

**University of Strathclyde**

**Department of Marketing**

**“Exploring how brands are built in small-to-medium-sized enterprises  
(SMEs)”**

**Edgar Centeno**

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# Chapter 1: Introduction

## 1.1 Preamble

This chapter serves as a preamble of this thesis. On a personal side, my passion for brands began when I studied my Bachelor's of Science in Business with a major in Marketing at Clarion University of Pennsylvania. My then acquired so-called American lifestyle was very much involved in brands. After graduation, I took several posts in industry working for larger organisation brands and began to realize the full advantages of developing brands in organisations. However, years later when I became involved with a couple of small-to-medium-sized enterprises (SMEs), I realised that their brand building context was different. I noticed that my formal education and industry experience had barely any resemblance to what it meant to build a brand in an SME. I questioned whether brand theory explained this phenomenon.

Moreover, during my first doctoral year, it became noticeable that there was a gap which was required to be filled. At this point, my journey started by embarking on an exploratory study to answer: How do SMEs build their brands?

Having said, this chapter begins with an overview of the brand literature followed by a presentation of the research problem and research context. It then presents the research aim and objectives. The chapter then highlights the significance of the research for both academic researchers and practitioners and discusses the research approach. Finally, it ends with a brief outline of the structure of this thesis.

## 1.2 Literature overview

First, the subject of brands has attracted much academic and management interest for the past twenty years, please refer to Chapter 2 Section 2.2. Despite the vast literature on brands, it is still difficult to come to a consensus on a brand definition. However, four relevant common characteristics may define them as follows; they help identification, make a product distinctive from competitors, based on a sustainable competitive advantage and finally, help develop a relationship with consumers.



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Second, brands require a brand-orientation from organisations, please refer to Chapter 2 Section 2.3.1. This approach may involve the creation, development and protection of brand identity with the objective to reach a lasting competitive advantage. It also suggests that brands are an overall organizing tool to achieve organisational goals. This orientation may start from the top management vision and personal experiences and may also require a conducive brand culture which may help develop a generative learning orientation.

Third, salient literature suggests that brand management has moved from marketing to an organisational activity, please refer to Chapter 2 Section 2.3.2. At the same time, the traditional brand management system has been criticised for having executives with much inexperience, short-term focus and lack of authority to drive the brand development forward. Hence, some authors have suggested that brands may need a more strategic, long-term approach from the participation of higher level executives.

Fourth, brand management has confronted an array of difficulties, please refer to Chapter 2 Section 2.4. On one hand, internally, the literature suggests that many organisations have shifted markedly from a long-term to a short-term orientation, causing high financial pressures to demonstrate short-term profitability. As such then, many organisations have increasingly moved from a strategic to a tactical based branding. That is, spending less of a brand proportion of advertising budget to promotional efforts. Furthermore, this approach has promoted risk-aversion and bias against innovation. This situation has posed serious criticisms as much of the literature has suggested that brands require a long-term perspective. On the other, externally, literature suggests that manufacturers have lost their channel power whilst retailers, distributors and consumers have taken more control of brands. Furthermore, technology and globalisation have made it possible to copy products at a faster rate jeopardizing brand differentiation. Finally, media costs and saturation of media vehicles with a concurrent change in consumer habits have placed serious difficulties in delivering brand messages.

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Fifth, brand building models may be classified into two orientations, please refer to Chapter 2 Section 2.5. Ind & Bjerke (2007) posed that there is an outside-in and an inside-out orientation to brand building.

According to the first orientation, an outside-in orientation locus is on brand communication programmes and such brand components as customer-based brand equity and brand image, please refer to Chapter 2 Section 2.5.1. Brand communication programmes may also be known as pull and push programmes. Both have the main purpose to influence consumer purchase. Many traditional brand building models have taken into account mass marketing communication programmes such as advertising. Advertising has been considered a key driver as it brings in higher levels of brand awareness, positive image and the possibility to reach larger numbers of potential consumers in a shorter period of time. A consumer-based brand equity may be composed of brand awareness, brand associations and perceived quality. These components may help develop a set of assets (or liabilities) linked to the brand name or symbol adding value to the product. New brands begin with no brand recognition and through time, brand knowledge is developed until it may become a well-known brand. Well-known brands have been acknowledged to have several advantages over lesser-known brands such as better memory codifications, recall abilities and storage benefits in consumer minds.

Brand image has been posed to be preceded by brand identity. Literature suggests there is much confusion regarding both concepts. However, brand identity has been referred to as what the organisation aspire the brand to become. Brand image has been referred to as what customers and other stakeholders perceive about the brand. The organisation should seek to close any differences between what the consumer perceives and what the organisation want the brand to be perceived as. Industry sponsored studies were found within this orientation. Most were found to be developed for larger organisation brands. However, the Brand Asset Valuator study (BAV) suggests that new and niche/unrealised potential brands need to pay attention to brand differentiation – the brand ability to stand out from competition.

According to a second orientation, an inside-out orientation locus is on building the brand from the organisation out to the consumer or marketplace, please refer to



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Chapter 2 Section 2.5.3. Such orientation analyses brand identity as a main brand component. Brand identity has been posed to be the aim, the competitive advantage and the timeless essence of the brand that the organisation want to create and develop. Brand identity has also been posed as the first brand building block as it precedes brand image and brand positioning. Brand identity has been defined for this study as:

*“The unique aspiring set of characteristics created and developed by the brand owner derived from dimensions: brand as a product, brand as an organisation, brand as a symbol, and brand as a person; all used by the brand owner for competitive advantage.” – Aaker 1996, p. 68*

Furthermore, it has been suggested that brand identity has become important in recent years due to some current external difficulties such as the easiness to copycat products and the proliferation of me-too products; the difficulty to maintain a long-term brand differentiation and the saturation of media vehicles have made it difficult for brands to stand out of the clutter of communication messages.

Sixth, according to Aaker (1996) brand identity is composed of four dimensions: ‘brand as a product,’ ‘brand as an organisation,’ ‘brand as a symbol,’ and ‘brand as a person.’ In regards to the first dimension of brand identity, ‘brand as a product’ is discussed in this thesis in terms of attributes, benefits, and values, please refer to Chapter 2 Section 2.5.3.2. It has been posed that all three components may require some close interrelationship as means to progressively develop alternative strategies for long-term brand growth. New product development has been suggested to be a key alternative brand strategy as many organisations have launched new products with new or established brands or with line or brand extensions in order to keep abreast of market competition. However, new brands have proven to be an expensive and risky strategy.

In regards to the second dimension of brand identity, ‘brand as an organisation’ has been posed to be the driving force of brand development, please refer to Chapter 2 Sections 2.5.3.3 and 2.8. Brand creation and development are based on the organisational resources such as culture, employees, knowledge, its abilities and

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capabilities, and financial resources to name a few. This study did not contemplate organisational theory as it may have brought another area of study. The importance of this dimension is based on the perspective taken from the brand building context brought by the small-to-medium-sized enterprise (SME).

In regards to the third dimension of brand identity, 'brand as a symbol' may at times be the meaning of brand. However, from the holistic perspective taken by this study, brand is more than a symbol. Symbols may include brand name, logos and colour, please refer to Chapter 2 Section 2.5.3.4.

In regards to the fourth and last dimension, 'brand as a person' in this study included brand personality and other human-like characteristics, please refer to Chapter 2 Section 2.5.3.5. As consumers develop relationships in their own personal lives, it has been argued that consumers may understand brand relationship better through this dimension by which the brand is personified by its inherent benefits and attributes.

Seventh, brand activities may be categorised under the contemporary marketing practices posed by Brodie et al (2008). As such, they posit that contemporary marketing activities go beyond the theoretical dichotomy of transactional versus relationship marketing in favour of a variety of activities which co-exist at different times and with different types of consumers. In turn, brand communication activities may be related to interactional marketing, transactional marketing and e-marketing, please refer to Chapter 2 Section 2.6.

### **1.3 Research problem**

A recent literature review reveals that brands have been studied extensively for the past two decades as presented in Chapter 2. However, much of the literature has heavily relied on large company brands. It has also been posed that the organisation is the key driver for brand development and may take a particular approach according to its characteristics. Plenty of examples were found from the literature which discusses relevant issues pertaining larger organisations. There are several instances reflected in the literature which take the larger organisation approach.



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First, salient literature discusses an important shift of many (larger) organisations moving from a long-term to a short-term perspective. Furthermore, this situation has caused (larger) organisations to move away from advertising to more tactical activities such as promotions. At the same time, relevant literature discusses how younger staff members in (larger) organisations such as brand managers may also favour this short-term tactical approach to brand building as they do not have the strategic focus as higher management do. These examples may portray a larger organisation context and not an SME.

Second, it has also been posed that one of the key difficulties of brand building today is a fragmentation of mass media and markets. These situations may not only be irrelevant to SMEs as they may most likely not communicate via mass media vehicles. However, may be an advantage to SMEs such market characteristics may fit better the scope and resources of an SME.

Furthermore, it has also been contended that other difficulties for brand building have been a shift from long-term to short-term orientation and the bias against innovation. However, such difficulties may be argued to be inherent characteristics of SMEs as later discussed in this thesis. Thus, it may be argued that there are major gaps of knowledge in the area of SME brand building.

Third, traditional brand building models based on mass communication programmes may be unsuitable to many SMEs as they require large amounts of investment and a large market share to make worth a return on the investment. It has been posed that such programmes seek to reach a large number of potential customers in a shorter period of time. Hence, many of the recommended models based on advertising and brand image building may not be appropriate for SMEs.

Fourth, literature review suggests that recent changes in the communication environment have brought to light anti-brand activism. However, it may be argued that this movement is mainly geared against large organisations brands from consumers' realisation that such brands have breached their trusting relationship and thus finding them inauthentic. It may be posed that SMEs are far from such situation and they may enjoy a closer trusting relationship with their customers and clients.

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Fifth, it may be posed that an inside-out orientation of brand building with a locus on brand identity may be more suitable for SMEs. The main reasons being that brand identity is the first brand building block; it precedes brand image. As compared to other brand components such as brand image and customer-based brand equity, brand identity includes many of the resources which are available to the SME. Furthermore, it brings about the inherent characteristics of an SME from a branding perspective.

Finally, it was found that the topic of SME brand building has been largely ignored in research. It has been left assumed that SME and large organisation brands grow similarly even when their context and resources are very different. The following section of research content discusses such a problem and gap.

#### **1.4 Research content**

The research content has the aim to contrast salient brand literature with some of the salient literature written on SME brands. Such literature includes their importance, their relationship with marketing and the recent literature on SME brands, please refer to Chapter 2 starting with Section 2.8.

Firstly, there is a huge debate on how to define SMEs due to its size and heterogeneity. Furthermore, definitions may vary according to industries and countries. For this study, a definition is proposed. Importantly SMEs were found to be key business players as they are a main source of employment, innovation and competitiveness. It has been posed that larger organisations are no longer capable of bringing in sustainable economic growth and that SMEs are key players for economic recovery, please refer to Chapter 2 Section 2.8.

Secondly, when SME characteristics are evaluated against marketing, the following characteristics may be highlighted. On the negative side, SMEs have fewer resources and skills. Their impact, scale and scope of their business are usually small. They have a negative attitude towards marketing as they relate it to financial expenditures. They tend to be short term rather than long-term oriented. Furthermore, as they go through a business life cycle, they may face transitional periods of crisis or instability which pose greater challenges to learning new sets of abilities and activities if they



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are to continue. On the positive side, they tend to be informal, adaptable with simple structures and fewer controls and processes which help them be more innovative, creative and fast to respond to customers. They may bring in innovation output, but more importantly they may have an innovative way of practicing marketing as they may combine intuition, experiential knowledge and trial and error. When owner/managers are involved, they tend to have better relationships with staff and customers, please refer to Chapter 2 starting in Section 2.9.

Finally, a recent review of salient literature found a few number of studies making direct contribution to SME brand research. This new area of study is at a pioneering stage and yet to show its potential influence in branding, marketing and SME disciplines. This nascent SME brand research area contends that at times, some traditional brand models and relationships may not explain how branding is practiced in SMEs. They further argue that such models may not reflect the subtle differences of managing SME brands. Most studies so far have been qualitative and exploratory in nature attempting to expose and understand some key issues relevant to SMEs. At the same time, most of the research today deals with brand identity.

### **1.5 Research aim and objective**

The research aim of this thesis is to explore how brands are built in SMEs.

The specific research objectives derived from the research aim are as follows:

1. To investigate the relevance of brand identity and brand differentiation in SMEs.
2. To investigate how SMEs use particular brand communication activities in developing their brands.
3. To identify some of the key difficulties facing SMEs when building their brands.
4. To investigate the participatory role of the brand owner in the process of brand building.

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## **1.6 Significance of the research**

The significance of the research may be twofold as it seeks to contribute to both academics and practitioners. The first contributions to academics are presented followed by contributions to practitioners.

The contributions pertaining academics may include:

First, this study explores for the first time how brands are built in SMEs. Most of the research today on brand building has largely ignored their branding activity even when they have been argued to be key business players in many countries. Hence, this study attempts to close the academic gap in this infant area of research.

Second, the originality of this study stands from the development of a theoretical model which attempts to explain through a sequential process how brand identity and its four dimensions (Aaker 1996, p. 356) go through two main creation and development phases. The study also contends that the process of creating each one of the brand identity dimensions and their development is affected by the unique context of SMEs. This process did not appear to be straight forward, but it went through several 'brand exploration' phases where brand owner/managers and their members of staff go through did trial and errors and experimentation under risk, commitment, creativity and willingness to learn. This particular finding extends prior literature of SME growth stages (Mount et al. 1993; Scott and Bruce 1987) suggesting that SMEs go through periods of learning and experimentation.

Third, this study attempts to confirm the innovative nature of SMEs as they build their brands in a non-traditional manner by considering the unique characteristics and intricacies of SMEs. For instance, this study shows how particular phases of 'brand exploration' in brand building are inherent to brand building. Specifically, 'brand exploration' occurs when brand owner/managers and their staff do activities for the first time without really knowing what they are supposed to do or how to do appropriate brand activities. However, they go through experimentation and trial and errors; and as they do these activities, they learn how to perform particular activities in order to build their brands. These activities are done in the midst of particular SME characteristics such as limited financial and knowledge resources but also



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through organisational values such as creativity, openness and innovation. Furthermore, the innovative nature of SME brand building is based on the brand owner/managers and members of staff own personal journeys as they learn new skills and competencies.

The practical contributions pertaining brand owner/managers may include a checklist of activities that may guide them in building their brands:

1. Brand owner/managers may be interested in making a list of their skills and competencies. These skills and competencies will most likely have an effect on brand building activity. At the same time, it is also recommended to make a list of those skills brand/owners may like to have, so that they can be looked at for further development. Brand owners may require acknowledge that some of their competitors are also larger organisations brands which have compiled a large number of people with all different types of competencies; brand owners may need to be sure that they are offering the best skills while looking into developing new ones. They may also be required to learn how to manage their business with complexity, uncertainty and at times some crises. However, it may be important to be open to experimentation and practice trial and error. Most importantly, they may be required to learn from such activities. Many of new skills and knowledge will be derived from these periods of experimentation and trial and errors. Brand owners may need to be aware of how these skills relate to each one of the four dimensions of brand identity. It may be important to be aware of how skills impact those four dimensions.
2. It is also recommended that brand owners sit down on a regular basis with their members of staff and have a round discussion about what is the brand. Additionally, it is recommended that brand owners go through each one of the brand identity dimensions and have an open discussion about what the brand means to each one of the members of staff. It may also be suitable to let them think and discuss the following question: What are the implications of their work to each particular dimension? It may also be recommended to have a discussion on how to improve certain elements of each dimension

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which may appear lose or uncoordinated. It may also be appropriate to discuss the following question: How can they improve their work towards making the brand stronger? Finally, brand owners may take these discussions as opportunities to share their ideas and objectives with staff members as means to instil the passion that many brand owners have for their brands.

3. Findings from the study suggest that lack of financial resources were at times not perceived as a barrier to brand growth, but as a drive for creativity. Some brand owner/managers suggested that the lack of funds helped them become more creative by searching for innovative ways to implementing brand activities. In such ways, they were not only reactive to the market, but became proactive. It may be suitable for brand owners to become resourceful and inventive. In words from a brand owner/manager:

*“There is no bigger creativity than the one which is done when one says: ok, there are no resources, but we have to do it” – B12.*

4. It is recommended for brand owners to find whether their idea for a new product or service is distinctive and unique in the market place before the end of the new product development process. In the study, some brand owners found this out until they had already spent their financial savings and invested perhaps several months or years coming to the realization that perhaps their product was not as interesting to the market as they thought. Thus, it may be important to receive feedback during the new product development process from some retail managers and newspaper, magazine, radio and TV reporters. It would be appropriate to make contact with them during the product development process and have their input. Some relevant questions to ask them may be: “Is this ‘newsworthy’ to run an article or section in your programme?” it may also be suitable to visit some potential clients to ask them if they would place an order of the new product or service.

The academic contributions pertaining larger organisation brands may be offered as follow:



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1. Larger organisation brands may learn from SME brands by becoming more innovative. Not only in terms of how they develop new products, but more importantly on how they implement brand activities. Larger organisations may learn from SMEs by taking a non-traditional approach to brand building - by becoming more experimental, more willing to practice trial and error, and becoming more resourceful. Brand building should be a matter of being innovative and not a matter of budget size.

The practical contributions pertaining large chain retailers may be offered as follow:

1. Firstly, many large chain supermarkets and drugstores may lose out from some innovative SME brands as they frequently have the same policies and regulations for both large and small suppliers. Findings from this study suggest that most of the brand owner/managers who dealt with large retailers found their relationship much of a struggle and difficulty. They frequently found larger chain retailers showing huge obstacles with a very limited negotiating space for adapting their corporate policies to their business scope and size. Many times they experienced no negotiating power and at their mercy. It was also found that many supermarkets rejected many SME brands because they did not comply with their policies. Thus, it is recommended that they implement particular policies according to the size of their suppliers. At the same, larger retailers can join the movement of improving world climate by sourcing their merchandise from local suppliers. They may also consider opening a new brand of shops sourced by SME brands. Such new policies may bring several advantages. For instance, diversification of choice selection, differentiation from other retailers, and improved backlash brand image.

## **1.7 Research approach**

A qualitative research method is presented as the most appropriate approach to answering the exploratory question of how brands are built in SMEs. Case studies are used for this study as they have been argued to answering research questions of “how.” The primary informants are the brand owner/managers and those managers

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who are directly responsible of the brand and who report directly to brand owner/managers. Additionally, case studies give opportunity to use different sources of evidence such as transcripts, observations and print advertising, publicity, product samples, promotional material and websites. A total of thirty case studies and thirty six interviews are carried out in two waves. Semi-structured interviews allow for a freely constructed conversation based on a set of planned issues whilst offering sufficient structure to guide the conversation within time constraints.

Collected data is analysed through four coding stages which help coded data move from descriptive to conceptual abstraction. These stages are preparatory coding, open coding, axial coding, and selective coding. A combination of research tools are used for each one of the analytical stages including QSR-NVIVO, field notes, research memos, research journal, monthly reports to doctoral supervisor, and displays. This process not only helps to systematically move data analysis to a conceptual level, but also assists in developing a final theoretical model which attempts to explain the phenomenon of brand building in SMEs.

## **1.8 Structure of thesis**

The thesis is composed of six chapters. The current chapter provides the background to the topic of the research, it highlights the increasing importance yet much underdeveloped area of SME brand building and it describes the major aim and objectives of the study. This chapter also presents the significance of the research for both academic researchers and practitioners and the methodological approach undertaken. Importantly, the lack of an existing theory for SME brand building is identified. Moreover, this study is proposed as means to close the gap in knowledge by adopting an interpretivist, theory-building approach.

As means to set up an understanding of the branding literature, Chapter 2 reviews some of the major topics in brands including brand definitions, brand orientation, brand management, brand building difficulties, brand building models and brand communication programmes. Such literature exposes that brand literature is largely based on large organisation context missing to reflect the context of brands in small-to-medium-sized enterprises (SMEs). Hence, a following discussion punctuates the



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gap found in regards to the context, characteristics, and issues of brand building in SMEs. The discussion then moves on to discussing the importance of SMEs, followed by a review of salient literature on the relationship between SMEs and Marketing which may serve as a preamble to understanding brands in SMEs. The chapter ends with a discussion of the small number of studies exploring this nascent area of research.

Drawing on the literature review conducted in the previous chapter, Chapter 3 presents the research design of the study. The design foresees five interactive elements as follows: 1) aim and objectives, 2) research problem, research content, and research questions, 3) conceptual framework, 4) methods, and 5) trustworthiness. Additionally, a philosophical approach is included as the basis of this research design.

Chapter 4 is dedicated to explaining the analysis and synthesis of the research data with the primary purpose to offer a detailed insight on how findings are developed. It presents the four stages of data analysis as follows; 1) preparatory stage for data analysis, 2) open coding, 3) axial coding, and selective coding. Each section presents a schedule, activities and some of the examples of the research products used for each one of the stages.

Chapter 5 presents the main findings of the study divided by the four objectives set for the study. The chapter ends with the presentation of a proposed theoretical model explaining how brands are built in SMEs.

Chapter 6 and final presents major conclusions, implications, and recommendations derived from this research.

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# Chapter 2: Brand Building

## 2 Brand Building

### 2.1 Introduction

This chapter serves as a preamble to the research problem of this thesis. It begins by presenting a discussion of what a brand is and offers a definition for this study. Then the discussion moves to discussing major brand topics such as brand orientation, brand management, brand building difficulties, brand building models and brand communication programmes. Importantly, such literature exposes that much of the brand literature is largely derived from large organisation literature missing to reflect the true situation of brands in small-to-medium-sized enterprises (SMEs). Hence a following discussion punctuates the locus of brand literature on large organisation context, characteristics and issues. Such locus largely ignores the context, characteristics and issues of brands in SMEs. Thus, the discussion moves on to discussing SMEs. It begins by offering definitions about SMEs and a definition is offered for this study. Then the discussion moves to presenting the literature written on SME marketing which may serve as a preamble to understanding brands in SMEs. Then it presents a review of the small number of studies exploring this nascent area of research. Finally, the discussion presents major summaries, conclusions and implications of this chapter.

To assist the reader, each one of the main sections is followed by a section which recapitulates some relevant conclusions to SME brands with the intention to: first, punctuate how brand literature has been biased towards this concept by using much of the large organisation context to unearth its meaning and second, thread throughout this vast literature two separate disciplines of brands and SMEs.

### 2.2 The concept of brand

The intricacies of a brand are partially due to the rich and complex multidimensionality of the concept. Thus, this section starts with a current debate on how to define brand and some definitions are presented. Then the discussion moves on to explaining some of the common characteristics found in the literature, and a



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definition is then proposed for this study. Lastly, conclusions for this section are presented.

### **2.2.1 Definitions**

From salient literature, it was found that there is an extensive discussion of how difficult it is to come to a consensus on a brand definition. Brands are difficult to define because many authors appear to have their own definition. Some authors have suggested that because there is no agreed brand definition, brands may mean almost anything (Klein 2000) and at the same time nothing (Earls 2002). Thus, this situation makes brands not only difficult to understand and capture their real significance but also necessary to open up a discussion as the following quote contends:

*“(we may require) a forum for articles that stimulates conceptual thought and discussion in order to synthesise and harmonise existing work and take it forward to a less confusing and more easily understandable future” – (Jevons 2005, p. 118).*

Brand definitions may differ on what brands truly mean. For instance, many authors support AMA’s definition stated as:

*“A brand is a name, term, design, symbol or any other feature...” – (Doyle 1999, p. 231; Farquhar 1990, p. 7; Kotler et al. 2002, p. 998).*

Other authors however, may define brands as ‘a product-plus’ concept (Styles and Ambler 1995). That is, taking the brand away from the physical onto a psychological dimension which may become very powerful (Lewis 1996). Thus, brands are more than products (Arnold 1992; Davis 2000). They may add financial, rational/functional/tangible and/or symbolic/emotional/intangible benefits to the organisation or customer (Arnold 1992; Keller 2003):

*“Brands are a unique set of values, both tangible and intangible.” - (Kapferer 2004, p. 10)*

*“Brand success results from being able to sustain added values in the face of competition.” - (de Chernatony and McDonald 2003, p. 21)*

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Furthermore, brands may also be defined as a metaphor. A brand is a set of terms and associations which help understand the complexity of what brands involve (Earls 2002; Lakoff and Johnson 1980). However, Earls (2002) argues that when a metaphor such as brand is loosely used, it can lead to a unclear understanding of what brand really means.

Moreover, brands have also been described as means to organize. They pull together many business strategies and tactics such as the marketing mix. They may also help align the chain supply inside and outside the organisation (de Chernatony and McDonald 2003; Earls 2002).

Other authors may define them in terms of their orientation. This orientation may be internal, external or both as discussed next.

#### *2.2.1.1 Internal brand orientation definitions*

Firstly, internal-focus definitions deal with the organisation. That is, they define a brand as one of the most crucial intangible assets in the organisation as they bring in benefits (Kapferer 2004; Salzer-Morling and Strannegard 2004). They have also been defined with the purpose to identify and differentiate the products or services of a seller (de Chernatony and McDonald 2003; Jobber 2004; Kotler et al. 2002). However, some authors have suggested that when defining brands solely from the perspective of the organisation, they may be criticised as being “organisational-centric” (Ind and Bjerke 2007) as they lack an external orientation so important to understanding the meaning of brands.

#### *2.2.1.2 External brand orientation definitions*

Secondly, external-focus definitions relate to either the market or customers in the sense that brands belong to customers. These definitions argue that brands are sets of promises, beliefs, expectations or value-creations in the mind of customers (Davis 2000; de Chernatony and McDonald 2003; Feldwick 1996; Gordon 2002; Lewis 1996; Wheeler 2006). Customers benefit from brands as they make their process choice more effective (Doyle 1990). In this sense, some authors have used neuropsychology arguing that brand items or associations (Gordon 2002; Keller 1993) are stored in memory and may be recalled by consumers depending on the stimulus and



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context. Such definitions may argue that brands are not owned by the organisation but by consumers as brands reside in their minds. Brands are the representation of what consumers know, feel and think about just about anything that may be considered to be a brand (Fanning 1999). This premise may then argue against some definitions which miss to include this external orientation.

### *2.2.1.3 Internal/External brand orientation definitions*

Thirdly, some authors have argued that brand definitions may need to include both internal and external orientations in such a way that they mirror one another. This group of authors argue that as brands seek to satisfy needs and deliver customer satisfaction (Arnold 1992), they need to match these needs through brand offerings (de Chernatony and McDonald 2003). Brands have been defined in marketing terms as *“recognising customer or consumer needs, harnessing them, and satisfying them in a competitive and constantly changing marketplace.”* (Woodward 1996, p. 87). Furthermore, some authors have suggested that customers do not have a relationship with products, but they do with brands (Davis 2000). Other authors sustain that brands are the personification of a relationship between the organisation and the customer (de Chernatony and McDonald 2003). Furthermore, Wells & Hollins (2000) have sustained that brands are co-created by both the organisation and the customer. This co-creation does not imply though that both parties are required to participate simultaneously and with the same amount of involvement, but it does put into question the debate of whether the organisation needs to continue seeking control of the brand. It may rather have the organisation accept that consumers also participate in the creation of the brand (Christodoulides 2008a).

Importantly, the organisation sets the preconditions (Wells and Hollins 2000) for this relationship and as it will be discussed in this chapter, brand identity and brand differentiation may help initiate this relationship with the customer.

Furthermore, some definitions sustain that a brand becomes a brand when it has reached a certain level of success:

*“A successful brand is a name, symbol, or some combination, which identifies the ‘product’ of a*

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*particular organisation as having a sustainable differential advantage” – (Doyle 1990, p. 6).*

*“A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely” - (de Chernatony and McDonald 2003, p. 27).*

These definitions may apparently argue that a brand is a concept which requires a certain level of performance before being considered as such. Furthermore, success has been extensively debated with considerable disagreement in terms of what criteria to use. However, brand success has been defined as a multidimensional variable with both organisation and consumer constructs (de Chernatony et al. 1998)

### ***2.2.2 Some common characteristics in brand definitions***

As discussed in the previous section, there is a diverse approach of how authors define brands. This section attempts to reach some common grounds in relation to some of the key common characteristics found in the literature review.

To start this discussion, the next table summarizes some selected definitions drawn from earlier literature:



**Table 2-1: Selected brand definitions from key authors**

AMA (2008)	<ul style="list-style-type: none"> <li>• A brand is a name, term, design, symbol, or any other feature that <b>identifies</b> one seller's good or service as <b>distinct</b> from those of other sellers.</li> </ul>
Lewis (1996)	<ul style="list-style-type: none"> <li>• A brand is the aura of beliefs and expectations about the product which make it relevant and <b>distinctive</b>. It stretches beyond the physical into the psychological, and is extremely powerful.</li> </ul>
Doyle (1999)	<ul style="list-style-type: none"> <li>• A successful brand is a name, symbol, or some combination, which <b>identifies</b> the “product” of a particular organisation as having a <b>sustainable differential advantage</b>.</li> </ul>
Feldwick (1996)	<ul style="list-style-type: none"> <li>• A brand is simply a collection of perceptions in the mind of the consumer.</li> </ul>
Kotler et al (2002)	<ul style="list-style-type: none"> <li>• A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to <b>differentiate</b> them from those of competition.</li> </ul>
Keller (2003)	<ul style="list-style-type: none"> <li>• A brand is a product that adds <b>differences</b> in some way from other products designed to satisfy the same need. These <b>differences</b> may be rational and tangible or more symbolic, emotional and intangible.</li> </ul>
de Chernatony and McDonald (2003)	<ul style="list-style-type: none"> <li>• Brands are the personification of the relationship between the firm and the customer.</li> <li>• A successful brand is an <b>identifiable</b> product, service person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain added values in the face of competition.</li> </ul>
Kapferer (2004)	<ul style="list-style-type: none"> <li>• Brands are intangible assets to the firm because they produce added benefits.</li> <li>• They are a <b>unique</b> set of values, both tangible and intangible.</li> </ul>
Jobber (2004)	<ul style="list-style-type: none"> <li>• A brand is a product offer which is <b>distinguishable</b> from the competition.</li> </ul>
Wood (2000)	<ul style="list-style-type: none"> <li>• “Brands often provide the primary points of <b>differentiation</b> between competitive offerings.”</li> </ul>
Seetharaman (2001)	<ul style="list-style-type: none"> <li>• A name or symbol that is intended to <b>identify</b> the goods or services of one seller in order to <b>differentiate</b> from those of competitors.</li> </ul>
Ghodeswar (2008)	<ul style="list-style-type: none"> <li>• A brand is a <b>distinguishing</b> name and/or symbol intended to <b>identify</b> the goods or services of a seller and to <b>differentiate</b> those goods from those of competitors</li> </ul>

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As Table 2-1 shows, from this selected group of definitions, it may be posed that even when there is a diverse approach to defining brands, there are four key characteristics:

*1. A brand helps identification:* One basic component of a brand definition is that it serves for product or service identification purposes (AMA 2008; de Chernatony and McDonald 2003; Doyle 1999; Jobber 2004; Kotler et al. 2002; Lewis 1996; Woodward 1996). This identification may come from creating a name, term, design, symbol or any other feature (Doyle 1999; Kotler et al. 2002).

*2. A brand is distinctive from competition:* As the brand becomes identified by customers and consumers (Woodward 1996), it aims to stand out through distinctiveness and differentiation (AMA 2008; Jobber 2004; Keller 2003; Lewis 1996).

*3. A brand is based on a sustainable competitive advantage:* This differentiation may come from having a sustainable competitive advantage (de Chernatony and McDonald 2003; Doyle 1999).

*4. A brand develops a relationship with customers and consumers:* By addressing and satisfying customer needs (de Chernatony and McDonald 2003; Keller 2003; Woodward 1996) through its tangible and intangible characteristics (de Chernatony and McDonald 2003; Feldwick 1996; Keller 2003; Lewis 1996).

### **2.2.3 Definition for this study**

For the purpose of this research, the following brand definition is proposed as follows:

*A brand is an asset created for the purpose to identify, distinguish and differentiate a product or service from competition. This distinctiveness is based on its tangible and intangible elements which in turn bring in benefits to both the organisation and customers. The brand helps build a relationship between both parties by which the organisation establishes the preconditions for this relationship in terms of the intended identity and proposed differentiation.*



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#### **2.2.4 Brand Conclusions**

The previous section has attempted to situate the debate of brand definition with the following conclusions:

1. The vast literature on brands has made it difficult to define them as many authors use different ways to define them. However, brands have been defined in terms of their components. That is, either as a symbol, a product-plus or as a concept. They have been defined also in terms of their orientation, either internal or external. Furthermore, a group of authors have argued that both orientations are required as both may need to match and mirror one another in order to build an adequate relationship. It has also been discussed that both the organisation and the customer create and develop a brand. However, the organisation is the one that sets the preconditions of how they want the brand to become and interact with the market.
2. Brands have been described as a tool to organise and pull together many business strategies and tactics which may help align the chain supply inside and outside the organisation.
3. Other authors appear to include a “successful” level of performance in their brand definitions in order to be one.
4. This section also presented four relevant common characteristics when defining brands: 1) brands help identification, 2) they make a product or service distinctive from competition, 3) it may be based on a sustainable competitive advantage and 4) they help develop a relationship with customers and consumers.
5. Finally, a proposed definition for this study was presented.

As proposed by the brand definition for this study, organisations purposely identify, distinguish and differentiate their products or services through brands. Thus, it may be important to discuss how brands are managed within the organisation. The next section presents such topic.

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## 2.3 Brands in the organisation

This section starts with a discussion of brand orientation which serves as a preamble to discussing brand management. Each discussion is closed with relevant conclusions.

### 2.3.1 Brand orientation

Organisations may have different approaches such as product, sales, marketing, or brand orientation. Specifically, brand orientation is defined as *“an approach in which the processes of the organisation revolve around the creation, development and protection of brand identity in an ongoing interaction with target customers, with the aim of achieving lasting competitive advantages in the form of brands.”* (Urde 1999, p. 117). As the definition suggests, brands take an important role as an organizing principle by which many of the activities in the company revolve around them. Furthermore, when brands are included within a company strategy, they become an important part of the strategy and tactic of the organisation (Urde 1994). This definition also makes reference to brand identity which is relevant to this study and is discussed in detail in Section 2.5.3.1.

Moreover, brand orientation means that the organisation is brand-supportive. That is, the organisation focuses its culture around its brand(s) or certain key brand components which may assist them to continually update their brand(s). For instance, Yakimova & Beverland (2005) suggest that such organisations are characterised by a supportive brand-oriented dominant logic and a market orientation known to develop a generative learning orientation. Such orientation permits organisations to reflect upon what they have done with their brands and take a proactive approach to adjusting accordingly within a supportive marketing programme. In the charity sector for example, Hankinson (2001) argues that brand orientation may include four elements: 1) an understanding of what the brand does and its values, 2) brand communication, 3) consideration of a brand as a strategic tool, and 4) a proactive brand management.

Some advantages to brand orientation are that it helps ensure a unique brand identity and personality. Evans & Bridson (2006) argue that a brand museum may become



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more than just a logo. It may help develop a retail strategy and improve the overall performance by paying attention to the relationship between the customer and their experience in the museum. A brand orientation may also help develop a strong brand by reaching organisational goals including its culture. Importantly, Hankinson (2001) argues that some antecedents to brand orientation are some top management characteristics such as having a personal vision, relevant education and job experience and supportive organisational culture all of which support brand orientation. This orientation helps top management become committed to brands and participate in their decisions.

#### *2.3.1.1 Brand orientation conclusions*

The previous section has attempted to situate brand orientation within the context of the study with the following conclusions:

1. Brand orientation involves creating, developing, and protecting brand identity with the objective to reach a lasting competitive advantage. It also suggests that brands are an overall organising tool to achieve organisational goals. Brand orientation may start by the adoption of a personal vision, educational and job experience of top management. This adoption may help the involvement of top management in brand decision making.
2. It was also discussed that a brand oriented organisation requires a conducive brand culture which may help develop a generative learning orientation. That is, the organisation may reflect upon what they have done with their brands.
3. This orientation may help develop a unique brand and deliver overall corporate performance.

