



Transforming rural small-medium enterprises via branding innovation in developing economies: a conceptual paper

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ABSTRACT

The issue on branding has been always the talks of the large-sized companies. This has been addressed in many literatures. But, these literatures little or never discussed about branding for small-medium enterprises (SMEs). Many view that branding is not the subject of SMEs around the world. The SMEs play a significant role in the development of economy especially the developing economies around the world. Hence it's very important for every economy to focus and develop the SMEs. Effective branding is a key factor for the success of the SMEs. Effective brand development takes time. Once successful, similar, if not greater effort is required to sustain and enhance the position of the brand and the brand has to grow to remain strong. Our literature review suggests that the factors that affect branding of SMEs are the number of brands, brand equity, brand mix, consistency in brand communication, positive brand experience, brand differentiation, brand passion, push and pull brand campaign and secondary brand association.

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Introduction

Building strong brands has become an important concern for many organizations, since it gives a number of marketing advantages and increases companies' competitive strength (Hoeffler & Keller 2002). In addition, different interest groups like investors also set high expectations for the development of brand equity (Ojasalo et al. 2008). According to Nordin (2009) brand is all about customers' experience and their emotional connection to the brand. The minute one starts a business, like it or not, the business will be "branded" by the market, whether positively or negatively. There are number of writing about brand management which targets or based on large-scale consumer goods sector (Chernatony et al. 2003). However very little knowledge can be found on brand building in Small business Enterprises (SMEs). Definitions of SMEs differ from country to country and unions. Mostly it is defined either by number of employs or the annual sales turnover of the business. According to Nordin (2009) SMEs probably benefit from the freest and most effective form of brand promotion, which is the 'word-of-mouth' of their customers.

Problem Statement

Small-scale entrepreneurs are most likely be worried with more urgent matters such as paying their bank debts, ensuring that their workers will show up for work and making sure their only machine will not break down, than about branding. However, Branding is relevant for the survival and growth of all companies, big or small. Likewise one could even argue that branding is even more important for the SMEs (Nordin 2009). A research by Cohen and Stretch (1989) shows that the most frequent cited problems from the owners of small companies were marketing problems. This agreed with the findings of

(Kraft & Goodell 1989), who concluded that 75 percent of the problems most commonly cited by small businesses were marketing-related. Finally, Huna and Brown (1999) provided further confirmation with a study of 973 small businesses in Western Australia. As there is a tendency for SMEs to be running in a narrow band of sectors, it is difficult for any of them to stand out (Nordin 2009). Hence branding is a critical factor in their survival.

Research Objectives

The objective of this study is twofold. Firstly, contribute to development of knowledge and writings on the subject of branding of Rural SMEs and products. And secondly to test the finding of research works done earlier by different authors in different countries on current market.

Research Questions

Guided by the research question "What are the factors that affect branding of Rural SME Products?" this research seeks further to understanding the factors that affect branding from the perspective of the SMEs.

Literature Review

Branding for Rural SEMs

The process of branding has been around for centuries as a means to differentiate the goods of one producer from those of another (Keller 2003). Although various definitions appear in the literature, a brand can essentially be described as "an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely" (de Charnatony 2001).

According to Shocker and Weitz (1998) the profit from a long term brand strategy will be far greater than the costs

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incurred particularly to realize it. This will have a great impact on financial, strategic and managerial areas particularly. Kohl and Stephens (1991) and Randall (1997) also confirm that companies that offer strong brands enjoy significant advantages to those that do not (Krake 2005).

Keller (1998) as cited in Krake (2005) is the only author to have paid particular attention to this question. He offers the following guidelines for the building of a strong brand by SMEs:

1. Concentrate on building one (or two) strong brands.
 2. Focus a creatively-developed marketing program on one or two important brand associations, to serve as the source of "brand equity".
 3. Use a well-integrated mix of brand elements that support both brand awareness and brand image.
 4. Design a "push" campaign that aims to build the brand, and a creative "pull" campaign that will attract attention.
 5. Broaden the brand with as many secondary associations as possible.
- Reflecting on these guidelines Krake (2005) did a research and came up with his revised Guidelines for the creation of a strong SME brand.

1. Concentrate on building one (or two) strong brands.
2. Focus a creatively-developed marketing program on one or two important brand associations, to serve as the source of "brand equity".
3. Use a well-integrated mix of brand elements that fully support both brand awareness and brand image.
4. Be logical in your policy and consistent in your communications.
5. Ensure that there is a clear link between the character of the entrepreneur and that of the brand.
6. Cultivate a passion for the brand within the company.

Krake has discarded two guidelines which were previously mentioned in the work of Keller (1998). They are

1. Design a brand-building "push" campaign and a creative "pull" campaign to attract attention.
2. Broaden the brand with as many secondary associations as possible.

According to Krake (2005) reason for discarding the two guidelines are that they simply do not come within the scope of most SMEs' concerns. As per his study a few cooperate with other companies or engage in co-branding.

Nordin (2009) has also highlighted a three fundamental concepts needed for branding of SMEs. 'Positive Experience' has been highlighted as the first fundamental. According to him branding is about ensuring that your customer or client has a positive 'experience' from consuming or using your products or services. These experiences should meet the promise that you make when offering your products or services. Whether one is selling roti canai or providing a grooming service, a consistent positive experience will develop an emotional attachment of the consumer or user to your product or service. That will ensure loyalty of the customer to your product or service and, hopefully, through the sharing of their experiences with their friends or colleagues, will bring in more customers. Remember that it is about consistent experience and not just a one-off encounter.

