



Evaluation of Brand Management in Iranian Food Sector's SMEs Based on Brand Report Card model

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ABSTRACT

Small and medium-sized enterprises (SMEs) have important roles in employment and GDP. One of the success pillars of SMEs is brand management improvement. This study evaluated the strategic performance of brand management in foods sector's SMEs based on Keller's Brand Report Card (BRC) in Iran. The research design of this paper is descriptive-survey type. The data gathered from 100 managers of 50 SMEs by using a 37-items questionnaire from 6 provinces. Results indicated that however the overall brand management performance has a good score but the performance in sub-categories are not equal. Freidman test indicated the priorities of brand performance in 10 sub-categories. Kruskal-wallis test showed that priorities of four sub-categories performance among different sectors of food industry.

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Introduction

Small and medium-sized enterprises (SMEs) account for a high proportion of industrial firms in Iran and play an undeniable role in economic growth. In fact, the development of SMEs is the secret of Iran economic development. Based on survey results from industry workshops in 2004, about 76 percent of industrial units (manufacturing) in Iran are smalls (with 10 to 49 employees) and about 15.8 percent are mediums (with 50 to 149 employees). More than 24 percent of the total workforce in the sector of small industries and more than 19 percent of the workforce are employed in medium enterprises and their share in added value in the industrial sector of Iran are about 9.7 and 8.9 percent (Sabbaghi, 2006).

Looking at the key performance indicators of food industry companies in 2008 shows that 2300 out of 4700 companies are inactive and work Less than 50% of working capacity and 2400 companies work 50% of working capacity. Surveying the failure reasons of food industry companies in the perfect utilization of production capacity depict that the most important issue of these companies is marketing and especially brand management (Najafbeygi & ArdeshiriCham, 2010).

Small and medium-sized enterprises are considered the economic growth stimulator in many developing countries and compose at least 95% of all businesses (Krake, 2005). Cohen and Stretch (1989) found that the most related issues of small businesses are marketing. Craft and Godel (1989) pointed out that 75% of small businesses issues are marketing. Also, the study of Huang and Brown (1999) point out brand management issues for small businesses (Omar & Mohd Ali, 2010).

Capability of brand protection in the Small and medium-sized enterprises that have limited resources is so important; therefore Identifying strengths and weaknesses in the areas of brand management in small and medium-sized enterprises are necessary to improve by using the brand self-assessment (Berthon et al, 2008). Given the lack of research on performance evaluation of strategic brand management in small and medium

enterprises in Iran it would be acknowledged that research on performance evaluation of strategic brand management in small and medium-sized businesses is important. This study with practical approach seeks to answer the following questions: what is the current state of brand management in SMEs based on Keller's ten perspectives of brand report card? What is the situation of ten dimensions of brand components? What are the priorities in different industries?

History review

Brand evaluation methods are generally classified into three categories:

CBBE or Customer based brand equity (eg, Aaker and Keller CBBE models).

The financial value of brands (such Interbrand and BrandZ).

Brand Report Card which it is considered as a comprehensive approach to all aspects of the brand.

Methods of Customer based brand equity and financial value are far more ancient than brand report card and numerous studies have been conducted but focusing on brand report card is little.

Brand report card model

Brand Report Card (BRC) was released in 2000 based on Kevin Lane Keller study, one of the prominent theorists in the field of brand management, on strongest brands in the world. In this approach in order to identify the strengths and weaknesses of brand, an internal comprehensive evaluation conducts according to ten different traits in organization. Ten different traits of brand are submitted here:

- 1) Coverage of customers benefits by brand.
- 2) Brand relevancy.
- 3) Pricing strategy by customers' brand perceptions.
- 4) Brand position.
- 5) Brand Consistency.
- 6) Brand portfolio and hierarchy.
- 7) Building brand equity.
- 8) Perceptions of brand managers.

- 9) Brand supportiveness.
10) Monitoring brand equity.

Managing Brands in SMEs

On brand management in SMEs, four studies have been conducted. Research background in the areas of brand management for SMEs is summarized in table 1.

