A REVIEW OF BRANDING STRATEGY FOR SMALL AND MEDIUM ENTERPRISES

Amel GRAA, Soumia ABDELHAK

Faculty of Economics and Management, Djillali Liabes University, Algeria

Abstract

Brands play an important role in differentiating one company to another. At the beginning brands are used for large enterprises. But now it is also worn for Small and Medium Enterprises (SMEs). The purpose of this paper is to investigate how branding is exercised in a SMEs and which steps they must followed for improved results. Research conclusion pointed out of the impact and benefit of using these strategies. Lastly, this review paper will help the managers of SMEs launch a product in the market and to make a brand that will develop and mature in a saturated marketplace.

Introduction

SMEs have long history and famous products or techniques passes down from generation to generation, and their brands are full of traditional cultures but their production and operation are of small-size (Chakraborty et al., 2013). SMEs include family businesses, startups, spin-offs and a variety of others (Sadi and Henderson, 2010). The definition of SMEs differs from country to country; however, Hibbert point out that "as a class SMEs are clearly distinguishable in any country, either developed or developing. The factors that set them apart are essentially qualitative and comparative" (Harvie et al., 2008). However, not even this is consistence as some countries may" define SME to be an enterprise with less than 500 employees, while another country may define the cut-off to be 250 employees" (Chakraborty et al., 2013). SMEs can be classified by the number of employees, annual turnover, and a combination of employee and turnover metrics (Hutchinson et al., 2006).

Brand management, or branding that it is commonly referred to, is the way companies use their brands to expose an image. There is general agreement in the literature that the brand is more than a name given to a product; it embodies a whole set of physical and socio-psychological attributes and beliefs (Ahonen, 2008). Brands have traditionally been considered to be property provided by the firm developed and managed within a company to facilitate transactions with customers (Mäläskä et al., 2011). Branding strategy is a policy for creating and nurturing sustainable competitive advantage. It consists of "the development and maintenance of sets of product attributes and values which are coherent, appropriate, distinctive, protectable and appealing to customers". (Abimbola, 2001)

This study is conducted as an extensive literature review, it aims to clarifies the role of branding among academic SME' studies. Many interesting questions pop up given by this approach of branding. However, this research has been related to SMEs and the question we raise here is the following: How do SME managers respond to the branding strategy?

Background Research and Definitions

Possibly due to SME branding being a quite novel research topic, there seems to be confusion about definitions of brand and branding. As is often the case in academic journal articles, in these studies it was rarely clarified how the concept brand or branding was defined, or how it was defined in that particular studies. In addition, brand was often considered as a strategy to distinguish a company's offer and to create and maintain customer confidence. The literature review revealed that SME branding has adapted several issues from the traditional product branding perspective. However, in empirical studies services companies were more often examined than manufacturing companies. (Ahonen, 2008)

So, what means by brand and branding? Very basically, a brand is a proprietary name for a product, service, or group. On a more multifaceted level, a brand is the sum total of all functional and emotional assets of the product, service, or group that differentiate it among the competition (Landa, 2010). As well as, Kapfere define brand as "a symbol serving to distinguish the products and services of one company from another" (Ahonen, 2008). Usually, brand is a quality which ensures that consumers 'desire' a consumable product or service being offered. Put simply, a brand gives an irresistible identity to a business. Consumers 'buy not only the product or service but also the brand.

Based on the literature review and three case studies of Indian brands, the conceptual model for brand building in competitive markets, known as PCDL Model, has been proposed by Ghodeswar (2008). The four elements of this model, namely, positioning the brand, communicating the brand message, delivering the brand performance, and leveraging the brand equity.

Branding Strategy for SME

Very often, small and medium businesses that are in their early days of growth and evolution tend to view branding as an aesthetic cost-exercise– one that involves creating some or all of the brand components (Name, logo, sound, colors…). It is viewed as a reductive concept involving only the logo, the product, the service or the technology they sell (Inskip, 2004). Once they've gotten themselves this kit, most of them tend to forget all about branding and focus their energies and spend on infrastructure and processes, in their quest for greater business results.

The interest is on the SME's particularly with the knowledge that there are certain limitations that they have in terms of growth and success. While large corporations have access to funding for their research and development department as well as to gaining the needed expertise and know-how for setting up a skillful marketing and branding plans, SME's tend to have limited access to both. Small businesses are more likely to struggle with the credibility as they are usually much high risk investments to banks and the establishment of a solid reputation in

relation to bigger companies is much less visible. This will affect their division of their current resources and with organizing and prioritizing them. If management skills are limited as the staff is rather small, it may occur that there are no needed skills to effectively market a product.