Secondly, the SME must be 'different'. SME must decide how their product is different from the many competitors that exist. It will make one's product unique and sets it apart from the alternatives in the market and will grab the attention of the customers away from competitors. Once you decide on how

your product or service is different, you must articulate or communicate that difference. Again, don't rush to the local radio station or newspapers to place your advertisement. If you sell keropok lekor, displaying your keropok in a transparent plastic container, putting on a chef cap and handling the keropok with vinyl gloves would deliver that message that your products are clean and hygienic and would appeal to customers that are particular about such matters Nordin (2009).

The final concept has been refereed as "touch points". Every business contains a number of "touch points" when the customer comes in contact with a business, its products or services. Each point of contact will influence the experience of the customer with your product or service Nordin (2009)

Independent Variables

Number of Brands

Building strong brands has become an important issue for many organizations since it yields a number of marketing advantages and increases companies' competitive strength (Hoeffler and Keller, 2002). According to the studies done by Keller (1998) and Krake (2005) the SMEs should focus on Building one or two strong brands.

Brand Equity

According to Keller (1993) Brand equity, is the effect that brand knowledge has on consumer response to the marketing of a brand, with the effect occurring when the brand is known and when the consumer possesses favourable, strong and unique brand associations. Brand's equity brings higher sales volume and higher profit margins against competing brands.

Brand Mix

Brand mix involves Packaging, Advertising, Sales Promotion, Costing, Pricing, Sales and Distribution. Packaging means the Design, Colour and appearance which appear on the packaging. SMEs should also be keen on advertising, positioning, segmentation, and production of artwork works and point of sale materials. Sales Promotion can be done by developing schemes, trade promotion, consumer promotion, as well as sales force incentives-promotion to help his brand sell more. SMEs should the cost lowest level possible without compromising on quality or perceived value.

Consistency in brand communication

It is said that a person should be consistent in their policy and their activities. Do not turn left one day then right the next. "Repetition" is the magic word. With regard to consistency in communications, someone once notably observed: "It's only when you can no longer see the message because you've worked with it so long, so often and so intensively, that it begins to register with your target audience." (Krake 2005)

Positive brand experience

Customer or client must have a positive 'experience' from consuming or using the products or services. These experiences should meet the promise that you make when offering your products or services. A consistent positive experience will develop an emotional attachment of the consumer or user to your product or service (Nordin 2009). That will result in loyalty of the customer to the product or service and, hopefully, through the sharing of their experiences with their friends or colleagues, will bring in more customers.

Brand Differentiation

SME must decide how their product is different from the many competitors that exist (Nordin 2009). Categories where we can differentiate the products are durability, repair-ability, reliability, style etc. According to Krake (2005) the role of

entrepreneur is very high in creation of brand recognition. The brand should symbolize everything you do to deliver the message as clearly as is possible (Krake 2005).

Passion for the Brand

According to Krake (2005) the passion that entrepreneurs express when they talk about their brand must be transmitted to the rest of the organization. Because such businesses are not big to begin with, this can be done. And when this happens, the whole organization should radiate with an enthusiasm for the brand in everything it does. A small, passionate group of people can bring enormous power to bear on the building of a strong brand. So much so that if you were to wake them up in the middle of the night, the first words out of not just the product or brand manager's mouth but also that of the telephonist and storekeeper would be about the brand (Krake 2005).

Push and Pull Brand Campaign

A "push" promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers. "Pull" selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers (Management Study Guide 2010).

Secondary Brand Association

Brand association is anything which is deep seated in customer's mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name (Management Study Guide 2010). The proposed research framework is shown in Figure 1.0.

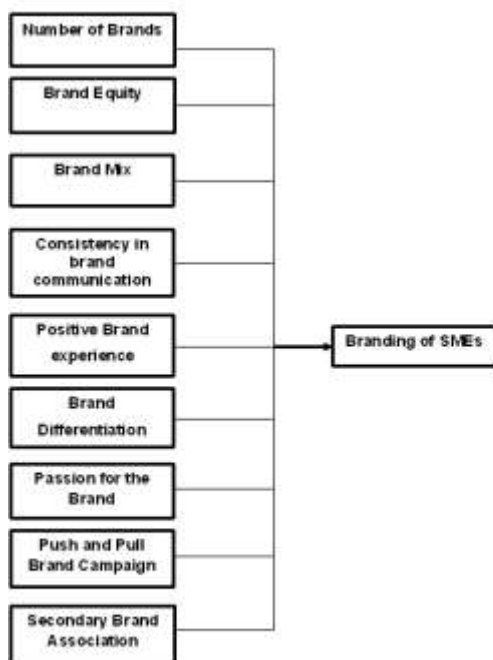


Figure 1.0 Proposed Research Framework

Recommendation

With regard to the above literature we can recommend the following actions for the success of branding in Rural SMEs. Focus on single brand rather than several brands, so that the budget for consumer awareness is used more efficiently to attract the SME brand. Building and management of brands should be listed as a top priority in SME businesses. Resourceful time must be allocated, as strong brand can be a differentiating factor from competing brands. Study the possibility of linking current brand to another stronger brand. So that it will be more attractive to consumers. So examine the possibilities for cooperation and consider co-branding. Entrepreneur should not keep the management of SME brand to himself. He must communicate how important it is throughout the entire company. Make your business brand aware.

Conclusion

SMEs play a significant role in the healthiness of the economy. Hence it's very important for every economy to focus and develop the SMEs. Effective branding is a key factor for the success of the SMEs. Effective brand development takes time. Once successful, similar, if not greater effort, is required to sustain and enhance the position of the brand and the brand has to grow to remain strong.

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