

BRAND MANAGEMENT AND ITS SIGNIFICANCE IN SMEs – A QUALITATIVE APPROACH

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Abstract: Brand management within the context of SMEs seems to be distinct because it is related to the intensity of entrepreneurial orientation for the brand as shown by the owner-manager, and because the brand is especially a result of his/her personality. The consistent development and maintenance of a high intensity of entrepreneurial orientation for the brand by managers - owners has been identified as the critical challenges for a long-term successful performance of brands managed within SMEs. In a SME with a high entrepreneurial orientation for the brand, decision making is catalysed by a strong leader with the ability to uncover technically and commercially viable brand opportunities, and there is an active involvement in terms of brand innovations, and the adoption of risky initiatives and proactive innovations. The paper investigates how the attitudes and behaviour of the small and medium enterprise owners are affected with brand management and attempts to gain an insight on the importance of brand in the SME product marketing.

Key words: Brand Management, Brand Association, SME product marketing

1.1 INTRODUCTION

In today's society brands are everywhere we turn. Companies are trying to influence consumers into buying their product instead of their competitors' products. To do so, they need to differentiate themselves. They need to convince the customers that their product offers a higher value. Brand as the present and the future identity of an organization, the most important and unique feature of an entrepreneurial company may be found in the integrity of its value offering and brand. Customers' perception and recognition of brand are based on brand presence in the market, personal experience of the brand and what they may perceive from contract points including goods, distribution channels, price, advertisement and sale growth. Increasing globalization, trade liberalisation, improved logistics and communications infrastructures create a natural business environment for the companies of any size and industry to engage in international operations. That, however, makes them face a great deal of competition and challenge to maintain sustainable growth. Developing a strong brand is therefore an essential endeavour the company should invest into in order to remain competitive and ensure long-term growth perspectives. Brand management within the context of SMEs seems to be distinct because it is related to the intensity of entrepreneurial orientation for the brand as shown by the owner-manager, and because the brand is especially a result of his/her personality. Accordingly, the consistent development and maintenance of a high intensity of entrepreneurial orientation for the brand by managers - owners has been identified as the critical challenges for a long-term successful performance of brands managed within SMEs. In a SME with a high entrepreneurial orientation for the brand, decision making is catalysed by a strong leader with the ability to uncover technically and commercially viable brand opportunities, and there is an active involvement in terms of brand innovations, and the adoption of risky initiatives and proactive innovations. A holistic perspective, successful brand management in SMEs seems to consist of five analytical categories that allow an integrated approach:

Brand conception: The entrepreneurs/owners-managers who strive to develop a certain entrepreneurial competence, based on an essentially intuitive, empirical, pragmatic and improvised decision style, are those who are directly and personally involved in the process of conceiving and building value-added and innovation-gear brands, rather than experienced brand managers and/or brand specialists who act in a rational, programmed and delegated manner (however, intermediaries, commercial/salespeople and designers can play an important role in the creation and / or development of the brand).

Brand organization: Organizational competencies for the brand usually tend to be developed in a progressive manner, through and adoption of simple and centralized structures, with a single management level and few rules, and flexible and adaptable processes and systems to implement the brand policy, instead of creating formalized and complex structures. In other words, owner-managers are usually the ones who lead and directly coordinate the work of their employees and assure speedy implementation of the activities of the brand, within a unified and strong brand culture.

Brand strategies: Use of concise, innovative and simple to apply niche brand strategies, which tend to be simultaneously deliberate and emergent - deliberate on strategic brand vision and emerging in the way the details of such a vision will unfold in practice with the use of relatively limited information, and preference for a kind of 'guerrilla marketing'. Formalism and planning of the brand's activities are reduced, being privileged the targeting of customers and other influential groups in a perspective essentially bottom-

up (customers are the most important constituent). There is a tendency to simplify the brand activities, mainly due to the relative scarcity of resources (technical, human, financial and time) and a natural predisposition to action.

