The B²B Institute

Brand Rejection in B2B: Incidence, Reasons and Implications

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Abstract

The Laws of Growth, such as Double Jeopardy, show us acquisition of new customers is essential to growing a B2B business. The next question is how does a B2B company acquire new customers? This paper investigates the extent to which the negative attitudes to buying a B2B brand (referred to as brand rejection) hamper B2B customer acquisition.

The results from two common B2B services categories show the level of brand rejection to be low, at around 10% - with fewer than 1 in 10 business decision makers rejecting each brand. Lack of awareness is a much more likely to hamper growth than active rejection of a B2B brand. Further, even amongst the small group of brand rejectors, there is no single driver of rejection for any brand, or brands in general.

This means that efforts to reduce rejection levels for any single specific reason are likely to have low return on investment in sales growth. Instead focus marketing efforts on reaching potential B2B buyers and building more useful mental structures, ones that speak to why people could buy your brand, in more potential buyers. To build this mental availability means understanding what cues people use to (mentally) shortlist the brands to potentially buy, and link your B2B brand with those cues in marketing material and sales calls.

A one-off comparison to check against other brands in the category can be useful. If your brand's rejection level is low and normal for your category, then you can ignore it until something changes (such as a change to the brand's product range or some negative publicity).

Lack of brand awareness is a bigger barrier to acquisition than non-customer brand rejection.

Background

The Laws of Growth tell us that acquiring more customers is essential for a brand to grow sustainably in the long term (see the Ehrenberg-Bass Institute's *How Brands Grow* books, and our previous report on Double Jeopardy in B2B brand buying). This is not a new objective - companies have been trying to acquire more customers for decades - why aren't more brands doing this more successfully?

Well first is the delusion that growing by loyalty/retention is easier and more cost effective than growing by acquisition. The evidence is that growing by loyalty/retention is simply not a viable growth model. We addressed this in the report 'The Double Jeopardy Law in B2B shows the way to grow' (Romaniuk, Dawes and Faghidno, 2019).

This new report covers another faulty assumption about customer acquisition - that most non-buying behaviours involve active rejection of the brand. The idea is that there is a flaw in the brand that needs to be fixed leads to research to determine the flaws (barriers to purchase); tactical plans to fix the flaw (to address these barriers); and then the co-opting of valuable advertising dollars to communicate these changes. For example, if our flaw is high prices, we lower our price and advertise our low prices, or craft persuasive advertising to convince the market of our value.

The danger of this approach is that the premise of rejection drives the research design and interpretation of results. The 'theory' of brand rejection then becomes a self fulfilling prophesy and respondents, who want to be helpful, become unwitting partners in this process by focusing on (possible) flaws. For example you might ask - what are the barriers to you buying this brand? Which leads respondents to provide some barrier to fit in with the question, but they might not have thought of this barrier before the question was asked.

How important is it to overcome brand rejection to grow the brand? To answer this we need to first know how often do non-buyers actively refuse to buy a brand. Then we need to understand if their reasons for rejection are actually fixable and therefore resources aimed at this will increase the pool of potential buyers the brand could acquire.

But before we get into the B2B results, let's look at evidence from other categories...

We have investigated the incidence of rejection in other categories/buyer types. The results show:

- In B2C markets, testing across 535 brands in 24 categories reveals a median brand rejection level of 9%, with 1/3rd of brands having a rejection rate of 5% or lower;
- For charities (e.g., Red Cross, Unicef) the brand rejection level averages 3%; and
- For disruptor brands (e.g., Airbnb, Uber, Spotify) the average rejection rate is 4%.

Therefore the evidence to date is that the normal level of brand rejection is low, with fewer than 1 in 10 category buyers actively refusing to buy a specific brand. Now we will look at some results for B2B categories - what is the incidence of rejection for B2B brands? Could it be higher because buyers are more informed of the strengths and weaknesses of different alternatives? And because past mistakes are more costly and so therefore more likely to be remembered. We investigate this question using data from two commonly used B2B service categories - Banking and Insurance.

Method

We interviewed 609 buyers of business banking in the UK and 616 buyers of business insurance in the USA via an online panel. The research involved 22 Business Banking brands and 17 Business insurance brands. Table 1 shows some of the key characteristics of the people/businesses we interviewed.