#### *2.3.2 Brand Management*

Brand management has been one of the most popular processes for managing marketing activities (Veloutsou and Panigyrakis 2001). In this section, branding is discussed by presenting two main issues: 1) who are the owners of brands and 2) what is the role of brand management within the organisation. This section ends with some relevant conclusions.

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### *2.3.2.1 Brand owners and brand managers*

Since the early beginnings of brand management, there has been an issue on who should be considered responsible in the organisation for brand management. This issue has been of interest to both practitioners and academics. According to some historians, the first era between 1870 and early 1900's, owner entrepreneurs were the first to practice brand management bringing in successful branded consumer products (Low and Fullerton 1994). Later on, in the 1930's, Procter & Gamble established the brand management system by creating brand manager posts with the responsibility to develop brand marketing plans. However, these posts lacked authority over the sales and finance departments (Eckles and Novonty 1984; Howley 1988; Lief 1958) which created much frustration to brand managers when delivering appropriate brand plan execution (Winski 1987).

Their system was later on adapted by larger organisations and has become one of the most frequently used systems to this day. However, this system has been seriously criticised for a lack of appropriateness (Panigyrakis and Veloutsou 1999b) as brand managers are more product than consumer oriented (Kotler 1991) and tend to be inexperienced with a short-term tactical focus (Landler 1991). It has also been suggested that as brand managers are often inexperienced with large marketing budgets, they are largely supported by teams inside and outwith the organisation (Hankinson and Cowking 1997; Lysonski 1985; Lysonski et al. 1989). Hence, one main requirement for those who manage brands is that they need to learn how to work with teams and how to create a team spirit (Veloutsou and Panigyrakis 2001). This learning may help coordinate interrelated activity both inside and outwith the organisation.

Better suggestions in regards to the major drawbacks to this brand manager system are in relation to organisational structure changes. For instance, some authors have suggested that brand managers should be at a higher level of management. Also, CEOs have become an alternative in some companies as they have a better understanding of the corporate strategy, have a long-term perspective along with an authority and power to move brands forward (de Chernatony et al. 2003). Other



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companies have created a 'brand champion' post – a senior manager with the responsibility to build a brand (Douglas 2001).

The marketing department has been a traditional contender for managing brands. However, as its role in the overall organisation has declined, branding has appeared to be shared with other departments (Hulbert and Pitt 1996; Mitchell 1994; Piercy 1986). For instance, some service organisations have given responsibility to the HR department so as to recruit, train and motivate employees to the appropriate brand personality as they are usually ambassadors to the brand when interacting with customers (Schneider and Bowen 1993; Zerbe et al. 1998).

As much as the literature discusses who is better suited to manage brands, a serious limitation is that there is barely no indication as to who is more capable of managing brands in a small organisation. It may be argued that just as the first pioneers in brand management, owner entrepreneurs may be most suitable for this activity because as CEOs, they have the authority and power over branding decisions.

This discussion has posed that branding has become an activity in which other organisational departments are being involved. For such a reason it may be appropriate to discuss next its role in the organisation.

#### *2.3.2.2 Role of brand management*

Brand management is about creating and sustaining brands (Seetharaman et al. 2001). It may be argued that in recent years intense competitive pressures and the participation of other organisational departments have made brand management an important topic to be discussed. For instance, it has been posed that traditionally brand management was found in the marketing department and recently shared with other departments. Hence, branding has become increasingly a multi-departmental organisational activity (de Chernatony 1996).

At the same time, however, much of the literature in relation to brand management has been based on packaged goods from larger organisations. At the same time, it has moved slowly into other areas such services; and not until recently into SMEs.

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If brands are to be managed as assets for all types and sizes of organisations, they may require to be managed through a different strategic formulation (Aaker 1996; de Chernatony and McDonald 2003; Kapferer 2004; Keller 2003) with the participation of different cross-functional activities (de Chernatony 2001a) which may strengthen the entire brand management system. For instance, it has been posed that branding should be a concept about transformation, about differentiation and added value (Ind and Bjerke 2007; Riezebos 2003) with the following premises:

First, if brand management is viewed as a corporate strategy, then organisations may require to include both internal and external orientations for better performances (Wong and Saunders 1993) while considering that an internal orientation should precede any external branding efforts (Ambler 1997).

Second, as any other asset, branding has been suggested to have a long-term orientation (Davis 1995). Such orientation may help avoid a short-term focus on tactical issues in packaging, advertising, and tailor-made promotions for the trade (de Chernatony and McDonald 2003). However, other authors may argue that branding also requires some improvisation (Poynton 2002). That is, as managers come to realize that brands are no longer assets to be controlled (Panigyrakis and Veloutsou 1999b), improvisation and not planning may help 'see' the environment better.

Third, aside from planning, brand management may include other evaluations in regards to particular individual product attributes, brand personality, brand future goals and testing of new elements of the marketing mix and market tests (Arnold 1992). Furthermore, market assessment is also an important evaluation to be practiced in brand management (Panigyrakis and Veloutsou 1999a). For instance, it has been argued that it is important to know the branding implications derived from the ranking number of entry. It has been posed that a pioneer brand may have a significant advantage to subsequent competitors (Kapferer 2004). However, it has also been acknowledged that it is not the pioneer brand but the early leader – the one brand that becomes the first market leader, that takes over these advantages (Riezebos 2003). Such evaluations may help attain the main contended purpose of branding which is to generate a differential advantage and being able to sustain this differentiation (de Chernatony and McDonald 2003).



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Fourth, brand management should recognize that more than one brand will help the organisation strengthen its position in the market. It has been argued that having only one brand usually makes the organisation more vulnerable to competitor's retaliation when the brand is copied (Kapferer 1997; Kotler 1984). Hence, it is preferable to have more than one brand as a strategy to protect from threatening competitive situations.

Finally, brand management today has increasingly become debateable. A downside perspective is taken by Klein (2000) who, to say the least, she argues that there is no longer a confidence on brands mainly due to large organisation brand management policies and practices which have shown negative effects in society. Other authors have suggested that brand management has become increasingly complex (Jevons et al. 2005). Others have suggested that it has gone into a crisis. Brands are no longer delivering sufficient customer value (Maklan and Knox 1997). However, even when it is becoming more difficult to find relevant brand differentiations (Kapferer 2004), brand management may continue creating customer value by considering the following: 1) offering better quality, 2) adding service, 3) improving functionality, and 4) creating emotional values to customers (Levitt 1980). Thus, it may be posed that it is not that brand management is in crisis because organisations are missing customer value, but rather missing to realize that one of the fundamental purposes of brands is to transform and offer brand differentiation through added values in the mind of customers.

Furthermore, it has also been suggested that one of the main goals of brand management is to build the brand. This goal is discussed in detail in section 2.5.

### *2.3.2.3 Brand Mgmt. Conclusions and implications for SME brands*

The previous section attempted to situate relevant brand management literature and its relation to SMEs with the following conclusions:

1. Brand management has moved from being a marketing activity to an organisational activity taken by other departments such as HR.

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2. Brand managers as part of the traditional brand management system have been criticised for being inexperienced and for having a lack of authority and short-term focus. Hence, some suggestions have been posed that branding should be managed by higher level management such as 'brand champions'. Other authors have sustained that the CEO should also be doing branding as the very first owner entrepreneurs of the late eighties.
  3. Brand management has become increasingly important as a means to deliver customer value in terms of brand differentiation and added values.
  4. Brand management should consider a long-term orientation. That is, establish long-term objectives based on an analysis of both the market and brand. However, other authors argue that branding should also include some level of improvisation as means to better understand the real situation of today's marketplace
  5. A serious limitation in the literature review is that there is barely any explicit indication of brand management in SMEs. For instance, there is no discussion as to who would be better capable of managing brands in small organisations. It may be argued that just as the first pioneers in brand management, owner entrepreneurs may be most suitable for this activity because as CEOs, they have the authority and power over branding decisions

As this discussion moves on, the next issue raised is on brand building difficulties.

## **2.4 Brand building (Bb) difficulties**

As brand management sets its purpose to building brands, brand owners are confronted with an array of difficulties both within and outwith the organisation. This section discusses both internal and external difficulties. The first type of difficulties to be discussed is internal followed by external.

### **2.4.1 Internal difficulties**

A recent literature review suggests that some organisations today have shifted markedly from a long-term to a short-term perspective (de Chernatony and McDonald 2003). The reason being partially caused by high financial pressures to



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demonstrate short-term profitability (Davis 1995; de Chernatony and McDonald 2003). At the same time, management performance evaluations have been mainly focused on a per quarter basis. Additionally, incentive packages for CEOs have been increasingly attached to performance based on short-term growing profits. Hence, they may be pressured to perform better in a short-term period. Other authors have suggested that another reason is that many CEOs come from the finance or operations department with little experience on branding or marketing (Davis 2000).

In other words, organisations have increasingly moved from a strategic to a tactical based branding to achieve short-term objectives. For instance, many brands that were heavily supported by media expenditure have shifted their budget more from an above-the-line communications campaign, such as advertising, to a below-the-line communications campaign such as sales promotions (Shimp 2003). This situation of moving towards more promotions serve as inhibitors to effective brand building as they are merely focusing on reaching a monthly sales figure rather than increasing the value of the brand in the long-term (de Chernatony and McDonald 2003). It has been argued that branding may be taken as means to reach a sales figure and that such approach only takes a narrow perspective of what a brand can offer (Maklan and Knox 1997). If a brand requires a long term view for brand building (Keller 1999), this position only serves to slow down any proper brand development as brands are based in short-term decisions. At the same time, if brand managers are given the responsibility to deliver brand growth, this management system which gives responsibility to junior staff, with a short-term tactical approach, will confirm a short-term performance (Davis 2000). Furthermore, such financial pressures to prove short-term profitability may sustain an approach for risk-aversion and bias against innovation or bias towards changing branding strategies which have already proven to be successful (Aaker 1996).

Whilst there are important difficulties within the organisation, there are other difficulties in relation to the external environment as discussed next.

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## 2.4.2 *External difficulties*

There are several key external difficulties faced by brand owner/managers when building their brands.

First, it has been argued that channel distributors including retailers and wholesalers have taken stronger negotiating power against brand manufacturers and sellers. For instance, it has been discussed that larger retailers have taken more control of brands in their shops by requesting for instance higher trade allowances, not guaranteeing shelf spaces, and having larger numbers of private labels (Davis 2000).

Second, there are some suggestions that due to the increased usage of the Internet, there is a power shift from retailers to consumers and that consumers in the future will have larger power over brands (Riezebos 2003).

Third, with technology advances and innovation along with globalisation, competitors have been argued to copy at a faster rate many products or services, jeopardizing brand differentiation and added value (de Chernatony and McDonald 2003; Kapferer 2004; King 1991; Parker 1991).

Fourth, it has been posed that brand leaders with larger market shares tend to have financial strength due to higher profit margins. This strategy may enable them to become more aggressive in their brand activities and innovations (Doyle 1990) when compared to the rest of the competing brands.

Fifth, marketing communications have gone through dramatic changes. Some of these changes are an increase in media costs and a saturation and fragmentation of media vehicles. Such changes have made it even more difficult to effectively communicate with consumers as they concurrently change their viewing and listening behaviours (Fanning 1999; Joachimsthaler and Aaker 1999; Urde 1994). For these reasons, some organisations may need to re-evaluate the effects and implications of mass communication-based models for brand building. It may be posed that only larger organisations with leading brands may be capable of sustaining major advertising investments (Haig 2004).



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Finally, there have been suggestions that markets are fragmenting. Thus, making it more difficult to serve smaller number of customer segments and opening up possibilities for specialty brands and private labels. This situation has forced larger organisations to look at strategies to tackle the increasing number of smaller brands (Farquhar 1994).

### ***2.4.3 Bb difficulty conclusions and implications for SME brands***

As the prior sections discussed, many of the brand building difficulties found in the literature take a larger organisation perspective. Such difficulties were divided into internal and external as follow:

#### *Internal difficulties*

1. Salient literature discussed an important shift of many (larger) organisations moving from a long-term to a short-term financial perspective as they focus in reaching profitable quarters. Furthermore, this situation has caused (larger) organisations to move away from above-the-line communication activity which is usually linked to long-term benefits to below-the-line communication activity usually linked to short-term activity. At the same time, it has been discussed that younger staff members in (larger) organisations such as brand managers may also favour this short-term tactical approach to brand building as they do not have the strategic focus as higher management do.

#### *External difficulties*

1. One key difficulty posed for brand building is a fragmentation of markets and mass media. It has been sustained that such fragmentation makes accessibility and communication even more difficult for (larger) organisation brand building.
2. There is also a shifting of power from manufacturers to retailers and to consumers.
3. Technology has made it easier to copy products and so brand differentiation is being jeopardised in the long-term.

1. It may be argued that many of the brand building difficulties discussed in literature take a larger organisation perspective. There was no explicit indication of the many difficulties that SMEs may confront while brand building. It may also be suggested that some brand difficulties discussed in the literature may not be even relevant and in some cases they may rather be considered as advantages to SME brand building. For instance, it may be argued that a fragmentation of markets would not be considered as a difficulty, but as an advantage to smaller organisations as the market may better fit the scope of a smaller organisation.
2. Other difficulties which may be questioned are: 1) the shifting to short-term planning and 2) bias against innovation. It may be contended that short-term planning is an inherent characteristic of many SMEs and that going against innovation may also be going against many of the innovative capabilities found in many SMEs.
3. Thus, it may be argued that there are major gaps of knowledge in this area and it may be interesting to research to identify what are those particular brand building difficulties encountered by SMEs.

The next section presents a discussion of some of the main brand building models.

## **2.5 Brand building models**

As mentioned in the last section, brands are an important asset for the organisation. Thus, it is in the interest of the company, large or small, to manage them properly for development. This section discusses the recent literature on brand development considering a selection of authors and their relevant concepts on brand development in response to this imperative.

From this recent literature review, it was found that there is no one best path to brand building (Kapferer 2004). Even when there is a vast brand research, some brand theorists have acknowledged the need for new paradigms. They argue that there is still an unprecedented challenge to developing new branding models in areas not



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much explored (Randall 2000; Salzer-Morling and Strannegard 2004). Such challenging positions may be found in brands managed by small-to-medium sized enterprises (SMEs).

A review of the brand literature may be analysed from three main perspectives as follow:

1. *Brand building orientation.* This orientation looks at the body of literature in two manners: one which builds the brand inside-out and a second which builds the brand outside-in. There have been suggestions that finding the right balance is perhaps a more suitable approach for brand building (Ind and Bjerke 2007). This type of approach makes a clear contrast between the internal brand building and the external brand building literature.

In terms of the importance to this study, this approach was selected because the research investigates brand identity, an internal brand building component and its proceeding impact to the outside environment.

2. *Brand building dynamics.* Studies may be classified on whether they show some level of relationship between the brand components or not. As brands are characterised by being complex entities, brand models help brand managers understand their task, environment and make brand decisions (de Chernatony and Dall'Olmo Riley 1998). Models or cognitive maps are representations of a particular event which help managers to simplify, organise and interpret a managerial situation. In such a way, models may help explain the components involved along with their interrelationship; making the event more manageable for decision-making (Cossette and Audet 1992; Eden 1992; Tyler and Gnyawali 2002) .

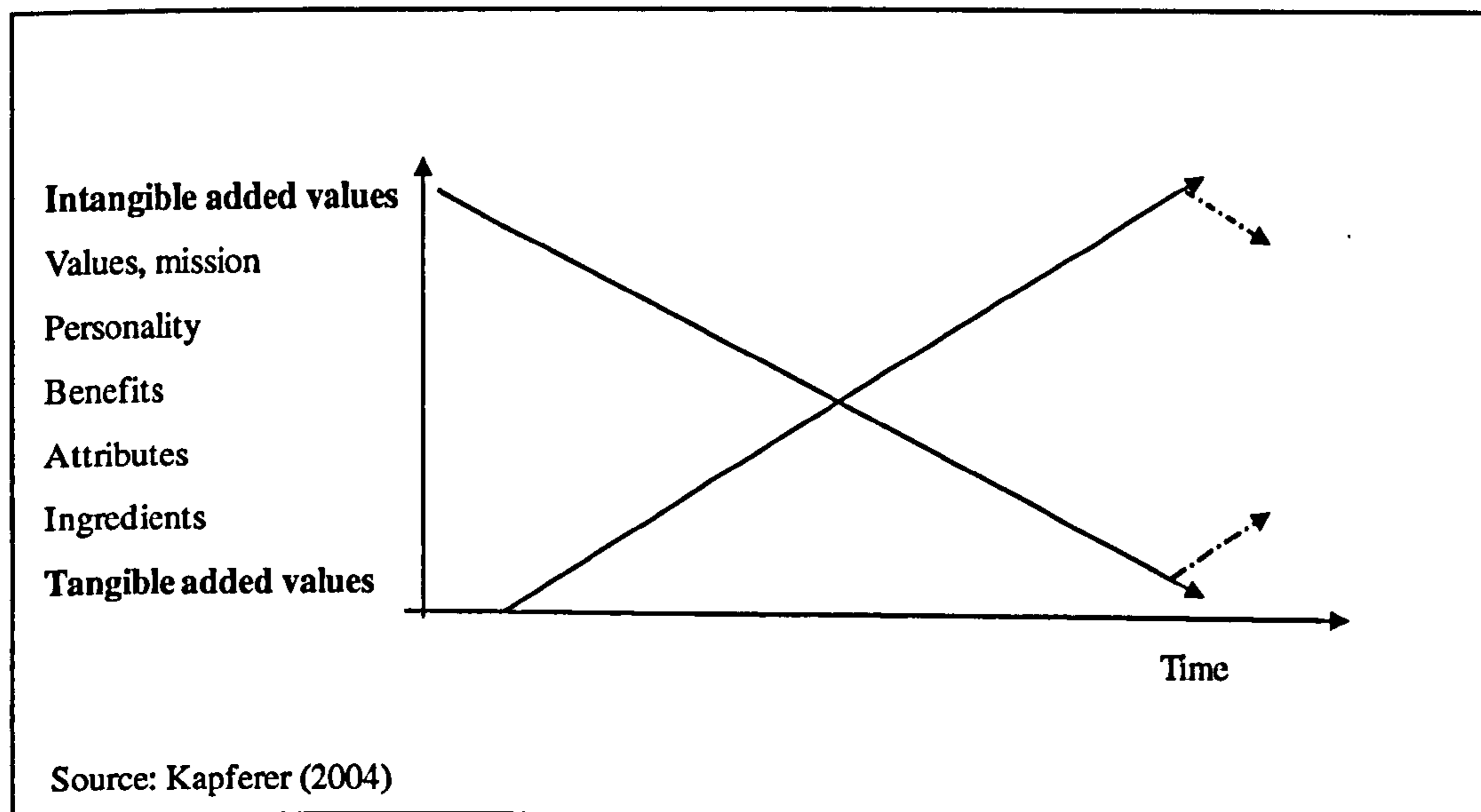
However, not all studies encountered in the literature review were considered as models. Some studies were found to be a list of suggestions or recommendations with no apparent relationship amongst these variables. For instance, in "*Building successful brands*" by Doyle (1990), he suggests that there are four main characteristics to keep in mind when developing a brand. These are:

- 1) Quality as the most important characteristic for a strong brand,
- 2) Service as an important differentiation element to sustain in an organisation,
- 3) Innovation, becoming the first in the marketplace,
- 4) Searching for differentiation.

From the author's perspective, brand building may be reached if brand managers follow these "recommendations." However, there is no mentioning on how they may be attained and how they relate to one another.

3. *Nature of brand building studies.* Studies were found to be either conceptual or empirical. It may be argued that empirical studies have some advantages over conceptual because they have been tested and offer results. Some of the well-recognised textbooks on brand management were usually found to be conceptually based and most of them based in examples. For instance, Kapferer (2004) suggests that a brand may be built in two ways: either from intangible to tangible values or the other way around, from tangible added values to intangible added values and that most brands are built as the latter. The next figure displays such model:

**Figure 2-1: Brand building model by Kapferer**





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Even when this model may be of interest, the author does not provide an empirical study which may validate such routes. There are several questions to be raised in relation to SME brand building. For instance, is one particular way of brand building more favourable than the other? Which one, if any would be more successful in the long-run? Hence, such a model may have been stronger if it were presented with empirical results along with the methodology used to operationalize such a model.

From the three main perspectives, the brand building orientation was selected to categorize salient literature as it was found more appropriate to the locus of this study.

### ***2.5.1 The outside-in orientation***

Studies in this category locus on building the brand from the consumer/market perspective to the organisation. These studies locus primarily on external brand components and their activities.

These studies may bring in the following four main discussions which are presented in this section: 1) brand communication programmes as means to develop brands, 2) the brand components which are developed as a result from these programmes such as brand equity and brand image, 3) some relevant industry sponsored studies and 4) conclusions and implications to SMEs.

#### ***2.5.1.1 Brand communications programmes (BCP)***

Brand communication programmes are also known as pull and push programmes (Kotler et al. 2002). While pull activities are activities which seek a long-term favourable consumer predisposition about the brand and by doing so, pull consumers to the point of sale. Push activities influence consumers by directly influencing consumers at the point of sales (Farr and Hollis 1997). Both programmes have the purpose to have consumers purchase the brand. These programmes are considered to be part of the external brand building because of the results expected in terms of consumer perceptions, consumer knowledge and consumer behaviour (Ailawadi et al. 2001; Boulding et al. 1994; Kempf and Smith 1998; Schlosser et al. 2006). Some of the key advantages of brand communication programmes are that they allow creating a message which will hopefully be reached by consumers while allowing the

organisation to start a communication with the marketplace. There is no point of having a brand which is not known by consumers. Hence, brand communication programmes are means by which consumers will learn about the brand.

There are a whole range of brand communication programmes. These activities are discussed in detail in section 2.6. Such section discusses three ways by which brand communications may be divided: personal, mass, and digital communication.

Many “traditional” brand building models take into account a mass marketing communications programme as a central element to the development of a brand. For instance, Aaker (1996) makes explicit reference to marketing communications strategies in 5 out of 10 recommended guidelines. The next table highlights these five strategies:

**Table 2-2: Marketing communications guidelines by Aaker**

<i>Guideline Name</i>	<i>Guideline</i>
<i>1. Brand position</i>	<i>“...have a brand position that will provide a clear guidance to implementing a communication program.”</i>
<i>2. Brand execution</i>	<i>“... execute the communications program... generate alternatives and consider options beyond media advertising</i>
<i>3. Consistency over time</i>	<i>“... maintain symbols, imagery, and metaphors that work...understand and resist organisational biases toward changing the identity, position, and execution.”</i>
<i>4. Tracking brand equity</i>	<i>“...have specific communication objectives”.</i>
<i>5. Brand responsibility</i>	<i>“Have someone in charge of the brand who will create and coordinate the execution over organisational units, media, and markets”.</i>

As Table 2-2 shows, all five guidelines make direct reference to communication activity for brand development.

When devising a mass communication programme with the objective to reach a large audience, brand managers today require more knowledge and sophistication in two areas. One area pertains to the development of the right message suitable to a particular medium vehicle. It has been posed that messages delivered through



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television are created very differently to those messages communicated in the new media such as the Internet (Schlosser et al. 2006). Another area pertains to the selection of the right media for a particular message. Hence, the difficulty of building the brand externally is becoming more challenging especially to those organisations such as many SMEs which lack knowledge and financial resources to accomplish an appropriate mass communication programme.

While developing a mass communication programme, it is also important to assure the availability of the brand throughout the distribution channel. There is no point of having a large mass communication programme if the brand is not available in the marketplace (Gordon 1996).

While there is a large range of brand communication activities, advertising has been discussed profusely as a key driver for brand building (Shimp 2003). The reason being is that when creating a brand with advertising, it creates high levels of brand awareness and positive brand image (Keller 1999). By delivering a brand message to a larger audience, the possibilities of reaching potential consumers are increased in a shorter length of time, hence the opportunities of brand building in a shorter length of time are increased also (Aaker 1996). The brand product may be very good, but if the brand is going to take longer to be known and recognised by consumers, then brand growth will take longer if it is not supported by mass communication (Kapferer 2004).

There have also been suggestions that with advertising, brands are able to communicate functional benefits to the consumer, but more importantly emotional benefits (de Chernatony and McDonald 2003). These benefits today have been agreed to be some of the key differences in the brand world where brand differentiation is very difficult to accomplish (Kapferer 2004). Hence those organisations which are able to deliver emotional benefits and have the resources to do so will have a competitive advantage to those organisations that cannot afford advertising.

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### *2.5.1.2 BCP conclusions and implications for SME brands*

1. Brand communication programmes are also known as pull and push programmes. While pull activities seek a long-term favourable consumer predisposition about the brand, push activities influence consumers by directly influencing consumers at the point of sale. Both programmes have the purpose to influence consumer purchase.
2. Many traditional brand building models take into account mass marketing communication programmes such as advertising campaigns. Such programmes require specialised knowledge and sophistication in terms of message communication and media selection. Advertising has been considered a key driver for brand building as it brings such benefits as higher levels of brand awareness, positive image and the possibility to reach larger numbers of potential consumers in a shorter period of time. At the same time, it also helps to communicate not only functional but also emotional brand benefits.
3. It may be posed that traditional mass communication programmes based on advertising may not be suitable for many SMEs as they require large amounts of investment and a large enough market share to make it worth a return on the investment.

### *2.5.1.3 External brand components*

Most of the brand building models within this orientation focus on two main external brand components brand equity and brand image (Aaker 1996; Keller 2003). This section explains brand equity and its components such as brand associations and brand image.

#### *2.5.1.3.1 Brand equity – the customer-based perspective*

Although many authors may view two perspectives of brand equity: the firm-based perspective and the customer-based perspective (Aaker 1991; Aaker and Biel 1993; Ambler and Styles 1997; Chaudhuri 2002; Erdem and Swait 1998; Farquhar 1990; Keller 2003), this section focuses on the latter as it relates to the external brand



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component and not to the financial value usually discussed in the firm-based perspective.

In terms of brand equity components, there are variations in the composition of brand equity. For instance, while Shimp (2003) poses that brand equity is composed of brand knowledge and brand image. Aaker (1996) argues that it is composed of brand knowledge, brand associations, and perceived quality. Furthermore, Keller (1993) states that brand knowledge precedes brand image.

It may appear that brand equity is about different levels of brand knowledge such as brand recognition, brand awareness, brand associations and brand image. It also involves how this knowledge is being retrieved by consumers from memory. Brand knowledge may include superficial levels of information about the brand name. For example, 'brand recognition' is brand knowledge when a brand name is being recognised from a list of names or cues; 'brand recall' makes reference to deeper levels of brand knowledge in which consumers are able to retrieve from memory the brand name without any cues (Shimp 2003). Other deeper levels of brand knowledge may include such brand components as brand image and brand reputation (Hoeffler and Keller 2003). It may be argued that brand managers may seek to achieve deeper levels of brand knowledge through brand communication activity. It has been posed that brand knowledge is a function of not only brand communication activity (Aaker and Biel 1993) but also brand availability at the point of purchase (Gordon 1996).

It has been argued that all brands begin with no brand recognition and through time the brand name is recognised and further brand knowledge is developed until it becomes well-recognised (Kapferer 2004). Furthermore, it has been suggested that brand knowledge should be developed as fast as possible for the following reasons: Firstly, it may result in cost savings and profit opportunities (Keller 1999) and secondly, it may help create or reinforce a critical gap from competition (Kapferer 2004). Thus, it may be possible to assume that the higher the investment in brand communication, the stronger the brand equity to compete against competition.

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Additionally, it has also been found that well-known brands have several advantages against not-known or lesser-known brands in terms of brand awareness and brand image (Hoeffler and Keller 2003). For instance, several studies suggest that well-known brands have better consumer memory codifications, recall ability and storage benefits in comparison to unknown brands (Alba and Hutchinson 1987; Johnson and Russo 1984; Kent and Allen 1994). It has also been posed that a great disadvantage for lesser-known brands is that their brand knowledge may apparently not be stored under a particular brand but under the category. Additionally, it has also been reported that consumers learn about a brand at a slower rate when they enter the category at a later stage (Bowman and Gatignon 1996). Hence, it would not only be recommended to be the first in the category but the first brand to be known.

#### 2.5.1.3.2 Brand equity conclusions and implications for SME brands

1. Customer-based brand equity may be composed of brand knowledge including brand associations, perceived quality and brand image. The aim is to develop such components in the mind of consumers.
2. New brands begin with no brand recognition and through time brand knowledge is developed until it becomes a well-recognised brand. Brand knowledge should be developed as fast as possible in order to obtain a critical gap from competition which may result in cost savings and profit opportunities.
3. Well-known brands have several advantages over not-known and lesser-known brands – which may be SME brands. Well-known brands benefit from better consumer memory codifications, recall ability and storage benefits. Lesser-known brands –which may be SME brands, may also have a disadvantage in terms of slower rate memory processes when they have a late entry to a category or their own brand knowledge may be not be stored under their brand name but under the category's.

However, brand managers should consider not only increased brand awareness, but also brand associations as discussed next.



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#### 2.5.1.3.3 Brand associations (BA)

A component of brand equity which is relevant to the study is brand associations. Brand associations may be defined as all the information consumers know about the brand which is stored in consumer's memory (Aaker 1996; Henderson et al. 1998; Keller 1993; Low and Lamb 2000). Moreover, Keller (2003) argues that all information may be conceptualised as an associative network of memory modelled from cognitive psychology (Anderson and Bower 1973). This model understands memory as composed of a network of nodes and connecting links in which the main node is represented by the brand and sub-nodes are the information stored about the brand. All nodes are connected by links which may represent the strength of each association between nodes. This stored information may include perceptions which may not be a true reflection of the brand (Dean 2004; Van Osselaer and Janiszewski 2001). Hence, it may be argued that brand associations are a critical part of brand image and brand identity in the sense that brand associations recollect perceptions of the brand which may be true. They may assist brand managers in identifying the similarities and differences between brand identity and brand image. Hence, they may assist in the development of favourable strategies which may help mirror both components (Henderson et al. 1998). For instance, Janiszewski and Van Osselaer (2000) provide explanation of how consumers may learn to use brand name information to predict product performance. In other words, if a brand name offers particular brand associations in relation to future product performance, it is to the interest of brand managers to learn the perceived brand associations linked to a particular brand name and its relation to perceived brand performance.

The importance of brand associations to this study is that even when brand associations are in the minds of consumers, organisations create them first through brand management activities such as the creation and development of a brand name, logos, symbols, packaging; organisations may modify brand associations through the implementation of brand communications activities such as advertising, promotions, public relations, sponsorships, retailing, personal sales, and Internet activities. Once consumers begin interacting with the brand, they will begin developing a map of brand associations which may be true to the intention set by the organisation – also

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known as brand identity. Once a network of brand associations are developed in the mind of consumers, it is to the interest of the organisation to learn what the network includes and set the required strategies to move them according to what the organisations wants the brand to be perceived as or what it is referred to as brand identity. This component is further discussed in detail in section 2.5.3.1

#### 2.5.1.3.4 BA conclusions and implications for SME brands

1. Brand associations are defined as all the information consumers know about the brand which is stored in the memory of consumers. The term has been conceptualised as an associative network of memory modelled from cognitive psychology. This model understands memory as composed of a network of nodes and connecting links in which the main node is represented by the brand and subnodes are the information stored about the brand.
2. Brand associations are relevant to the study as they are a critical part to brand identity and brand image. They recollect perceptions of the brand which may be true. Even when brand associations are in the minds of consumers, organisations create them first through the creation of brand identity, and may modify them through the implementation of brand communication activities and developments of brand identity.
3. As SMEs have minimum resources to develop brand associations, these associations may be developed at a slower pace when compared to larger organisation brands. However, the importance to this study is this issue of what brand associations SMEs have the intention to be identified with.

#### 2.5.1.3.5 Perceived quality (PQ)

Another component of brand equity is perceived quality. Quality may be defined as an overall superiority or excellence (Zeithaml 1988) whereas perceived quality may be defined as a user-based approach to marketing which makes reference to the premise that “*quality is in the eyes of the beholder,*” (Garvin 1984, p. 27). It also makes reference to a perception of the brand’s both tangible and intangible benefits (Snoj et al. 2004) which assumes then high levels of subjectivity with an overall



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feeling about the goodness of the brand (Aaker 1996; Keller 1993; Zeithaml 1988). Furthermore, it has been suggested that particularly service perceived quality has been proven difficult to define and more studies are required to bring in a better understanding to the dimensionality of such a concept (Brady and Cronin 2001; Snoj et al. 2004)

Consumers usually obtain brand information through product attributes. These are known to consumers once they have been purchased and used. Such brands have been referred to as experience brands (Nelson 1974; Wright and Lynch 1995). However, when consumers have not encountered the brand or so called search brands, they may use different indirect measures to obtain information about the brand's perceived quality. For instance, Riezebos (2003) argues that intrinsic attributes – those attributes that when modified may modify the product, are key to knowing about the brand. They may be perceptible or imperceptible intrinsic benefits. He further goes on posing that consumers may obtain more information about the brand prior to its purchase through extrinsic attributes – those attributes that when modified would not modify the product. Thus, it has been posed that when searching for a brand, explicit attributes, may become important when some intrinsic attributes are imperceptible before purchase. In such cases, brand managers have used extrinsic attributes such as price, packaging, warranties or brand name as means to affect the level of perceived quality (Dodds et al. 1991; Rao and Monroe 1989; Rao et al. 1999; Suthuraman and Cole 1997). Furthermore, it has been argued that the importance of the brand name will depend on four critical aspects (Riezebos 2003):

- How perceptible are intrinsic attributes prior to purchase
- Whether the brand is perceived as a social symbol
- How much mass communication has been placed in favour of the brand
- How much does another name aside from the brand name has been giving information about the brand to consumers

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In such cases, when consumers are able to evaluate the brand with intrinsic attributes, then extrinsic attributes will be less important for consumer evaluation (Riezebos 2003).

Other measures which have been found to affect perceived quality is leadership, brand personality, advertising, and place of origin. For instance, Aaker (1996) suggests that consumers may use the first or leading brand in the category to judge a particular brand. Hence, he suggests the importance of 'leadership' in product innovation which may bring in a shift of perceived quality. A recent study by Ramaseshan and Tsao (2007) involved brand personality as a reference to evaluate perceived quality. Their study found that from the five dimensions of brand personality (Aaker 1997b), excitement and sophistication were the most strongly associated with perceived quality. Riezebo (2003) states that place of origin and advertising may also influence the perceived quality of a brand.

#### 2.5.1.3.6 PQ conclusions and implications for SME brands

1. Brand Perceived quality is the perception of the tangible and intangible benefits of the brand which assumes a high level of subjectivity with an overall feeling about the goodness of the brand.
2. Consumers frequently obtain brand information through product attributes which may be classified as intrinsic or extrinsic. Intrinsic attributes may also be perceptible or imperceptible. Extrinsic attributes may be important when consumers have not tried the brand before or there are some important intrinsic attributes which are imperceptible. In such cases, brand name, price, packaging, warranties may affect the level of perceived quality.
3. Other measures which have been found to affect perceived quality is leadership, brand personality, advertising and place of origin.
4. SME brands may require to pay attention to the type of attributes so as to develop appropriate brand strategies for their own mix of attributes. At the same time, those organisations including SMEs which may be first to lead a category or develop new products in an already existing category may help



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shift an established perceived quality. Other elements such as brand personality and advertising may become difficult to communicate when SMEs have limited sources for brand communication activities.

#### 2.5.1.3.7 Brand Image (BI)

The importance of brand image to this study is that it has been posed to be derived from brand identity and in particular from brand personality. However, brand image may be confused with brand personality and brand identity. Firstly, it has been found that there is much confusion regarding brand image and brand personality as they are sometimes used interchangeably (Gardner and Levy 1955; Ind 1990; Tauber 1988). For instance, Herzog (1963 as cited by Nandan 2005, p. 266) defines brand image as *“the sum total of impressions that consumers receive from many sources, all of which combine to form a brand personality.”* According to Meenaghan (1995), this confusion may be partially explained by the two schools of persuasion whereby the first one, the cognitive school, views persuasion by offering the functionality aspects of a brand because consumers are portrayed as rational beings. The second school is interested in developing a personality for the brand as means to build a relationship with a consumer who is more emotional and intuitive. Thus, it may be argued that advertising seeks a relationship with consumers through a brand image more similar to brand personality than the one which follows a more rational persuasion. However, Wicks (1989) added that consumers are more complex and that they may simultaneously attend both persuasions.