Brand building: Brand building is carried out with limited resources and budgets, relying primarily on unplanned, creative, interactive and tentative tactical marketing initiatives (use of below-the-line, word-of-mouth and recommendations instruments), focused on the use of seeding methods of brand communication, a greater emphasis on creating and leveraging direct, permanent and interactive relationship networks with suppliers, distributors and customers (informal networking and marketing one-to-one). Brand building relies on a simple brand identity using a reduced number of brand elements (with emphasis on the brand name, packaging and logo).

Brand evaluation and improvement: Owner-managers proceed to direct and cyclic monitoring of the performance of the brand, which facilitates obtaining quick feedback effects. The procedures include unsophisticated indicators mostly oriented to sales and customer analysis, with relative little attention paid to the brand's financial impacts and brand equity, and regular brand improvement efforts are placed upon the development of incremental innovations in terms of products, processes and technologies, instead of adopting systematic, formal and indirect brand evaluation systems and disruptive brand innovations. The return on investment in the brand includes a great deal of elements of subjective, intangible and emotional nature for owners-managers (e.g. ego satisfaction, brand considered "a personal creation" and business reputation), and the evolution of the brand is closely linked to their development.

1.2 OBJECTIVE OF THE STUDY

- To identify the paradigms of brand management concepts that differs in SMEs within the selected enterprises.
- To identify the importance given to brand management by the SMEs entrepreneurs.
- To contribute to develop a sound theoretical framework within an entrepreneurial brand management paradigm.

1.3 REVIEW OF LITERATURE

According to *Hoeffler and Keller (2002)* strong brands provide advantages to both buyers and sellers. Brands can provide important functions and take on special meaning to consumers, and through brands, project their own self-image. *Hoeffler and Keller (2002)* stated that brands can lead to fundamental differences in customer behaviour as well as produce differential responses to specific marketing activities related to product, extension, price, communications and channels. Furthermore, a strong brand can get customers' attention, earn respect from competitors, and can also get the opportunity to cooperate with big brands.

Ojsalo, J., Nätti, S. Olkkonen, R. (2008) suggested that a strong brand can also advance partner relationships such as those with value-added resellers and other members in the delivery channel. This is one way to achieve a stronger position in the channel and gain respect to compete with competitors.

The difference between large firms and SMEs can be described as the physical dimensions (*Hutchinson, K., Quinn, B. and Alexander, N., 2006*). Although the scope of SMEs is smaller than large enterprises, SMEs have their own features to gain market share. *Carson and Cromie (1989)* also mentioned that SMEs have their own particular characteristics and abilities which can largely determine their marketing preoccupations and concerns, so it is universally and widely accepted that small and medium businesses are not scaled-down big businesses.

Brand management in SMEs is a relatively new field of study. Researchers only started studying the field in the late 1990s (*Krake, 2005*). The same point of view is held by *Abimbola (2001)*, who states that while brand and reputation research are relatively well established, SMEs branding is relatively new. When brand management is discussed in books and journals, SMEs are never mentioned as a separate entity (*Krake, 2005*).

1.4 METHODOLOGY

The study is perused with an unstructured exploratory research design. The paper investigates how the attitudes and behaviour of the small and medium enterprise owners are affected with brand management and attempts to gain an insight on the importance of brand in the SME product marketing. The primary and secondary data were collected. Fifteen enterprises were taken as the sample size for analysis. The purposive sampling method is used since the respondents in the field of small and medium enterprise owners were purposively selected for the reliability and validity analysis.

1.5 DATA ANALYSIS

1.5.1 Reliability and Validity

The quality of the research is evaluated using the concept of reliability and validity. The accessing is done in order to see if the research and conclusions of it can be relied on. It is important to evaluate the quality of qualitative research and for there is no better way to evaluate it, the concepts of reliability and validity are used for it. In qualitative research the concept of validity is understood as the width of the certain statement, interpretation or the finding as expressing the target which is aimed to be expressed by them. Reliability in qualitative research is understood as the repeatability of the study whereas the interpretation and conclusions are dependent on the actions of the researcher.