In 2005, Krake developed a management model named "the funnel model" which illustrates how brand management or branding affects SMEs. This model point up the influence of some factors (market elements, company structure and the entrepreneur) on the SME' branding strategy. It demonstrates also that both marketing creativity and available budget directly affect the marketing activities and messages communicated. For SMEs, the creativity can determine how many marketing activities they have. The budget can moreover influence how much they can invest in marketing activities and what messages they have received from the customers. Finally, in the funnel model, the marketing activities and messages communicated are influenced by turnover and brand recognition. The aim of marketing activities and messages communicated is to gain the turnover and create the brand recognition.

Characteristics of Corporate Brand in SMEs

The essence of corporate brand is to be found from the core values which are associated with the brand. Corporate brand values reflect the identity of an organization and guide the brand building process conducting the organization's leadership, strategy, product development, communications, etc. The organizational structure, physical design and culture further help to support the meaning of the corporate brand both internally and externally. Some of the unique characteristics that differentiate the nature of corporate brand of SME may be determined by the inherent personal characteristics and behaviors of the entrepreneur (Mäläskä et al., 2010). In SME companies, the corporate identity and the core values as the essence of the brand are often solely defined by the owner-manager and further, at large, attached with his/her own vision, philosophy and personality (Abimbola, 2001). Based on a quantitative research study, Krake (2005) elucidates some aspects distinguish the SMEs from large companies in term of branding strategy:

1. Branding is not a priority for many SMEs, they pay less or no attention to brand management in their daily tasks.
2. In many SMEs, the director or owner is the key person in determining brand policy, changing brand names and brand logos. However, in the balance of the companies, nobody was specifically concerned with brand management, and no one discussed brand management in the company, not even the director and owner.
3. In SMEs, entrepreneurs are the visionary individuals who are the focal points for brand building and identity creation.
4. The company name and brand name are often different. However this situation can lead SME to reduces its chances of gaining people's attention and reduces their business.
5. Most small and medium companies do not pay attention to co-branding and working with other companies to gain more brand value and make their business successful through brand management.

Importance of Branding Strategy for SME

With the right branding, a company can increase its sales. Problem is, most SMEs undervalue the importance of branding, and fail to market their companies effectively. There are many similarities in the way large and small entrepreneurial organizations achieve success. All require a well established "brand name" in order to create incremental value and effectively market their products or services. The process for establishing a strong brand name is fundamental to any small business in order that it may compete and grow.

Brand-building plays an important role of defining the company in the public eye. It is an integral part of the SME's marketing mix and expenditure, which should also include direct marketing strategies for lead generation and sales entry, as well as social media marketing for consumer engagement strategies. Successful SMEs traditionally display a strong entrepreneurial spirit, and leverage that spirit through a defined culture in order to provide innovative services and products.

According to Keller (2003), brand strategy is the way the brand elements are employed throughout and across the company's products or services. As it should be clear to the manager that having a clear brand strategy might be something essential for their company's success, it still might get less attention and understanding due to its abstract essence.

Procedures for Building a Strong SME Brand

Many enterprises have successfully created brands that are an indication to the enormous impact that a branding policy can have on competitiveness. Strong brands such as Microsoft, Gap, Starbucks, and Dell Computer are all SME brands created and nurtured from the scratch by small businesses and individual entrepreneurs. These brands represent some of the well-known icons of entrepreneurship branding at its best. But, they represent a very small percentage of enterprises that could benefit from branding policy. (Abimbola, 2001)

While a systematic approach to formulating and implementing branding strategy may improve its effectiveness, the success of a brand is not guaranteed. The high failure rate of brands launched by larger firms is an indication to the influence of customer as a democratic purchaser. However, the long term prediction for most brands is better than the short-term measure of success or failure. This may even be more important for SMEs as they have to build extensive network for new brand introduction over a relative longer-term compare to larger firms with large budgets to create 'spectacular' launching for brands.

In the same context, Lassen et al. (2008) recognize the following guidelines for brand management in SMEs:
1. Identify the brand essence: What makes the brand unique? What is the personality, culture and values of the brand? This is about identifying the soul of the brand. Managers need to understand the underlying character of the brand.
2. Focus on the right target group Lassen, et al. argue that it is better to have a big influence on a small number of people rather than having a small influence on a large number of people. When the marketing resources are limited it is much better to attract a certain group.
3. Select the right media: With branding in SMEs a lot comes down to handling with small means. By choosing a small target group it enables the company to

use its marketing as value-enhancing initiatives, by addressing the same media continuously.

