

# BRANDING IN SMALL BUSINESS

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## *Abstract:*

*In this paper we analyzed the branding in small business. Using a desk research on Internet and the press we have identified the practices small businesses use to enhance their brand and the brand dynamics in small business. Our main contribution is that we tried to figure out the strategy of branding in small business. This need further to be investigated in order to understand how branding works in small business and to better capture the role of branding in small business.*

*Key words: branding, small business, brand strategy*

In this paper we discussed the branding issue in the small enterprises. When we speak about small business we consider those enterprises having up to 50 employees and total assets or incomes up to 10 millions euros (according to the Recommendation 361/2003/CE). In a broader sense when we speak about small business we consider enterprises with a low level of activities, acting mostly on a local market, with low financial, material, informational and human resources (not occasionally but congenitally). Preoccupied by the operational daily activities, the small enterprises pay little attention to branding, ignoring the fact that this can represent the source of a sustainable competitive advantage, taking into account that it makes their clients loyal, enable them to charge a higher price, helps to differentiate products and companies.

We start from the assumption that small enterprises that focus on branding have a higher rate of survival in a hostile economic environment and obtain good financial results. The research questions we ask are the following:

*Q1: Does the small business that uses branding have higher economic, financial, commercial performances?*

*Q2: Which are the branding tactics- most deployed by the small businesses?*

The research method used is the descriptive analysis, based on a desk research using the Internet and the press, in order to identify and analyze the best practices and to formulate a conceptual model.

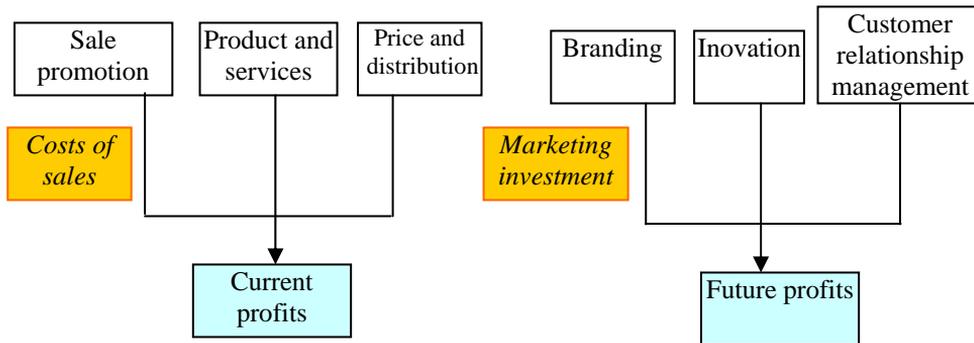
## **Branding strategy for the small business**

For the managers of the small businesses, branding is an accessory, or a practice that is available only to the large companies. The owner of the small business, in many times without having a management team to support him, must take care of all business aspects: production, finance, accounting, human resources and marketing. Within the marketing activities, the entrepreneur is focusing on sales, price, distribution and the advertising policy in order to make the business known.

In a broader definition, marketing is a set of activities that creates value, on the long-run, both for the business

and for the client. From this perspective, the marketing effort should be considered as a long-term investment, in order to generate a bond between the

client and the enterprise, for the benefices of both parties (figure no. 1).



**Figure 1. Value creation in marketing**

Source: Adapted after Peter Fisk, *Geniu in marketing*, Meteor Press, București, 2008, p. 65.

The marketing investment lays at the base of the marketing strategy and, on the long-run, marketing strategy should focus on developing and maintaining the brand notoriety, innovation at all aspects of the marketing policies, developing strategic partnership with the clients.