Research hypotheses

According to ten dimensions of Brand Report Card (BRC) model, 10 corresponding hypotheses and 1 major hypothesis for the total are considered. The research hypotheses are as follows:

- H1 - The brand excels at delivering the benefits customers truly desire in food sector's SMEs.
H2 - The brand stays relevant in food sector's SMEs.
H3 - The pricing strategy is based on consumers' perceptions of value in food sector's SMEs.
H4 - The brand is properly positioned in food sector's SMEs.
H5 - The brand is consistent in food sector's SMEs.
H6 - The brand portfolio and hierarchy make sense in food sector's SMEs.
H7 - The brand makes use of and coordinates a full range of marketing activities to build equity in food sector's SMEs.
H8 - The brand's managers understand what the brand means to consumers in food sector's SMEs.
H9 - The brand is given proper support and that support is sustained over the long run in food sector's SMEs.
H10 - The sources of brand equity monitor in food sector's SMEs.
H: The strategic performance of brand management is suitable in food sector's SMEs.

Research methodology

The nature of this research is practical and descriptive-survey type. The data gathered from 100 managers of 50 SMEs from Tehran, Alborz, Tabriz, Isfahan, Guilan and Semnan provinces by using a 37-items questionnaire. Research questionnaire is 37-items questionnaire of Berthon et al (2008) that modified several times after translation and then finalized. Five-point Likert scale (From 1 = very low to 5 = very high) is used to answer the questions. The data collected by attending in

the nineteenth food exhibition of Tehran and visiting companies directly during June 2012. Validity of study questionnaire is content validity and verified by research director and advisor. Reliability of questionnaire confirmed by using Cronbach's alpha. The reliability of Brand Management Performance (BMP) questionnaire is presented in table 2.

Research findings

According to the statistical analysis of samples from a total of 50 companies, 16 companies are small businesses (fewer than 50 employees) and 34 companies are medium businesses (50 to 500 employees). Distribution of SMEs in the six studied provinces is presented in table 3.

In order to test the main hypothesis (H) and 10 sub-hypotheses (H1 to H10) one sample t-test is used. All research hypotheses are confirmed with a confidence level greater than 95% due to the significance level of the test and the calculated values. The results are presented in table 4

In order to rank Brand Management Performance in small and medium-sized businesses in the food industry (BMP1 to BMP10), Friedman test is used. Given the significance level of the Friedman test statistic (Sig=0.127) is more than 0.05, there is no significant difference between Brand Management Performance in small and medium-sized businesses in the areas of food. The results are presented in table 5.

In order to investigate the priority of ten dimensions of Brand Management Performance in the different sectors of food industry, Kruskal-Wallis test is used. The results are presented in table 6.

Given the significance level less than 0.05 in Kruskal-Wallis test (Sig, or P-value), we can express that there is difference among the dimensions of Brand Management Performance (BMP) in the different sectors of food industry, therefore, Coverage of customers benefits, Building brand equity, Perceptions of brand managers and Monitoring brand equity in the different sectors of food industry have a significant difference. The mean scores of the four component areas are presented separately in table 7.

Table 1. Summary of research background in the areas of brand management in SMEs

Researcher	Subject	Samples	Method	Industry	Country
Berthon et al, (2008)	Brand Management by BRC model	186 SMEs and 77 large companies	Questionnaire	Product and Service industries	Australia
Holverson and Revaz, (2006)	Soft and Hard branding in SMEs	29 SMEs	Questionnaire	Hotel industry	France, England, Germany, Austria, Italy, Switzerland and Spain
Krake, (2005)	SME brand development	10 SMEs	Interview	Product industries	Netherlands
Wong and Merrilees, (2005)	SME brand orientation	8 SMEs	Interview	Service industries	Australia

Table 2. Reliability of Brand Management Performance (BMP) questionnaire

Brand Management Performance (BMP)	Number of Questions	Mean	Standard Deviation	Cronbach's alpha	Berthon et al, Cronbach's alpha
Coverage of customers benefits	3	3.5233	0.73742	767%	963%
Brand relevancy	4	3.6975	0.71624	822%	767%
Pricing strategy	3	3.4300	0.67052	581%	586%
Brand position	3	3.4667	0.72629	609%	769%
Brand Consistency	2	3.4600	0.81240	640%	728%
Brand portfolio and hierarchy	4	3.6300	0.68302	740%	768%
Building brand equity	5	3.5060	0.71715	827%	859%
Perceptions of brand managers	5	3.5800	0.73002	866%	844%
Brand supportiveness	3	3.3933	0.88304	845%	749%
Monitoring brand equity	5	3.4680	0.74466	871%	893%

Table 3. Distribution of SMEs.