Secondly, it also found much confusion in regards to the meaning of brand image and brand identity as they may also be used interchangeably (Ind 1990). However, this confusion may be cleared by explaining the differences between the two.

According to Aaker (1996, p. 70), brand identity has been defined as *“what the organisation aspires the brand to become,”* and brand image has been defined as *“what customers and other stakeholders perceive about the brand.”* Furthermore, both components have particular characteristics as presented in the next table (Aaker 1996; Nandan 2005):

**Table 2-3: Brand Identity and Brand Image Characteristics**

Brand Identity	Brand Image
<i>What the organisation aspires the brand to become</i>	<i>What customers and other stakeholders perceive about the brand</i>
<i>Should be active and look to the future</i>	<i>Usually passive and looks to the past</i>
<i>Strategic reflecting a business strategy that will lead to a sustainable advantage</i>	<i>Tactical</i>
<i>Should include the brand's enduring qualities</i>	<i>May include transitory characteristics</i>
<i>Company viewed as a source of communication</i>	<i>Target audience viewed as the receiver of communication</i>
<i>Created by brand management</i>	<i>Created by consumer perceptions</i>
<i>Encoded</i>	<i>Decoded</i>
<i>Identity is sent</i>	<i>Image is received/perceived</i>

As Table 2-3 shows, brand image is created by brand strategies including brand communications. That is, the company sources/encodes the brand identity while consumers receive/decode the brand image. Importantly, creation of brand image considers the organisation's image and resource capabilities amongst others (Park et al. 1986). At the same time, the organisation requires to close any differences between what the consumer perceives and what the organisation wants to be perceived (Nandan 2005)

This communication process has gone through dramatic changes in the past years as the communication environment has been characterised by high-technology, time-compression, information-oriented, and consumer interactivity and multi-tasking, all affecting consumer behavioural changes towards communication processes (Nandan 2005). These changes have made it more difficult to establish the right correspondence between brand identity and brand image. It has been posed that there should be a minimum variance between two components (Haynes et al. 1999). This variance may occur when the process of communication is unclear (Nandan 2005). Hence, it has been suggested that the communication process may require consistency, coordination and an alignment of media vehicles through integrated marketing communications (Duncan and Moriarty 1998; Haynes et al. 1999; Tortorici 1991)



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Such difficulties in the communication environment and communication processes may bring in challenges to brand managers. It is difficult not only to create and maintain a consistent brand image with a minimum variance to brand identity, but it may be difficult to maintain consistency over time. To achieve such a brand objective, some authors have proposed several models. For instance, Haynes et al (1999) introduced a model whereby the reduction of the variance between brand identity and brand image is accomplished by aligning the manufacturing and communication processes with customer expectations and specifications. It may appear then that brand identity and brand image is not only a concern of marketing, but also of the entire organisation. In the same line, Part et al (1986) developed a model by clearly establishing the importance of brand concept – a firm selected brand meaning derived from basic consumer needs by managing the brand image through the coordination of brand communication activities over time. Their model envisions an introduction, elaboration, and fortification stages whereby in the last stage, brand image assists in the development of new product extensions. This last stage is of relevance not only to brand image, but also to other brand strategies such as new product development. An appropriate brand image may not only assist in the introduction of new products, but also assist in maintaining over time the relevancy and strength of the brand (Aaker and Keller 1990; Boush and Loken 1991; Milewicz and Herbig 1994).

Finally, it may also be important to discuss at this point that even when organisations may seek to manage and control brand image, the changes of the communication environment have brought to light anti-brand activism. Such activism has become an important voice against large organisation brands (Klein 2000). It has been argued that such activism is derived from a realisation of consumers that such brands have breached their trusting relationship and have also been found inauthentic (Thompson et al. 2006). Such actions have also posed to become threats to brand image and have serious strategy repercussions (Carey 2002; Walker 2003).

Thompson et al (2006, p. 58) have made reference to this cultural backlash as “doppelganger brand image” – defined as *“a family of disparaging images and stories about a brand that are circulated in popular culture by a loosely organized*

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*network of consumers, antibrand activists, bloggers, and opinion leaders in the news and entertainment media.*” It has been proposed that rather than denying this type of voice, organisations should use it as a diagnostic tool to pinpoint brand image problems before reaching larger brand crisis. For instance, this tool may offer some suggestions on how to transform an emotional branding strategy to fit better cultural changes with consumers. Such doppelganger brand image may prove to organisations how much the brand communication environment has shifted and how much brand managers require understand their position in society to align the brand to today’s consumers.

#### 2.5.1.3.8 BI conclusions and implications for SME brands

1. Much confusion was found in regards to the meaning of brand image and brand identity. Brand identity has been defined as “what the organisation aspires the brand to become” and brand image as “what customers and other stakeholders perceive about the brand.”
2. Main characteristics between this brand image and brand identity are found in Table 2-3. This table shows that the company sources and encodes the brand identity while consumers receive and decode the brand image. The organisation should seek to close any differences between what the consumer perceives and what the organisation wants the brand to be perceived as.
3. Recent changes in the communication environment have brought to light anti-brand activism mainly against large organisation brands. Such activism is derived from the realisation of consumers that such brands have breached their trusting relationship and have also been found inauthentic.
4. SMEs may take as an opportunity from this anti-brand activism against larger organisation brands to secure means to safeguard trusting and authentic relationships with customers.

#### 2.5.1.4 *Some relevant industry sponsored studies*

Not only are brand managers interested in building their own brands, but also those organisations which offer services to brand managers and owners such as brand



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consultancy and brand communications agencies. As such, some of the most recognised brand models developed in this category are Landor's Image Power, Leo Burnett's Consumer Brand Equity, and Young and Rubicam's Brand Asset Valuator (BAV). However, it may be argued that these models are particularly developed for large brand organisations and little to offer for SME brands. For instance, both Landor and BAV are large studies operating in many countries which bring in a global measure for measuring brand strength (Owen 1993; Y&R 2003). These models focus their attention in the external side of brand building. While BAV's and Landor's models focus on such components as brand familiarity and brand esteem, Leo Burnett's focuses on brand distribution amongst others to develop brand strength.

The BAV model is of particular interest to this study due to the following reasons. Firstly, it's a model which has been discussed by some brand academicians (Aaker 1996; de Chernatony and McDonald 2003; Kapferer 2004; Keller 2003). For instance, de Chernatony and McDonald (2003) and Keller (2003) used this model to expand on the strategic direction of a brand. Secondly, it may be relevant to the development of SME brands as it may portray some SME brand development activity in an implicit manner. This model is discussed firstly in terms of its components followed by the four stages of brand development as proposed.

### *Components of BAV*

The model includes two main variables. The first one named brand vitality is composed of two elements: brand differentiation – the ability to stand out from competition (de Chernatony and McDonald 2003) and brand relevance – the actual and perceived importance of the brand to a large consumer market (Agres and Dubitsky 1996; Keller 2003). From these two variables it may be posed that brand differentiation is the most important variable to start a brand building process (Agres and Dubitsky 1996). However, they suggest that many new brands even when they are perceived to be distinctive, fail to communicate the relevance or personal appropriateness to consumers (Agres and Dubitsky 1996). Hence one of the key challenges for new brands is to demonstrate how relevant the brand is to their target



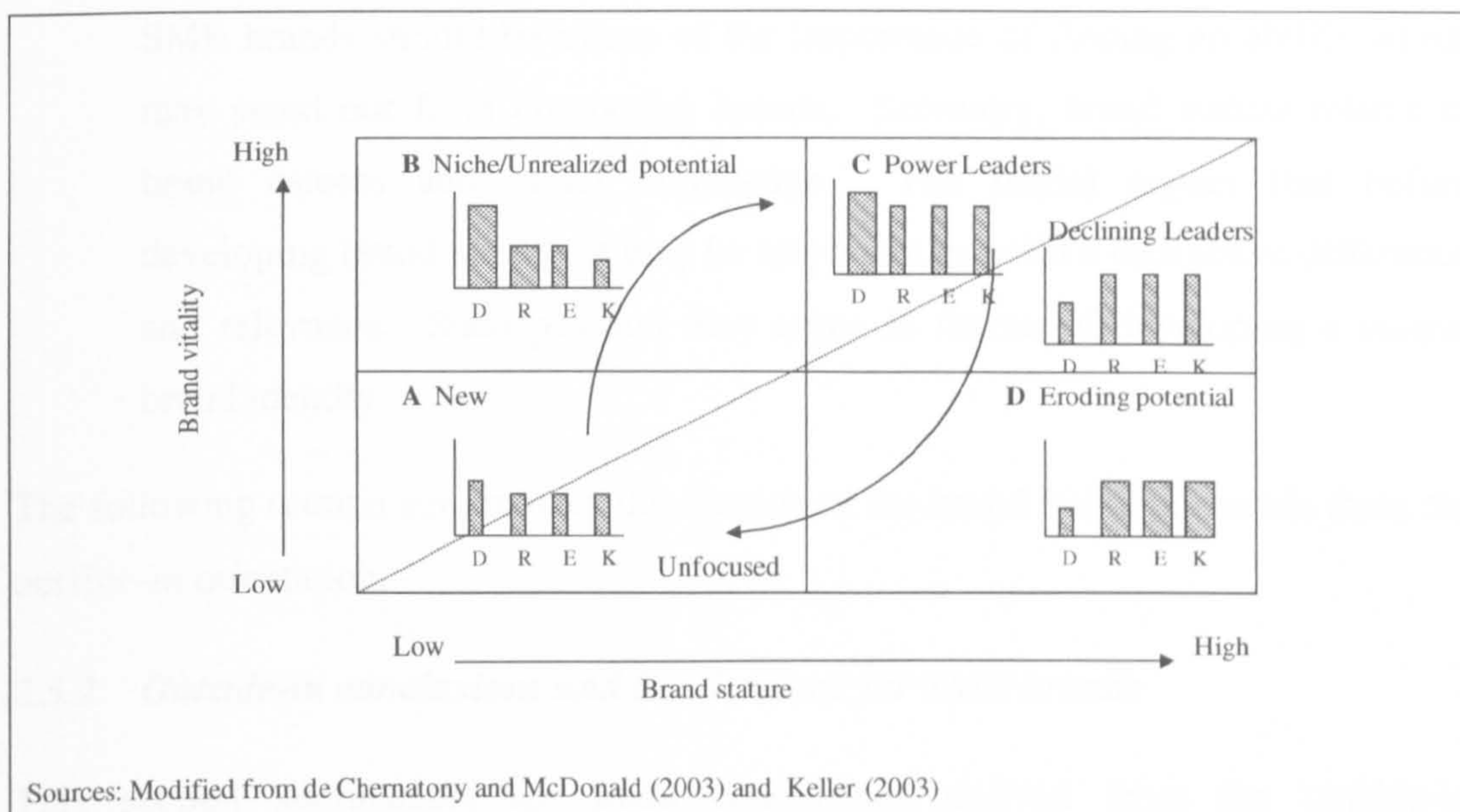
market. It may be argued that SME and large organisation brands start as new brands, so brand differentiation and relevancy may be important for both.

The second variable named brand stature is composed of two main elements: brand esteem – the overall fondness towards the brand (Keller 2003) and brand knowledge – the extent to which consumers are familiar about the brand (Agres and Dubitsky 1996; Keller 2003). The model argues that brands need to be built on a distinctive difference and relevance before developing a closer relationship with consumers (esteem) and hence brand knowledge.

#### *Four stages of brand development*

As the next figure shows, the BAV model includes four main stages: new, niche/unrealised potential, power leaders, and eroding potential:

**Figure 2-2: Brand Asset Valuator Model Brand Development**



As Figure 2-2 shows, the model presents new brands in quadrant A with both low brand vitality and low brand stature. The new brand will move up to quadrant B along the dimension of brand vitality by means of brand differentiation and relevance to become a niche/unrealised potential brand. In quadrant B, the brand may have two options either maintain its position by establishing itself as a niche brand or continue further investment to reach quadrant C or Power leadership (de Chernatony and



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McDonald 2003). However, brands may fall into quadrant D through a declining leader position when they are no longer different or relevant to consumers (de Chernatony and McDonald 2003; Keller 2003).

#### *2.5.1.5 Industry studies conclusions and implications for SMEs*

1. Many of the recognised brand models by practitioners are particularly developed for large organisation brands and there may be little to offer for SME brands.
2. BAV, however, makes reference to new and niche/unrealised potential brands which implicitly attend to some of the needs of SME brands. The model makes reference to two components. First, brand vitality composed of brand differentiation – the ability to stand out from competition and brand relevance – the actual and perceived importance of the brand. Furthermore, the model stresses the importance of brand differentiation for new brands. In such case, SME brands should be aware of the importance of finding an ability which may stand out from competing brands. Secondly, brand stature relates to brand esteem and brand knowledge. The model argues that before developing brand stature, it may be important to build a distinctive difference and relevance. Such position may argue in favour of developing a unique brand identity.

The following section summarizes this section of the brand building models from the outside-in orientation.

#### *2.5.2 Outside-in conclusions and implications for SME brands*

This section summarizes the main conclusions derived from the outside-in orientation pertinent to SME brands:

1. *Brand communication programmes.* Many traditional brand building models rely on advertising as it has been considered a key driver for brand building. Advertising brings in higher levels of brand awareness, positive image and the possibility to reach larger numbers of potential consumers in a shorter period of time. However, such endeavour may not be possible to undertake

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in an SME as such models require large amounts of investment and market share usually unavailable to SMEs.

2. *Brand equity.* New brands begin with no brand recognition and through time, brand knowledge is developed until it becomes a well-recognised brand. It has been suggested that brand knowledge should be developed at a faster pace in order to reach a critical gap from competitive brands. However, such a move is usually unattainable for SME brands as they are usually sustained with minimum organisational resources.
3. *Brand equity.* It has also been exposed that well-known brands have several advantages over not-known or lesser-known brands –which may be SME brands. These benefits are related to better memory codifications, recall abilities and storage benefits in consumer minds. SME brands may have difficulty in reaching such levels of brand knowledge when compared to larger organisation brands.
4. *Brand associations.* Brand associations are critical as organisations create and develop them through brand identity and brand communication activities in accordance to brand image.
5. *Perceived quality.* SME brands may require to pay attention to both intrinsic and extrinsic attributes so as to develop appropriate brand strategies for their own mix of attributes. Closer attention should be made to the interplay with price, brand name, leadership, advertising, and warranties as they relate to intrinsic attributes both perceptible and imperceptible.
6. *Brand image.* One of the key objectives of brand building is to close any differences between brand image and brand identity.
7. *Anti-brand activism.* SME brands may take as an opportunity from anti-brand activism against larger organisation brands to secure means to safeguard trusting and authentic relationships with customers.
8. *Industry sponsored studies.* Most of the most recognised brand models are particularly developed for larger organisation brands. However, BAV makes



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reference to new and niche/unrealised potential brands which may implicitly attend to some of the needs of SME brands. In such case, SME brands should be aware of the importance of finding brand differentiation – the ability which may stand out from competing brands, before securing brand esteem and knowledge. Such position may argue in favour of developing a unique brand identity.

This section discussed in detail the outside-in orientation to brand building. The next section presents the inside-out orientation.

### ***2.5.3 The inside-out orientation***

Studies in this category locus on building the brand from the organisation out to the consumer or market place. It may be argued that the priority comes from inside the organisation. These studies focus on internal brand components and their activities.

This section includes a discussion on brand identity and a proposed definition for this study. Then discussions for each one of the four dimensions of brand identity follow. Appropriate conclusions for each discussion are threaded throughout this section.

#### ***2.5.3.1 The key brand building component: brand identity***

##### ***2.5.3.1.1 Definitions***

From the literature review it was found that there are many different ways in defining brand identity. However, there are some key characteristics which most authors agree. Firstly, it has been suggested that its purpose is to convey the aim, the competitive advantage, its values, the set of aspiring brand associations, and the timeless essence of the brand that the organisation wants to create and develop (Aaker 1996; Aaker and Joachimsthaler 2000; de Chernatony 2006; Ghodeswar 2008; Nandan 2005).

Secondly, it has also been posed to include the individuality or uniqueness of the brand with the purpose to create brand relevance with customers (de Chernatony 2006; Ghodeswar 2008).

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Thirdly, it has also been suggested that the importance of having a unique set of characteristics may bring in a sustainable competitive advantage (Doyle 1990; Ghodeswar 2008).

Finally, it has been suggested that it is the first brand building block (Aaker 1996; Keller 1993). According to Keller (2003, p. 76), the first question customers will ask about the brand is the identity of the brand. Consumers will ask "*Who are you?*" before moving on to the other three questions in regards to their response and relationship with the brand. Hence, it is of particular importance that the organisation knows the unique characteristics or essence of the brand before it begins to communicate with the marketplace.

As a building block, it has been posed that brand identity precedes other brand components such as brand image and positioning. For instance, according to Kapferer (2004, p. 97), identity precedes image. This means that before communicating the brand, the organisation requires to work on a brand identity statement "*What makes the brand different?*" Furthermore, Parker et al (1986) pose that prior to making decisions on what consumer needs will the brand satisfy, brand identity requires to be determined. Brand identity looks at what is the gap in the marketplace the brand is striving to close (Yakimova and Beverland 2005). Once it is determined, the brand may move on to communicating its identity.

A confusion may arise between the two concepts of brand identity and brand image as these two components were found to be used at times interchangeably (Ind 1990). For a detailed discussion about this topic please refer to Section 2.5.1.3 and Table 2-3 which discusses the differences between these two components. The main issue, however, is that it is recommended to use both components with more precision (Christensen and Askegaard 2001). At the same time, it has been posed that some of the confusion is within the corporate identity literature and its relation to symbol communication (Baker and Balmer 1997; Dowling 1988). However, the discussion surrounding brand identity remains within the concept of branding and not corporate identity and corporate image as they may raise other issues not particularly relevant to this study.



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#### 2.5.3.1.2 Components of brand identity

It may be argued that brand identity is more than symbols. For instance Aaker (1996) suggests that brand identity is composed of four dimensions 'brand as a product,' 'brand as an organisation,' 'brand as a symbol' and 'brand as a person.' Some key authors may argue that brand identity may include positioning, brand vision, culture and the relationships forged between staff, staff and customers and staff to other stake holders (de Chernatony 2006). Other authors may add customer reflection and customer self-image components to stress that customers may seek to identify with the brand whilst building their own self-identity (Kapferer 2004).

#### 2.5.3.1.3 Definition for the study

For the purpose of this study, brand identity has been defined based on Aaker's definition as:

*“the unique aspiring set of characteristics created and developed by the brand owner derived from four dimensions: brand as a product, brand as an organisation, brand as a symbol and brand as a person used by the brand owner for competitive advantage.”*

#### 2.5.3.1.4 The importance of brand identity

As discussed in the previous sections, brand identity is important because it helps to develop some other brand components such as brand image and brand positioning. It is the building block for other brand components that require a suitable brand identity to develop a brand.

Furthermore, as discussed in Section 2.4.2, there are some current external difficulties in brand building which have raised the importance of brand identity. Firstly, it has been argued that due to technology advances, some brands are today more vulnerable than others as it is easier to copy new products. Hence, the proliferation of me-too products (de Chernatony and McDonald 2003; Kapferer 2004; King 1991; Parker 1991). It may be argued that this situation have caused in many cases, a lack of a clear differentiation. There are some suggestions then, that brand differentiation may be found in other brand identity dimensions such as brand as an organisation (Eales 1989; Melewar and Saunders 1998). Secondly, as

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saturation of media vehicles have increased in the past years, it is more difficult to stand out from the clutter of communication messages (Fanning 1999; Joachimsthaler and Aaker 1999). Consumers have been posed to be saturated with communication messages. Hence, the brand requires having a clear identified brand identity to make it through the complexities of communications.

#### 2.5.3.1.5 Brand identity conclusions and implications for SME brands.

1. *Definitions.* Brand identity has been suggested to be the first brand building block because it conveys its aim, competitive advantage and the set of aspiring values and brand associations. It includes the uniqueness of the brand with the purpose to create brand relevance with customers
2. *Definition for the study.* For the purpose of this study, brand identity has been defined based on Aaker's definition of four dimensions 'brand as a product,' 'brand as a organisation,' 'brand as a symbol' and 'brand as a person.'
3. *Importance.* Brand identity helps develop other brand components such as brand image and brand positioning. Additionally, current external difficulties have raised its importance. Technology advances have made easier to copy new products and in many cases, a lack of a clear differentiation and long-term competitive advantage. A saturation of media vehicles have made more difficult the ability to stand out from the clutter of communication messages. Hence, the brand requires to have a clear identified brand identity to make it through the complexities of communications.

Once brand identity has been discussed and a definition for this study has been presented, it is appropriate to present some of the key issues within each one of the four brand identity dimensions. The first dimension to be discussed is 'brand as a product.'

#### 2.5.3.2 'Brand as a Product' (BAPr) – a dimension of brand identity

To start the discussion of 'brand as a product' it may be relevant to discuss what a product is. Product is anything made available in the marketplace for purchase or consumption. Hence, it may not only be a physical product, but also a service,



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person, place or idea (Kotler et al. 2002). For this study product is used with such broad understanding of the variability of products.

As defined by Kotler (1991) there are five levels to a product the core benefit, the generic product, the expected product, the augmented product and the potential product. As such, it may also be argued that *“a brand is therefore a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need”* (Keller 2003, p. 57).

It has been suggested that a branded product may be composed of attributes, benefits and values (Aaker 1996; Keller 2003) and discussed next.

#### 2.5.3.2.1 Attributes

Attributes are those characteristics which may describe the product (Keller 2003). They may include those purely tangible characteristics making the core product (de Chernatony and McDonald 2003). As means to better understand these characteristics, some authors have suggested some classifications. For instance, attributes may be product-related and non-product related (Keller 2003), intrinsic and extrinsic with intrinsic attributes being perceptible or imperceptible (Riezebos 2003) and they may also fall into five types: 1) primary ingredients and supplementary features, 2) product reliability, durability, and serviceability, 3) service effectiveness, efficiency and empathy, 4) style and design, and 5) price (Kotler 1991; Levitt 1980)

It has also been suggested that not all attributes have the same level of importance to consumers. It has been proposed a hierarchy of attributes by which the most important are those that consumers may use to make a purchase (Riezebos 2003). However, it has been found that even some irrelevant attributes may also help affect positively their perception about a brand (Griffin and Hauser 1993). For a detailed discussion on implicit and explicit attributes, please refer to Section 2.5.1.3.5

#### 2.5.3.2.2 Benefits and values

Benefits have been referred to as short-term advantages wanted by consumers (Aaker 1996; Arnold 1992; Keller 2000; Keller 1993). Benefits have been basically classified under functional and emotional. For instance, Keller (1993) and Aaker

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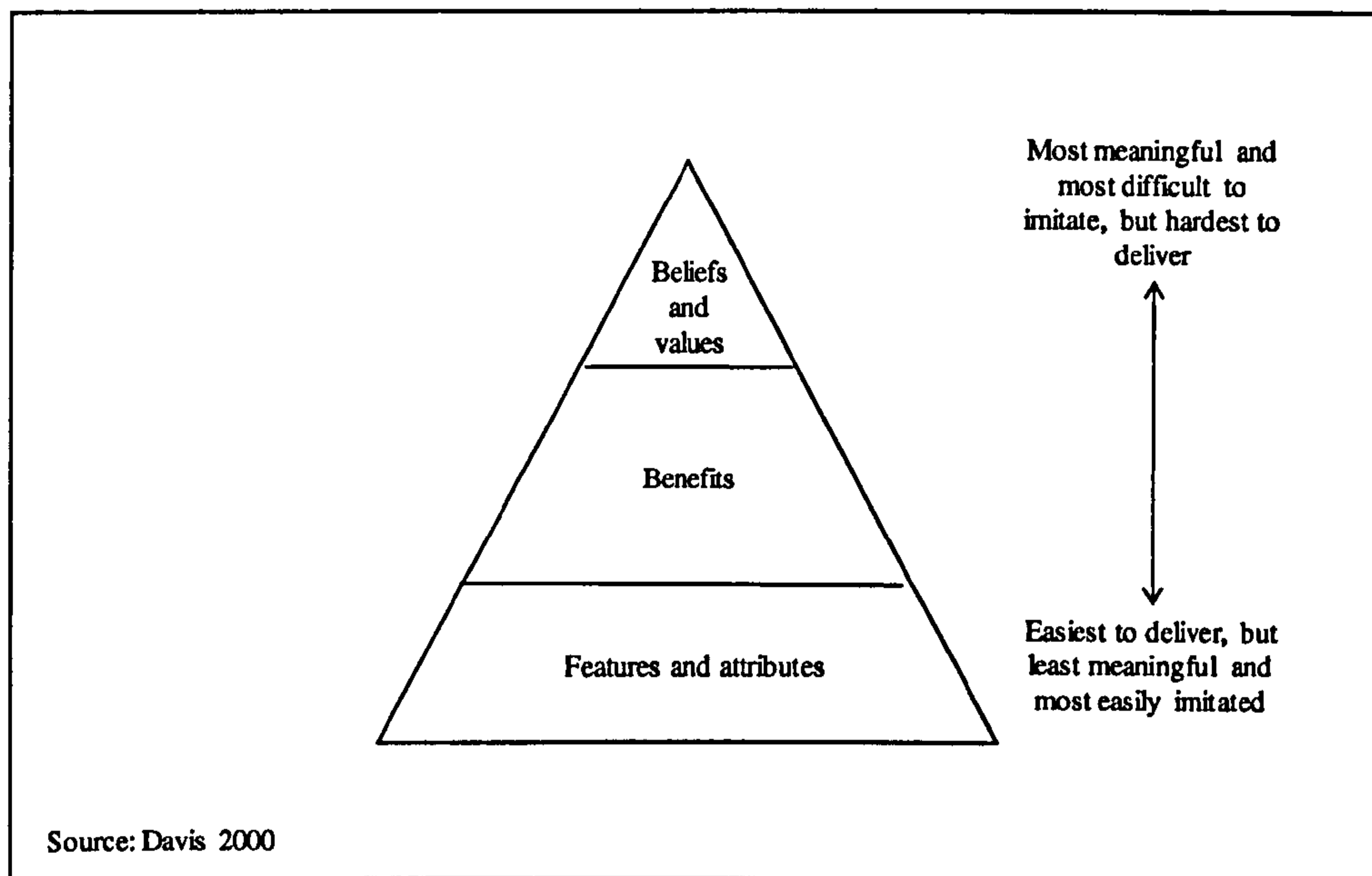
(1996) have proposed three types of benefits: a) functional – those benefits related to the product, b) experiential – those benefits which deliver a feeling when using a product, and c) symbolic – those benefits which may bring social approval or personal expression. The key difference between these benefits is that emotional benefits may not be affected by any changes in the product attributes and that they may develop a different relationship with consumers (Aaker and Joachimsthaler 2000; Ghodeswar 2008). Importantly, benefits should also be consistent to each other (Arnold 1992)

In terms of values, much discussion was found in relation to their definitions. For instance, values have been posed to be long-term stable advantages sought by consumers (Aaker 1996). They have also been posed to be the essence of the brand when they are easily understood and valued by the customer (Arnold 1992). From a different perspective, brand value has been referred when consumers find that a brand costs less than competitors with similar benefits (de Chernatony and McDonald 2003; Porter 1980). Consumers may also find “added-value” when they find a brand with unique benefits which make worth paying a premium price (de Chernatony and McDonald 2003). It has also been suggested that “added-value” may offer competitive advantage and that it is a complex variable with different meanings and dimensions in which emotional values may take an important role in defining a brand’s added-value (de Chernatony et al. 2000). In terms of their classification, Sheth et al (1991) suggest that consumer purchases may be influenced by five types of values: a) functional value which is related to the utility of a brand in relation to the functionality of its product, b) social value which is related to the utility of a brand associated to a particular group, c) emotional value which is related to the utility of a brand associated to a particular feeling, d) epistemic value which is related to the utility of a brand to arise curiosity and e) conditional value which is related to the utility of a brand in a particular situation. Additionally, Keller (2003) suggests that core brand values are those set of attributes and benefits that characterize the brand and which help develop a positioning. Importantly, values may deliver a long-term survival when these values are not only rediscovered, but reinvented (Kapferer 2004).



Finally, there are suggestions that attributes, benefits and values require some close interrelationship. Their relationship has been depicted as a pyramid or a laddering process. For instance, Davis (2000) proposes a pyramid in which the base are the attributes, the middle are the benefits and the top are the values as the next figure exemplifies:

**Figure 2-3: The brand value pyramid**



As Figure 2-3 shows, attributes should help guide and strengthen the benefits and values of a brand. It also makes reference that brand values are more meaningful and more difficult to deliver when compared to attributes. Other authors have suggested a laddering process in which the brand may start with a set of attributes which will lead to benefits and these in turn may lead to values (Kapferer 2004; Keller 2003). Importantly, when the brand is not able to move progressively through the ladder, there may be some reduction in the alternative strategies for brand growth in the future (Keller 2003).

#### 2.5.3.2.3 New product development

One of the key alternative strategies for brand growth is new product development. Today many organisations compete vigorously to increase sales. In the US for instance, there are about seven hundred and fifty automobile brands, one hundred and fifty brands of lipstick and ninety three brands of cat food (Aaker 1991). It may

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seem paradoxical that in a crowded market such as the non-durable consumer goods, sales increase opportunities seem to be associated with consumers needing variety and choice (Datta 1996; Nijssen 1999). Thus, organisations have included the launch of new products either with new or established brands to keep abreast market competition. If an organisation decides to launch via new brands, it has proven to be an expensive and risky strategy. According to Kohli (1997) new product introductions are expensive reaching one hundred million USD and failure rates reach around seventy five percent. Additionally, he argues that organisations would need to invest four hundred million USD after the launching period in order to have a successful brand mainly because firms need to build brand awareness, establish perceptions of brand identity and quality, develop a customer base, and tackle down distribution barriers (Aaker 1997a).

Importantly, after such high investments are at stake, organisations have preferred to build their marketing efforts along a brand extension rather than launching new brands. Organisations found a cost efficient way to launch new products and brand extension offered by such a strategy. Companies in the past decades have certainly focused in launching new products based on brand extensions. More than half of the new brands marketed in the past years were extensions of existing products (Pitta and Katsanis 1995). Aaker (1997a) argues that a survey of new consumer products found that eighty nine percent of new products were line extensions, about six percent were brand extensions and only five percent were new brands. So the number of companies introducing brand extensions have increased in many categories including food, drinks and clothing (Whitney 1996). It may appear that organisations may prefer to build on a brand rather than on a new one.

In spite of the many brand extensions implemented in the market place, academic researchers seem to disagree whether brand extension is a good brand strategy. There are key factors to consider in order establish a proper brand extension. For instance, Loken (1993) argues that not all brands are ready for brand extension. They should be done for well-known and well-respected brand names. Furthermore, Pitta and Katsanis (1995) states that in order to have a proper brand extension, managers should investigate consumer perceptions and specific brand associations of a parent



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brand and then estimate the specific associations of potential brand extensions. He continues by posing that the much feared dilution effect may be nullified if proper extensions are implemented by bringing consistency to the brand image and meet consumer expectations. Additionally, Sheinin (1998) suggests that extensions can be positioned relative to both the parent brand and the extension's category in order to have successful brand extensions. Then, Whitney (1996) suggests that extensions are capable of redefining consumers' understanding of the brand's core business and image by causing consumers to add new associations to their parent brand knowledge. Finally, Broniarczyk and Alba (1994) state that an extension into a category that shares the same benefit may strengthen that association with the brand name and thus increase the brand's value in its original product category.

In contrast, there are several factors to consider as negative effects for brand extensions. For instance, Aaker (1996) mentions that managers should avoid vertical extensions whenever possible because brand equity is built in large part on image and perceived worth and a vertical move can easily distort those qualities. McCarthy (1996) poses that novel brands perform very similarly to brand extensions in terms of perceived risk or choice. He also states that even if a familiar brand results in higher product evaluation than a new brand, it does not lead to either an increased likelihood of purchase than for the novel brand. Jung (1996) suggests that brand extensions compared to new brand introductions may provide little advantage to the success of a new product and that extensions may have negative effects on the original brand such as cannibalization and dilution of image. For instance, he argues that a study found that after two years of launching, brand extensions for established brands performed lower in terms of market share when compared to those brand extensions for new. Additionally, he argues that a study concluded that the survival rate after six years of eighty four new consumer products found no significant differences between the survival rates of extensions and new brand launches.

#### 2.5.3.2.4 BAPr conclusions and implications for SME brands.

1. *Attributes.* Salient literature has shown their classification and hierarchy as means to better evaluate their role and purpose in brand strategies.

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2. *Benefits.* Benefits have been defined as short-term advantages wanted by consumers. They have been classified under functional and emotional benefits. Their key difference between the two is that emotional benefits may not be affected by any changes in the product attributes and they may develop a different relationship with consumers.
  3. *Values.* Values have been defined as long-term stable advantages sought by consumers. They may also be the essence of the brand when they are easily understood and valued by the customer.
  4. *Their interrelationship.* Attributes, benefits and values require some close interplay. Their relationship has been depicted as a pyramid or a laddering process suggesting that the brand may start with a set of attributes which will lead to benefits and these in turn may lead to values. Importantly, when the brand is not able to move progressively through the process, there may be some reduction in the alternative strategies for brand growth in the future.
  5. *NPD.* New product development is a key alternative brand strategy as salient literature suggests that (larger) organisations have launched new products either with new or established brand or with line or brand extensions in order to keep abreast with market competition. However, new brands have been proven to be an expensive and risky strategy. New product introductions for (larger) organisations may reach millions of sterling pounds and failure rates may reach around seventy five percent. Additionally, (larger) organisations may need to invest hundreds of millions of sterling pounds after the launching period in order to build brand awareness, establish perceptions of brand identity, develop a critical customer base, and tackle down distribution barriers.

The next dimension to be discussed in brand as an organisation.

#### *2.5.3.3 'Brand as an Organisation' – a dimension of brand identity*

The organisation is the driving force in developing the brand. This dimension is the one in charge of creating and developing the brand. In specific, brand creation and



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development is based on the organisational resources such as culture, employees, knowledge, its abilities and capabilities, and finances to mention a few. As such, brand identity depends on the organisation. This dimension requires further discussion. Thus, a detailed explanation is presented in section 2.8.

Moreover, this study did not contemplate organisational theory of any kind as it may have brought another area of interest. The importance of this dimension is based on the perspective taken from small-to-medium sized enterprise. It may be posed that as larger and smaller organisations are very different in terms of their characteristics and context, brand identity may be developed differently. Please refer to Section 2.3 for a detailed discussion of the role of the organisation in brand building.

The next dimension to be discussed in brand as a symbol.

#### *2.5.3.4 'Brand as a Symbol' (BAS) – a dimension of brand identity*

This dimension has been used interchangeably with what brands mean (Ghodeswar 2008; Kotler et al. 2002; Seetharaman et al. 2001). However, there is a holistic perspective which suggests that a brand is more than a symbol. Symbols may include brand name, logos, colour and any other visual image. They have been posed as means to control the meaning of a brand (Askegaard and Bengtsson 2005). To this effect, however, symbols may determine the success or failure of the brand. This section discusses brand names followed by logos and finally colours.

##### *2.5.3.4.1 Brand name*

It has been posed that a brand name may seriously affect the success of a brand (Onkivisit and Shaw 1987). Furthermore, the importance in selecting the right brand name is varied. To name a few. Firstly, names convey images (Jobber 2004) which later on may develop brand image. Secondly, it is a long-term investment as once the brand name is out in the market, it is difficult to change (Kotler 1991). Hence, the brand name should be carefully selected. Thirdly, it may be used as an effective sign for unperceivable quality and may be also be used to enhance perceptions of the quality of the product (Gardner and Levy 1955; Rao et al. 1999; Wernerfelt 1988). For these reasons, there are multiple brand name strategies with the purpose to develop a good brand name. Some of the strategies, to name a few, are as follows:

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brand names should elicit positive associations from the part of the consumer, they should be easy to pronounce and recall, may suggest the advantages, be different and unique, and finally it may be capable of being registered as a trademark (Jobber 2004; Kotler 1991; Murphy 1990).