To identify rejectors for each brand, we used a five point verbally anchored question with a response option of *I would refuse to use this brand*. This scale had a separate response for 'don't know/no opinion about the brand' to separate out the decision makers unfamiliar with the brand from those who expressed a negative attitude to buying the brand in the future. Those that claimed to refuse to use the brand were asked an open-ended follow up question about the reason for their refusal. These verbatim comments were coded into themes representing the reasons for rejection.

Table 1: Respondent Characteristics

	UK (n=609)	USA (n=616)
Male	62	56
Under 30 years	12	15
30 - 39 years	26	34
40 - 49 years	25	23
50+ years	37	28
Sole owners	46	51
Employee	40	36
Sole decision maker	55	59
Business under 4 years	20	21
Over 20 years	32	26
Turnover less than GBP$100K/US$250K	21	23
Turnover over than 10M	20	21

Results

Finding 1: Incidence of brand rejection is around 10%.

Brand rejection averages 11% for Business Banking and 7% for Business Insurance, which is similar to the 9% found in B2C markets. The highest single brand rejection across all brands is RBS (Banking UK) at 19%, while none of the Business Insurance brands reach double digits (see Table 2). There is a slight negative relationship between brand penetration and rejection score, with bigger brands having slightly higher rejection than smaller brands, however these differences are trivial compared to relative differences in penetration.

Table 2: B2B customer penetration and rejection level

UK Banking	Customers %	Rejection %	US Insurance	Customers %	Rejection %
Barclays	40	10	State Farm	25	5
HSBC	27	10	Allstate	23	5
Lloyds Bank	25	11	Geico	17	9
NatWest	24	8	Progressive	16	8
Nationwide	20	5	Hartford	15	5
Santander	18	11	Nationwide	13	4
Halifax	17	8	Liberty Mutual	13	5
Metro Bank	12	11	Farmers	12	5
RBS	12	19	Travelers	11	4
TSB	10	10	AIG	11	9
Citibank	9	11	Humana	10	7
Virgin Money	8	12	Allianz	5	7
JP Morgan	7	13	Hanover	5	5
The Co-op Bank	7	12	Hiscox	5	6
Clydesdale Bank	6	9	Zurich	4	7
BNP Paribas	6	14	Chubb	4	7
Crédit Agricole	5	12	Arch	4	8
Deutsche Bank	5	12	CAN	2	9
Yorkshire Bank	4	7	Eire	1	9
Societe Generale	3	11			
Handlesbanken	3	11			
Std Chartered	1	10			
Average (all)	**12**	**11**	**Average (all)**	**10**	**7**
Average (Top 5)	**27**	**8.5**	**Average (Top 5)**	**19**	**6.7**
Average (Bot. 5)	**3**	**10.4**	**Average (Bot. 5)**	**3**	**7.8**

To provide further context for these figures, we can compare the B2B with B2C rejection scores for a subset of banks in the UK (see Table 3) collected previously. From this data we can see that brand rejection in B2B Banking is the same or lower than in B2C.

Table 3: Comparison of UK Bank rejection levels for B2B and B2C

	B2B Rejection %	B2C Rejection %
Barclays	10	24
Halifax	8	12
HSBC	10	12
Lloyds Bank	11	14
NatWest	8	15
RBS	19	21
Santander	11	18
Average	**11**	**17**

BTW The low incidence is not due to no-one responding. A total of 53% of Business Banking customers and 40% of Business Insurance customers rejected at least one brand out of those listed. Most people just do not reject most brands, even when they haven't used them before.

Finding 2: Rejection is higher for lapsed users, but still only 1 in 3 of those who have behaviourally rejected the brand, also have a negative attitude to buying the brand in the future.

For those brands with sufficient sample size, we looked at rejection levels by brand usage groups. Customers were allocated into one of three groups for each brand:

(a) **Current** - identified as a current business customers of the brand for a product in that category;

(b) **Lapsed** - identified as past business customers of the brand but the relationship has been terminated; and

(c) **Never** - identified as businesses who had never been a customer of the brand.