Table – 1
Reliability and validity of the data

| Dimensions | Reliability | No of items |
|------------------------------------|-------------|-------------|
| Perception on Brand Awareness | .930 | 7 |
| Opinion towards Brand Associations | .918 | 10 |
| Recall of Brands | .917 | 18 |
| Recognition of Brands | .920 | 11 |
| Brand Loyalty | .815 | 6 |
| Satisfaction towards the Brand | .899 | 9 |

Source: Output generated from SPSS 20

As the Cronbach's alpha of six parameters (Perception on Brand Awareness, Opinion towards Brand Associations, Recall of Brands, Recognition of Brands, Brand Loyalty and Satisfaction towards the Brand) reveal .800 and more than .800 as alpha. So, it is confirmed that the data are highly reliable and valid for analysis. The following table shows that, the Cronbach's alpha value for every dimension of Brand Management and Satisfaction toward Brand in SMEs.

1.5.2 KMO and Bartlett's Test

The dimensionality of Brand Management towards SMEs was examined using factor analysis based on eighteen individual statements and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items. The eighteen factors of opinion on brand management statements of association and recognition of brand in SMEs are related to the following:

Table - 2

KMO and Bartlett's Test of Brand Management towards Brand Association and Recognition in SMEs

| | | |
|--|--------------------|-----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 926 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 14739.737 |
| | Degree of freedom | 153 |
| | Significant value | .000 |

Source: Output generated from SPSS 20

High value of KMO ($0.926 > .05$) indicates that factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than 0.05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett's test indicates that the present data is useful for factor analysis.

Table – 3

Total variance explained for Brand Management towards SMEs

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 9.060 | 50.332 | 50.332 | 9.060 | 50.332 | 50.332 | 9.034 | 50.187 | 50.187 |
| 2 | 5.933 | 32.962 | 83.295 | 5.933 | 32.962 | 83.295 | 5.959 | 33.108 | 83.295 |
| 3 | .750 | 4.166 | 87.461 | | | | | | |
| 4 | .510 | 2.834 | 90.294 | | | | | | |
| 5 | .398 | 2.213 | 92.507 | | | | | | |
| 6 | .271 | 1.507 | 94.014 | | | | | | |
| 7 | .196 | 1.089 | 95.103 | | | | | | |
| 8 | .148 | .821 | 95.924 | | | | | | |
| 9 | .133 | .741 | 96.665 | | | | | | |
| 10 | .111 | .615 | 97.280 | | | | | | |
| 11 | .088 | .489 | 97.769 | | | | | | |
| 12 | .084 | .466 | 98.235 | | | | | | |
| 13 | .069 | .383 | 98.618 | | | | | | |
| 14 | .067 | .370 | 98.987 | | | | | | |
| 15 | .060 | .332 | 99.319 | | | | | | |
| 16 | .054 | .302 | 99.620 | | | | | | |
| 17 | .049 | .272 | 99.893 | | | | | | |
| 18 | .019 | .107 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

Source: Output generated from SPSS 20

1.6 RESULTS AND DISCUSSIONS

Apart from that, the dimension “Brand management towards SMEs” comprises 18 statements. Out of eighteen statements, two statements contribute more towards association and recognition of brand. The statements are (1) Brand name has its impact on the product and (2) Customer considers your brand. The result determines the fact that almost all the attributes under Brand management towards SMEs are important and the most influencing factors are identified as ‘Brand name has its impact on the product’ and ‘Customer considers your brand’ of the respondents. This may be due to the fact that the owners must have felt that the customers associate the brand with the product and identify that as a recognized company product. Hence among all other attributes under Brand management towards SMEs, the above said factors are the most influencing variable.

1.7 SUGGESTIONS AND CONCLUSIONS

The main problem among SMEs is lack of knowledge in brand management, Market information, publicity or advertisement of the brand associating it with the products. The entrepreneurs and managers should focus on long term branding strategy, Know the value of brand beneficial for the company and thus frame marketing activities to communicate with the target customers and know their needs so as to attract new customers. Furthermore, to build and develop good brand recognition, the company should provide quality products and services and then gain loyalty of their customers. This paper investigates the problems that exist in SMEs Brand management and association of the brand with the product marketed. This paper provides useful information for building and managing Brand for SMEs.

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