#### 2.5.3.4.2 Logos

Logos are also important symbols because they bring out characteristics about the brand identity. It has been argued that some logos may serve as a competitive advantage and be helpful to improve reputation (Van Riel and Van den Ban 2001). When compared with brand names, they have been argued that visuals such as logos may be perceived faster than words (Edell and Staelin 1983) and they may also help to remember other symbols or any other communication material (Barret 1985). There are several strategies which have been recommended to follow when developing a good logo. For instance, they should create a certain sense of familiarity even when they had not been seen before, they should also hold a particular meaning to consumers so that they are not misinterpreted, and they should also bring positive emotions (Henderson et al. 1998).

#### 2.5.3.4.3 Colour

Finally, colour is a relatively new symbol in brand research. It may be posed that it is one of the simplest forms of brand communication as it may convey the brand identity without any words or other symbols. It has been referred to as the 'silent salesperson' as it can drive power at an unconscious level (Eiseman 2000), may be perceived as a mark of quality (Baker and Balmer 1997) and an element of identification (Dowling 1994). However, colour still remains contentious. For instance, while in the psychology domain there is yet no conclusive evidence to suggest that the role of colour influences human personality, in psychiatry personality may be determined by using a colour test in conjunction with other tests (Singh 2006). Still, colour has been closely related to culture and religion (Usunier 2005). For instance, some studies carried out in advertising found out some of the favourite colours and which colours were preferred to convey masculinity, mourning or money in particular cultures (Clarke and Honeycutt 2000; Huang 1993). Colour has also been linked to emotions (Bellizzi et al. 1983; Cimbalo et al. 1978; Kotler



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1973) and gender (Khouw 2000). Finally, some organisations believe that colour makes a difference to consumers when selecting and preferring a product (Lane 1991; Triplett 1996b). Such information has offered opportunities to organisations when selecting and keeping those products which sell the most or when they want to update their products (Trent 1993; Triplett 1996a; Triplett 1995).

#### 2.5.3.4.4 BAS conclusions and implications for SME brands

1. Brand as a symbol may be used interchangeably with what brand means. However, from the holistic perspective, brand is more than a symbol. Symbols may include brand name, logos and colour.
2. *Brand name.* A brand name should be carefully selected as it is a long-term investment and difficult to change. It may be used as an effective sign for unperceivable quality. Many strategies have been proposed for brand name development. They should elicit positive associations, be easy to pronounce and recall, may suggest the advantages, be different and unique, and able for registration.
3. *Logos.* Visuals such as logos may be perceived faster than words. They may also help to remember other symbols or any other communication material. They should create a certain sense of familiarity even when they had not been seen before.
4. *Colours.* Colour is a relatively new topic in brand research. It has been referred to as the 'silent salesperson' as it can drive power at an unconscious level, it may stand as a mark of quality and as identification. It has also been suggested that colour makes a difference to consumers when selecting and preferring a product. Such information is relevant to decision of product portfolio.

The last dimension to be discussed in the next section is 'brand as a person.'

#### 2.5.3.5 'Brand as a Person' (BAPE) – a dimension of brand identity

It has been stated previously that through the branded product, the organisation aspires to communicate a certain set of benefits and values to consumers who will

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then buy the product and enter into a relationship with the brand. As such, relationships may be based on shared values and benefits. At the same time, as consumers go into relationships in their own personal lives, it has been argued that consumers may understand brand relationships better by personifying the brand with its own benefits and values (Davis 2000; de Chernatony and McDonald 2003).

However, there is a certain level of disagreement as to the meaning of this dimension. Some authors have posed that it is about a brand persona with a set of human-like characteristics by which consumers may relate to the brand in such terms as values, preferences, physical appearance, demographic characteristics and personality (Davis 2000). This brand persona may at the same time be translated into a unique selling proposition which may help the brand create its own market (Davis 2000). Furthermore, many authors also understand this dimension as mainly personality. For instance, Davis (1992) suggests that when brand benefits are consistent, they may show a unified personality. Aaker (1996) also sustains that brand as a person is composed of two elements. First, a 'brand-customer relationship' which may be represented as a friend, an adviser, etc. and second, a brand personality composed of three models: a self-expression basis, a relationship basis and a functional benefit representation. The first two models may serve as the basis for brand strategy and the last model may help to convey the functional benefits and attributes of a brand (Aaker 1996).

In the same line, as brand personality aligns functional attributes and emotional benefits, it provides for a better source for competitive advantage because it is more difficult to copy (Ghodeswar 2008; Sherrington 2003) and when developed in line with consumer's lifestyle (Aaker 1996; Shields 1992; Smothers 1993), brand personality becomes one powerful dimension for brand differentiation as it creates confidence in the mind of consumers (Doyle 1990). With a brand communication programme including advertising, packaging, retail displays, amongst others, brand personality creates an adequate purchasing relationship with consumers (Doyle 1990) which may help drive brand development.

From the literature, two main issues may be derived while building brand personalities. 1) How to communicate brand personality and 2) How brand



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personality may be measured. In regards to communication, brand personality is heavily dependent on mass communication activities such as advertising, slogans, packaging, and user imagery (Aaker 1996; Batra et al. 1993). In regards to its measurement, there have been numerous ad hoc studies based on personality psychology that do not prove to be valid for specific brands (McEnally and de Chernatony 1999). However in 1997 and drawn from Norman's (1963) 'Big five human personality dimensions,' Aaker (1997b, p. 347) contents that brand personality may be measured by five major dimensions; three of which were consistent with the five human personality dimensions. These dimensions are sincerity, excitement, competence, sophistication and ruggedness; being the last two not part of the human personality. Additionally, she defined brand personality as *"the set of human characteristics associated to a brand."*

This pivotal study, however, was later on criticised on the grounds that it included non-personality traits such as intellectual abilities, gender or social class (Azoulay and Kapferer 2003). For instance, it is posed that competence is more of a cognitive ability and that no cognitive abilities are included in personality tests. Furthermore, Azoulay and Kapferer (2003) continue by arguing that Aaker's study measured other brand characteristics such as brand performance. For instance, they contend that a study ran by Romaniuk and Ehrenberg (2003) using Aaker's scale found that the most prevalent brand personality trait for energy drinks was 'energetic,' and for computers and electronic equipment was 'up to date.' Hence, their results evaluated more product performance than brand personality (Azoulay and Kapferer 2003).

In short, for this study, brand as a person is defined as brand personality and other human-like characteristics such as physical appearance, demographic characteristics and those traits which may be linked to functional attributes and benefits. This definition may offer a broader picture of this dimension for exploration. Importantly, no research today has looked at this dimension in detail to the owner's personality.

#### 2.5.3.5.1 BAPe conclusions and implications for SME brands

1. For this study, brand as a person was defined as brand personality and other human-like characteristics such as physical appearance, demographic

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characteristics, and those traits which may be linked to functional attributes and benefits. This dimension may offer a broader picture of this dimension for exploration.

2. As consumers go into relationships in their own personal lives, it has been argued that consumers may understand brand relationships better through a dimension by which the brand is personified with its inherent benefits and values.
3. There are suggestions that when brand benefits are consistent, they may show a unified personality. Moreover, when functional attributes and emotional benefits are aligned they become a source of competitive advantage because they are more difficult to copy. At the same time, when they are also developed in line with consumer lifestyle, brand personality becomes one powerful dimension for brand differentiation.
4. The issue of brand personality communication may pose serious challenges to SMEs as it is heavily dependent on mass communication activities such as advertising, slogan, packaging, and user imagery. In such cases, it may be contended that SME brand personality may be almost non-existent in consumer minds.

#### *2.5.3.6 Brand identity conclusions and implications for SME brands*

The following conclusions and implications are presented as follows:

1. *Brand identity.* Brand identity is particularly important for brand building because it has been found to help develop other brand components such as brand image and brand positioning. It is one of the key brand building blocks by which an organisation such as an SME is capable to develop from inside the organisation. Its relevance today is mainly due to technology advances to copy products and to a saturation of media vehicles making more difficult the ability to stand out from the clutter of communication messages.
2. *Brand as a Product.* Attributes, benefits and values require close interrelationship which may help develop brand growth strategies. Their



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relationship has been depicted as a pyramid or laddering process suggesting that the brand may start with a set of attributes which will lead to benefits, and these in turn may lead to values. When a brand is not able to move progressively through this process, there may be some reduction in the alternative strategies for brand growth in the future.

Salient literature suggested that new product introductions and their continuing support may reach millions of sterling pounds in order to build a successful brand. Such high investments have promoted brand extensions rather than new brands. However, most of this literature presented is based on a larger organisation context.

3. *Brand as an Organisation.* This dimension is the driving force in developing the brand. In specific, brand creation and development is based on the organisational resources such as culture, employees, knowledge, its abilities and competencies, and financial resources. Section 2.8 is dedicated to discussing in detail the inherent characteristics of small-to-medium sized enterprises (SMEs).
4. *Brand as a Symbol.* A brand name should be carefully selected as it is a long-term investment and difficult to change. Many strategies have been proposed for a good brand name. Many of them recommend to elicit positive associations, to be easy to pronounce and to recall and may also suggest its advantages. Logos and colour may be perceived faster than words. In particular, colour has been suggested to drive power to a brand as consumers may select and prefer a product based on colour.
5. *Brand as a Person.* As consumers go into relationships in their own personal lives, it has been posed that consumers may understand brand relationships better through this dimension. Brands may personify their inherent benefits and values. Furthermore, when functional attributes and emotional benefits are aligned with consumer lifestyles they may become very difficult to copy and a source for brand differentiation.

The next section presents a discussion on the main brand communication activities.

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## **2.6 Brand communication activities (BCAs)**

Brand activities may be categorised under the contemporary marketing practices posed by Brodie et al (2008). They posit that contemporary marketing activities go beyond the theoretical dichotomy of transactional versus relationship marketing. They argue that in contemporary marketing practices, marketing approaches co-exist as means to communicate differently and at different times with particular types of customers (Coviello et al. 2002; Coviello et al. 2001). In turn, brand communication activities may be related to interactional marketing, transactional marketing and e-marketing as discussed next.

### ***2.6.1 In relation to Interactional Marketing***

Interactional marketing makes reference to a direct marketing approach involving interactive relationship activities (Hagel 1999) That is, those face-to-face activities between individuals or organisations which are truly “with” the customer (Coviello et al. 2001). These activities are frequently implemented by sales people who interact with customers at a close and personal level, may be short or long-term and its main purpose is to develop a relationship of cooperation for mutual benefit (Coviello et al. 2002; Coviello et al. 2000). It has also been posed that such relationships are based on trust, commitment and mutual cooperation (Coviello et al. 1997). Some of the brand activities within interactional marketing may include: personal sales activities in different contexts such as customer and trade shows, retailing spaces, sales promotions such as trial and product demonstrations, and word-of-mouth.

### ***2.6.2 In relation to Transactional Marketing***

Transactional marketing has also been referred to as the traditional approach of marketing whereby the organisation manages the marketing mix as means to attract large segments of the population making the contact impersonal, discrete and formal (Brodie et al. 2008; Day 1998). The purpose of the transaction is basically economic and the organisation’s intention is to attract customers for a profit (Coviello et al. 2002). Importantly, the emphasis of communication is “to” the customer not “with” the customer. It’s a “broadcasted” monologue of the organisation through mass media vehicles or intermediaries to effectively reach a large target market (Coviello



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et al. 2001). Some of the brand activities within transactional marketing may include: traditional advertising, public relations events, publicity and sales promotions such as sampling and sponsorship of special events.

It may be assumed that SME brands do little of this activity as their scope of their business is anything but large. At the same time, the investments required for an advertising programme may be beyond their financial resources and may not have the know-how to interact with media companies and production agencies.

### **2.6.3 In relation to e-Marketing**

E-marketing has been defined as *“using the Internet and other interactive technologies to create and mediate dialogue between the firm and identified customers”* (Coviello et al. 2001, p. 26). Technology has facilitated the conversation between the organisation and large numbers of customers making interactivity a key issue in contemporary marketing practices (Blattberg and Deighton 1991; Kessler 2007). The emphasis in communication activities is “with” the customer whereby consumers “speak” through their brand experiences and the organisation is enabled to use such experiences in a database technology to understand and “respond” in a customised manner to consumers (Coviello et al. 2001; Kessler 2007). Several studies have suggested that brand management requires to consider different issues when a brand goes on-line (de Chernatony 2001b; Ind and Riondino 2001). For instance, luxury brands were found to have some difficulties in substituting their websites for the real “pleasure experience” of consumers when visiting their retail outlets (Dall’Olmo Riley and Lacroix 2003).

Nonetheless, it has been established that the Internet may be the ultimate interactive vehicle (Deighton 1996) whereby organisations, consumers and other brand users are able to interact with one another (McAlexander et al. 2002; Muniz and O’Guinn 2001). It has been suggested also that the Internet has assisted in the democratisation of voices from people and organisations who formerly did not have a place to be heard such as small businesses and uninteresting sections of the population (Friedman 2005; Kluth 2006). Some authors have also suggested that some groups have joined together in brand communities (Muniz and O’Guinn 2001). These

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communities may offer a sense of identity to consumers through both cognitive and emotional components (Algesheimer et al. 2005; Bhattacharya and Sankar 2003) and may be differentiated by geographic concentration, social context and temporality (McAlexander et al. 2002). Importantly, these brand communities have also affected the way brands are being managed. Such communities have opened up to the realisation that brands are not meant to be controlled, but guided as this interactivity has driven other brand communication activities not necessarily foreseen and planned by brand strategists (Algesheimer et al. 2005; Christodoulides 2008b). In turn, e-marketing has brought in new issues on how brands can be managed and how some brand strategies and long-term planning fit in today's e-context.

#### **2.6.4 BCAs conclusions and implications for SME brands**

The following conclusions and implications are presented as follows:

1. Contemporary marketing practices argue that different marketing approaches co-exist as means to communicate differently and at different times with particular types of customers.
2. *Interactional marketing.* Interactional marketing makes reference to face-to-face activities between individuals or organisations which are truly "with" the customer. It has also been posed that such relationships are based on trust, commitment, and mutual cooperation. These activities may include personal sales activities in customer and trade shows, retailing spaces, sales promotions such as product trial and demonstrations, and word-of-mouth.
3. *Transactional marketing.* Transactional marketing is the traditional approach of marketing whereby the organisation manages the marketing mix with the purpose to attract large segments of the population making the contact impersonal, discrete, and formal. It is a "broadcasted" monologue through mass media vehicles to effectively reach a large target market. Some activities may include traditional advertising, Public Relations events, publicity and sales promotions such as sampling and sponsorship of special events. It may be assumed that SME brands do little of this activity as their scope of their business is anything but large.



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4. *E-marketing*. Technology has made interactivity a key issue in contemporary marketing practices. The emphasis in communication activities is “with” the customer whereby consumers “speak” through their brand experiences and organisations then “respond” in a customised manner to consumers.

At this point, it may be important to reflect on the context of large organisations in which most brand literature is derived from.

## **2.7 The main research context of brand building**

Large organisations have been the locus of most brand research. This section discusses such an issue as it relates to this study and offers some relevant conclusions.

### **2.7.1 Large organisations**

Brands have been studied extensively for the past two decades (Krake 2005). However, much of the literature has relied heavily on large company brands (Aaker 1996; de Chernatony and McDonald 2003; Kapferer 2004; Keller 2003). As previously discussed, the organisation is the key driver of the brand and as such they take a particular approach to brand building. For instance, large organisation brands are often developed through resource efficiency, economies of scale, critical mass measurements, formal structures, expertise and know-how, and long-term planning (Aaker and Biel 1993; Keller 1993). Such approach may also bring particular issues relevant to their brand management. From the literature, it was found that there has been a shift of moving brand management from marketing to include other departments such as Human Resources and the entire organisation (Schneider and Bowen 1985). Salient literature has also brought to light that brand as an asset may require to be managed from a long-term perspective (Davis 1995). At the same time, it has been suggested that someone in the organisation at the upper level should oversee and empower the brand. Some authors have suggested the CEO or “brand champions” (de Chernatony et al. 2003; Douglas 2001). All of these issues are more pertinent to larger organisations. This literature made largely references to the context of large organisations.

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Furthermore, large organisation brands are usually supported by a large financial budget which may bring many advantages (Kohli 1997). Additionally, they may have an internal brand marketing team composed of assistant brand managers to brand group managers to vice-presidents of marketing (Krake 2005). Outside the organisation, they are frequently supported by an expert team of research, advertising, promotional and PR agencies. It may be posed then that much of brand management is about making decisions knowingly from data available from the market, expertise from supporting agencies and internal know-how and expertise. Such literature makes no explicit reference to SME context.

It may also be posed that large organisation brands have market power which gives them access to a wide range of distribution channel and media communication vehicles. This financial power may also give them the possibility of becoming trend setters in certain categories. For instance, L'Oreal and Louis Vuitton may be a couple of examples of how certain brands are so powerful that they are able to set particular fashion trends. Conversely, in the context of SMEs, it may be argued that they may even have difficulty in knowing about future trends and accessing relevant information about the market. At the same time, they may also experience some difficulties in accessing critical distribution and communication channels due to financial resources.

Moreover, many academicians and practitioners base their brand discussion by using examples of large organisation brands such as Coca Cola, McDonald's, M&S, Honda, and Ikea to name a few (Aaker 1991; de Chernatony and McDonald 2003; Kapferer 2004; Keller 2003; Ries and Trout 2001). It may give the impression that in order to be considered a brand, it requires to have an already established recognition and little reference if any are given to SME brands. Only Keller (2003) dedicates a couple of pages in his brand management text book offering some guidelines to SME brand building.

Furthermore, practitioner magazines such as Business Week (2008) edits Interbrand's evaluation of sales and financial performance of the top global brands on an annual basis. It may be argued that there is a certain fascination about these brands as some of them have been called "icons" and are considered to be an



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intricate part of today's culture (Holt 2004; Schroeder and Salzer-Morling 2005). Moreover, books have been written in regards to the enchantment of certain brands such as Coca-Cola, Apple amongst others (Allen 1995; Haig 2004; Tungate 2005). This literature may offer a narrow perspective of the different contexts in which brands may be developed. It has been argued that different contexts offer different paradigms and perspectives to brand development which at the end may highlight the richness and complexity of such concept.

Another example of how brand literature has moved towards large organisation context is the branding literature on global brands. As larger multinational organisations became one of the main agents of globalisation (Ger 1999; Herbert 1993) and faced challenges in moving their brands across borders, brand research looked at some of the issues relevant to this context including global brand equity (Hsieh 2002; Palumbo 2000), and standardization vs. customization (Baker 1985; Onkivisit and Shaw 2002; Svensson 2001). Even when this new context brought to light issues and challenges in brand management, little help has been offered in understanding the context of SME brands.

### **2.7.2 Conclusions**

The previous section attempted to support the discussion from sections 2.3.2, 2.4, 2.5.1, 2.5.2, 2.5.3, and 2.6 arguing that most of the current brand literature pertains closer to the context and issues relevant to larger organisations and barely present any resemblance to the situation of brands in SMEs. As means to continue this discussion, it may be important to continue with this debate by presenting some of the context of SMEs. That is, in the next section some of the main characteristics and issues of SMEs are presented.

## **2.8 The small-to-medium-sized enterprise (SME)**

In this section the following main themes will be presented: 1) definitions in quantitative and qualitative terms including a proposed definition for this study, 2) the importance of SMEs and 3) some relevant conclusions relevant to this topic.

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### 2.8.1 *Definitions*

There has been considerable debate in the literature on how to define SMEs (Atkins and Lowe 1997; O'Regan and Ghobadian 2004; Wilkes and Dale 1998). There are some suggestions that there are over two hundred SME definitions in the literature (Loecher 2000). Many of which have been criticised (Bolton 1971 in Krake 2005; Storey 1997; Wynarczyk et al. 1993) and little consensus have been reached (Carson and Cromie 1990; Krake 2005; Loecher 2000; O'Regan and Ghobadian 2004).

One difficulty in attempting to define SMEs is due to the size and heterogeneity of this group (Brown 1985). At the same time, it has been argued that definitions may vary according to industries and countries (Atkins and Lowe 1997). SMEs may range from production, service, and non-profit organisations to crafts and skilled trades. Hence, some general problems will be encountered while searching for proper characteristics and measurements (Haake 1987 and Theile 1996 in Loecher 2000).

Definitions may include two types of characteristics: quantitative and qualitative. It has been argued that better definitions include other than the usual quantitative characteristics. Some authors argue that qualitative characteristics in fact delimit the distinctiveness of SMEs (Carson 1990; Gilmore et al. 2001).

#### 2.8.1.1 *Quantitative characteristics of SMEs*

Some definitions have been attempted to define SMEs in terms of their quantitative characteristics. These may include employment, sales, predominant economies of scale, and balance sheet (Carson and Cromie 1990; Loecher 2000). However, many critics suggest that the importance of these characteristics stem from the traditional perspective of the sixties and seventies (O'Regan and Ghobadian 2004) and that SMEs are more distinctive today. Nonetheless, employment is one of the most popular characteristics due to its public availability (O'Regan and Ghobadian 2004). For instance, in Mexico the Ministry of Economy (2006) defines SMEs as having between ten and two hundred and fifty hundred employees - making a distinction between micro businesses and SMEs. At the same time, the European Commission defines SMEs as less than two hundred and fifty employees (Carson 1990). Other more common characteristics are sales and other financial data, but they are difficult



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to obtain and to reach consensus as there are many variations from industry to industry and country to country (Atkins and Lowe 1997; O'Regan and Ghobadian 2004). Other variables are the relative size to larger competitors and their scope of operation which is usually local (Carson 1990). Size may be measured in terms of sales, market share, finance and number of employees (Carson 1990; Carson and Cromie 1990). However, this dimension may also vary considerably depending on the market and industry. Hence, it has been argued that even when the above characteristics are important, qualitative measurements are more relevant (Carson and Cromie 1990) as discussed in the next section.

### *2.8.1.2 Qualitative characteristics of SMEs*

It has been argued that qualitative characteristics capture the distinctiveness of SMEs. Some of these characteristics are management style (Scholhammer and Kuriloff 1979 in Carson and Cromie 1990), business objectives, marketing practices (Leopard and McDonald 1987 in Carson and Cromie 1990), scope and scale of operations, independence and nature of their ownership (Carson and Cromie 1990; Loecher 2000).

Specifically, it has been posed that management style is one most important characteristic influencing small business growth and it has been researched extensively (Carson 1990). For instance, it has been argued that owner/managers take an important role within the management of SMEs (Hadjimanolis 2000). They may also take a lifelong responsibility – called ‘the personal principle,’ by which the owner develops a lifelong relationship with the firm making a difference to the SME (Carson 1990; Loecher 2000) .

### *2.8.1.3 Definition for the study*

In short, taking into consideration the former discussion about the characteristics of SMEs, it may be suitable to have a working definition for the purpose of this research as follows:

*SME is defined as an organisation between ten and two hundred and fifty employees independently owned and managed by the owner*

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*or a small group of owners. The organisation has a relatively small market presence in comparison to larger competitors. In terms of management style, managers demonstrate some interest and knowledge about marketing and branding probably from prior experience and appreciate the importance of competing through brand orientation as they have already created a brand which is actively managed through a web page and packaging design, sales, distribution channel and point of purchase activities.*

### **2.8.2 The importance of SMEs in research**

Firstly, SMEs have been acknowledged as an important source of growth, employment and competitiveness (Acs 1992; Culkin and Smith 2000; de Noronha Vaz et al. 2006; Robbins et al. 2000). Secondly, it has been argued that larger companies are no longer capable of bringing in sustainable economic growth and that SMEs are key players for economic recovery (Ribeiro 2005).

Thirdly, SMEs make an important contribution to national economies (Daly and McCann 2000; DOE 1992; Schreyer 1996 in O'Regan and Ghobadian 2004) and it is expected that their relative importance to national prosperity will continue to rise for the next years (Acs et al. 1999; Martin and Matlay 2003; McGaughey 1998; Mulhern 1995).

To exemplify these previous points, for instance, in the UK there are three point seventy five million active businesses from which SMEs represent over ninety nine per cent of them (Inskip 2004). At the same time, they also represent fifty five per cent of employment and fifty one per cent of turnover (Inskip 2004). Similar situations on the impact of SMEs can be observed in other countries such as Sweden, Finland, USA and Germany (Krake 2005; Lindell and Karagozoglu 1997). In Latin America, Mexico has been ranked as one of the top entrepreneurial countries according to the OECD (2000). It has also been considered that about twenty five percent of its workforce is a small business owner (Fairlie and Woodruff 2006) and holds over half a million businesses (Ministry of Economy, 2006).



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In regards to key SME qualitative characteristics, their innovative capabilities have been discussed extensively. For instance, some authors argue that their innovative capabilities may be due to their flexible and more “organic” structures and also due to their tight patterns of shared values and personal relationships (John and Davies 2000). It has also been demonstrated that SMEs have more motivation amongst their employees and have the ability to learn from their own earlier experiences (de Noronha Vaz et al. 2006). The same owner/entrepreneur may have certain entrepreneurial abilities which may tend to be associated with innovative characteristics or intrapreneurship (Carrier 1996; Cunningham and Lischeron 1991; Verhees and Meulenber 2004b). It has also been posed that their ability to innovate is more natural and intuition-oriented (Carrier 1994). Moreover, their perceptions towards the external uncertainty – dynamism, complexity and hostility (Freel 2005; Russell and Russell 1992) and a market orientation (Verhees and Meulenber 2004a) may also assist them in becoming innovative. However, other authors sustain that there is no concluding evidence to determine that SMEs are more innovative than larger ones, as innovation output may depend on market structure characteristics, R&D and skilled labor (Acs and Audretsch 1988).

### **2.8.3 Conclusions**

1. There is a huge debate on how to define SMEs due to its size and heterogeneity. Furthermore, definitions may vary according to industries and countries. However, it may be posed that qualitative more than quantitative characteristics may capture the distinctiveness of SMEs.
2. A definition of SMEs has been proposed for this study.
3. SMEs have been acknowledged as important contributors to national economies, and a source of growth, employment and competitiveness. Furthermore, it has been argued that larger organisations are no longer capable of bringing in sustainable economic growth and that SMEs are key players for economic recovery.

Once a discussion on the main characteristics of SMEs has been presented, the next section discusses the relationship with the marketing field.

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## 2.9 The small-to-medium sized enterprise (SME) & marketing

For this section, a traditional view of marketing has been used. As defined by AMA, it is:

*“... the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create and satisfy individual and organisational objectives” – (Wilson and Gilligan 1997, p. 3).*

There is some relevant research involving SMEs and marketing. It has been argued that SMEs have a different approach to marketing and that traditional marketing theories are inappropriate to describing how SME practice marketing (Carson and Cromie 1990; Gilmore et al. 2001; Hogarth-Scott et al. 1996). One reason being that traditional marketing does not take into account the characteristics of SMEs and that traditional marketing constraints their activity and impact in the market (Carson and Cromie 1990). Marketing for SMEs needs to consider their uniqueness in order to improve their performance (Carson and Cromie 1990; Gilmore et al. 1999). Furthermore, it has been stated that in order to understand SME marketing activities, researchers require to put SMEs in a much broader and modern context which may reflect the new changing pressures and challenges faced by SMEs as well as larger organisations (Coviello et al. 2000).

Furthermore, it has been suggested that SMEs may perform better if the marketing framework considers the scope of their business (Carson and Cromie 1990). For instance, it has been suggested that a framework such as niche market is better suited for SME development (Jarvis and Goodman 2005; Pratten 1991). Other studies have found that the Internet may be key for SME development (Martin and Matlay 2003) and so e-marketing may be better suited. Other studies suggest that SMEs may develop product innovations, but they may also be innovative in the sense of ‘how’ they perform certain marketing activities which are mainly due to their inherent characteristics (Carson and Gilmore 2000).

According to Coviello et al (2000), they argue in their recent investigation that there are four types of contemporary marketing practices in SMEs: Transactional



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marketing, database marketing, interactional marketing and network marketing all of which have different managerial intents, managerial focus, investments and time frames. For further explanation on these types of marketing please refer to section 2.6. Additionally, Coviello et al (2000) found the following key differences between small and large organisations. Firstly, smaller organisations were identified having more short term, less formal marketing plans. Secondly, smaller organisations tended to use more interactional marketing in some of their marketing activities as they were more likely to have interpersonal relationship with their key customers, they have owner/managers more involved in marketing activities and highlight certain marketing communication activities directed towards specific groups of customers than mass market. Finally, neither small nor large organisations considered data base marketing as a main marketing activity, but rather a supplemental one.

It may be relevant to consider both unfavourable and favourable characteristics of SMEs to marketing as the next sections discuss.

### ***2.9.1 Some SME unfavourable characteristics to marketing***

SMEs have been described to have fewer resources and skills when compared to larger firms (Mount et al. 1993; Schollhammer and Kuriloff 1979). These resources may include not only financial, but also marketing knowledge, and time constraints to work on marketing activities (Carson and Cromie 1990; Gilmore et al. 2001). This situation affects their impact in the market place, as their scale and scope of their operations are usually small (Schollhammer and Kuriloff 1979). As means to contrast traditional marketing knowledge, Kapferer (2004) argues that when an innovation appears in the market and becomes the pioneering brand in a new category it is important to build the brand fast and to reach a critical size rapidly in order to create a gap with incoming competition. This situation, however, may be almost impossible to attain for an SME. The brand is usually not built fast hindering the impact of their innovation in the marketplace (Knight 2000).

Also, SMEs are generally managed by a team of generalists and not of specialists (Carson and Cromie 1990). Hence, a lack of a deeper understanding of marketing

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may prevail in the organisation. Additionally, when there are specialists in the company, finance and production specialists are usually hired first before a marketing expert (Carson and Cromie 1990). They are also conscious about costs and how financial and human resources are spent. They tend to have a negative attitude towards marketing because they relate it to costs not investment and to expenditure of financial resources (Carson and Cromie 1990; Carson and McCartan-Quinn 1995; Meziou 1991). Their understanding is that marketing does not work for them and they find that distribution and sales are usually uncontrollable (Carson and Cromie 1990). They tend to be more reactive than proactive in the market place (Stoner 1983 as cited by Gilmore et al. 1999) and they tend to be more short-term than long-term oriented (Liu 1995; Reynolds et al. 2001). Importantly, SMEs make decisions for an immediate impact on the market as they tend to be pragmatic as they use techniques which may help them solve problems (Carson and Cromie 1990). Furthermore, this type of decisions gives them a sense of problem solving and accomplishment. They do not have a group of people in the organisation to counterbalance the daily operation, as in larger firms with a planning, direction and coordination of activities (Carson 1990).

#### *2.9.1.1 Time dimension in SME growth*

Time is one factor which may require to be considered when researching SME growth as it is approached not in the long, but rather in a short term. Several difficulties have been posed which detain them from looking further away from their short-term perspective. Firstly, SMEs are usually confronted with high levels of uncertainty and complexity derived from the diversity of market conditions and the sophistication of knowledge required from the owner manager (Bhide 1994; Van Gelderen et al. 2000). Secondly, it has been posed that during the development stages of a small organisation, it may encounter transitional periods of crisis or instability –those problems which disrupt the organisation due to internal or external changes which are usually unforeseen and beyond management’s control (Scott and Bruce 1987). These periods pose great challenges and risks to the business as it may require learning and putting into operation new sets of abilities and activities if it



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continues to survive (Mount et al. 1993). This development then poses greatest challenge for a long-term marketing perspective.

Finally, they also acknowledge that some of their weaknesses versus larger organisations is that they lack greater recognition, credibility and stability (Pratten 1991).

### **2.9.2 *Some SME favourable characteristics to marketing***

However, SMEs may have some favourable characteristics. For instance, they tend to have more informal, adaptable and simple structures which may help them be more innovative and creative (Bhide 1994; Carrier 1994; Carson and Cromie 1990). In this respect, it has been argued that in a situation-specific context, an SME may apply a creative and innovative marketing activity designed to fit its own particular situation and needs (Carson 1990). It has also been stated that such particular approach of swinging between strategic and operational orientations may be referred to as entrepreneurial marketing by which both orientations are interrelated with common affinities (Crick 2004; Hill and Wright 2000; Shaw 1999b). In other words, SMEs may develop a marketing strategy based on traditional marketing practices and combining intuition and experiential knowledge with some trial and error. For instance, it was found that some SME pricing-strategies are based on knowledge about a particular industry while becoming more aware of the errors and trials they incurred in the past (Carson et al. 1998). Findings have also suggested that the activities implemented by SMEs have two fundamental differences versus large organisations: first, in terms of their marketing planning and performance and second, on 'how' they practice marketing. (Carson and Gilmore 2000; Coviello et al. 2000).

, Additionally, their internal and external communication may seem to be better because their structures tend to be more flexible and less sophisticated, closer to the market and usually customer sales-oriented (Gilmore et al. 1999; Hadjimanolis 2000). They are driven by the customer, as they want to make a sales figure. They build on a better relationship with customers as they offer better service which is translated into "added-value" (Gilmore et al. 1999; Hadjimanolis 2000). If a

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customer needs some change, staff may go back to the company and request to act upon the change and usually done accordingly (Hadjimanolis 2000). Furthermore, when owner/managers are involved, they tend to motivate better the entire organisation (Loecher 2000). Finally, they may react faster as they are less bureaucratic, with fewer people involved in decisions, fewer controls and processes which expedite their response time (Carrier 1994).

### **2.9.3      *The evolution of marketing in SMEs***

SMEs tend to be more sales/customer-oriented (Gilmore et al. 1999). However, Carson (1985; 1990) argues that parallel to the small business life cycle, there is an evolution in the marketing orientation of small organisations comprised of four stages:

1. *Initial marketing activity (Reactive marketing).* Customers are obtained on a personal basis. Key marketing operations focus on product quality, functionality, price and delivery.
2. *Reactive selling (Tinkering marketing).* As customers increase, production of printed communication such as brochures and promotional letters are made available; need for more sales and change in attitude towards marketing activity occur. A junior marketing expert may be hired to take a more proactive approach to marketing investment. However, sales are usually lower to justify this post. It's a Catch 22 position.
3. *Do-It-Yourself marketing activity (Entrepreneurial marketing).* The owner/manager starts putting into practice marketing activity based on prior experience and experimentation. In so doing, it brings in more understanding of marketing tools and possibilities. They are usually optimistic. Some failures may bring in some doubts regarding marketing.
4. *Integrated Proactive marketing.* Their marketing activities support one another, marketing is similar to larger organisation practices. They may hire a full-time marketing expert which later on may develop a marketing department.

Carson (1985) adds that not all businesses may go through these stages, but it offers a model by which further research may be used as a guiding reference of how marketing evolves in small organisations. Additionally, it has also been posed that as small organisations grow, they also go through experiential learning. Such learning, which is developed naturally overtime, helps them develop particular skills based on experience, knowledge, communication, and judgement which are transformed into



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'competency marketing'; a term which means "*using inherent and learned skills (competencies) to do marketing.*" (Carson and Gilmore 2000, p. 3).

In short, stating the following quote by Carson and McCartan-Quinn (1995, p. 28) in regards to the importance of marketing in SMEs:

*"small businesses which do not accept marketing principles and practice may be more vulnerable to competitive threat and ultimate failure than those small businesses which do practice marketing."*

It may be possible to conclude then that perhaps marketing may assist SMEs in strengthening and growing their business.

#### **2.9.4 Conclusions**

The following are the main conclusions of this section:

1. Traditional marketing may appear to be inappropriate to describing how SME practice marketing as it does not take into account some of the unique characteristics of SMEs. This situation may pose some constraints to their activity and impact in the market. Some suggestions were raised that marketing research in SMEs should reflect the new changing pressures and challenges stemming from a broader more modern business context.
2. When SME characteristics were evaluated favourably and unfavourably against marketing the following characteristics were highlighted. On the down side, SMEs have fewer resources and skills, their impact, scale and scope of their business is usually small, they have a negative attitude towards marketing as they relate it to financial expenditures, they tend to be short rather than long-term oriented, they have a pragmatic orientation of solving problems which offer a sense of accomplishment. Furthermore, as they go through a business life cycle, they face transitional periods of crisis or instability which pose greater challenges to learning new sets of abilities and activities if they are to continue. Finally they recognize that they lack greater recognition, credibility and stability against large organisations.