Comparing the rejection levels across usage groups, lapsed B2B users have the highest rejection rate, around three times higher than those who have never bought the brand. However, still two in three lapsed B2B users of UK business banks and four in five lapsed B2B users of US Business Insurance companies do not reject their former brand. Switching B2B brands in the past does not mean a negative attitude to buying that brand in the future.

Table 4: B2B Rejection across brand usage group

	Lapsed	Never	Current		Lapsed	Never	Current
Barclays	27	14	3	AIG	21	9	3
Halifax	22	8	4	Allstate	16	6	1
HSBC	36	11	2	Farmers	11	5	3
Lloyds Bank	33	12	2	Geico	17	10	4
Nationwide	29	5	4	Hartford	14	5	2
NatWest	29	7	4	Liberty Mutual	10	5	0
RBS	50	18	10	Nationwide	10	3	2
Santander	30	12	4	Progressive	28	9	0
TSB	29	10	2	State Farm	15	5	3
Average (all)	**32**	**11**	**4**	**Average (all)**	**16**	**6**	**2**

Finding 3: Around 9 in 10 potential customers who have never been a customer do not actively reject the brand finding.

Of those who have never been a customer, rejection rates average 11% and 6% (see Table 4). This is evidence that the vast majority of a B2B brand's non-buyers do not hold any negative attitudes that could be a barrier to becoming a customer of the brand in the future.

Finding 4: Lack of prompted awareness is a more common barrier to purchase than active rejection, particularly for smaller B2B brands.

As further context to interpret the rejection incidence scores, we compared the percentage rejecting the brand with the percentage unaware of the brand (based on a prompted awareness question). The results show that even the most well-known B2B brands in the category had more potential customers unaware of the brand than actively rejecting it. The ratios are dramatically higher for smaller brands. This suggests the cause of B2B brand being small is not that many potential customers reject it, it is small because most potential customers don't know about it.

Table 5: Comparison of rejectors versus unaware of the B2B brand (subset 12 B2B brands)

	Rejection %	Unaware %	Ratio		Rejection %	Unaware %	Ratio
Barclays	10	16	1.6	**State Farm**	5	25	4.7
HSBC	10	17	1.7	**Allstate**	5	27	4.9
Lloyds Bank	11	22	2.1	**Liberty Mutual**	5	30	6.2
NatWest	8	23	2.9	**Nationwide**	4	36	9.7
Santander	11	29	2.7	**Geico**	9	36	3.9
Halifax	8	34	4.3	**Farmers**	5	37	7.5
RBS	19	34	1.8	**Progressive**	8	49	5.9
Metro Bank	11	53	4.8	**Humana**	7	62	8.5
Yorkshire Bank	7	54	7.4	**Allianz**	7	77	11.5
Deutsche	12	54	4.4	**Zurich**	7	78	11.4
Std Chartered	10	62	6.5	**Hanover**	5	78	16.0
Handlesbanken	11	80	6.9	**Chubb Corp**	7	81	11.6
Average	**11**	**40**	**4.6**	**Average**	**6**	**51**	**8.5**

Finding 5: Reasons for rejection are diffuse and so would be very difficult to redress.

We also asked the reasons for rejection with an open-ended question about why they would refuse to use that brand. The results were coded into themes, whereby one person's comment could be included in mutiple themes if necessary. Due to the low sample sizes for individual brands, the results across all brands are combined.

The most common reason for rejection in both categories is responses that refer to company charactistics such as origin/history/corporate issues. This included comments about the country of origin, the company was too big, too small, too regional or not sufficiently local to handle the needs of the business. History of the brand, such as supporting Apartheid for Barclays, was also mentioned.

After this the rank order of responses varies across categories. For Banking in the UK, service-related issues (particularly lack of branches) and lack of trust/ethics are the next most common reasons for rejection. While for the Insurance category in the US, negative price experiences/ perceptions is the next most common, with four other reasons for rejection close behind.

This splitting of responses were split across a wide range of areas, combined with the low incidence level for any individual brand, make it very difficult for one brand's marketer to have a large impact with actions directed at fixing reasons for rejection. You would have tackle many different issues to reduce the rejection level by even a small amount. Table 6 shows the splits across categories, while Table 7 has examples of the verbatim responses, which makes for some interesting reading.