4. 4. Devise a consistent concept: Formulate a concept statement that drives all the communication towards the same goal.

5. 5. Keep all communication consistent: The values and concepts the company wants to be affiliated with need to be consistent. This consistency needs to be sustained with a long-term focus. Branding does rarely give short-term gains; it should be considered a long-term process.

6. 6. Renew the brand over time: It is important to constantly renew the brand. Make the brand feel alive, with creative ideas and make the customer feel that the brand is improving over the years.

Conclusion

Effective branding and value creation continue to represent the cornerstone of every successful company. But results are not immediate. There is a misconception by many companies who view branding as a marketing function or a tactical approach that will produce fast results. The brand can be viewed as a philosophy to be applied to a company's functions, and like a promise that the business gives to its customer

This paper has argued that branding is a marketing practice highly relevant to the SME. Our analysis exposes an argumentation structure which tends to clarify the benefits of using branding purpose. The paper concludes highlighting the importance of linking SME management to branding strategy. In doing so, it is hoped that these SMEs will be able to use the full potential of their brands as a strategic tool to power the growth of their businesses.

To build a stronger brand, SMEs need to know much more than the size and shape of the market and customer base. They need to understand how well their brands are performing in terms of endearing loyalty. They need also to identify the competitive strengths and weaknesses that may be helping their brands in the battle for increased loyalty.

Bibliography

1. ABIMBOLA, T. 2001. "Branding as a Competitive Strategy". Journal of Research in Marketing & Entrepreneurship, Vol. 3, Issue. 2, pp. 97 – 106.

2. AHONEN, M. 2008. "Branding - does it even exist among SMEs?" Proceedings of the 16th Nordic Conference on Small Business Research, May 21st -23rd 2008, Tallinn, Estonia.

3. CHAKRABORTY, A.; DEB, S. K.; MOSTAFA, M. and CHOUDHARY, A. 2013. "Importance of Brand for SMEs". Journal Business Management & Social Sciences Research (JBM&SSR), Volume 2, No.3, March, pp. 45-48.

4. GHODESWAR, B. M. 2008. "Building brand identity in competitive markets: a conceptual model". Journal of Product & Brand Management, 17/1, pp. 4–12.

5. HARVIE, C., Le, C. and SANIDAS, E. 2008. "Competitiveness strategies of small and medium enterprises in transitional economies", 5th SMEs in Global Economy Conference: SMEs and Industrial Development in Asian Countries (pp. 109-130). Tokyo, Japan: Senshu University.

6. HUTCHINSON, K.; QUINN, B. and ALEXANDER N. 2006. "The Role of management characteristics in the internationalisation of SMEs: Evidence from the UK retail sector", Journal of Small Business and Enterprise Development, 13(4), pp. 513-534.
7. INSKIP, I. 2004. "Corporate branding for small to medium-sized businesses – A missed opportunity or an indulgence?", Brand Management, 11, 5, pp. 358-365.
8. KELLER, K. L. 2003. "Understanding brands, branding, and brand equity", Interactive Marketing, 5(1), pp. 7-20.
9. KRAKE, F. B. 2005. "Successful brand management in SMEs: A new theory and practical hints". Journal of Product and Brand Management, 14(4), pp. 228-238.
10. LANDA, R. 2010. "Advertising by Design: Generating and Designing Creative Ideas Across Media, chapter 1: What is branding?", Wiley publication.
11. LASSEN, P.; KUNDE, J. and GIOIA, C. 2008. "Creating a clearly differentiated". Brand Management, 16, pp. 92-104.
12. MÄLÄSKÄ, M.; SARANIEMI, S. and TÄHTINEN, J. 2010. "Co-creation of Branding by Network Actors", Proceedings of the 10th annual EBRF conference on Co-Creation as a Way Forward, 15-17 September 2010, Nokia, Finland, pp. 1–19.
13. MÄLÄSKÄ, M.; SARANIEMI S. and TÄHTINEN, J. 2011. "Network actors' participation in B2B SME branding". Industrial Marketing Management, 40, pp. 1144–1152.
14. SADI, M.A. and HENDERSON, J.C. 2010. "Franchising and small medium-sized enterprises (SMEs) in industrializing economies: A Saudi Arabian perspective". Journal of Management Development, 30(4), pp. 402–412.

Correspondence address:
Dr. GRAA Amel, PhD., Associate professor, Department of Business, Faculty of Economics and Management, Djillali Liabes University, Sidi Bel Abbes 22000, Algeria, e-mail: *graa_amel@yahoo.fr*