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On the up side, they tend to be informal, adaptable with simple structures and fewer controls and processes which help them be more innovative, creative and fast respondent to customers. They may bring in innovation output, but more importantly they have an innovative way of practicing marketing due to their inherent characteristics. They may develop marketing strategies based on traditional marketing practices with a combination of intuition, experiential knowledge and trial and error. When the owner/manager is involved in the business, they tend to have better relationships with staff and customers. They may also tend to motivate better their staff.

3. Parallel to a business development life cycle, SMEs may go through an evolution of marketing. Starting with a reactive marketing, followed by a tinkering marketing. In the third stage, entrepreneurial marketing, the owner/manager starts to put into practice marketing activity based on prior experience and experimentation. In the final stage, proactive marketing, marketing activities support one another, may hire a full-time marketing executive and there is more understanding of marketing tools and possibilities.
4. As SMEs grow, they go through experiential learning. Such learning, which is naturally developed overtime from their inherent characteristics, may help them develop particular skills or competencies required for marketing practices. Such skills are based on experience, knowledge, communication and judgement.
5. When SME marketing practices were compared to contemporary marketing practices, it was found that they tended to practice more interactional marketing. Their practices were not that different from larger organisations, but they had a different manner to work them out.
6. Finally, overall, SMEs may be less vulnerable and more competitive if they follow some marketing principles and practices.

This section of SME and marketing may serve as an introduction to discussing brands in SMEs as discussed next.



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## **2.10 Small-to-medium-sized enterprise (SME) brands**

In this section the following themes are discussed: 1) The current situation of SME brand research, 2) the role of the owner/manager, 3) brand management, 4) the relevancy of brand identity, 5) some brand activities, and finally 6) some relevant conclusions of this section.

### ***2.10.1 The current situation of SME brand research***

#### ***2.10.1.1 At an infant stage***

A recent review of salient literature found a few number of studies making direct contribution to SME brand research. In particular, it was found that the topic of SME brand building has been largely ignored in research. Implicitly, it has been left assumed that small and large organisation brands grow similarly even when their context and resources are very different. However, this new area of study is at a pioneering stage and yet to show its full potential (Boyle 2003; Krake 2005). This new area of research is not only scarce, but most of the studies have been published in the past three years. For these reasons, it may be possible to assume that this new area of study is yet to make a significant influence and contribution to branding and to the marketing discipline (Merrilees 2007).

#### ***2.10.1.2 Theoretical reflection of SME brands***

It has been argued that brand theory today reflects many of the relevant characteristics and context of larger organisations as many brand theories have taken a larger organisation perspective (Abimbola and Kocak 2007) and that their brand management is considerably different (Ford 2005). It may be argued then, that some brand models and relationships may occur differently with SME brands. Several studies on this matter make relevant discoveries that at times, brand models and relationships may not occur in the same fashion with SME brands. For instance, Berthdon et al (2008) found that there were significant differences when they used Keller's brand report card (2000) on SME brands. They argue that such brand model did not reflect the subtle differences of managing SME brands. It has also been stated that corporate brand processes may need to take into account key issues relevant to SME brand process (Inskip 2004). Furthermore, some studies on small

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brands which may be argued to be SME brands, found different results vs. larger brands (Dall'Olmo Riley et al. 1999) as they posed the existence of double jeopardy. Double jeopardy refers to the concept that small brands are doubly jeopardised due to their low characteristics such as share of market and brand loyalty, making an implication to the idea that "*the poor get poorer*" (Baldinger et al. 2002, p. 7). A further explanation of the differences between small and large organisation brands may be found in the next section of SME brand management.

### *2.10.1.3 The nature of SME brand studies so far*

Many of the studies distinguish the differences between large and SME brands (Abimbola and Kocak 2007; Ford 2005; Inskip 2004). Also, most of the studies have been qualitative and exploratory in nature attempting to expose and understand some key issues. For instance, some authors have stated that some prior studies have missed to identify a suitable background (Abimbola and Kocak 2007) as some studies may bring to light some guidelines without any particular theory to back them up (Keller 2003; Morgan 1999). Most of the research today deals with brand identity as many studies make explicit reference to brand identity components such as the owner/manager, brand management, and brand personality. Other topics which have been discussed are brand communication and distribution activities.

### *2.10.2 Conclusions of the current situation of SME brand research*

The following are the main conclusions of this section:

1. It was found that the topic of SME brand building has been largely ignored in research. It has been left assumed that small and large organisation brands grow similarly even when their context and resources are very different.
2. Brand theory today reflects many of the relevant characteristics and context of larger organisations as many brand theories have taken a larger organisation perspective. Additionally, several studies on brand management make relevant discoveries that at times, brand models and relationships may not occur in the same fashion with SME brands. They further argue that such models may not reflect the subtle differences of managing SME brands



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3. Most studies so far have been qualitative and exploratory in nature attempting to expose and understand some key issues. Most of the research today deals with brand identity

The next area to be discussed is the role of the owner manager in SMEs.

### **2.10.3 *The role of the owner/manager in SMEs***

Studies in business make reference to the active role and crucial importance of the owner/manager of small organisations, so it may be possible to assume that a new model for SME brand building should do the same (Krake 2005; Merrilees 2007; Powney and Harris 2005). Furthermore, it has been argued that owner/managers not only influence the structures and dynamics of their SMEs, but also affect the way a brand is managed and communicated to their organisations as they demonstrate a passion for their brands which may appear to be important to their success (Krake 2005). Moreover, it has been established a mirroring effect between the owner/managers' unique personalities and visions to those of their brands as the organisation usually lives their personality and characteristics (Abimbola and Vallaster 2007; Lory and McCalman 2002; Ojasalo et al. 2008).

As the owner/manager makes a direct influence on brand management it may be pertinent to discuss this area next.

### **2.10.4 *Brand management in SMEs***

#### **2.10.4.1 *Nature***

The nature of brand management in SMEs is intrinsically related to the inherent characteristics of the organisations. Such a topic has been particularly of interest in these studies as they seek to evaluate both the nature and scope of brand building (Berthon et al. 2008). For instance, it has been found that there is a personal character to a SME brand (Merrilees 2007) and an untraditional and unexpected approach to brand building due to the lack of resources (Boyle 2003). Moreover, it has been posed that creativity helps SME brand building. Firstly, creativity helps them become successful (Krake 2005) by inventing superior innovations which may help create a differentiating brand image (Boyle 2003) or develop new models of

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communication with their clients (Lory and McCalman 2002). Secondly, creativity and a limited budget both may influence how the brand will develop its marketing activities (Krake 2005). Thirdly, in terms of their scope, a study revealed that there are some relevant differences between small brands and niche brands and that not all small brands should follow a niche market (Jarvis and Goodman 2005). At the same time, this same study contends that a SME is capable to support a niche brand but not a switching brand as the latter may need a large customer base which may require large investments.

Finally, it may appear that most studies reflect the realization that SME brands seek to be built instead of being sustained, established or diminished. For instance, a study looking into the wine market of Australia, found that there are two brand building approaches to differentiation. The first focuses on the product itself, a product-based branding, and the second focuses on a more experiential branding. Additionally, both approaches had some important common factors including having a high quality wine, delivery of a quality image, use of symbols of the wine category, working on PR events, and offering a friendly service (Mowle and Merrilees 2005).

#### *2.10.4.2 Differences between large firms and SME brand management*

As previously discussed in section 2.7, the context in which brands grow in large firms is very different from the one found in SMEs. The former is primarily based on resource efficiency, formal structures, expertise and long-term planning (Aaker and Biel 1993; Keller 2003) while the latter is often characterised by the central influence of the owner/manager, flat and informal organisational structures, lack of financial resources and experience, innovation, creativity and ad hoc planning (Carson 1990; Gilmore et al. 2001; McGaughey 1998). Thus, it has been argued that such differences may pose a variance to the “traditional” large organisation oriented branding (Ford 2005). For instance, outsourcing marketing activities to experts outside many large organisations may pose resulting differences from doing in-house activities as many small firms do their activities in-house (Jadhish 2006). Secondly, Kollman and Suckow (2007) report that the traditional brand naming process posed by Kohli and LaBahn (1997) required some adaptation when owner/managers were developing their brand names for the Internet. Their study found that the process



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required to be more flexible and iterative. Thirdly, another empirical study by Krake (2005), challenged the conceptual guidelines posed by Keller (2003) in regards to SME branding. His findings suggest some variations by adding the following guidelines:

1. *Logic in brand policy*
2. *Consistency in communication*
3. *Clear link between the character of the owner/manager and that of the brand.*
4. *Develop a passion for the brand within the firm.*

These variations may suggest the nuances of SME branding.

Fourthly, another study by Berthon et al (2008) compared large and SME brand managements by using the brand report card offered by Keller (2000). They found significant differences in nine out of ten brand management dimensions as follows:

1. *Brand delivers benefits customers truly desire*
2. *Pricing strategies based on perceptions of value*
3. *Brand is properly positioned*
4. *Brand is consistent*
5. *Brand portfolio and hierarchy make sense*
6. *Brand uses full repertoire of marketing activities to build equity*
7. *Brand managers understand what the brand means to consumers*
8. *Brand is given proper support and it is sustained over the long run*
9. *Company monitors sources of brand equity.*

SMEs ranked lower in all such dimensions except in “*brand stays relevant*” where no significant difference was found. At the same time, however, the authors argue that such brand model may not reflect the subtle differences of managing SME brands. Perhaps such dimensions may better describe a context of larger organisations. For instance, the management dimension number five “*brand portfolio and hierarchy make sense*” describes brand architecture, which would be more likely irrelevant to most SMEs as they may have more simple brand structures.

Furthermore, their study helped distinguish between low and high performance SMEs. Those SMEs that showed high levels of performance demonstrated some brand management principles such as creation of relevant value, understanding of

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customers and their brand perceptions, consistent brand support over-time, and effective brand identity communication (Berthon et al. 2008). Such results may pose that SME brand management may require to adapt such basic principles to a more suitable context and characteristics unique to SMEs. It may also be important to stress that a constrained brand budget makes the comprehension of the process of brand building very different from larger organisations. They recognised for instance, that their financial limitations inhibited their impact in the market (Wong and Merrilees 2005). Still, despite their limitations, they bring in innovative brands and unconventional brand practices (Berthon et al. 2008; Ojasalo et al. 2008).

However, not all SMEs recognize a brand orientation (Wong and Merrilees 2005). It has been posed they go through an evolution as discussed next.

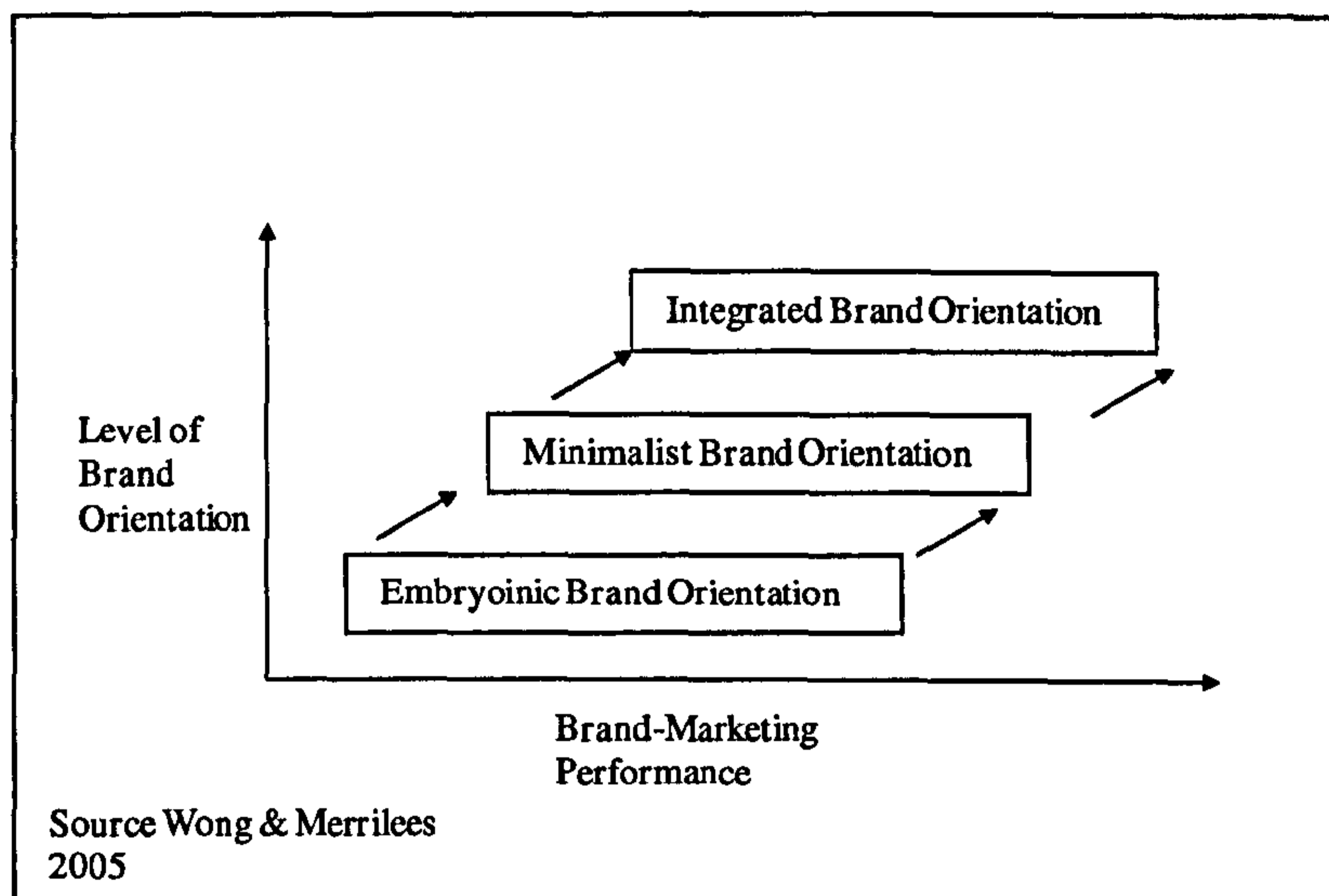
#### *2.10.4.3 Evolution of SME brand management*

One of the key issues explored in SMEs was whether SMEs were brand oriented –the process by which a firm focuses on brand identity so that brands may be developed to compete (Urde 1999). In their study, Wong & Merrilees (2005) found that not all SMEs were brand oriented, but may experience a brand-orientation process. As the following graph shows, SMEs may go through the following steps of a brand-orientation ladder:

- 1 Embryonic Brand orientation
- 2 Minimalist Brand orientation
- 3 Integrated Brand orientation



**Figure 2-4: The Evolution of SMEs through a brand-archetypes ladder**

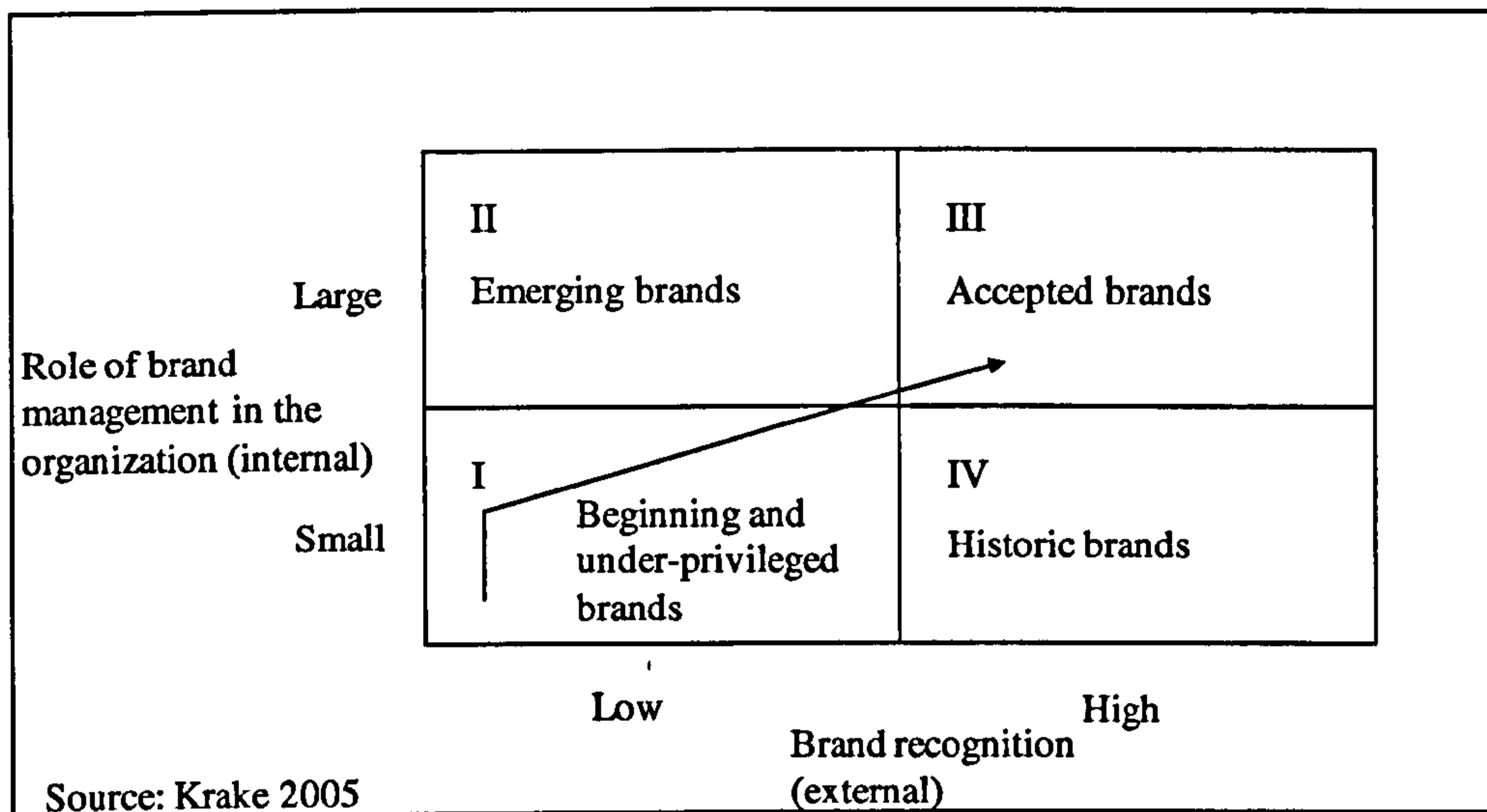


As Figure 2-4 shows, the SME increases its brand activities by means of brand orientation, and brand performance, the firm will move up the ladder from the Embryonic to the Integrated stage of brand-orientation.

The study also found that most of the SMEs in their study were located in the first stage of the ladder mainly due to what they called “brand barriers” to brand-orientation – those obstacles that may hinder the firm to implement branding activities (Wong and Merrilees 2005) such as a limited knowledge of brand management and understanding of what brand management means. Once this construct is overcome, it may appear that SMEs move to a higher step in the ladder (Wong and Merrilees 2005).

In line with this evolutionary process in SME brands, Krake (2005) also offers a similar process by which he contends that it is not so much brand orientation and performance which drive brands forward, but two variables: the internal role of brand management and an external brand recognition. As such, he then developed a matrix with four quadrants with two levels for each variable as follows:

**Figure 2-5: A brand evolution model for the SME**



As Figure 2-5 shows, the role of brand management and brand recognition are low when brands begin. Importantly, he states that the organisation internally may need to recognize the brand. As the owner/manager spreads the need to make the brand recognised and the role of brand management increases, the brand starts to emerge as it begins to be recognised in the market. Here, Krake (2005) states that the role of the owner/manager as a publicist is a key element key to helping the brand become recognised. As brand management continues to build the brand, the organisation takes the brand to higher levels of recognition where objectives have been met and the organisation may start creating a brand equity. In the last quadrant, historic brands are those which developed a brand recognition with little brand management mainly due to a brand new innovation or historical background.

Even when this model moves forward the knowledge about brand evolutionary process of SME brands, a criticism of such is that the brand recognition variable was used subjectively in the model. The author argues that there was no objectivity to this variable as there is yet no measurement to evaluate brand recognition in SMEs and between them.

The next topics to be discussed next are probable wrongs and rights of SME brand management.



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#### *2.10.4.4 What SMEs may be doing wrong in brand management*

First, it has been argued that SMEs have yet to practice and take advantage of what brand management may offer (Ojasalo et al. 2008). Second, they have also been criticised that they do not dedicate as much time and importance to this area perhaps because they are more involved in other daily activities (Krake 2005; Ojasalo et al. 2008). Some owner/managers have argued that they may become interested in branding sometime in the future when their business becomes bigger. They have the tendency to believe that branding is for larger organisations with larger brand budgets to spend (Wong and Merrilees 2005). Furthermore, they have a narrow understanding of branding as some owner/managers think that it only includes doing advertising and creating a brand name and symbols (Wong and Merrilees 2005). Importantly, this narrow understanding and such a wrong attitude towards brand management (Carson and Cromie 1990; Inskip 2004) may be due to the bias of most brand books and articles to exemplify their concepts and theories through large organisations brands. This prevailing situation may give the wrong message that branding is limited to larger companies.

Third, it was found that in the case of SME management consultancy firms, they have a lack of vision which may limit their opportunities for differentiation (Lory and McCalman 2002). Fourth, it has also been found that as in the case of software SMEs, the brand building process is less systematic, with unclear objectives and limiting resources (Ojasalo et al. 2008). Last, the market may appear to have a strong overpowering influence over what SMEs are capable to achieve (Krake 2005). For instance, some SMEs found that some larger competitors established the perceptions held already by customers (Lory and McCalman 2002). Other SMEs were found taking on tasks or activities from customers which were in disagreement with their brand identity (Powell and Ennis 2007).

#### *2.10.4.5 What SMEs may be doing right in brand management*

First, it has been posed that brand management may not only become an encompassing unifying tool, but also help to sharpen and give focus to the activities being developed within the organisation (Abimbola 2001; Merrilees 2007). For instance, some studies suggest that successful SMEs were found to have a more

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integrative activity between brand/organisation, identity/reputation and entrepreneurship when compared to larger organisations as the latter may do activities inside and outwith the organisation (Abimbola and Kocak 2007). They were also found to generate a stronger value proposition when it was expressed through their brand identity and brand reputation (Abimbola and Vallaster 2007). Second, it was found that effective communication was accomplished by orienting it towards the mission of the SME, values and culture without missing the opportunity to link the owner/manager's distinctive personality to that of the brand (Lory and McCalman 2002). Third, a study of successful branding in new business ventures found that there were eight key factors which helped owner/managers to successfully start their brands: opportunity recognition, innovation, business model development, capital acquisition, supplier acquisition, customer acquisition, and successful harvesting (Merrilees 2007). However, it may be criticised that these factors are yet to be set in a hierarchical manner and tested in a quantitative study.

Last, it has been posed that even with a limited budget, an SME is capable to develop a superior innovation as in the case of Dyson vacuum cleaners in the UK (Boyle 2003) by which the organisation took a non-traditional approach to brand building by infusing the unique attributes of an innovation with the unique personality and background history of the owner/manager which helped develop a unique brand personality and brand image.

#### *2.10.4.6 SME brand management conclusions*

The following are the main conclusions of this section. Importantly, these conclusions should be considered that they are based from a very limited number of studies on SME brands, yet they may offer some interesting conclusions which may serve as a basis to continue their research:

1. *Nature.* The nature of brand management in SMEs is intrinsically related to the inherent characteristics of the organisation. Some of these characteristics discussed in this section were: a personal character of SME brand due mainly to the lack of resources, creativity, and their limited scope.



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2. *Differences between large and SME brand management.* Firstly, it was posed that SME brand management may be a variance of the traditional/conventional large organisation brand management. That is, when some traditional models were tested in SMEs, they were required to be adapted. Such results may suggest that traditional brand models may need to consider the nuances of SME branding.
  3. *Evolution.* There were suggestions that not all SMEs are brand oriented. Most of them were found to be at a beginning stage mainly due to a constraining barrier of having a limited knowledge and understanding of brand management. Furthermore, it was posed that brand management may be a key driver for brand growth in SMEs.
  4. *Owner/manager.* It was suggested that the brand owner/manager is key to helping brand growth.
  5. *Wrongs in SME brand management.* The main problems with brand management are that SMEs may have a narrow understanding and a wrong attitude towards brand management partially caused by the interpretation that branding is for large organisations and in relation to advertising and creation of brand symbols.
  6. *Rights in SME brand management.* It has been posed to be an encompassing unifying tool which sharpens and gives focus to the activities in the organisation. Furthermore, even with a limited brand budget, some SMEs may be capable of demonstrating their innovative capabilities both through product innovation and brand strategies.

#### **2.10.5      *The relevance of brand identity in SME brand research***

From this literature review it was found that most of the studies to date regard brand identity as a key factor in establishing the context of brand building. Perhaps this approach may be posed by the notion that brand identity is one of the main brand building blocks (Keller 2003).

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When the SME brand literature was classified under the four brand identity dimensions posed by Aaker (1996), the following review was found. First, the 'brand as an organisation' dimension was found to point out into the importance of shared values amongst the members of staff in SMEs. For instance, a discussion was found in regards to the importance of hiring employees with similar personal values to those of the organisation as means to enhance organisational effectiveness and commitment. In such study, it was found that in the case of SME creative industries, inconsistent values hindered brand development (Powell and Ennis 2007). Second, in terms of 'brand as a product' dimension, a study makes reference how an SME may deliver not only an innovative brand, but also develop an innovative brand personality through the characteristics of the brand owner/manager (Boyle 2003). Third, in the case of 'brand as a symbol' a study discussed the unconventional way to creating a brand name (Kollmann and Suckow 2007).

Finally, 'brand as a person' was discussed in relation to the role of the owner/manager. This dimension appeared to be important to SME brands as it was found to be highly related to the personality of the owner/manager. It has even been suggested that brands are the personification of the owner/manager (Krake 2005). Hence, it may be important to consider the consistency of both personalities including their values (Boyle 2003). Additionally, an exploratory study found that SME restaurants were capable of communicating the brand personality through their webpage (Opoku et al. 2007). It was posed that the Internet has opened new possibilities for communication with a larger audience not available before to SMEs. They were often incapable of reaching traditional communication vehicles. At the same time, it was found that in the UK and Czech Republic brewery markets, small British breweries had a better understanding of their brand values and brand personality as compared to the Czech breweries (Lewis and Vickerstaff 2001). It was also posed that perhaps this situation was due as the former had an already established structure in the market which allowed them to communicate with their customers while the latter did not even had a distribution channel and were required to built one too.



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### **2.10.6 Brand Activities in SMEs**

From the literature review, two main activities were discussed: brand communications and distribution as discussed next.

#### **2.10.6.1 Brand communication**

From a small number of studies on SME brands, it was found that SMEs consider the traditional personal face-to-face selling as a crucial activity to developing their brands (Wong and Merrilees 2005). However, there were also other brand activities which SME brands use for communication. Some of the activities were PR activities (Krake 2005) including seminars (Lory and McCalman 2002) some of which the owner/manager were involved in (Abimbola 2001), word-of-mouth (Krake 2005), promotional activities such as trial and usage (Dall'Olmo Riley et al. 1999), printed advertising (Krake 2005; Wong and Merrilees 2005), and the Internet (Kollmann and Suckow 2007; Krake 2005). Importantly, the Internet appeared to have taken great interest with SMEs as a cost-effective medium of communication (Ojasalo et al. 2008).

#### **2.10.6.2 Distribution**

Distribution activities appeared to be an important issue for SME brands. For instance, Dall'Olmo Riley et al.(1999) suggest that small brands should focus on a wider distribution and that attention be given to promotional in-store retail activity. Other studies have also suggested that SME brands should focus at the retail level with a direct marketing approach (Jarvis and Goodman 2005) as means to obtain feedback and better understanding of consumers (Lewis and Vickerstaff 2001). Furthermore, niche brands may need to seek the creation of their own niche channels (Jarvis and Goodman 2005).

### **2.10.7 SME brand conclusions**

The following are the main conclusions of the section on SME brands:

1. A recent review of salient literature found a few number of studies making direct contribution to SME brand research. This new area of study is at a pioneering

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stage and yet to show its full potential and is yet to make a significant influence and contribution to branding and to the marketing discipline.

2. Most of the brand theory today reflects many of the relevant characteristics and context of larger organisations as many brand theories have taken a larger organisation perspective. Some recent studies on this area make relevant discoveries that at times, brand models and relationships may not occur in the same fashion in SMEs.
3. Based on the active and crucial role of the owner/manager in SMEs and marketing, it may be possible to infer that a similar situation may occur in SME brand building. Moreover, it has been established a mirroring effect between the owner/manager's unique personality and vision to that of the brand.
4. The nature of brand management in SMEs is intrinsically related to the inherent characteristics of the organisations. It has been found that there is a personal character to a SME brand. It has also been posed of being a non-traditional and unexpected approach to brand building due to the lack of resources by which creativity and innovation may take an important role in brand building. Thus, branding in SMEs need to take into account such unique characteristics.
5. Not all SMEs have an approach to branding, but they may experience a brand-orientation process by considering an evolution of the internal role of brand management and the evolution of their brand activities, brand performance, brand distinctiveness, and brand recognition.
6. In terms of how they practice brand management, SMEs have yet to take advantage of what brand management has to offer. They have been criticised for not dedicating as much time and importance to this area. They may also have a narrow understanding of branding as some owner/managers think that it only includes doing advertising and creating brand names and symbols. Importantly, this narrow understanding may be due to the bias of most brand books and articles to focus on larger organisation brands which may give the wrong impression that branding is not for SME brands. On the positive side, brand management may not only become an encompassing unifying tool for SMEs, but



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may also help to sharpen and give focus to the activities being developed within the organisation. Furthermore, despite having a limited budget, SMEs may be capable of developing innovations by taking a non-traditional approach to brand building by infusing the unique attributes of an innovation with the distinctive personality and background of the owner/manager who may also have a passion to delivering an outstanding brand personality and image.

7. SMEs were found to practice traditional personal face-to-face selling as a crucial activity to develop their brands, but they were also found to do various activities including PR, some of which the owner/manager was involved in, word-of-mouth and printed advertising, promotional activities such as trial and usage, and the Internet which may appear to have taken great interest with SMEs. Furthermore, distribution activities may appear to be an important issue for SME brands and have been recommended to focus on distribution matters including promotional in-store retail activity and a direct marketing as means to obtain feedback and better understanding of consumers.

### **2.11 Recapitulation, conclusions and implications**

The section summarizes this review of the brand building literature with the following conclusions and implications:

1. *Brand definition.* Despite the vast literature on brands, it is difficult to define them as many authors use different ways to explain what they are. However, there are four relevant common characteristics when defining brand: 1) it helps identification, 2) it makes a product or service distinctive from competitors, 3) it may be based on a sustainable competitive advantage, and 4) it helps develop a relationship with customers.
2. *Brand orientation.* Brand orientation looks at brands as an overall corporate strategy by focusing on what a brand can do and what the brand may be valued at. It may start through the adoption of a personal vision, educational and job experience of top management making possible their involvement in brand decision-making. Such orientation may help develop a unique brand and deliver

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overall corporate performance. This orientation may be suitable for SMEs as it may help focus organisational activity and deliver better performance.

3. *Brand management.* Brand management has moved from being a marketing to an organisational activity. The traditional brand management system of brand managers have been criticised for being inexperienced and for having a lack of authority and short-term focus. Literature suggests brand management requires a long-term orientation and planning with an analysis of both the market and brand situation. Such characteristics may perhaps be inappropriate for SMEs. If brand management is to be implemented in SMEs perhaps an adaptation of such management may be appropriate to better suit SME nature and characteristics.
4. *Brand building difficulties.* From the literature, it may be possible to conclude that many such difficulties both internal and external are taken from the large organisation perspective and there are hardly any findings surrounding SME brand building difficulties.
5. *Brand building models: the outside-in orientation.* These models and their related brand components such as brand image may be very difficult to sustain in the SME brand context due primarily to insufficient knowledge and financial resources required to delivering appropriate growth. Many models require large investments on brand communication programmes such as advertising. At the same time, measurements such as brand awareness, brand knowledge may perhaps be irrelevant to SME brands as these variables may perhaps offer little feedback for SME brand strategy. If such models were to be implemented, they may require a more personal less mass oriented communication to fit the scope of an SME brand. Such communication programmes may involve for instance word-of-mouth advertising, promotional activities, or PR events. To this day, there is hardly any research that explores how SMEs practice these types of brand communication activities. At the same time, SME brands may appear to have an opportunity to build on a trusting and authentic image as larger organisation brands are being culturally backlash by consumer anti-brand activism creating a doppelganger brand image.



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6. *Brand building models: the inside-out orientation.* Brand identity in particular appears to be important as it was found to be one of the first brand building blocks. At the same time it is argued to precede brand image and brand positioning. Furthermore, it may appear that as technology has facilitated the proliferation of me-too products and a saturation and fragmentation of markets have made it more difficult to communicate with consumers, brand managers are focusing on brand identity as means to strengthen brand differentiation. In particular, SMEs may take advantage of this component as a main brand building component as they may discover that their own unique characteristics may be used as key differentiators and bases to delivering brand development.
  7. *The main research context of brand building.* Brands have been researched extensively for the past decades. However, much of the literature has relied on large company brands which may primarily reflect the large organisation context. At the same time, it may give a distorted impression to SME owner/managers of the possibilities that brand building may offer to their brands. Furthermore, as brand building today does not reflect the true context and unique characteristics of SMEs, owner/managers may face further difficulties and disappointments when trying to fit such knowledge into their activities
  8. *SME definition.* There is a huge debate on how to define such a diverse group of organisations. Their definitions may vary from industry to industry and from country to country. However, it has been argued that qualitative characteristics such as management style may capture the uniqueness of SMEs. Furthermore, they are considered to be a key source of growth, employment, competitiveness and innovation. Despite their importance, brand research is yet to learn how brand building takes place and how brand theory can support SME development.
  9. *SMEs and Marketing.* Traditional marketing may not distinguish the subtle differences of how SME practice marketing. This situation may pose some constraints to their activity and impact in the market. When SME characteristics were evaluated in this chapter, several favourable and unfavourable characteristics were found in relation to marketing. On the down side, SMEs have fewer resources and skills, their impact, scale and scope of their business is

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usually small, they have a negative attitude towards marketing as they relate it to financial expenditures. Furthermore time dimension may be an important consideration as they tend to have a short rather than long-term orientation. At the same time, they go through a business life cycle; they face transitional periods of crisis or instability which pose greater challenges to learning new sets of abilities and activities if they are to continue. On the up side, they tend to be informal, adaptable with simple structures and fewer controls and processes which help them be more innovative, creative and fast respondent to customers. They may bring in innovation output, but more importantly they have an innovative way of practicing marketing due to their inherent characteristics. They may develop marketing strategies based on traditional marketing practices with a combination of intuition, experiential knowledge and trial and error. When the owner/manager is involved in the business, they tend to have better relationships with staff and customers; they may also tend to motivate better their staff.

SMEs may experience a marketing evolution mainly based on experiential learning. Such learning, which is naturally developed overtime from their inherent characteristics, may help them develop particular skills or competencies required for marketing practices. Such skills are based on experience, knowledge, communication and judgement.

When SME marketing practices were compared to contemporary marketing practices, it was found that they tended to practice more interactional marketing. Their practices were not that different from larger organisations, but they had a different manner to work them out. Overall, SMEs may be less vulnerable and more competitive if they follow some marketing principles and practices.

10. *SME brand research.* A recent review of salient literature found a few number of studies making direct contribution to SME brand research. Some recent studies on this area make relevant discoveries that at times, brand models and relationships may not occur in the same fashion in SMEs. Brand theory may require developing specific brand building models specific to SMEs to highlight and take advantage of their unique characteristics. For instance, they have a non-



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traditional and unexpected approach to brand building due to the lack of resources by which creativity and innovation may take an important role in brand building

SMEs were found to have a narrow understanding of branding as some owner/managers think that it only includes doing advertising and creating brand names and symbols. Importantly, this narrow understanding may be due to the larger organisation brands orientation which may have given the wrong impression that branding is not for SME brands. However, some SMEs understand brand management as an encompassing unifying tool which may help to sharpen and give focus to their activities within the organisation.