Considering the two perspectives, the marketing that a small business manager is practicing is focused on the short run and devoted to commercial objectives. This is not the only difference. Marketing in small business is based on networking (Gilmore et al., 2001); it is a combination of transaction, relationship, interaction and network marketing (Brodie et. al., 1997); it uses intensively the Internet and the e-commerce (Chaffey et al, 2000; Rayport and Jaworski, 2001). Small business need sales (in any conditions) and the marketing techniques focuses on this. This optic can be reflected by the fact that, in most small businesses there is a person (sometime a department) that is focusing exclusively on sales and rarely a person (or even more rarely a department) focusing on marketing. Building long-term relationship with the

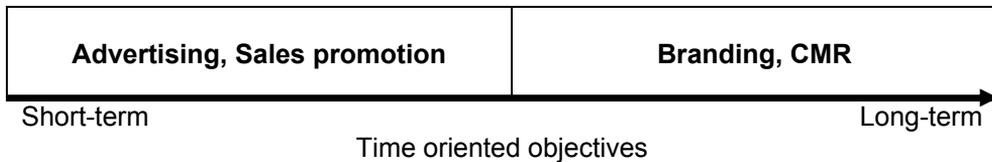
client is left in the second plan by the manager or he is not convinced by its importance.

In the light of the aspects mentioned above, branding is neglected in small businesses, because it does not produce immediate effects (and therefore can be considered as an investment). We appreciate that the role of branding is not necessarily to stimulate the purchasing of products, behavioral loyalty, but to determine the creation of a favorable images alongside clients.

A small business it does not have, at least in the first years of existence, the resources, the vision and the courage to invest on the long run (this reticence is exacerbated when it comes about intangible assets). This happens because, in most cases, the entrepreneurs lacks the physical time. They set their priorities in a chaotic manner, assuming the "I'll do everything" role. Also the entrepreneurs lack the managerial competence to conceive and to implement strategies and the elaboration of the objectives system, essential element of the strategic management that is little used within the small business.

Marketing orientation on the short run decisively influences the marketing techniques at which the small business is reporting. In the figure 2 are presented in a succinct manner the marketing techniques deployed, differentiated according to how they are

being used in enterprises (regardless of their size), in rapport to effects (after a time horizon short or long). In these conditions, the small businesses use more likely the techniques from the first categories.



**Figure 2. Marketing techniques differentiated in rapport to time-orientation objectives**

Still, the managers of the small businesses are preoccupied by the image of their company. For the most part of managers, branding is the image of the enterprise alongside clients. They are happy if the target public knows the company and appreciate the company, in other words, if the company enjoys notoriety.

Another confusion that persists among entrepreneurs is that they regard the brand as a simple logo printed on the product's pack. Other entrepreneurs considers branding to be the manufacturing of a high-quality products. In today's economy (at least at a declarative level) all businesses must make efforts to obtain a good quality but branding implies to obtain a added value, an intangible value for the quality product. The instrument that must be utilized to synergize this value is marketing communication (Ulaş, Calpınar, p. 60).

We should understand that, on the long-run, branding (made in a professional way) can be substitute to the expensive marketing techniques such as advertising or sells promotion. Clients discuss about a brand, they

make viral marketing, consume the brand; they are resistant to the promotion of the competition.

If we report on the fact that the brand belongs to the consumer and not to the business, we consider that, from the client' perspective, a small business will have a distinctive brand if it has a market presence with personality, understanding creative marketing activities, new surprising modalities to commercialize the products and services or an surprising way to present the missions and goals.

The attitude of the clients versus the enterprises is formed from the very moment of market presence of the business. The image of the brand will be communicated using the employees, its behavior, logo, the quality of the products and services commercialized. Very important in order to define and to frame the image of the small business (at least in the first phases of its existence) are the reputation and the image of the entrepreneur.