Table 6: The many, varied reasons for rejection

	Insurance	Banking
Origin/history/corporate issues	17	24
Price/price perception	16	3
Negative past experience	14	10
Service issues	14	19
General negative comment	14	11
Negative publicity/WOM	13	11
Lack of Product Range offering	7	4
Lack of ethics	6	18

Table 7: Verbatim quotes of reasons for rejections

UK Banking	US Insurance
Appalling customer service and lack of support in rural areas.	*From just what I've heard and read over the year's of this company particularly the government bail out.*
I remember its notorious support for the apartheid regime in South Africa in the past.	*Bad experiences in the past as a customer. Unethical and illegal behavior.*
Because BNP Paribas has unethical practices and many of its employees have taken out harassment employment tribunals against them.	*Too expensive. Randomly changes policy terms without warning. Hikes rates for no reason with no explanation.*
Don't trust them, no branch network, and no real stake in this country.	*Bad past experiences and they get no second chance from me.*
I think this is a basic online service and difficult to resolve issues.	*I have heard bad comments about them, so I wouldn't take the risk by using this company.*
I feel they are a smaller bank with less business services, not as much to offer as the bigger brands.	*Heard of bad business practices.*
Bad reputation, couldn't guarantee they would act in my best interests.	*They haven't been in business long enough for me to consider them.*
Because of their irresponsible activities which contributed to the 2008 financial crisis.	*I am not in the East. Being in the midwest may hamper communications.*
For me more of a bank to help homeowners and not businesses.	*I want an older insurance company.*
I find their ad campaigns off-putting - they seem very enthusiastic about every nationality except the British.	*I believe there rates would be higher then some of the other insurance companies, and not as tailored to our companies needs.*
It is not possible to speak to someone who either understands or is sympathetic and knowledgeable.	*Old establishment, not progressive.*
Because I have had previous history with them in a business context and they were outdated in their methods and inflexible.	*They were a sponsor of MSNBC and I feel they supported racism during the Democratic presidential race in blacking out the only Asian candidate.*
I had something to arrange there and the staff seemed snobbish and arrogant. Old 'very British' women who never ever had any financial problems. Felt like they thought it's my pleasure that I had a chance to use their service. Ridiculous.	*I had to deal with them one time and the customer service was horrific. They were non-professional, rude, and patronizing.*
Because of the interest rates they charge.	*Simply because I don't like Payton manning.*
Heard bad things about them-not trustworthy.	*I think their rates for commercial coverage are not in line with our allocated budget.*

Summary of key findings and implications

Brand rejection is not the reason why the vast majority of category buyers do not buy a B2B brand/ company. This means B2B marketers should stop worrying about whether people dislike the company or if people are saying negative things to others. Indeed negative word-of-mouth/ publicity was only one of many reasons for rejection, from the small group of brand rejectors. Instances of B2B brand rejection are relatively rare but because no-one likes negative news, these outliers can easily distract and lead marketers astray. Stop imagining why people might not like the brand and instead focus on building the mental structures so the brand is salient when they could buy (also known as Mental Availability).

If you want to address barriers that matter, then look to dismantle any speed bumps on the road to purchase such that once the brand is thought of, it is easy to buy (also known as Physical Availability). Some aspects of Physical Availability did come up as reasons for rejection, such as lack of presence (branch network in banking) or portfolio (insufficient product range to meet the needs of business customers) and so anything that can be easily done to minimise these barriers to purchase will be helpful. But investments in building Physical Availability are only going to have a growth pay off if marketing and sales has also done the work to make the company Mentally Available for more potential customers.

Advertising and sales messages play an important role here as these build up the B2B brand's mental structures before someone is in the market for a product/service. When reaching out to non-customers, include messages about Category Entry Points - those thoughts that underpin why, where, how, with/ for whom and when the B2B categories are salient for the potential customer - as these will shape which companies are salient when each situation arises. The more people that think of your company in a wider variety of category buying situations, the more acquisition opportunities you will have.

Stop imagining why people might not like the brand and instead focus on building mental structures...

Key references

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