Brand identity has been the main component being explored and has been found to be a key component to brand building. At the same time, SMEs were found to do other brand activities aside from sales. They have been found to be involved in word-of-mouth advertising, promotional activities, and PR events. To this day, there is hardly any research that explores how SMEs practice these types of brand communication activities.

This recent literature review demonstrated that this is a new area of study at a pioneering stage and yet to show its full potential and make significant influence and contribution to branding theory and to the marketing discipline.

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# Chapter 3: Methodology

## 3 Methodology

### 3.1 Introduction

This chapter discusses the research design used for this study including its philosophical approach. The chapter is organised into four main parts. The first part sets up the research design by discussing the research content and the research problem. The next section presents the undertaken research design for this study composed of five cohesive and flexible parts based on Maxwell's (2005) interactive research approach. Research design is composed of research questions, aim and objectives; conceptual framework; methods and trustworthiness. Additionally, a philosophical part is also discussed. Finally, the last part provides a summary of the key issues raised in the chapter.

### 3.2 Setting up the research design

This section has the purpose to set up the research design including the methodology and philosophical stance of this study. Firstly, a discussion of the research content is presented followed by a discussion on the research problem.

#### 3.2.1 *Research content*

Brands have been studied extensively for the past two decades (Aaker 1996; de Chernatony and McDonald 2003; Kapferer 2004; Keller 2003). Much of the literature of brands has relied heavily on large company brands where their context is very different to other types of brands such as those found in SMEs. For instance, large company brands are often characterised by resource efficiency, formal structures, experience, and long-term planning (Aaker and Biel 1993; Keller 1993). Furthermore, they are usually supported by a large financial budget with a team of brand managers and an outside supporting team of research, advertising, or promotional agency experts. It has been assumed that brands owned by SMEs may grow similarly. Yet, the context of SME branding is very different, often supported by very few financial resources, flat and informal organisational structures, lack of experience, innovation and creativity, and ad hoc planning (Carson 1990; Gilmore et



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al. 2001; McGaughey 1998). Text books make no particular reference to these differences (Aaker 1996; de Chernatony and McDonald 2003; Jobber 2004; Kapferer 2004; Kotler 1984). Furthermore, many brand building theories are based on brand image strategies where a huge amount of investment is required for push and pull activities (Shimp 2003). However, as previously pointed out, SMEs are often scarce of financial resources to back up such strategies (Carson and Cromie 1990). This situation leaves perhaps an impression to the owner of an SME that branding may not be suitable strategy for his/her firm.

Salient literature on SME marketing may offer some guidance into this new area of brand building. For instance, it has been argued that SMEs have a different approach to marketing and that traditional marketing theories are inappropriate to describing how SME practice marketing (Carson and Cromie 1990; Gilmore et al. 2001; Hogarth-Scott et al. 1996). One reason being that traditional marketing does not take into account the characteristics of SMEs and that traditional marketing constraints their activity and impact in the market (Carson and Cromie 1990). Marketing for SMEs needs to consider their uniqueness in order to improve their performance (Carson and Cromie 1990; Gilmore et al. 1999). Furthermore, it has been stated that in order to understand SME marketing activities, researchers require to put SMEs in a much broader and modern context which may reflect the new changing pressures and challenges faced by SMEs and larger organisations (Coviello et al. 2000). Such arguments may help to infer that brand building may be different and that traditional brand building as we know it today may not only be inappropriate to account to this phenomenon, but may need to account for the unique characteristics and context of SMEs. A new model for brand building may be required to better reflect their business while improving their performance.

- Additionally, as SMEs have different characteristics and context, they may also encounter very different difficulties in the marketplace. For instance, it has been argued that many of the difficulties in building a brand today may be due to a fragmentation of markets and media (Aaker 1996; Shimp 2003). However, this situation may possibly be beneficial to a SME as fragmentation may better fit the scope of the brand.

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So while SME brands remain severely underdeveloped, SMEs have been acknowledged as key business players. They have been regarded as an important source of growth, employment, and competitiveness (Acs 1992). They have also been argued to be key players for economy recovery at times when larger companies are not capable to bring in sustained economic growth (Ribeiro 2005).

Furthermore, SMEs make an important contribution to national economies across many countries (Day and Montgomery 1999; O'Regan and Ghobadian 2004). The impact of SMEs can be observed in countries such as the United States, Mexico, Finland, Sweden, and Germany to name a few (Kapferer and Schuiling 2003; Lindell and Karagozoglou 1997). They also represent at minimum fifty five percent of employment and fifty one percent of turnover (Inskip 2004). Importantly, it is expected that their relative importance to national prosperity will continue to rise for the next years (Acs et al. 1999; Martin and Matlay 2003; McGaughey 1998; Mulhern 1995).

Finally, as presented in the previous literature review chapter (Chapter 2), this lack of knowledge regarding brand building in SMEs may set a qualitative approach to this study; the locus of this chapter.

### ***3.2.2 Research problem***

This previous discussion raises several questions which are left unanswered today by the academic literature. A recent literature review found a few number of studies into SME brands and thus, further understanding is required into this new field. It may also be argued that academics have assumed that the process of brand building as known today is relevant and mirrors the activities and difficulties faced by SMEs. In so doing, this situation may not only influence an underperformance of the activity of brand building as there are perhaps some propositions or variables missing to understand the true phenomenon. At the same time, practitioners may be shutting down some possibilities to look into brands as means to grow their businesses. As discussed previously, traditional marketing required opening new paradigms to adopt the reality of marketing in SMEs and perhaps this same notion is required for brand building.



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This study proposes, for the first time, a theoretical framework by which both academicians and SME brand owner managers may better understand how SMEs develop their brands. In so doing, this study may bring into light a new paradigm of brands which has been favoured by some academicians who argue for new theories in areas not much explored (Randall 2000; Salzer-Morling and Strannegard 2004) such as SME brands. As a literature review has suggested, economies may no longer depend on larger companies for sustainable economic growth, but they may also include SMEs as part of their economic expansion. This argument raises some important issues on how SMEs may become more competitive and one may argue that branding may help to accomplish such objective.

In short, this study foresaw to further understand the complexity and multidimensionality of brands while contributing to the healthy expansion of SMEs and in due course national economies.

The research problem sets up the research design as discussed in the next section.

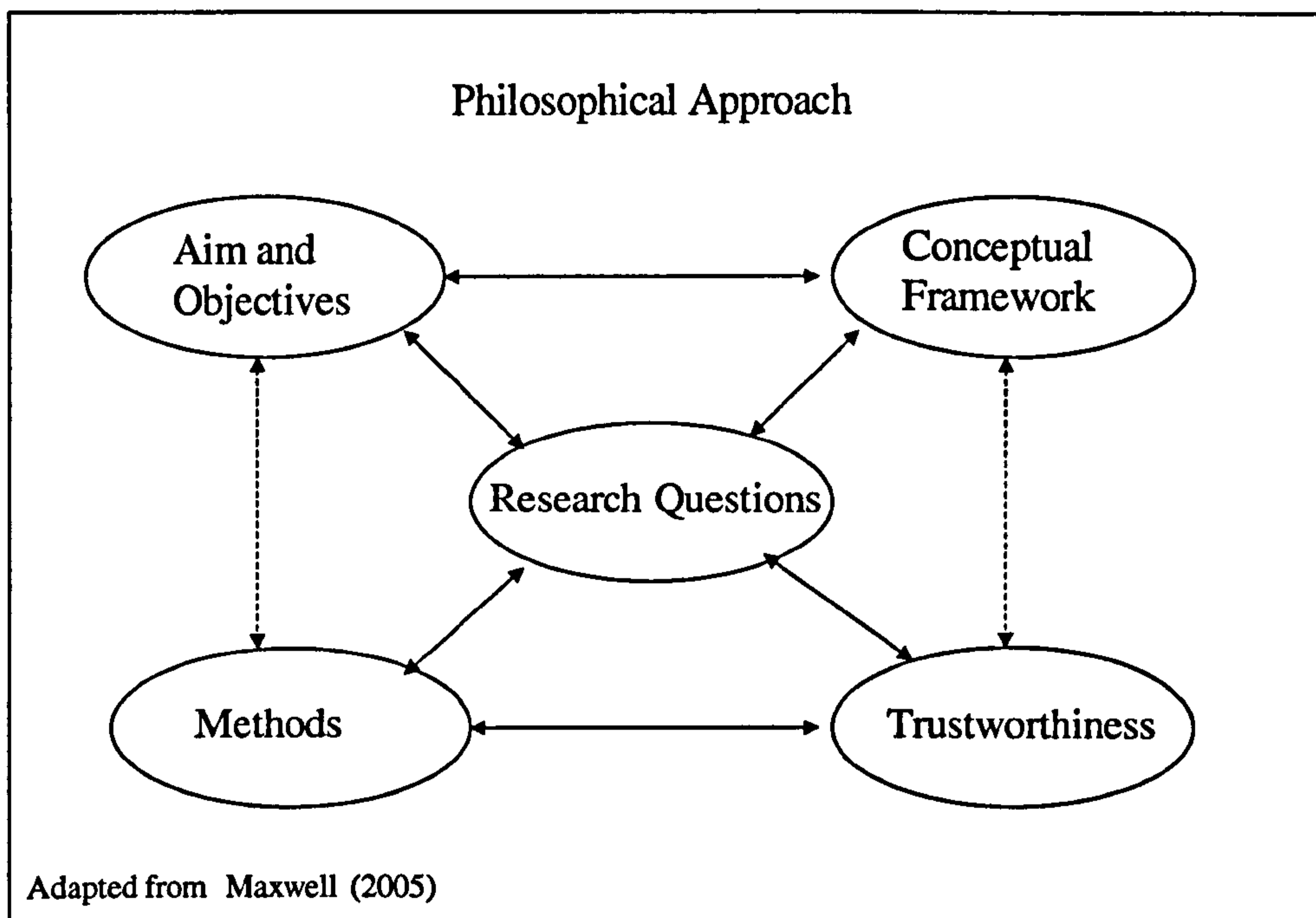
### **3.3 Research design**

The research design for this study was based on Maxwell's (2005) interactive research design composed of five interactive elements: 1) aim and objectives, 2) research questions, 3) conceptual framework, 4) methods, and 5) trustworthiness. Additionally, a philosophical approach is included as the basis of this research design.

The justification for using this research design is that when compared to quantitative studies, research design for qualitative research may require being more flexible yet integrative amongst all its elements. Thus, this approach offered the possibility to maintain a certain level of coherence and interactivity amongst the components of this research design.

The next figure helps to understand the interactivity amongst five research design elements:

**Figure 3-1: The Interactive model of research design**



As Figure 3-1 describes research design for this study is based on a philosophical approach and composed of five main elements. At the centre, the research questions interact with all four other components. The arrows indicate important relationships of influence and implications between two elements (Maxwell 2005).

Furthermore, the model also forms two main triangles with the research questions at the centre which all guide the rest of the four elements. The model also forms an upper and lower triangle showing that their corresponding components require a close interrelation (Maxwell 2005). For instance, research questions may need to interact closely with methods used in the research as well as trustworthiness involved for both methods and research questions.

The elements interact with one another throughout the research as means to maintain coherence and stronger results. The next sections discuss the first central element: the research questions.



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### **3.3.1 Research questions**

The main question set for this study is to explore how brands are built in SMEs. The research question helped not only to focus the research, but also to guide the implementation of the study (Maxwell 2005). The research question developed into the following:

“How do brands in SMEs develop?”

Additionally, ten specific questions were developed to operationalize the main question. These questions were as follows:

1. Is there a brand building process for SME brands?
2. What is the role of brand identity and brand differentiation within a process?
3. Are there any dimensions of brand identity which are more difficult/easier to develop?
4. Are these elements actively planned or developed spontaneously/reactively?
5. Based on findings, how is the a priori conceptual theory enhanced?
6. How does the owner/manager influence the decision and development of the brand building process?
7. How is brand budget developed? What is its size? What are the objectives?
8. What brand activities are used to develop the brand elements?
9. Are there certain activities more successful than others to develop these brand elements?
10. What problems do SME brand owner/managers encounter when developing their brands?

### **3.3.2 Research aim and objectives**

The main aim of the research is to explore how brands are built in SMEs.

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Deriving from the main, specific objectives pertaining to the study were proposed as follows:

1. To investigate the relevance of brand identity and brand differentiation in SMEs.
2. To investigate how SMEs use particular brand communication activities in developing their brands.
3. To identify some of the key difficulties facing SMEs when building their brands.
4. To investigate the participatory role of the brand owner in the process of brand building.

The questions and objectives pertaining to the study set the philosophical approach posed for the research as discussed in the next section.

### ***3.3.3 Philosophical approach***

In this section, a discussion on the main ontological approaches is discussed followed by the justification for selecting interpretivism. Thereafter a discussion of the epistemological approach is presented and its justification for this study.

#### ***3.3.3.1 Debate of two main ontological paradigms***

From the ontological perspective, there are two main paradigms to research reality: positivism and interpretivism (Robson 2002). However, there is a considerable blurring between the two approaches (Collis and Hussey 2003). On one side, positivism believes that social reality is objective and outwith the research (Easterby-Smith et al. 1991) it has also been labelled as a natural science based (Baker 2003). Comte was an early proponent of this approach and argued that knowledge become significant when this external reality was observed without any filters (Easterby-Smith et al. 1991). He argued that all knowledge was based on observed facts (Webb 1995). This approach made the world known as it is without any inherent judgements of values (Baker 2003). The world would hold on its own laws. At the

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same time, it was understood by measuring it and by standing away from it (Easterby-Smith et al. 1991).

From positivism, Easterby-Smith et al (1991) offer the following implications:

1. *Independence*: the researcher is independent.
2. *Value-freedom*: the research has an objective criteria rather than a subjective understanding of what is observed.
3. *Causality*: the research identifies causal relationships and fundamental laws.
4. *Hypothetico-deductive*: the research is based on a hypothesis and demonstrates the truth or falsity of it.
5. *Operationalisation*: in a measured quantitatively manner
6. *Reductionism*: explanation comes from reducing the observable to the simplest possible elements.
7. *Generalization*: based on a large sample size
8. *Cross-sectional analysis*: different samples are compared.

Furthermore, this approach expects to answer the research question by means of law-like generalizations similar to what occurs in the natural sciences (Remenyi et al. 1998). At the same time, social laws supersede higher sciences above social sciences such as biology, chemistry and physics. Hence, it has been posed that a researcher may improve the laws of social sciences for a better society just as one may improve chemical ingredients by improving the laws of chemistry (Baker 2003). It has been argued that one of the reasons why positivists use the natural sciences as a model to work in the social sciences is due to the large cultural authority that the natural sciences encompass in the world (Benton and Craib 2001).

In short, positivism argues in favour of an outside observable reality ruled by outside laws. By researching these rules and by studying how they relate to each other, researchers may better explain reality. Reality is objective and stands away from the researcher. Reality has its own laws similar to other higher natural sciences. This approach helps to explain reality in an objective value-free approach.



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Within the context of brands, they have been researched extensively through the positivist approach. Key brand elements have been identified and measured in relation to each other and in relation to their competitive environment. Brands have been explained by means of statistical interpretation on how these elements relate to each other. However, it may appear that certain types of brands such as SMEs may require to be explored and yet to be confirmed whether these brand rules apply to them in particular. SME brand research is a relatively new area at an infant stage (Krake 2005). The scarce literature suggest that due to their nature and characteristics, they may require a different set of theories and concepts as those developed for larger brands (Carson 1990). Current theories may partially work for them as discussed previously in the literature review chapter 2. Thus, it may be argued that an interpretivist approach may better suit their research to enlighten the development of new theories.

Contrary to positivism, the interpretivist approach believes that reality is based on human's own interpretation of reality. Some of the starting authors of this approach were Hume, Berkeley and Kant (Baker 2003). They argued that reality is immaterial, what mattered were human perceptions and interpretations (Baker 2003). They suggested that reality is socially constructed rather than objectively determined (Easterby-Smith et al. 1991). Many authors support this argument by suggesting that the social world is far too complex to narrow it down to laws as in the physical world (Saunders et al. 2003). They argue that social reality must be understood from within rather than explained from without the actors because knowledge is obtained by understanding the meaning of the actors' actions (Hollis 1994).

Moreover, Dilthey (1911 as cited by Miles and Huberman 1994) argued that human activity and discourse could not be explained by means of the natural sciences. The world is far too rich and complex and much of world's understanding is lost when it is analysed through a law-like natural world. Each human being may perceive reality differently based on his or her meanings given to reality. The strength of the interpretivist approach is that it helps to understand people's meanings; it also helps to adjust to new ideas and issues as they emerge; and at the same time, it contributes to new theory development (Easterby-Smith et al. 1991).

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For those researchers in favour of an interpretivist approach, one of the strongest arguments against positivism is the assumption of value-free. It has been argued that human interest guides the way people think, inquire and build knowledge. There is a human value inherent in knowledge. Furthermore, it has been argued that these inherent values supported by positivism, favoured the powerful members of society (Habermas 1970 as cited by Easterby-Smith et al. 1991).

Criticisms of the interpretivist approach and in particular of relativism, argue in favour of objectivity. Some authors have posed that objectivity is not only possible, but should be an ideal for marketing researchers. For instance, Hunt (1993) posits against five arguments brought forward by relativism. He contends that there is no supporting evidence in the philosophy of science which denies the existence of objectivity. These arguments are: 1) linguistic relativism (Keith and Cherwitz 1989 as cited by Hunt 1993), 2) paradigm incommensurability (Davidson 1973 as cited by Hunt 1993), 3) facts underdetermine theories (Bunge 1967 as cited by Hunt 1993), 4) psychology of perception (Hunt 1993), and 5) epistemically significant observations (Shapere 1982 as cited by Hunt 1993). Finally, Hunt (1993) contends that marketing researchers have a moral and professional commitment to pursue objectivity and it may be viewed as a goal to be achieved.

In philosophical terms, it may be possible to have two such contrasting approaches to reality, but the distinctive differences become blurred when looking into methodology and issues in the research design (Easterby-Smith et al. 1991). The selection of the ontology position will depend on the area of study (Creswell 1998). For instance, it has been recommended to follow a positivist approach when much of the area is known such as the constructs involved, their relationship, and their evaluation. The positivist approach may help measure the strength and their relationship.

Conversely, the interpretivist approach is more suitable when the area of research is being explored, variables are not easily identified, theories are not available and theories are needed to be developed (Robson 2002). The researcher may need to explore what constructs are involved and how they relate to each other. It may be important to focus on understanding reality rather than explaining it (Flick 2006).

The next table may summarize the key characteristics of the two main management research paradigms:

**Table 3-1: Comparisons between two main management research paradigms**

<b>Descriptors</b>	<b>Positivism</b>	<b>Interpretivism</b>
Assumptions	Objective world which science can 'mirror' with privileged knowledge	Intersubjective world which science can represent with concepts of concepts of actors; social construction of reality
Goal of Paradigm	Uncover truth and facts as quantitatively specified relations among variables	Describe meanings, understand members' definitions of the situation, examine how objective realities are produced
Nature of Knowledge or Form of Theory	Verified hypotheses involving valid, reliable and precisely measured variables	Abstract descriptions of meanings and members' definitions produced in natural contexts
Criteria for Assessing Research	Prediction = Explanation Objectivity; internal & external validity, reliability	Trustworthiness: credibility, transferability, dependability, confirmability
Unit of Analysis	The variable	Meaning
Research Methods	Experiments, questionnaires, secondary data analysis, quantitatively coded documents, Quantitative : i.e. regression, structural equation modelling, cluster and factorial analysis	Grounded theory, case studies, ethnography, participant observation, action, interviews
Modified from Gephart (2000)		

As Table 3-1 shows both paradigms are opposite to one another and researchers must justify the appropriate paradigm based on the research question. It may be argued then that the interpretivist approach is more suitable to answer the research question of how brands are built in SMEs as there is yet more to be understood about them. Importantly, brand studies in SMEs have been severely underdeveloped. Furthermore, most of the studies found in the literature review regarding SME brands have taken an interpretivist approach. The next section will justify the selection for interpretivism paradigm for this study.



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### *3.3.3.2 Justification of interpretivism to SME brand research*

As suggested by Easton and Araujo (1997 as cited by Baker 2003), a researcher must make it explicit on why the approach is selected and why the researcher believes it is superior. Due to the above, the interpretative approach appeared to offer more opportunities for understanding the situation of SME brands. By openly interviewing owner/managers of SME brands, the researcher was able to grasp clearly their meanings and interpretations, and so answer the research questions.

From the literature review, it was found that some authors argue in favour of a new paradigm to understanding new areas such as brand building. It may be argued that recent studies on SME brands involve a new paradigm, as SMEs are very different in nature when compared to larger organisations and so brand building theories need to address the specific characteristics. These new theories may require a new paradigm.

There are different ways to define a paradigm. For instance, some authors argue that it is the basic belief system that holds the research not only through the methodology, but also through the ontology and epistemology (Guba and Lincoln 1994). It may also be defined as a scientific achievement that provides model problems and solutions to a set of practitioners (Kuhn 1962 as cited by Collis and Hussey 2003). A paradigm may continue to work until new conflicting evidence makes a shift of paradigm (Kuhn 1970 as cited by Baker 2003). Moreover, it is also stated that in the case of SME brands, it may appear the need for a new paradigm by considering the perspective of the main influencers of SME brands. Owner/managers may help interpret and develop a new theory for brand building.

According to Morgan (1979 as cited by Collis and Hussey 2003), the concept of paradigm is used loosely. Thus, it may be important to consider the three levels of paradigm:

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- *At the philosophical level, where it is used to reflect basic beliefs about the world.*
  - *At the social level, where it is used to provide guidelines about how the researcher should conduct his endeavours.*
  - *At the technical level, where it is used to specify the methods and techniques which ideally should be adopted when conducting research*

All three levels may need to be understood from the researcher's own personal approach to the world. By the manner by which the researcher believes how the world is understood, how data is collected and how the findings are written. It may be argued that the answer to the research question may require an alignment of all three levels: philosophical, social and personal approaches.

In short, it may be important to take an interpretivist approach to the study because there are very few studies on SME brands and more understanding is required to learn how brands are built.

At the same time, this approach supports the argument that business is not only complex, but unique (Saunders et al. 2003). It may be also reasonable to state that SMEs have complex and unique characteristics which may need to be considered when researched (Carson and Cromie 1990).

Additionally, most of the key characteristics which define an SME are not quantitative, but qualitative in nature such as the style of management, level of marketing and brand knowledge. At the same time, SME brands grow through the direction given by their brand owner/manager and the perceptions they have about their brands in the market place

#### *3.3.3.3 Epistemological approach to SME brand research*

The previous section discussed the view of what reality is. In this section the epistemological approach will discuss the relationship between the researcher and reality.

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Parallel to the opposing epistemological views, there are two relationships to reality. From positivism, the relationship of the researcher and reality is one of independence and objectivity; the researcher is located separate from reality in an apparent value-free manner – called deductive approach (Saunders et al. 2003). In a value-free framework, researchers measure and analyse causal relationships amongst constructs rather than developments or processes of variables (Denzin and Lincoln 2005). Opposite to this view, interpretivism assumes there is a relationship of subjectivity as the researcher participates within the reality of study as it becomes the instrument of research – also called inductive approach.

In the deductive approach, the researcher works with reality in a distant manner. The researcher starts with a hypothesis and tests it on the field (Saunders et al. 2003). The researcher's method is structured with quantitative data in order to take hold of statistical analysis (Saunders et al. 2003). It is also argued that the researcher assumes there is a relationship between the premise and the conclusion. In other words, the premise is already included in the conclusion (Dilman 1973 cited in Baker 2003).

Conversely, in the inductive approach the researcher becomes the instrument of the research by taking part of the reality and assumes that reality is subjective as the researcher interacts with it and brings in the researcher's own values (Maxwell 2005). Reality is understood as a reflection of the researcher's own interpretation (Gummesson 2003). The researcher understands that reality is socially constructed. The purpose of the researcher is not to gather and measure data, but to appreciate the differences in meanings from the subjective perspective (Easterby-Smith et al. 1991).

Furthermore, the researcher's method is to collect the data and from the data, a theory is developed as a result of the analysis (Saunders et al. 2003). In other words, the premise and conclusion are independent, but reason was found (Dilman 1973 as cited by Baker 2003).

It has also been argued that the inductive rather than deductive approach is more likely to dominate in exploratory business studies (Baker 2003). Since the 1970's there have been criticisms regarding the limitations of quantitative data and methods



as quantitative studies usually remove data from their context and meanings in order to develop quantified measurements of phenomena (Guba and Lincoln 1994). Furthermore, it has been posed that marketing research has been based on quantitative approach, but this situation has been changing for the past years which may appear to be further away from positivism and arguably more practitioner oriented (Hunt 1990; Riege 2003)

In short, the next table summarizes the key differences between quantitative and qualitative research by considering the main assumptions and questions for both approaches:

**Table 3-2: Key differences between quantitative and qualitative studies**

ASSUMPTION	QUESTION	QUANTITATIVE	QUALITATIVE
Ontological	What is the nature of reality?	Reality is objective, and singular apart from the research	Reality is subjective and multiple as seen by participants in a study
Epistemological	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched	Researcher interacts with that being researched
Axiological	What is the role of values?	Value-free and unbiased	Value-laden and biased
Rhetorical	What is the language of research	Formal Based on set definitions Impersonal voice Use of accepted quantitative words	Informal Evolving decisions  Personal voice Use of accepted qualitative words
Methodological	What is the process of research?	Deductive process Cause and effect  Static design – categories isolated before study  Context-free Generalisations leading to prediction, explanation and understanding. Accurate and reliable through validity and reliability	Inductive process Mutual simultaneous shaping of factors Emerging design – categories identified during research process Context-bound Patterns, theories developed for understanding Accurate and reliable through verification

Source: Collis and Hussey, 2003

Within the context of this study, it was relevant to participate with the actors of this reality as the study of brands in SMEs is a new field of research interest and requires better understanding of how this reality is being understood. By interacting with reality, this approach was more suitable for the researcher to explore and understand

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rather than explain this new field of study (McGaughey 1998). While becoming involved and actively acting with reality, the researcher obtained rich deep information from his experience. This type of data would not have been gathered through an objective hypo-deductive approach.

As this exploration understands that reality is socially built, it was important to learn how SME managers built their reality based on their interpretations and interactions with their reality. In turn, their interpretations were important to understand. By submerging into their interpretations, the researcher gathered their subjective reality in a natural non-intrusive setting offered by qualitative methods and suitable to meet the research objectives.

The researcher did not take the opposite approach because he wanted to explore and understand a new realm of brands not yet clearly understood by academicians. The researcher wanted enough flexibility during the collection of data to act upon his interaction with interviewees and left enough space for an open discussion of new information (Miles and Huberman 1994). In the positivist approach there is no room for flexibility and adaptation once the study is implemented in the field. Importantly, it would have been difficult to understand this context by means of a hypothetical-deductive approach. The researcher was not aiming to explain or to measure brand constructs but to understand and offer new insights on how brands are grown in SME context.

### ***3.3.4 A priori conceptual framework***

A conceptual framework or conceptual map represents the 'territory' of what the researcher attempts to study and it does not represent the study itself (Maxwell 2005). It is composed of concepts and their relationships. It also displays what the researcher believes is happening with the phenomenon (Leshem and Trafford 2007). In this case, the conceptual framework displays the researcher's understanding of brand building in SMEs.

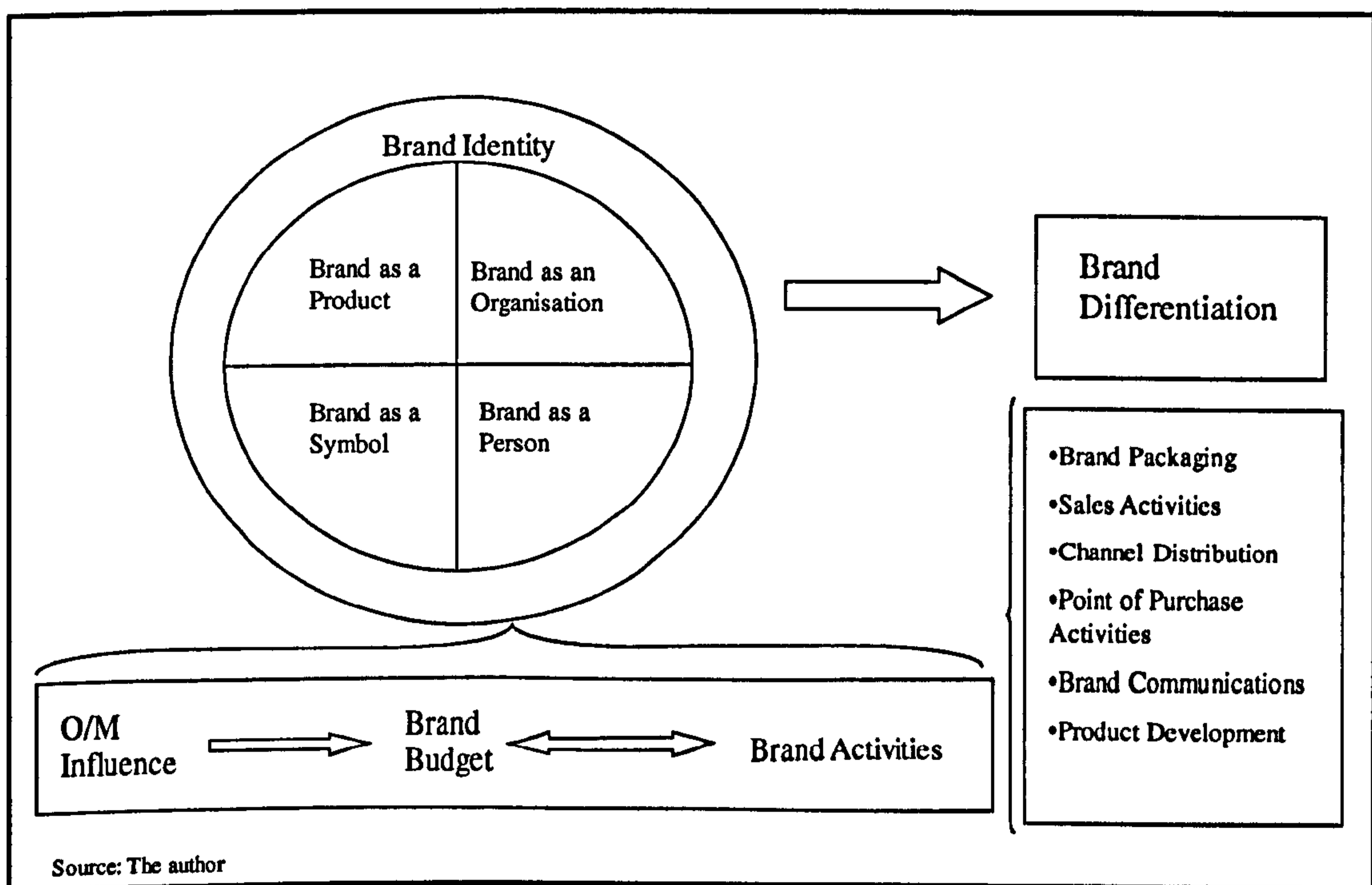
The reasons for using an a priori conceptual framework were based on the following arguments: firstly, an a priori conceptual framework is relevant for new researchers because it helps guide the researcher into the study (Riege 2003), secondly,

Hirschman (1986) argues that in contrast to positivist researchers, qualitative researchers may use a priori conceptualizations not for causal relationship purposes, but as means to envision a cohesive phenomenon which the research wants to understand. Thirdly, the method selected for this study, case studies, have been posit that it may require some level of prior theory (Yin 2002). Lastly, conceptual framework may help direct fieldwork, data analysis, and findings.

This conceptual framework was based on the literature review with the following propositions. Brand identity as posed by Aaker (1996) is composed of four dimensions being 'brand as a product,' 'brand as an organisation,' 'brand as a symbol' and 'brand as a person.' Brand identity guides brand differentiation. At the same time, the brand owner/manager influences a brand budget which enables the brand to perform several brand activities including brand packaging, sales activities, channel distribution, point-of-purchase activities, brand communications and new product development. As a whole, the interaction of these concepts will help the brand grow in a SME context.

The next figure displays visually the conceptual framework:

**Figure 3-2: The a priori conceptual framework**





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The next section explains the rationale used for selecting the appropriate methods and how this conceptual framework was operationalised on the field.

### ***3.3.5 Methodology approach to SME brand research***

In this section, the main issues in relation to the methods used in the research are discussed starting with the debate of two main methodologies.

#### ***3.3.5.1 Debate of two main methodology approaches***

There is an enduring debate on whether to select quantitative or qualitative methods. Those in favour of quantitative research argue that qualitative findings are not valid because they are based on a small sample and their accounts are similar to journalistic reports (Strauss and Corbin 1998).

Conversely, qualitative researchers contend that quantitative findings appear to be shallow and misleading because there is no appreciation of the social values of human behaviour (Strauss and Corbin 1998). The researcher debated on how to approach the research question as discussed in the next section.

#### ***3.3.5.2 Justification of qualitative study to SME brand research***

As suggested by Silverman (2005), the methods selected for research should be based on the best approach to answering the research question and issues. Qualitative research does not seek for causality or test theories, but seeks to understand meanings and relationships coming from complex perspectives (Gummesson 2005). As defined, qualitative research is any research in which findings were developed with any other method except statistical or any mathematical procedure (Strauss and Corbin 1998). The researcher selected the qualitative methodology as a better approach to answering the research question because the aim was to make sense and interpret the phenomenon of SME brand building. By discussing relevant issues pertaining SME brands with key informants, the researcher attempted to understand the meanings (Denzin and Lincoln 2005) behind SME brand building.

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It may be posed that qualitative methods support exploratory research. For instance, qualitative research has been recommended to be used for areas not known (Strauss and Corbin 1998) such as SME brands. It has also been found that qualitative research helps explore the changing and evolving context of marketing activity in general (Gummesson 2005) and in particular, SME marketing context (Carson and Cromie 1990). As it has been previously discussed, this study explores the way by which brands are grown in SMEs. Hence, a qualitative methodology was found most suitable to answer the research question.

The study benefited from several key characteristics of qualitative methods. Firstly, it has been argued that data in some senses are qualitative (Miles and Huberman 1994). They relate to the core elements of people, objects, and experiences which are then translated into numbers or words (Miles and Huberman 1994). Secondly, qualitative methods may obtain better insights and understanding of phenomena because qualitative research may be carried out on the field in a natural setting enabling the researcher to better understand the context, actors, and activities (Flick 2006). As data were collected in a natural setting they are rich, holistic and grounded in a real context (Patton 2002). Thirdly, qualitative studies allow for more flexibility and room for open discussion while collecting data. By adapting to the situation, the researcher is able to understand the phenomenon. In contrast, quantitative research offers no flexibility and all questions are decided before the fieldwork begins (Silverman 2004). Finally, qualitative methods have been found to be most appropriate for developing a new theory in a new area of study (Miles and Huberman 2002).