Company Type	Tehran	Alborz	Tabriz	Isfahan	Guilan	Semnan	Total	Percent
Small	5	4	0	3	2	2	16	32%
Medium	18	8	3	1	2	2	34	68%

Table 4. Status of hypotheses

Variable	t	Significance Level	Upper Limit	Lower Limit	Status (Accept or Reject)
H1	5.918	0.000	0.8305	0.4095	Above the Mean (Accept)
H2	6.545	0.000	0.9541	0.5059	Above the Mean (Accept)
H3	5.270	0.000	0.7275	0.3259	Above the Mean (Accept)
H4	3.834	0.000	0.6808	0.2126	Above the Mean (Accept)
H5	4.125	0.000	0.7436	0.2564	Above the Mean (Accept)
H6	6.468	0.000	0.9109	0.4791	Above the Mean (Accept)
H7	4.034	0.000	0.6532	0.2188	Above the Mean (Accept)
H8	4.724	0.000	0.7925	0.3195	Above the Mean (Accept)
H9	3.415	0.001	0.7095	0.1838	Above the Mean (Accept)
H10	4.985	0.000	0.7240	0.3080	Above the Mean (Accept)
H	6.168	0.000	0.7256	0.3690	Above the Mean (Accept)

Table 5. Ranking of Brand Management Performance (BMP)

Ranking	Mean
Brand relevancy	6.42
Brand portfolio and hierarchy	6.27
Perceptions of brand managers	5.90
Coverage of customers benefits	5.43
Building brand equity	5.41
Brand Consistency	5.36
Brand position	5.35
Monitoring brand equity	5.12
Pricing strategy	5.00
Brand supportiveness	4.77
X ² = 13.879 ; D.F= 9 ; Sig= 0.127	

Table 6. Brand Management Performance (BMP) status in the different sectors of food industry.

Brand Management Performance (BMP)	Calculated X ²	Degree of Freedom	Significance Level	BMP Status
Coverage of customers benefits	18.527	9	0.03	Different
Brand relevancy	13.508	9	0.141	Similar
Pricing strategy	10.755	9	0.293	Similar
Brand position	10.434	9	0.316	Similar
Brand Consistency	14.091	9	0.119	Similar
Brand portfolio and hierarchy	15.088	9	0.089	Similar
Building brand equity	19.403	9	0.022	Different
Perceptions of brand managers	19.316	9	0.023	Different
Brand supportiveness	16.452	9	0.058	Similar
Monitoring brand equity	18.255	9	0.032	Different

Table 7. Ranking of Brand Management Performance (BMP) in the different sectors of food industry

Coverage of customers benefits		Building brand equity		Perceptions of brand managers		Monitoring brand equity	
Sector	Mean	Sector	Mean	Sector	Mean	Sector	Mean
Chocolate	41.00	Chocolate	44.00	Drink	37.33	Chocolate	39.67
Vegetable	37.83	Drink	36.00	Chocolate	35.00	Drink	34.92
Dairy	33.25	Conserve	30.50	Vegetable	31.00	Protein	30.19
Drink	31.58	Protein	27.50	Protein	29.50	Conserve	29.44
Protein	27.69	Cake	22.38	Conserve	28.17	Dairy	24.75
Conserve	24.50	Spice	21.30	Spice	25.90	Spice	24.60
Cake	22.88	Jam	20.30	Dairy	25.50	Cake	20.75
Jam	18.90	Vegetable	19.00	Cake	15.63	Vegetable	19.83
Spice	15.20	Dairy	16.88	Jam	9.50	Jam	12.60
Tea	4.00	Tea	3.50	Tea	6.83	Tea	4.17

Conclusion and suggestions

One sample t-test results indicated that overall brand management in food sector's SMEs based on brand report card model has a good status but the performances in sub-categories are not equal. Freidman test indicated the priorities of brand performance in 10 sub-categories (BMP1 to BMP10). Kruskal-wallis test showed that priorities of four sub-categories performance among different sectors of food industry. Practical suggestions to business owners are submitted here:

- Identify and prioritize customer needs, wants and demands.
- Provide timely various features to the customers.
- Develop good communication channels with customers such as CRM and public relationship.
- Deploy integrated marketing research.
- Constant updating and implementation of cost reduction strategies.
- Diversify products and offer the same features of competitors by push and pull marketing strategies.
- Diversify products and offer unique features by push and pull marketing strategies.
- Increasing investment on R&D and technology.
- Internal and external auditing of brand.

Researchers can study BRC model in SMEs or large companies both in products or services industries. Researchers can calculate impact of financial performance and the market of SMEs by using BRC model both in products or services industries.

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