B vendors should analyze the buying centers of their customers and determine individual buying center member’s needs. In doing so, they can provide an emotional framing to enhance positive perception of the rational aspects of their product offering. As a result, marketers would gain a much more effective and customer-centric marketing approach.

Moreover, due to the importance of personal interaction in many purchasing situations, B2B firms are recommended to acknowledge that every touch point between them and their customers becomes an input to brand image, both on a rational and on an emotional level. They should acknowledge that these individual relationships and interactions decisively shape their brand’s image. This acknowledgement will help marketers manage their customer relationships more consciously and ultimately they would be able to identify their role in their customer’s organizational purchasing process as well as their customer’s perceptions more clearly.

Further researchers are recommended to use the conceptual approach of this paper as a basis to gather more empirical evidence in different industries within the B2B sector and empirically test the proposition made by the author. When doing so, it should be taken care that contextual variables are employed in the empirical research so as to assist the classification and comparison of the respective industry context to related research and eventually help broaden the stream of knowledge of this still relatively young sub-branch of theory.

References