#### *3.3.5.3 Justification for selecting case studies*

From the broad array of qualitative methods, four main qualitative methods were evaluated for this research: case studies, grounded theory, ethnography and participant observation, and action research. Case studies was selected as the main method to collect data. The next table summarizes definitions, characteristics and when each of the main qualitative methods are recommended to be used:

**Table 3-3: Comparisons amongst qualitative methods**

<b>Method</b>	<b>Definition/Characteristics</b>	<b>When to Use It</b>
<b>Case Studies</b>	<ol style="list-style-type: none"> <li>1. A case study is an empirical inquiry that:               <ul style="list-style-type: none"> <li>• investigates a contemporary phenomenon within its real-life context.</li> <li>• is recommended when the boundaries between phenomenon and context are not clearly evident.</li> </ul> </li> <li>2. It copes with the technically distinctive situation in which there will be many more variables of interest than data points.</li> <li>3. Case studies results:               <ul style="list-style-type: none"> <li>• Rely on multiple sources of evidence, i.e. documents, artifacts, interviews, and observations.</li> <li>• Benefit from the prior development of theoretical propositions to guide data collection and analysis.</li> </ul> </li> <li>4. It is not either a data collection tactic or merely a design feature alone but a comprehensive research strategy.</li> <li>5. The components of case studies research design are:               <ul style="list-style-type: none"> <li>• study's questions</li> <li>• Its propositions, if any</li> <li>• Its unit(s) of analysis</li> <li>• The logic linking the data to the propositions, and</li> <li>• The criteria for interpreting the findings.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. When "how" or "why" questions are being posed.</li> <li>2. When the investigator has little control over events.</li> <li>3. When the focus is on a contemporary phenomenon (as opposed to historical events) within some real-life context.</li> <li>4. There is a need to understand complex social phenomena.</li> <li>5. When required to retain the holistic and meaningful characteristics of real-life events – such as organisational and managerial processes.</li> </ol>



Method	Definition/Characteristics	When to Use It
Grounded Theory	Grounded theory is inductively derived from the study of the phenomenon it represents. The theory is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. Therefore, data collection, analysis, and theory stand in reciprocal relationship with each other. One does not begin with a theory, and then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge.	<ol style="list-style-type: none"> <li>1. When there is need to get out into the field to understand what is going on.</li> <li>2. When it is important to have a theory grounded in reality, and will help in the development of a discipline.</li> <li>3. The nature of experience and undergoing as continually evolving</li> <li>4. The active role of persons in shaping the worlds they live in</li> <li>5. An emphasis on change and process, and the variability and complexity of life</li> <li>6. The interrelationships among conditions, meaning, and action.</li> </ol>
Ethnography & Participant Observation	The description or interpretation of a culture or social group. Observation is perhaps the key instrument in acquiring ethnographic knowledge. Ethnographic research emphasizes the need to think oneself into the perspective of the members of the social group that one is studying. It also has a commitment to naturalistic enquiry. It may arguably sometimes require covert research so that the ethnographer does not influence the social group and the setting.	<ol style="list-style-type: none"> <li>1. When the interest is to provide an in-depth study of a culture that includes behavior, interactions, language, and artifacts.</li> <li>2. When the aim is to understand another way of life from the native point of view by focusing on ordinary, everyday behavior.</li> </ol>
Action Research	A form of research which pursues action (change) and research (knowledge or understanding) at the same time. In most forms, it is participative in that the subjects of the research are actively involved in the research process.	<ol style="list-style-type: none"> <li>1. When the interest of the research is to have the researcher simultaneously taking the roles of both academician and activist.</li> <li>2. When it is the interest to take a problem-solving approach to organisational change.</li> </ol>
Developed from: (Ballantyne 2004; Pratt 2000; Silverman 2005; Strauss and Corbin 1998; Yin 2003).		

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As Table 3-3 shows, action research and ethnography and participant observations were discarded on the grounds that they were not the most appropriate for the research question and conceptual framework. Furthermore, grounded theory was not considered because the main authors, Glaser & Strauss (1968) suggest a particular idea of how to look at this methodology. It is very inflexible and may need a book length on how to document a research. Additionally it has been suggested that novice researchers may take from four to six years to work on this methodology and so it was considered not doable for a PhD study (Griffin 2007).

However, it may be argued that this study has taken a grounded theory approach because it has taken the process of data analysis recommended by Strauss & Corbin (1998). This process helped discover an “enhanced” a priori conceptual framework through an iterative systematic analysis of theme comparisons. Hence, it may be argued that the methodology used for this study was case studies using a grounded theory approach for data analysis. All material in relation to the work done for data analysis is discussed separately in Chapter 3.

The following section presents in detail the selected method for this study: case studies.

#### *3.3.5.4 Case studies*

The case study method was selected for this study due to the following reasons.

Firstly, it has been argued that case studies may be appropriate when answering questions such as “how” and “why” (Yin 2003).

Secondly, the researcher was able to access different sources of evidence such as observations during interviews at offices, text from brand owner/managers interviews, print advertising, web-pages, and publicity such as written articles developed by media and SME trade organisations. In-depth interviews generated most of the rich data for this study (Riege 2003). However, these sources reflected the large number of variables, their complex interrelationship, and business ambiguities of doing business (Gummesson 2005) in SMEs. These sources also

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helped to triangulate at times some information which strengthened the quality of the research.

Lastly, it has been posit that one of the main objectives of case studies is theory building and development which was one of the key objectives of this study (Yin 2003).

From the four basic designs of case studies proposed by Yin (2003), holistic multiple case studies was selected for this research. The main reasons being that the researcher wanted to look at different cases which would better represent the situation of brands in the top five economic sectors of Mexico's GIP. It was also important to interview the brand owner/managers from each one of the cases as they were found to be the key informants for SMEs (Rode and Vallaster 2005).

#### *3.3.5.5 Units of analysis*

The unit of analysis for the holistic multiple case design were the SMEs in the sample and their brands. The primary informants for the study were the owners who also managed their brands or those managers who were directly responsible of the brand and who reported directly to the brand owner/manager. For instance, marketing managers or brand managers or sales managers were all included in this definition. Thus, brand owner/managers in the study were defined as those individuals in the organisation who were the main brand decision-makers.

#### *3.3.5.6 Preunderstanding*

Some qualitative researchers have stated that preunderstanding or experiential knowledge may be defined as the tacit knowledge brought into the study by the researcher including knowledge, insights, and experience (Gummesson 1991; Maxwell 2005). Traditionally, it has been also referred to as subjectivity or bias. However, in recent years it has gained much support (Maxwell 2005).

Preunderstanding is a recognition that the researcher is an instrument for the research and that rather than denying this position it should be accepted. The following quote by Glesne and Peshkin (1992, p. 87) may help to exemplify this position:



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*“...the subjectivity that originally I had taken as an affliction, something to bear because it could not be foregone, could, to the contrary, be taken as “virtuous.” My subjectivity is the basis for the story that I am able to tell. It is a strength on which I build. It makes me who I am as a person and as a researcher, equipping me with the perspectives and insights that shape all that I do as a researcher, from the selection of topics clear through to the emphases I make in my writing. Seen as virtuous, subjectivity is something to capitalize on rather than to exorcise.”*

Hence, it may be argued that it also helped to strengthen data analysis and interpretations of findings (Gummesson 1991). It has also been posit that preunderstanding is a precondition to understanding which is *“the (hopefully) improved knowledge we come up with as a result of our research”* (Gummesson 2003, p. 848).

For this reason, Mexico was considered to be an appropriate location to operationalised the research question. The researcher had previously worked for large and small brands in multinational and small-to-medium-sized organisations for over fifteen years. In multinational companies, he worked for such brands as Mennen, Speed Stick, Protein-21, Kerastase Nutritive, Studio Line, Palmolive, Coca Cola, Diet Coke, Sprite, and Fanta. In small-to-medium companies he worked for Notmusa, a small publishing company, where he started and developed the marketing department. He also helped his uncle direct a glassware company with a brand-orientation. His experience was well-suited to bring in an original input to the study.

However, traditionally this subjectivity has been criticised in terms of bias or threats to trustworthiness or validity. For this reason, it was paramount to be aware of this threat and several strategies were implemented to maintain a reasonable level the trustworthiness. Trustworthiness is discussed in detail in section 3.3.6.1 of this chapter.

### *3.3.5.7 Sampling*

The research design foresaw a theoretical induced sampling (Silverman 2005). The main reasons were: firstly, as Wong and Merrilees (2005) posed, not all SMEs are

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brand-oriented. Hence, it was important to select those SMEs which had a brand. This link between sample and theory has been argued in favour by Mason (1996, p. 91) who states that:

*“Theoretical sampling means selecting groups to study on the basis of their relevance to your research questions, your theoretical position... and most importantly the explanation or account which you are developing. Theoretical sampling is concerned with constructing a sample... which is meaningful theoretically, because it builds in certain characteristics or criteria which help to develop and test your theory and explanation.”*

Thus, the selection included those SMEs with either major or minor brands or either corporate or product brands as long as they were actively engaged in developing their brands. Additionally, the definition established for SMEs was operationalised within the following criteria for selecting and recruiting SMEs:

- with ten to two hundred and fifty employees,
- with a relatively small market presence,
- independently owned and managed by the owner,
- actively engaged in their brands by working on such activities as sales, packaging design, web page design, brand communications, and new product development.
- With consumer branded goods or services.
- With a person inside the organisation responsible for brand decision-making.
- An established website promoting the brand(s).

SME selection and recruitment became a relevant issue due to the difficulty to contact SMEs in Mexico while the researcher lived in Scotland. Thus, firms were required to have a web-page by which the researcher was capable to critically assess their selection and recruitment.

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A list of potential SMEs was developed from searching various sources: 1) SME organisations, 2) articles written in newspapers and magazines about SME brands, 3) directories obtained from trade shows, 4) on-line trade organisations, development banking institutions and Mexico's Economic Ministry directories, 5) alumni associations of key universities in Mexico, 6) the alumni association at Tecnológico of Monterrey, and 6) personal contacts and personal knowledge of SME brands.

Once a list of companies was compounded, a set of pre-selecting criteria was developed to answer the following questions: 1) do they own a brand? 2) do they have a current web-page? 3) do they have an e-mail address? If they answered positively to the three questions, they were then moved on to another list. All SMEs in the list were then evaluated based on their webpage content. It required appearing to communicate to consumers the brand product's attributes, benefits and values and demonstrate they were working on some brand activities such as sales, new product development, distribution channel strategies, and brand communication programs. A new list of companies was developed with all the final selected SMEs. A cover letter with a concise research description and invitation to participate was sent to every brand owner/manager of the selected SMEs.

Those brand owner/managers who responded to the invitation were then sent a second communication with a brief questionnaire to confirm that they satisfied the selecting and recruiting criteria. Appendix 1 shows the questionnaire sent to companies at this stage.

All those SMEs which fitted the criteria were then sent a confirmed invitation to participate and a date was scheduled for a personal face-to-face interview with the brand owner/manager.

A total of thirty SMEs were included in the study with thirty five brand owner/managers involved in thirty six interviews. These were divided into two waves as follows:

- A first wave of interviews involved thirty SMEs, thirty five brand owner/managers – five interviews included two brand owner/managers.



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Interviews took place during a three months period beginning in December 2006.

- A second wave of interviews with the same SMEs involved six brand owner/managers in six interviews. This second visit was organised seven months after the end of the first wave. They were used as means to discuss and validate preliminary findings.

Interviews were expected to stop when theoretical saturation was reached as new data would only bring in minor information to major patterns (Strauss and Corbin 1998). Saturation point during the first wave was reached at interview number twenty two, but the researcher continued up to interview thirty in case more data was required during the advanced stages of data analysis. In the second wave, saturation point was reached at interview number six.

The following table shows key characteristics of SME profile:

**Table 3-4: Profile of SMEs in the study**

Brand	Sector	Category	Starting Year	Number of Employees	Marketing Area
1	Manufacturing	Paper	2004	25	
2	Manufacturing	herbal medicine	2003	10	
3	Services Commerce	early childhood development	1994	12	
4	Services	long distance telephone card	1998	50	
5	Manufacturing Commerce	homeopathy medicine	2000	31	Yes
6	Services	diet and health	2003	35	
7	Manufacturing	personal and home care	2004	19	
8	Manufacturing Commerce	clothing	1998	100	
9	Manufacturing	inflatable games	2001	14	
10	Manufacturing Commerce	sweet and savory breads and puddings	1976	120	
11	Manufacturing	sweetener	2004	13	
12	Services	experiences	2004	15	
13	Commerce	sports	2003	14	
14	Services	baby	2000	14	Yes
15	Services Commerce	ice-skating	1991	180	
16	Manufacturing Commerce	alcoholic beverages	1933	10	
17	Manufacturing	sauces	1996	22	
18	Manufacturing Commerce	coffee	2003	140	Yes
19	Manufacturing	cosmetics	1988	220	Yes
20	Manufacturing	paper	2000	47	Yes
21	Manufacturing	sweets	2003	10	
22	Manufacturing	snacks	2001	23	
23	Commerce	restaurant	1996	60	
24	Commerce	real estate	2004	54	
25	Manufacturing	furniture	2004	15	
26	Manufacturing Commerce	food	1985	53	
27	Manufacturing Commerce	food	1989	46	
28	Manufacturing Commerce	sauces	1973	61	
29	manufacturing	toys	2004	15	
30	Manufacturing	jewellery	2004	10	

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### 3.3.5.8 Data collection technique: semi-structured interviews

Open-ended interviews were considered for this study because it has been posed that they may bring new organisational information by explaining or exploring different dimensions of the respondents' experiences while providing rich descriptions of the phenomenon experienced by the interviewees (Sproull 1988).

There are three common approaches to handling qualitative data based on the level of structure and standardisation of open-ended interviews (Patton 1990; Robson 2002):

- Informal conversational interview – *unstructured*
- General guide approach – *semi-structured*
- Standardised open-ended interview – *fully structured*

In particular, semi-structured interviews allow both interviewee and researcher to freely construct a conversation based on a set of planned issues (Patton 1990). They also offer enough structure to guide the conversation on the right direction and within interview time constraints (Robson 2002). Semi-structured interviews offered brand owner/managers enough flexibility to explore and discuss in detail key issues involving SME brands.

The use of semi-structure interviews was relevant to the research question because they offered rich in-depth information about how brands were built in SMEs.

Semi-structure interviews were conducted in five cities in Mexico: Mexico City, Monterrey, Cuernavaca, Toluca, and Atocpan.

As Holstein and Gubrium (1995) sustain, interviews were actively constructed treating interviews as a social encounter by which both interviewee and researcher built meanings throughout their conversation. Interviews were 'co-produced' through shared interaction of realities and experiences. They were not taken as mere instruments that gather data from the researcher and offer data from interviewees (Miles and Huberman 1994), but researcher and interviewee were much involved in constructing meaning (Manning 1967 as cited by Holstein and Gubrium 1995).



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Furthermore, interviews were developed to reconstruct the subjective theory of brand owner/managers of SME brands. Subjective theory refers to the fact that interviewees hold knowledge on the issues relevant to the study (Flick 2006). They may hold both explicit and implicit assumptions which may be expressed spontaneously or may need further probing based on the interview guide.

Each issue was discussed using a predetermined structure for each one of the issues of the guide (Flick 2006). Each issue was introduced by an open question derived from the literature review and the researcher's theoretical assumptions. These questions helped interviewees to articulate their implicit knowledge more explicitly. As is, interviewees had the choice to either support or reject these questions depending on their stand on the issue. Lastly, confrontational questions based on the interviewees' subjective theory were at times used to critically re-examine their knowledge on the issue and confirm whether their answer was really theirs and not an answer to comfort to the interview objective.

Additionally, semi-structured interviews have been most appropriate in other studies. For instance, some authors have suggested that semi-structured interviews are particularly useful when collecting data from brand owner/managers of SMEs (Curran and Blackburn 1994). They give interviewees the opportunity to express themselves without constraints. There were no predetermined questions that hindered their response. There were no specific questions on how they develop their brand elements. Other studies on SMEs have stated that by encouraging interviewees to respond in their own language, there is no need to prompt into the discussion (Carson and Cromie 1990). At the same time, because brands were also part of the SME there was no need to prompt the discussion. This situation gave ample data for the research to analyse and make appropriate codes and interconnection amongst them.

The researcher used a set of predetermined issues which were translated into open-ended questions to set up a discussion. Importantly, these questions were flexible enough to be added, omitted or modified to suit the content and interaction with the respondent (Patton 1990; Robson 2002). At the same time, question wording was changed and probed based on the particular situation of the interview and brand owner/manager.

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An interview guide was used to structure the interview as posed by Patton (2002). A detailed guide may be found in Appendix 2 of this thesis.

Additionally, a table was also developed prior to the fieldwork to link the a priori conceptual framework and key quotes from academic literature with the questions which were going to be asked during interviews. This table helped to strengthen the 'trustworthiness' of the study by closely linking each element of the conceptual element with its corresponding question and pertaining quotes of key authors. This table can be found for analysis in Appendix 3 of this thesis.

### *3.3.5.9 Data Analysis*

Due to the nature of qualitative studies, the researcher found important and pertinent to explain in detail how data analysis was carried out. As Silverman (2005) recommends, qualitative researchers may require to be open and explicit as to how findings were developed in the study. Thus, a chapter dedicated to data analysis was developed in detail and may be found in Chapter 3 after this chapter.

### *3.3.6 Trustworthiness: Quality in qualitative SME brand research*

As previously discussed in Section 3.3, the research design for the study included an interactive element of quality which Maxwell (2005) refers to as validity. This section begins by discussing the concept of validity and its justification for defining quality not in terms of validity, but in terms of trustworthiness in qualitative research. Then the discussion moves on to explaining the components of trustworthiness and their corresponding strategies for maintaining quality in the study at a publishable level. Importantly, quality was an important element in research design in such manner that it helped the researcher to become aware, to foresee and to secure as much as possible the quality of this research.

#### *3.3.6.1 Quality and quality standards in qualitative research*

Research studies may attempt to reach some level of quality based on some quality standards which may be already established by either quantitative or qualitative researchers. Many authors suggest for instance that quality in research studies may

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be attained through soundness and rigour (Maxwell 2005). One main quality standard has been posited to be validity.

As a conventional quality criteria, validity makes reference to: *“the correctness or credibility of a description, conclusion, explanation and interpretation of reality”* (Maxwell 2005, p. 45). It has also been stated that validity is a goal and not a product; something which is never to be proven (Maxwell 2005). It has also been argued to be relative to the purposes and circumstances of the study rather than context-independent and that evidence rather than methods should make the study credible (Maxwell 2005).

However, some social researchers have argued that the concept of validity comes from positivism and that qualitative studies should introduce parallel criteria to reach rigour (Miles and Huberman 1994; Robson 2002; Yin 2002) as both quantitative and qualitative studies find truth differently and may be achieved in different manner. For instance, in qualitative studies validity does not expect an objective truth as quantitative studies do (Maxwell 2005). Furthermore, qualitative researchers may have different perspectives from equally valid accounts. However, their findings and conclusions must be securely grounded (Maxwell 2002). It has also been argued that validity is consistent with the notion that *“data in themselves cannot be valid or invalid; what is at issue are the inferences drawn from them”* (Hammersley and Atkinson 1983, p. 33).

Additionally, while in quantitative studies, the researcher may attempt to anticipate any threats to validity prior to initiating the research, in qualitative studies, it is often impossible to prepare for any threats to validity before the research begins (Maxwell 2002). Hence, the quality in qualitative research should be treated different.

- In regards to the quality of qualitative studies, there is a debate whether there should be some qualitative criteria at all. On one hand, there are those authors who support a posture of ‘everything goes’ suggesting that any attempt to evaluating quality in qualitative research is meaningless and that any explicit ruling may risk the delivery of the richness and the spirit of qualitative research (Feyerabend 1975 as cited by Elliott et al. 1999; Halldorsson and Aastrup 2003). Conversely, there are other



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authors who advocate for some type of quality standards in qualitative research. They suggest that such evaluative criteria may not only help gain wider approval and acceptability for qualitative studies, but may also serve as appropriate guidelines to evaluate publishable qualitative articles (Elliott et al. 1999).

Based on the previous argument then, some authors have proposed quality standard concepts parallel to validity. These proposals include authenticity and trustworthiness (Guba and Lincoln 1989; Maxwell 2002; Yin 2003).

From these two concepts, trustworthiness was selected to evaluate and maintain a publishable material for the study at hand. The reason for selection was merely due to the widely apparent acceptance of trustworthiness and its four components amongst qualitative researchers (Erlandson et al. 1993; Guba and Lincoln 1989; Halldorsson and Aastrup 2003; Riege 2003; Stiles 1993)

Trustworthiness may be described through four components:

- Credibility
- Transferability
- Dependability
- Confirmability

The following table may illustrate the comparability between validity and trustworthiness components:

**Table 3-5: Comparison between validity and trustworthiness components**

<b>Validity components</b>	<b>Trustworthiness components</b>	<b>Description of trustworthiness component</b>
Internal validity	Credibility	<i>It establishes that there is no single objective reality, but constructed by and exists only in the minds of the respondents and their particular context. It is the degree of 'match' between the respondents' constructions and researcher's representation of these that determines credibility.</i>
External validity (generalisation)	Transferability	<i>It enables to make general claims about the world by guiding decisions about the operation of that context in a succeeding time frame considering time and space constraints.</i>
Reliability	Dependability	<i>It is concerned about the stability of data over time through trackability, in other words, by documenting the logic of process and method decisions.</i>
Construct validity (objectivity)	Confirmability	<i>Interpretation of data is drawn in a logical and unprejudiced manner.</i>
Source: based on key qualitative researchers (Erlandson et al. 1993; Guba and Lincoln 1989; Halldorsson and Aastrup 2003; Riege 2003)		

As Table 3-5 shows several qualitative researchers argue in favour for a parallel relationship between components of validity and trustworthiness. These components were considered in this study and several strategies were used to keep trustworthiness threats at a minimum.

Some of the key issues relevant to trustworthiness are threats to trustworthiness. Contrary to quantitative studies, qualitative studies are not designed to control anticipated or unanticipated threats to trustworthiness. Qualitative studies use evidence to rule out any rival hypothesis – any alternative explanation different from the one argued by the researcher in the study (Huck and Sandler 1979 as cited by Maxwell 2005). Thus, trustworthiness may also be understood as a strategy to identify and rule out these threats. The researcher required to identify the specific threats and develop strategies to block any particular threat (Maxwell 2005)

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Before moving on to explaining how the researcher developed particular strategies to block threats for each one on the four components of trustworthiness, it may be important to highlight three main broad viewpoints which may be helpful to evaluate trustworthiness in this study.

As posed by Halldorsson and Aastrup (2003) the following viewpoints were considered for this study:

1. *To be trustworthy is to check.* That is, as researchers, one must check constantly one's own research for any biases, triangulations, deviant cases, negative evidence, receiving feedback from interviewees as means to control trustworthiness
2. *To be trustworthiness is to question.* There are some criticisms to qualitative research that different researchers may come up with different meanings from the same data. Thus, there may be different interpretations to the same data. However, these differences come about different questions raised for the same study. Therefore, it is important to stress and be explicit about what are the questions and objectives being raised for one particular qualitative study.
3. *To be trustworthy is to theorize.* That is, theory guides research and becoming aware of these theories may help one explain why some findings and conclusions came about from the research.

At this point, it may be relevant to remember the aim, key questions and objectives set for this chapter as described in sections 3.3.1 and 3.3.2 of this chapter.

The next sections will present how the researcher maintained each one of the four elements of trustworthiness. The first to be discussed is credibility followed by transferability, dependability and finally confirmability.

### *3.3.6.2 Credibility*

Credibility is parallel to internal validity. It involves the acceptance of findings from respondents and peers so that the interpretations of the researcher regarding the



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phenomenon are in line with the interpretation of the brand owner/managers. The strategies used to maintain credibility were as follows:

- Comparing and contrasting emerging themes within each interview, within the set of five interviews and amongst sets of interviews so that the theme was interpreted from the viewpoint of respondents and not the researcher's bias (Flick 2006).
- Using displays such as tables and conceptual maps during data analysis as means to help build and understand of how brands were built in SMEs (Miles and Huberman 1994).
- Presenting data analysis, findings and conclusions as means to foster subsequent credibility (Hirschman 1986; Robson 2002). Presentations were carried out during bi-annual thesis committee presentations, monthly meetings with supervisor, two presentations to the business faculty at Pablo Olavide University on May 8<sup>th</sup>, 2007 and May 15<sup>th</sup>, 2008 in Seville, Spain and conference presentations at 2007 International Brand Management Conference in Birmingham, UK and EMAC 2008 in Brighton, UK.
- Using respondent checks by presenting preliminary findings and conclusions to O/Ms during the second wave of interviews (Lincoln and Guba 1985).
- Researcher's self-monitoring while interviewing O/Ms and analysing data. This was accomplished mainly by writing field notes about observations and possible findings, and by keeping a diary about researcher's thoughts, discoveries and their pertinent reflections (Merriam 1988).

### *3.3.6.3 Transferability*

Transferability is parallel to external validity. It involves presenting enough thick descriptions so that readers may identify similarities and differences amongst respondents and how these findings relate to prior theories. The strategies used to maintain transferability were as follows:

- 
- Use of an interview protocol and theoretical induced sample for interview interaction with brand owner/managers helped to offer replication logic for each one of the SMEs included in the study.
  - Definition of both scope and boundaries helped to reach a certain level of analytical generalization, not statistical generalization (Marshall and Rossman 2006).
  - Comparisons were made between findings and extant literature pertaining some of the findings and contributions which may offer an outline of generalisations pertinent to the scope and boundaries (Yin 2003).
  - Use of thick descriptions and displays to help readers evaluate the possibility of transferability (Lincoln and Guba 1985).
  - Use of systematic steps (Yin 2003) as described in the data analysis chapter which is based on Strauss & Corbin's (1998) code analysis.

#### *3.3.6.4 Dependability*

Dependability is parallel to reliability. It involves achieving consistency in the procedures taken throughout the research and congruency with the research questions and research design. The strategies used to maintain dependability were as follows:

- Interview protocol was developed, reviewed, improved and approved by peers during a thesis committee presentation and meeting with supervisors in Fall/Winter 2006 (Yin 2003).
- Interview protocol was semi-structured in such a way that it offered sufficient flexibility for interaction/interview with brand owner/managers while keeping certain structure for guide in main topics (Yin 2003).
- All interviews were taped and then transcribed word by word (Nair and Riege 1995 as cited by Riege 2003).

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### 3.3.6.5 Confirmability

Confirmability is parallel to construct validity. It involves being explicit about the methods and data analysis procedures and having data available for other researchers to reanalyse. The strategies used to maintain confirmability were as follows:

- taping and transcribing all interviews (Silverman 2005).
- triangulating when possible from different sources: text derived from interviews, published data from SME websites, and print advertising and publicity text (Flick 2006).
- offering verbatim quotes and notes taken during fieldwork and researcher journal in the findings chapter for revision (Hirschman 1986).
- presenting preliminary findings and findings to some interviewees to obtain their verification (Yin 2003).

### 3.4 Summary

This chapter provided a detail discussion on the underlying issues pertaining research content and research problem which set up the appropriate research design and its components: research question, aim and objectives, a priori conceptual framework, methodology, trustworthiness and its corresponding philosophical approach of this research.

It also examined the debate and justification for selecting an interpretive approach. It also presented and justified the selection of case studies as the most appropriate qualitative method to respond to the research question.

It also offered a detailed explanation into the issues surrounding quality and quality standards for qualitative research. At the same, this chapter presented some of the key strategies used to maintain trustworthiness at a minimum.

Having said that, the next chapter explains in detail how the researcher underwent data analysis in this research.



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## Chapter 4: Data Analysis & Synthesis

### 4 Data Analysis & Synthesis

#### 4.1 Introduction

This chapter describes the analysis and synthesis of the research data with the primary objective to offer a detailed insight on how findings were developed by means of theme coding. Findings were later used to present a final conceptual model by which the research attempted to explain how brands are built in SMEs.

To help read this chapter, the first four main sections are based on the process used to analyse data. The first section discusses the preparatory stage. The second, third and fourth sections are based on Strauss & Corbin (1998) approach to coding. That is, an open coding stage, an axial coding stage, and finally a selective coding stage. At the end of each stage, the main accomplishments are presented in a summary.

The last section offers a final summary of data analysis of the chapter including Figure 4-7 which graphically describes how data analysis moved through a ladder of analytical abstraction (Carney 1990).

#### 4.2 Preparatory stage for data analysis

The purpose of this preparatory stage was for the researcher to find a way to systematically engage in the data. The researcher found it necessary to plan a path by which he was to approach the somehow messy work which was about to begin.

At the same time, the researcher was confronted with the difficulty of the unordered, complex and confusing process of data analysis mainly due to the volume and richness of qualitative data (Miles and Huberman 1994).

Maxwell (2005) even went further to suggest that as a beginning researcher he found qualitative data analysis to be:

*“A very mysterious matter” - (Maxwell 2005, p. 8).*

In particular, there are a few studies which make reference on how to analyze the inductive side of qualitative data (Shaw 1999a).

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For these reasons, the preparatory work for this study reflected on the following points:

1. The units of analysis
2. The role of the a priori conceptual framework in the analysis
3. The use of software to help manipulate and analyse data
4. The process by which data was going to be analysed

These four points are discussed in the next sections

#### ***4.2.1 Units of analysis***

Ryan and Bernard (2000) have suggested two broad methods to classify text into units of analysis: words and themes. This research is based on theme or code analysis. The main reason being is that it has been argued that even when word analysis has been found to capture relationships between concepts, there have been some validity drawbacks as words do not offer an understanding of conclusions and they may require to be interpreted within the word unit context which they were drawn from (Jackson and Trochim 2002).

Theme analysis though, helps to reduce text into more manageable categories or themes (Krippendorff 1980; Weber 1990). These codes may help to discover recurring themes in the text. Thematic coding was then used for data analysis as it has been recommended when large amounts of data are used for theory development (Boyatzis 1998; Strauss and Corbin 1998).

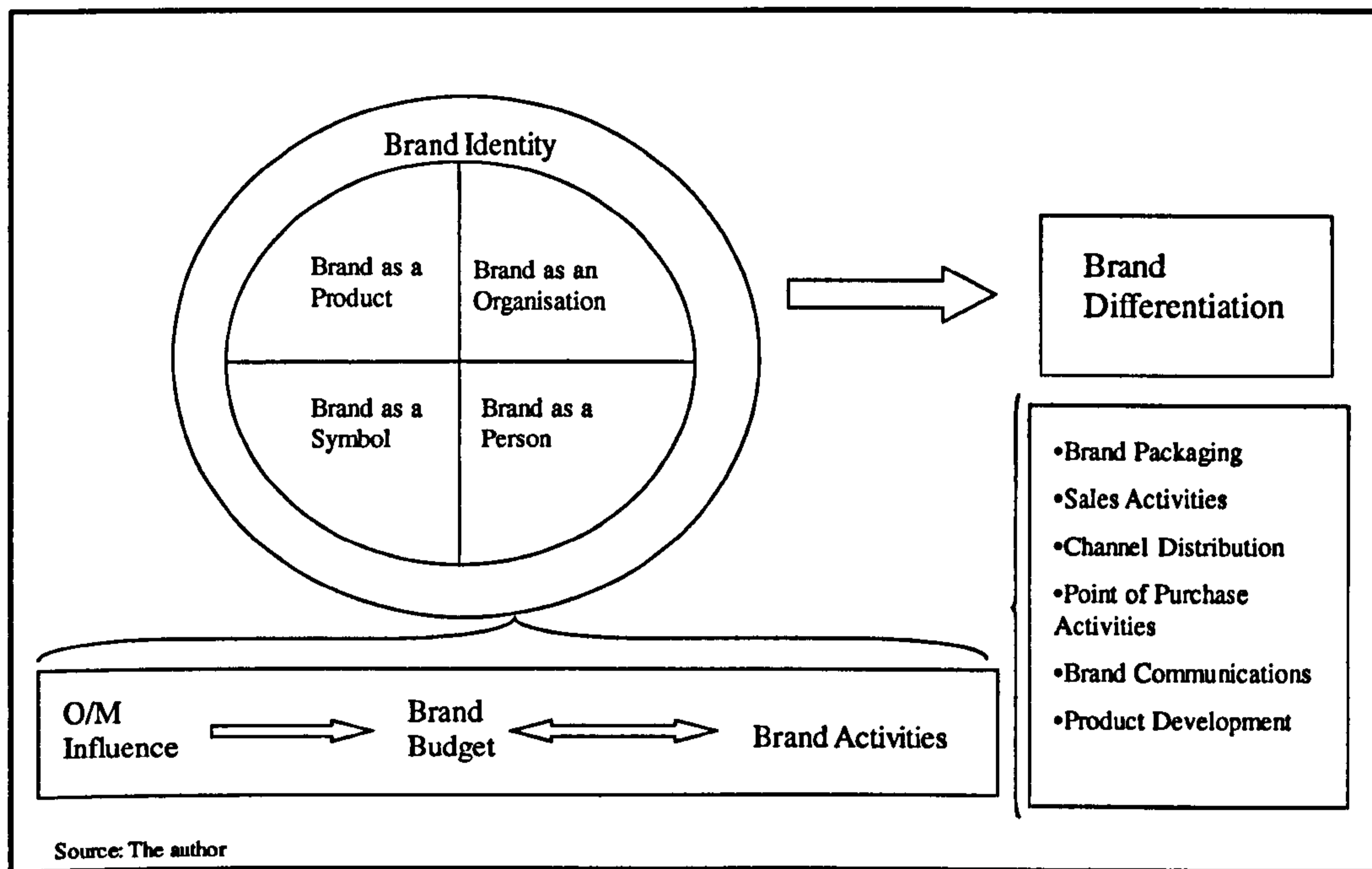
Content analysis was not used as it was not found helpful to answering the exploratory question of how brands are built in SMEs. Content analysis is suitable for those studies which seek to test theories with preestablished themes (Denzin and Lincoln 2000; Ryan and Bernard 2000).

#### ***4.2.2 The A Priori Conceptual Framework***

As discussed in the Methodology chapter, the research design foresaw an a priori conceptual framework which helped to direct not only the fieldwork, but also the data analysis and findings.

Specifically, the a priori conceptual framework helped the doctoral researcher to explicitly look into the deductive side of the data analysis. For better reference, this conceptual framework is displayed in the following figure:

**Figure 4-1: The A Priori Conceptual Framework**



As Figure 4-1 shows the conceptual framework helped focusing on key elements such as brand identity, brand differentiation, brand activities, brand budget and the brand owner/manager influence.

At the same time, it helped implicitly to bring about the inductive side of the data analysis. Those concepts which emerged from the data and were not previously included in the conceptual framework.

The preparatory work for data analysis was set by the conceptual framework, but other intervening factors needed to be address as discussed in the next section.

#### *4.2.2.1 List of anticipated theory-driven codes*

The researcher was able to foresee some possible theory-driven codes based on the a priori conceptual framework.

As the research questions were based on the conceptual framework, it was expected to start a list of codes. The following table exemplifies the list of codes which the code analysis started with:



**Table 4-1: Examples of anticipated codes and sub-codes**

<b>Main code</b>	<b>Sub-codes</b>
Brand as a Product	Product Scope, Product physical characteristics, Benefits, Values, Quality, Link to Country, Product Scope, Associations with Usage and Users
Brand as an Organisation	Organisational Attributes: Innovation, Drive for quality, Creativity, trustworthiness
Brand as a Person	personality, brand-customer relationships
Brand as a Symbol	Visual imagery, metaphors, brand heritage, brand name
Brand Differentiation	Product, Organisation, Person, Symbol
Brand Activities	Sales, brand packaging, channel distribution, point-of-purchase, brand communications, product development
Brand Difficulties	Lack of financial resources, lack of time, lack of brand management knowledge, larger competitors, large chain retailers, lack of information
Brand Owner Influence	sales, operations, management
Brand Budget	budget development, control

As Figure 4-1 shows, the researcher started with a list of codes derived from the interview guide and the conceptual framework. As later on is described, this list was later modified as the data analysis progressed.

### **4.2.3 NVivo**

NVivo is one of the most popular CAQDAS (Computer Assisted Qualitative Data Analysis Software) for qualitative research (Dean and Sharp 2006).

The researcher self-taught NVivo through the tutorials and several books on how to use it (Bazeley and Richards 2000; Gibbs 2002; Richards 2005).

He was required to become familiar with the software environment, and ran some tests before doing the actual data analysis.

Importantly, he became aware that NVivo was not going to do the analysis, but rather help him through the process by organizing and assisting on the data manipulation.

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One way by which NVivo helped with data manipulation and organisation was by making a noticeable distinction between those codes which were found to have a relationship and those which they were yet floating in the analysis as separate codes.

Within NVivo, codes are termed nodes. NVivo offered two types of nodes: “tree” and “free”. Those codes which were found to have a relationship with another code were going to be placed as “tree nodes.” “Tree nodes” meant that they were expected to grow with other nodes tied with the “tree node.” Furthermore, dimensionality to this relationship was possible by creating “sibling nodes” meaning their relationship is at the same level, or “child nodes” meaning the “child node” stemmed from the one major node.