Wong and Merrilees (2005) identify three stages in the evolution of the branding within a small business (Table 1):

**Table 1**

**Evolution of branding in small business**

Stage	Characteristics of branding activities
Minimalist	Low-key marketing across the board
Embryonic	Stronger marketing but not branding; very informal branding; seen as optional; narrow promotional tools; word of mouth
Integrated	Stronger marketing and branding; either informal or formal branding; branding integral, not an option; wider promotional tools

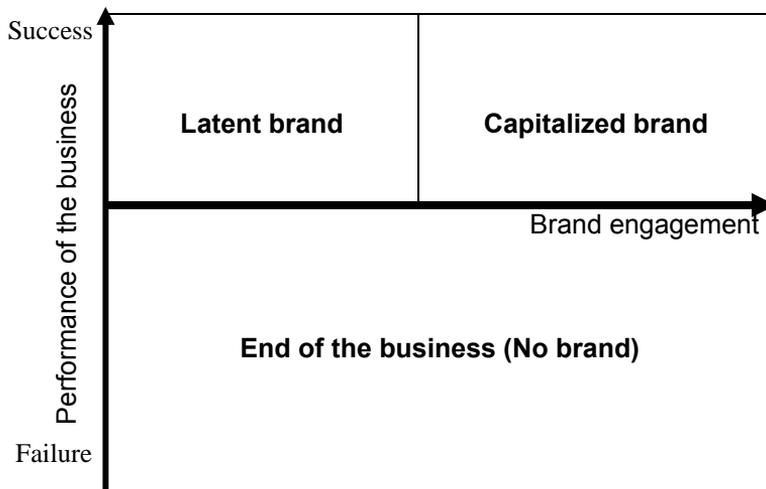
Somehow in the same coordinates, our point of view is that not all small enterprises are able to develop a brand (on the skeleton of incipient attitudes of the clients). We distinguish three situations concerning the evolution of the small business' brand (figure 3):

a) the business ceases its activity so all its assets including the brand disappear;

b) the business manages to remain on the market but its brand is still latent, not activated. The business is facing success by the quality of product and services and act on a

market in which the purchasing frequency is reduced and, as a consequence the clients don't remember the name of the companies. The need is manifested rarely and it is satisfied, usually, by a single transaction. For example: repairs to installations, companies that moves the furniture, etc.;

c) the business has success and its brand is recognized. In this way there is a strong connection between the consumers and the brand that goes beyond the framework of the commercial relationships.



**Figure 3. Brand dynamics in small business**

**Branding tactics in small business**

Thou the small businesses are characterized as being more innovative

than the large corporations (referring to the business ideas that represents the core activity), from the operational point of view, they try to imitate the best practices from within the corporations.

Regarding the branding tactics, the practices “prescribed” to small businesses consists, as a general rule, in adaptation or reconfigurations of those used in large corporations. Keller (2008) offers some practical solutions for the small businesses to develop strong brands:

1. Emphasize building one or two strong brands;
2. Identify and focus on a couple of major associations;
3. Keep the coherence of the branding program (elements and tactics);
4. Using advertising in a creative manner.

Communicating the values of the brand in a small business represents a problem due to the small advertising budget. This is why it is required creativity, expressed by below the line messages. More than that, it is required that the existing clients will embark on the task of teaching new clients, leading to low consultancy and training costs and a positive word of mouth. For example, a small software/hardware business sells an antivirus/switch which is installed by a friend of the person who realized the purchasing.

The most successful entrepreneurs knew how to set the lights of stage on their business by generating controversies that have stimulated the debate on the enterprise alongside consumers. Using the controversial communication is a two blades sword (as an example we can cite Virgin or Benneton, because even if they are not small business their experience is suggestive). It is important the positive effects are higher than the negative effects. Astute customers understand that these controversies are created only for publicity. They try the product/service and if they like it they continue to use it.

If the target market are the young educated, persons, there can be successfully used the viral techniques of on-line communication. Based on their

entertainment issue, they can spot an enterprise or its activity. According to the American Marketing Association, the viral marketing represents phenomena that encourage people to transmit further a marketing message. It was named viral because of the large number of persons exposed to a message, perfectly imitating the process by which a virus is transmitted from one person to the other. Is using the Internet network and not only and can reach a large number of people in the shortest time. Also web 2.0 can be used successfully in branding.

Another operational tactics consists in mentioning the elements of the brand in all elements that leave the company: personalized invoices, personalized letters, and press announcing bearing the names of the company. In this way the client interact with the brand as often as possible.

The small business must deliver a proposal with the purpose of individualizing and differentiating the company. This statement must clearly show what the small business stands for. Without attitude you are swollen by the market.

The location of the business is important, also the interior and exterior design. Carefully chosen, the ambient elements, besides utility, help the brand building process (Nistorescu & Barbu, 2008).

The location of a business must find a place on the more and more crowded streets of the great cities or within commercial galleries in supermarkets. Consequently, in both cases the predominant pattern is that of renovated buildings, with modern glass facades having a double purpose: to create the impression of modern and, at the same time, to create an anticipation of the exciting things inside, through the view of the way in which operations proceed inside. The possibilities of personalization are limited in this field by the existing urbanism regulations. Interior elements are numerous and

refer to multiple aspects: the aspect of walls, of the ceiling and floor, as well as the materials with which they are covered/papered; the manner in which the store is enlightened, the sound background, olfactive elements, interior temperature, possibilities to move inside.

The management of small business must propose excellence in delivering products and services. But the excellence cannot be touched for all the business aspects unless higher costs are used. In this respect, the enterprise can focus on only a single aspect that it is appreciated by the clients. For example a installation small business can be appreciated for the fact that solves any problem in less than three hours, thou the quality of the works is not quite durable. Or an interior design company is appreciated for the perfection of the works thou the time to finish these works it is not the shortest possible. So the small business must prove character and customer service in any action of the enterprise.

The entrepreneur must not forget that that branding implies, more than any marketing actions, people connections. The employees are the main ambassadors of the brand of the enterprise. The force of the connections between the client and the contact personnel is one of the most important loyalty determinants. These appreciations allow us to consider that the contact personnel:

- It is an important of the product/service. It is often the most visible elements of the service that is delivered and whose quality is determined;
- It is the brand. The personnel and the brand is often an essential side of the brand. The performance of the personnel is the one that shows if the promise of the brand is kept.

Another important aspect is the consistency and continuity of branding actions on the long-run. The brand must be sustained when the business is

successful but also when the business is in crises. In the period of economic blossom the manager may be interested in maintaining a large level of sales. The clients buy the product and don't necessarily need a good image. In the crises period sales are low but branding can help to maintain the sales at an acceptable level. Studies showed that for companies that maintain advertising in the crises periods, at the exit from the crises the market share increases more rapidly than the companies who did not advertise in crises.

### **Branding benefices for a small company**

One of the first advantages of branding is that the loyalty of the clients is enhanced. We speak both of the behavioral and emotional loyalty. When branding is in place, clients are more likely to remain loyal to their brand, even when the promise of another brand is appealing or our brand is facing quality problems on the short-run.

Branding is also useful for a company whose products haven't changed much in the latest time. In this respect, the reputation of the company compensate for the lack of innovation. More than that, if the sector in which the enterprise activates is a stable one, without companies that can storm the hierarchies, the clients will stick to their well-known company.

But branding has the same reputation to maintain loyalty in the more dynamic sectors. The role of the brand is to stimulate the competitiveness of the enterprise, so that this will resist to competition pressures.

Another advantage is the facilitated access to financial resources. The stable base of customers, the charts with the notoriety of the company are important assets that any financing institution will consider.

## Conclusions

The deployment of branding is strongly indicated for stable economic sectors with fierce competition. Branding helps build loyalty among customers and is a base for stability if the economic conditions worsen.

Small businesses are using a variety of branding tactics some of them very creative and one-step-ahead of the branding manuals. Branding is understood in an own interpretation by

the entrepreneurs but this innovative performance adds new developments to the theory and practice of branding.

We intend that the results of this preliminary investigation to be furthered researched by realizing a study within the small businesses of Oltenia. The objectives of this study should be the perception of the managers about branding and its relative importance within the enterprise.

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