All the nodes derived from the conceptual framework were placed as “tree nodes.” All the new nodes which were not found to have a relationship with another code were placed as “free nodes” until further analysis would confirm they belonged to a “tree node.”

It was anticipated then that the deductive codes were going to be “tree nodes” and the inductive codes were going to be “free nodes.” However, as the analysis progressed this was not the case and is discussed in the appropriate stages of analysis.

It was also noticeable that the researcher was going to be engaging with NVivo in two ways. On one hand, there was the mechanical side of using NVivo and on the other, the way NVivo was going to help do the analysis.

All thirty interview documents had to be converted from word to rtf format before analysis.

#### ***4.2.4 Preparation for data analysis***

An anticipated way by which data was going to be processed increased its confirmability and assured a more systematic way to the analysis. This process included dividing the interviews into sets of five and having a one full stop in the process of coding. These full stops allowed the researcher to step away from NVivo and use other types of research tools. Both sets of interviews and full stops are discussed next.

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#### *4.2.4.1 Sets of five interviews*

All thirty interviews were divided into sets of five. By placing them into sets, it offered better data analysis flexibility. That meant that in NVivo, the option of “Sets” was going to be used to separate and regroup the transcripts. For instance, it was going to be possible to bring back any particular node from one particular set of interviews for comparisons and contrasts with the same node in another set of interviews.

#### *4.2.4.2 Full stops*

Interviews were grouped into sets of five. That meant that there was going to be a time for deeper reflection and understanding of what the codes meant. It was a time to be used to understand what was the phenomenon of brand building meant to the interviewees. The full stop would have the purpose to reflect on that particular set and then compare and contrast against previous sets and pull together all the previous open coding up to that stop. At this time, the researcher was going to move away from NVivo and use other research tools such as writing and displays to go deeper into the meaning of the themes.

#### *4.2.5 Issues surrounding language*

As all interviews had been carried out in Spanish, one key issue which was raised was whether the transcripts were going to be translated from Spanish to English. The researcher wanted to keep as close as possible to the data and so the language for data analysis remained in Spanish. At least during the first stages and then as the data progressed and findings were reached, the language was to move to English. This decision was supported not only by the thesis committee in the Marketing Department at the University of Strathclyde, but also by the Business Faculty at the University of Pablo de Olavide in Seville, Spain during research presentations.

As planned and as data analysis progressed, themes in Spanish were then translated into English with the assistance of two native English speakers who helped to confirm that the words used to describe the themes in English, corresponded to the words used to describe the same themes in Spanish. In linguistics, this process is called local reference wording.



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#### **4.2.6 Summary**

The purpose of the preparatory stage was to set an organised plan to systematically engage the researcher in the 'messiness' of qualitative data analysis. This stage took into consideration the inclusion of an a priori conceptual framework to help guide the deductive side of data and was left implicitly the emergence of the inductive side of data.

NVivo was selected to organise and assist data manipulation and a list of anticipated theory driven codes and sub-codes were also developed.

In terms of how data was to be actually analysed, all interviews were divided into sets of five. Each set was planned to be analysed in detail and then have a full stop as means to take the researcher away from the 'mechanical' analysis of NVivo and go deeper into a reflective mode by using other writing research tools which later in this chapter are explained. Full stops also had the aim to reflect on particular sets, compare and contrast against previous sets. These full stops would help understand what the codes meant in relation to the phenomenon of brand building.

The issue of maintaining data analysis in the original language, Spanish, helped maintain the research closer to data. Such decision was to remain at least during the initial and middle stages. As the study progressed to findings, the language would move to English. This decision was supported by two business academic faculties at University of Strathclyde and University of Pablo de Olavide.

Once the preparatory stage was done, it was time to begin the first stages of data analysis or open coding as discussed in the next section.

#### **4.3 First stages of data analysis: Open Coding**

Once the preparatory work was accomplished, the researcher proceeded to the first stage of coding.

In order to help the reader go through this stage of analysis, this activity is presented through three major sub-sections. Each sub-section describes how each one of the three research tools was used: NVivo, writing research tools and data displays. At

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the end of each subsection the reader will find a summary. This section closes with a main summary which wraps up the main activities of open coding.

The purpose of open coding was to open inquiry widely (Berg 2004).

Many authors sustain that coding goes through a process of beginning in a descriptive way and then moving into more conceptual/inferential manner. For instance, Strauss and Corbin (1998, p. 61) define this first stage of coding as:

*“The process of breaking down, examining, comparing, conceptualizing, and categorizing data.”*

Open coding may be confused at first as breaking down data. However, even when there was a strong mechanical activity of breaking down large amounts of data from the transcripts and putting them into ‘nodes’ in NVivo, it also meant to clearly understand the significance, relationship and overall impact into answering the research question and objectives.

For the researcher, open coding meant breaking down the data into relevant themes, making them more manageable to examine and compare, so that the analysis would move to a more conceptual level.

Importantly, this movement between description and conceptualization was iterative and was done at different paces depending on the type of theme which was analysed. This brought in at times complexity and difficulty as not all themes moved forward at the same time and pace. This stage of analysis, at times, appeared to be almost impossible to accomplish.

However, as suggested by Strauss & Corbin (1998) the following four recommendations were done during open coding which helped the analysis:

**Table 4-2 Recommendations for Open Coding**

<i>Recommendations (Strauss &amp; Corbin, 1998)</i>	Open-coding in the study
<i>1. Ask the data a specific and consistent set of questions.</i>	1. The inquiries were the main research question and the objectives of the study.
<i>2. Analyze the data minutely. More is better.</i>	2. In this study, each line was read and when a theme was found, it was coded. There was a great number of codes being developed at this stage.
<i>3. Frequently interrupt the coding to write a theoretical note.</i>	3. As each line was read and potentially coded, the researcher kept a research memo to catch any sentence or word that would trigger an idea.
<i>4. Never assume the analytic relevance of any traditional variable until the data show it to be relevant</i>	4. Going back to recommendation number 2, every possible relevant sentence or word was coded, but was not made any judgement of its relevancy until it failed to support the theme.

While NVivo helped to break down the transcripts and to manipulate the codes, the other research tools such as the research journal, memos and displays helped move deeper into the examination, understanding and conceptualization of open coding.

The next sections discuss how each one of the research tools were used during open coding. However, even when they are presented in sequence, the researcher moved interchangeably amongst the research tools. This movement from one tool to another was iterative during the open coding stage.

#### **4.3.1 Open coding with NVivo**

##### **4.3.1.1 Looking for codable passages**

All transcripts were read first before engaging in coding to have an overall understanding of the entire interviews. Then, each transcript was then read word by word, line by line (Berg 2004) looking for a codable moment – that is, patterns or themes and their relation to the list of nodes (Boyatzis 1998).



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As recommended by Bazeley and Richards (2000, p. 18), the researcher took into consideration the following questions when looking for useful codes:

- *“What is interesting? And highlight the passage.*
- *Why is it interesting? This may generate a descriptive or interpretative code. Make a code.*
- *Why am I interested in that? This will generate a more abstract concept which will be useful as one begins to structure the coding system.”*

At this stage, the work concentrated in breaking down the transcripts into relevant themes surrounding the research question “How are brands built in SMEs?” As recommended by Berg (2004) having more codes is better, up to a point when saturation is reached and then data will repeat itself at different units of analysis or nodes. Codes were required to be defined as discussed next.

#### *4.3.1.2 Defining codes*

The researcher had generated a list of codes. In this list, each code was composed of three elements:

- *Label*
- *Definition*
- *Indicators*

When a codable moment was detected, it was compared against the list of theory-driven nodes. If the codable moment fit the code, it was placed as a ‘tree’ node in NVivo. Otherwise, a decision was made whether this node formed part of an already existing ‘tree’ node. If such was the case then it was placed as either a ‘child’ or ‘sibling’ node depending on the relationship. If the node was not found to be part of a ‘tree’ node then a ‘free’ node was created in NVivo. As open coding progressed and a ‘free’ node was found to be relevant and had a relationship with a ‘tree’ node, then the ‘free’ node was moved to either a ‘child’ or ‘sibling’ node of the tree node.

Here are some examples of the labels, definitions and indicators in the ‘brand as a product’ code:

**Table 4-3: Labels, definitions and indicators - Brand as a product code**

<b>LABEL</b>	<b>DEFINITION</b>	<b>INDICATORS</b>
Brand as a Product	Aspects of the brand in relation to the product or service	Description of the product or service
Quality	A distinctive characteristic, attribute or property; it may also make reference to high grade, superiority, excellence	The word quality within any reference to the distinctive characteristics or attributes of the product, ingredients, perceptions of such, its benefits, it may also refer to that high grade or excellence that the brand contains.
Product physical characteristics	Brand description of physical characteristics	phrases, sentences in relation to the description of the physical characteristics: i.e., packaging material, ingredients of formula, physical conditions of shop.
Product benefits	Brand description of the benefits	Short-term advantages of the brand
Functional Benefits	Brand description of the functional benefits	Description of benefits related to the use, purchase and attributes.
Purchase Benefits	Brand description in relation to purchase benefits	Description of purchase benefits. i.e. convenience of purchase, price decision on time of purchase.
Usage Benefits	Brand description in relation to usage benefits	Description of benefits in relation to the time of using the product/service: "we give them a notebook to keep track of the advances of the child"
Emotional Benefits	Brand description in relation to usage benefits	Description of the emotional benefits associated with the product/service: "by losing weight her self-esteem may improve and feel better about herself"
Product values	Brand description in relation to long-term benefits	Description of the benefits associated with long-term benefits such as: "they are helping in the long term the improvement of the environment"
Associations with Usage Occasion	Brand description in terms of the associations with usage occasion	References of the product/service associated with usage occasion
Associations with Users	Brand description in terms of the associations with users	References of the product/service associated with users
Link to a Country or Region	Brand description by linking it to the country, region, city, locality.	References of the product/service associated with the country of origin or region or city or town.

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### 4.3.1.3 Schedule

The use of NVivo was used with the following schedule:

**Table 4-4: Schedule of NVivo**

Set Number	Number of Interviews	3/07	4/07	5/07	6/07	7/07	8/07
1	1-5	****	****				
2	6-10			****	*		
3	11-15				**		
4	16-20				*	*	
5	21-25					****	
6	26-30						**

As Table 4-4 shows, sets 1 and 2 took longer periods of time to open coding. This situation was primarily due to the following: firstly, the researcher was required to learn and become familiar with the use of NVivo. Secondly, NVivo was used heavily when compared to the other research tools such as research memos and data displays. Sets 3, 4 and 5 were done at a faster pace as the researcher became knowledgeable about NVivo, and began shifting the balance of research tools. The period between August and September, the researcher began to move from open coding to axial coding discussed in the following section. During these months, saturation point appeared to have been reached. The last set of interviews were open coded during August as means to use the data already collected on the field.

### 4.3.1.4 Set of starting theory-driven codes

Open coding began with a set of theory-driven codes. These codes were placed as tree nodes in NVivo. It was expected that new codes would either be tree or free codes. It was expected that grounded codes were placed as free codes until proven to show some pattern and relevant relationship to tree codes.

- The next table shows the primary list of nodes which started the fragmentation of data:



**Table 4-5: Primary list of initial codes**

Main tree node	Child node	Child node	Child node
<ul style="list-style-type: none"> <li>• Brand as a Product dimension</li> </ul>	<ul style="list-style-type: none"> <li>• product related attributes,</li> </ul>	<ul style="list-style-type: none"> <li>• Functional benefits,</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase benefits,</li> <li>• usage benefits</li> </ul>
		<ul style="list-style-type: none"> <li>• Emotional benefits</li> </ul>	
		<ul style="list-style-type: none"> <li>• Product values</li> </ul>	
<ul style="list-style-type: none"> <li>• Brand as a Organisation dimension</li> </ul>	<ul style="list-style-type: none"> <li>• Product scope,</li> <li>• quality,</li> <li>• associations with use occasion,</li> <li>• association with users,</li> <li>• link to a country</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand as a Organisation dimension</li> </ul>	<ul style="list-style-type: none"> <li>• Organisational attributes</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation,</li> <li>• drive for quality,</li> <li>• concern for environment,</li> <li>• creativity</li> </ul>	
<ul style="list-style-type: none"> <li>• Brand as a Person</li> </ul>	<ul style="list-style-type: none"> <li>• Self-expressive benefits,</li> <li>• help communicate product attributes,</li> <li>• basis of a relationship brand-customer</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand as a Symbol</li> </ul>	<ul style="list-style-type: none"> <li>• Visual images,</li> <li>• metaphors,</li> <li>• brand heritage</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand Differentiation:</li> </ul>	<ul style="list-style-type: none"> <li>• Brand as a Product,</li> <li>• brand as an Organisation,</li> <li>• Brand as a Symbol,</li> <li>• Brand as a Person</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of financial resources,</li> <li>• lack of time,</li> <li>• lack of brand management knowledge,</li> <li>• larger competitors,</li> <li>• large chain retailers,</li> <li>• lack of information</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand Difficulties</li> </ul>	<ul style="list-style-type: none"> <li>• sales,</li> <li>• operations,</li> <li>• management</li> </ul>		
<ul style="list-style-type: none"> <li>• Brand Owner Influence</li> </ul>	<ul style="list-style-type: none"> <li>• budget development,</li> <li>• control</li> </ul>		

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#### 4.3.1.5 Developing theory-driven and data-driven codes

As open coding progressed, it became clear that the initial classification of tree nodes as theory-driven nodes and free nodes as data-driven nodes was not happening.

It was found that free nodes were better defined as those themes which were relevant, but did not have yet a clear relationship with another node. They were found to be data-driven as they emerged from the fieldwork. Tree nodes were found to include not only theory-driven codes, but also data-driven codes. Theoretical codes became at times an anchor to the developing grounded data. Data-driven codes helped to understand at a deeper level what the theoretical driven codes meant for this phenomenon. Many data-driven codes were identified as 'in-vivo' codes.

The next table shows how the numbers of nodes were developed as the researcher moved along the open coding stage:

**Table 4-6 Development of Number of Nodes**

<i>Full stop number</i>	<i>Nodes</i>	
	<i>Tree nodes</i>	<i>Free nodes</i>
Initial before open-coding	67	0
2 (after 10 Interviews)	181	32
3 (after 15 Interviews)	196	37
4 (after 20 Interviews)	209	39
5 (after 25 Interviews)	212	38
6 (after 30 Interviews)	166	21

As Table 4-6 shows the initial list of tree nodes increased substantially during the first fifteen interviews and then they levelled off. In the case of the free nodes, there were no free-nodes at the beginning and they kept at a similar level throughout the study.

Most free nodes were left as such for long periods of time until they confirmed they showed a relevant pattern and relationship with a tree node. At the same time, the

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researcher wanted to be sure that that was the case. Reflecting upon this situation, there were times that probably they stayed too long due to the idea that they were not been forced to become something they were not supposed to.

The vast work of fragmenting, examining, comparing and conceptualizing data at this stage was at times very messy because not all nodes were emerging and being understood at the same time. The large number of codes meant that there was a theme to be analysed and understood. As open coded moved forward, these codes were renamed, redefined, regrouped, and at times deleted.

It would be very difficult to encapsulate in this thesis every single theme development as means to portray the large work done at this stage. However, as means to offer an insight of this work, the following subsections follow through the development of some codes. Two examples of theory-driven codes are presented followed by two examples of data-driven codes.

#### 4.3.1.5.1 Example of theory-driven code: *'Brand name'* code

This code was defined as "*the name given to the brand*".

At the beginning stage, this code was placed as a child code of the *'brand as a symbol'* tree code. This code was mentioned in all thirty interviews, so it was a large code with many different patterns in regards to how brand owner/managers understood their brand names. Patterns were found in relation to the following themes which were developed as codes: *'fusion of words,' 'created before brand launch,' 'communicate the product offer,' 'name of the owner/developer,' 'from customers.'*

At the same time, *'search for a good brand names'* code developed further into more child nodes such as *'short and simple,' 'attractive/attention grabber,' 'easy to recall.'*

This code made a significant contribution later on in the sense of understanding how the brand was developed. The study was looking not only at the development of the brand, but also at a prior stage that later on was developed as a *'starting stage'* code which included the starting phases of the four dimensions of brand identity and brand differentiation.



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#### 4.3.1.5.2 Example of theory-driven code: *'product benefits'* code

This code was defined as: “description of the short-term advantages of the product”.

#### 4.3.1.5.3 Example of data-driven code: *'Endorsement'* code

At the preparatory stage, this code did not appear in the anticipated list of codes. However, after the first set of five interviews it was clear there was a pattern happening surrounding some activity of certification. The ‘in-vivo’ code was entitled ‘certification’ and was defined as “*an activity which helps the brand’s guarantee.*” This code was placed first as a free node.

As open coding developed, this code was moved to the ‘brand activities’ code as it showed a pattern around the activities implemented for the brand. At the same time, a new child code was developed entitled *'searching for endorsement'*. It was found that this activity was sought actively by some of the brand owner/managers for endorsement. As the code continued to be compared and contrasted with other codes, it was found that this code was part of a major data-driven code entitled later on as *'searching'*. Later on the *'searching'* tree code became part of one of the main themes of the thesis named *'brand exploration'* and discussed in the Findings chapter.

#### 4.3.1.5.4 Example of data-driven code: *'word-of-mouth'* code

This code emerged from the very beginning of open coding. It also became important to explaining how SME brands grow. While reflecting, at full stop two, eight out of ten interviewees had made comments on the importance of word of mouth for brand building. Later on, this code was also associated with *'endorsement code'* as it was found that this type of activity had a purpose of endorsing the brand from consumer to consumer. This code remained in the tree code of *'brand activities'* and became one of the key findings of the study. This code is later on discussed in the Findings chapter.

### 4.3.2 *Open coding with writing research tools*

Aside from the actual mechanical coding, it was also important to track down the ideas that emerged during open coding. Writing helped not only to capture the researcher’s thinking, but also to facilitate and stimulate the researcher’s analytic

insights (Maxwell 2005). The writing research tools used for the study were: field notes, research memos, research journal, and monthly reports to supervisor.

All four writing research tools were used systematically and each one of them complemented the work derived from the others. A schedule is now presented to show when they were used:

**Table 4-7: Schedule of writing research tools during open coding**

Writing research tools	12/06	1/07	2/07	3/07	4/07	5/07	6/07	7/07	8/07	9/07	10/07	11/07	12/07
Research field notes	***	***	***										
Research Memos				*** *	*** *	*** *	*** *	*** *	*** *				
Research Journal					*** *			*** *	*** *	*** *	*** *		
Monthly reports to supervisor						*** *	*** *	*** *	*** *	*** *	*** *	*** *	*** *

As Table 4-7 shows, a total of four writing research tools were used during open coding. Each one of the tools was used to complement each other and was used according to the activity of research. For instance, NVivo offered the possibility to include documents for analysis and reflection too. Thus, a new research memo was created for each one of the transcripts and full stops. Documents were created with the suffix: '*journal memo*' and the name of the brand. For example '*journal memo brand 10*', '*journal memo brand 22*'. Other documents were also created with the suffix '*full stop*' and the number of stop according to the set of the interviews. For example, '*full stop analysis 1*,' '*full stop analysis 3*.'

In NVivo, the researcher had a space to write down any of the ideas coming from the transcript and the possibility to open code these documents too.

It was important to explicitly write down all the findings around the codes and how they were developing. By writing down these ideas, they also helped to understand what was happening to each one of the codes, the relationship amongst tree nodes and the situation surrounding 'free' nodes.

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It was also important to track down any pattern being developed in the data and by writing down those possibilities from the beginning, it helped to find emergence and development of patterns.

It would be very difficult to encapsulate in this thesis every single paragraph of the writing research tools as means to portray the large work done at this stage. However, as means to offer an insight of this work, the following paragraphs follow some examples of how they were developed.

#### *4.3.2.1 Example of research field notes*

##### ***Research field notes Brand 11***

###### ***“Observations***

- The offices were at the owner’s home.*
- We chatted before the interview. Yolanda studied Nutrition at the Ibero university and her daughter has just finished her undergraduate studies in administration. Yolanda’s father is a chemical engineer and has started many companies according to Yolanda’s daughter.*
- When I came into the house there were many boxes with their products, maybe about 100.*
- As I came through the living room, they showed me into an office which also appeared to be a medical centre. Later on, I found out that the office was also used to receive Yolanda’s nutritional patients.*
- On the shelves they had a product line that read ‘aloe’.*
- There were also some plastic artefacts representing food, they must be used when working with the patients.*
- There were also several family photos from the seventies.*
- There was also a weight scale.*
- the computer was shared by Yolanda and her daughter because Yolanda could not find some of the photos she wanted to show me during the interview. They had been uploaded into the computer by her daughter.*
- As soon as I asked them if they had looked at some of the competitors’ presentations, Yolanda went to one of the cabinets and brought out some of samples from their competitors such as Splenda and NutraSweet. They had samples from Mexico and the USA.*
- When they thought of giving me some samples, Yolanda’s daughter thought it would be better to get samples with the latest packaging design, but Yolanda said it would be better to give me the ones I was looking at.*
- they appeared to be members of a well-to-do family because they lived at ‘Fuentes de Tecamachalco’. Both Yolanda and her daughter studied in prestigious private universities.*

This example shows how the observations from this interview helped to: 1) confirm some preliminary findings in regards to the importance of the owner’s prior formal



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education and previous work experience when selecting the product, 2) to validate as evidence some of what they were saying regarding competitor analysis and having a prior line of 'aloe vera' products, these two comments were supported by showing they had samples of the competition and by looking at the displays they had of aloe products.

#### *4.3.2.2 Examples of Research Memos*

Here are some examples of the research memos while working with NVivo and during full stop. Specifically, they were written during the evolution of the 'scouting' code which later on became the 'brand exploration' theme at the last stages of selective coding. This theme is later on discussed in detail in the selective coding stage.

##### ***Initial before open coding:***

(There is no evidence in the research journal or memos suggesting the existence this node).

##### ***Research Memo: Transcript Brand 2***

*The 'scouting' code emerged during transcript number two.*

*"The owner is scouting when dealing with retailers. At some point he mentioned that he didn't know what retailers were going to ask from him. He said "I'm just starting with chain retailers and I'm finding out how they work". He kept questioning whether these pharmacies would work for the brand or not... he learned that by having product demonstrations in larger hypermarket stores, sales worked, it was a positive experience at Costco, so he is more confident in doing this activity with Sam's club stores.*

*He also mentioned that it was very difficult for him to follow what is written on textbooks, he just "threw himself" into business without really knowing; he went on doing his business plan as he went along. He said that it was sort of a simultaneous process of trying out and learning.*

##### ***Research Memo: Full stop 2***

*There is a constant pattern on the topic of scouting. This theme may be related to experimenting, doing trial and error, brand owners appear to be looking at things that work and don't work and learn from it. B/O 3 said that "we thought that radio would work much better". B/O 8 said that they have done some experiments with television in the city of Monterrey. They seem to be in a constant search for finding out how to do things.*

*The theme in relation to scouting has something to do with trying out by doing things in order to discover whether it works. B/O want to improve their brand*

*development, but at the same time there is a frustration when they are not able to attain what they want to reach.*

***Research Memo: Full stop 3***

*At this node, there are several words that B/O's keep repeating: "I don't know," "I didn't know," "...like a novice," "trying," "copying," "benchmark," "we later started realizing that...", "we had not thought about...", "ignorance," "we threw ourselves," "we went on changing, adjusting," "we have done tests," "we noticed," "we didn't realize."*

*The node talks about B/Os not having knowledge, that they don't know how to do things, a certain level of ignorance. In some cases they copy and do some benchmarking against competitors. They do things at times at a high level of risk. As they continue to do things, they adjust and they learn. They keep on doing tests and they keep on doing modifications along the way.*

***Research Memo: Full stop 4***

*Throughout the interviews, there are moments in which the B/Os talk about noticing, this means that the realization helped them to refocus, learn from errors, and even ask themselves more questions which they didn't have the answers. There is a certain level of uncertainty. In the act of doing, they are realizing what they didn't know. There is also a theme of risk and adventuring. In some instances they feel like explorers. Still, they do things, even when that means they have to keep testing, trying out and learning.*

***4.3.2.3 Examples of Research Journal on managing open coding***

While there were some content in the research memos and research journals which tracked down the developments of the codes, there were other content which tracked down what the researcher was systematically and methodologically doing with the codes. The researcher noted how the codes were being managed. The following extracts from the journal may exemplify this work:

***July 3, 2007***

*"Today I began a new set of transcripts. That is, from 16 – 20<sup>th</sup> Interviews. While open coding, I need to keep questioning myself, why is that phrase interesting to me? Based on Susan's comments, I need to return to my findings and ask myself, why is it important?"*

*I need to bear in mind that coding is not a mechanical act, but actually a way of analyzing data.*

*I need to start linking codes in a different way so that the analysis can move from a descriptive to a more conceptual level."*

**August 23**

*“Recoding*

*I need to be sure that: 1) the content for each code is relevant and distinctive to other codes, 2) each one of the sibling and child codes are located in the right tree code. I may need to go through them all.*

*Here’s the sequence I will follow to confirm that each code belongs to the appropriate tree code, if there are any codes which do not seem to belong to that tree node then, regroup, delete, merge:*

- 1. From the Node Explorer start with each one of the category tree nodes with the highest number of codes and with at least half of the transcripts. Then move down the list to the rest of the codes.*
- 2. Check for definitions for each one of them within each of the main category tree codes: brand as a Product, brand as Organisation, etc.*
- 3. Verify whether these codes are located in the journal memo 4 Full Stop analysis.*
- 4. Go over each passage of text in each one of the codes to verify that each one is actually distinctive and that it belongs to each one of the codes. If there are any discrepancies select either regrouping, moving, merging or deleting.*
- 5. Move the analysis to network displays.*
- 6. Write down any new findings.*
- 7. Go to the next category tree node.*

*Today I worked in the first category tree code: ‘brand as a product’ tree code. I noticed that within the ‘brand as a product’ code in the ‘quality’ code, there was a ‘quality as an organisation’ code. Thus, I moved it to ‘drive for quality’ code in the ‘brand as an organisation’ code. Considering that this code was better suited to the organisation than to the product code.”*

#### *4.3.2.4 Example of monthly reports to supervisor*

This writing tool was prepared during the months of May through December 2007. The objective of this document was to present in a structured fashion a discussion of the relevant work done during that particular month.

However, the researcher found during that time that by preparing this report the document offered an opportunity to stand back from analysis and write in a concise document a clear logical presentation of the data analysis developments. Later on, the researcher found, that it was also an important tool to track down the situation of data analysis at that particular month.

The following extract from these reports may exemplify this work:



## Meeting June 3, 2007.

### *“Activities to staying closer to data – method of analysis:*

- *During first full stop (after 5<sup>th</sup> interview): Printed all 5 document coding reports (a document in NVivo which presents all quotes from one transcript divided by codes) and went back to reading transcripts and research notes to review codes. Made new notes and added relevant quotes from the coded report to support notes.*
- *All nodes have been kept in Spanish. Notes can stay closer to the meaning of what the interviewees are describing by remaining in Spanish. Difficulty of moving back and forth between two languages when the transcripts are in Spanish. The researcher had to think the words to translate the meaning into English. By remaining in Spanish, validity may better remain.*

*During research seminar at Universidad de Olavide in Seville, faculty recommended to maintain the analysis process in Spanish.*

### *4. Preliminary Findings:*

- *In relation to conceptual framework.*
  - *The owner/manager appears to be at the centre of the brand, more than influencing the brand as shown in the conceptual framework. The o/m is involved in all aspects at times may be the personification of the brand (Krake, 2005). One owner when asked to describing the brand as a person, he started by saying the brand would be open, extrovert when he switched to describing the personality of his wife. The brand’s name has her name too: “the brand is open-minded, extrovert because that is the way Pompeya is, she is hyper-open, hyper sociable.”*

This report for instance shows that the researcher had the objective of keeping close to the data as means to immerse himself in the phenomenon. At the same time, open coding was offering some preliminary findings which were based on the a priori conceptual framework.

### **4.3.3 Open coding with data displays**

Data displays are another tool by which data analysis can be carried out (Miles and Huberman 1994). Open coding means understanding what is happening in the phenomenon and examining it. By displaying the themes, the displays helped to understand what was happening.

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Miles and Huberman (1994) suggest a plethora of displays which many of them were used in this study. The displays used were tables and conceptual maps.

These displays were categorised into two groups:

- *Displays for internal use*: those displays which were used in the office by the researcher for the development of findings
- *Displays for external use*: those displays which were used outside the office in the fieldwork as a mechanism to present preliminary findings to the interviewees in a second stage of interviews.

Displays were important at this stage because they helped explain what could not be explained through writing. For instance, with writing tools, there was a sequential structure of sentences to follow, but with displays, the possibilities of explaining relationships and elements opened up in a more holistic explanation. They also helped the researcher to understand the patterns being developed and the relationship to other codes and patterns.

#### *4.3.3.1 Example of Displays for internal use: tables*

Most tables were built in excel spreadsheets. When tables were smaller they were done in Word. Tables helped firstly, to structure and organize codes and secondly, to find out whether there were any relationship amongst some of the codes.

For instance, the next table helped to organize product values in relation to product attributes and product benefits. When brand owner/managers were asked to explain product values, there were many of them which had difficulty in responding because most of them had never thought about them. However, it was found that in other sections of the interviews, they were clearly talking about product values, but they were not aware of it. So, this table was used to place product values in line with the 'brand as a product' dimension and find out whether they matched with product benefits and attributes.

The following table shows the work done with these themes:

**Table 4-8: Example of display for internal use: table**

Brand	Attributes	Benefits	Values
B1	<i>It is the only notebook in the market with one hundred percent recycling and recycled material,</i>	<i>Our products are less damaging to the environment when compared to the products when compared to their competitors.</i>	<i>Products transmit the value of cultural change in favour of a sustainable development.</i>
B3	<i>Courses of early childhood stimulating school are from pregnancy to children up to 5 years old. Children and parents come to play while both learn about childhood. Classes are fifty minutes long with six to ten children.</i>	<i>Classes help improve key childhood development areas such as: psychomotor, communication, language, and socio emotional.</i>	<i>The value is that parents learn how to raise their children according to their development stages along with care and love.</i>
B4	<i>Our products are various long-distance pre-paid cards at very low rates.</i>	<i>These cards can be used with any telephone service or computer.</i>	<i>The value of closeness with relatives and friends, to bring them closer together when they felt they were far away because long distance calls were very expensive.</i>
B10	<i>It's a method by which people learn how their bodies function and how to choose what they want to eat within a package of possibilities divided by colours. The vehicle is a personal session of twenty minutes and they leave with a personalised diet.</i>	<i>People learn how to eat better. They are able to lower down their glycemic index.</i>	<i>People improve their health. They are free, healthy and slim.</i>
B6	<i>Our products are of high quality, natural, organic and/or ecological.</i>	<i>They help improve the quality of life.</i>	<i>We want to create a culture of help and social responsibility.</i>

This table was also used to analyse brand differentiation against each one of the columns in the table. Many brand owner/managers were closely relating brand differentiation to product attributes without realizing that brand differentiation was also coming from product benefits and product values.



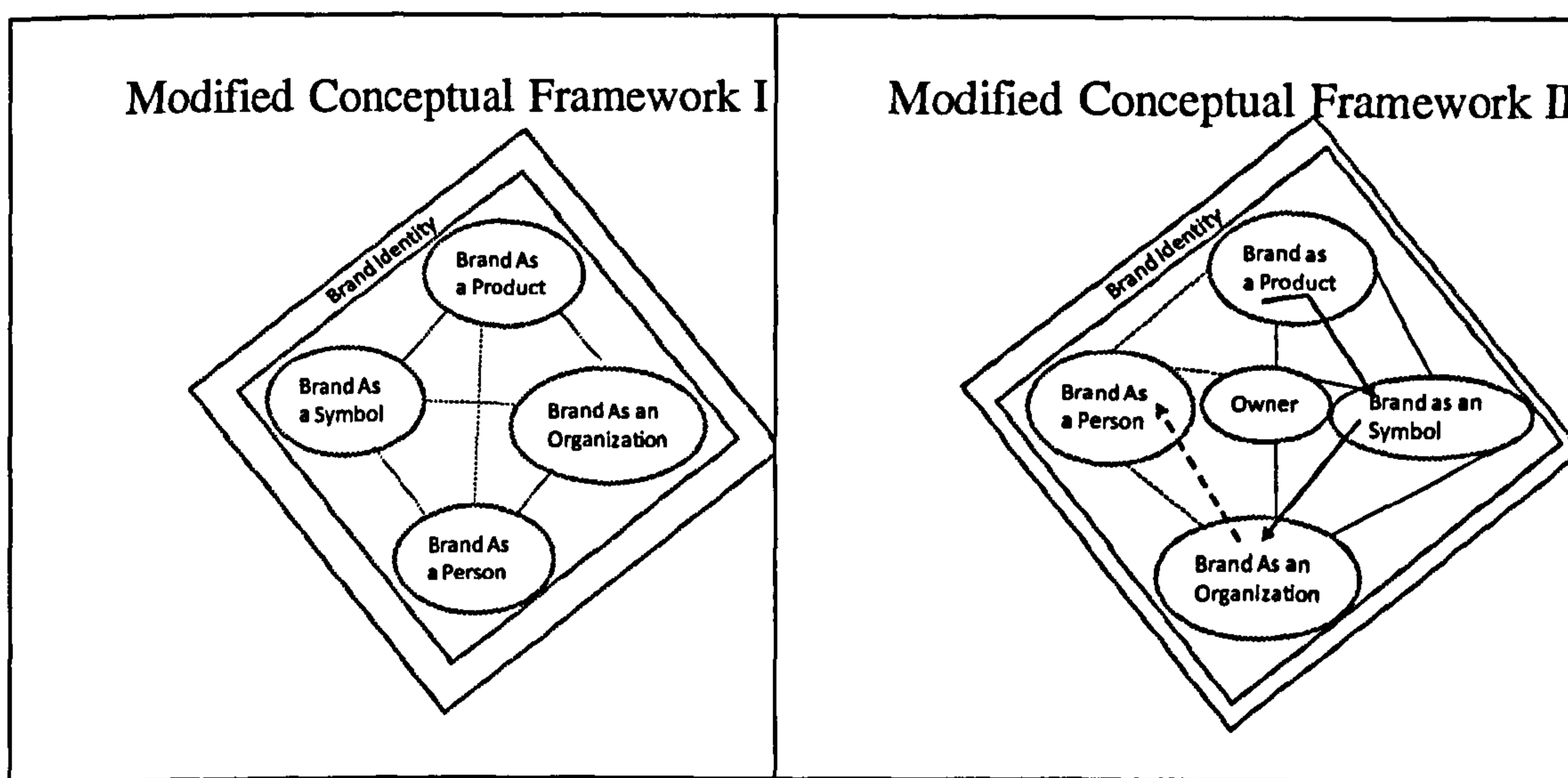
This table shows how attention to detail helped keep trustworthiness at this level of coding. This table helped organize systematically verbatim quotes from interviews which were then compared and contrasted amongst different themes and different cases.

#### 4.3.3.2 Example of Displays for internal use: conceptual maps

Conceptual maps were an important tool to understand in a holistic approach the situation of particular codes. At times, the researcher found that by moving from writing to conceptual maps, and back to code development, they all helped move forward open coding. This iterative interaction of tools helped understand better the research question of how SMEs build their brands.

As an example of these displays, Figure 4-2 shows one of the key displays which helped moved forward the open coding analysis.

**Figure 4-2: Display for internal use: conceptual maps**



The first display in Figure 4-2 shows the brand identity composition of four dimensions which they were already created and connected to one another. However, the second display shows that the brand owner/manager was at the centre stage of brand identity. The brand owner/manager was the main actor and decision maker of not only the development of the brand identity, but also the starting of brand identity.

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### *Display of time dimension in the process*

Furthermore, it appeared that there was a time dimension surrounding brand identity as brand owner/managers appeared to go through a sequential starting stage of brand identity in which the four dimensions of brand identity were created. The process appeared to start with brand as a product, followed by brand as a symbol, and finally brand as an organisation. At this point, the brand as a person dimension required further analysis and the researcher was not sure when this dimension was created. As the second display shows, straight continuous arrows indicated movement from product to symbol to organisation. At the same time a dashed arrow from organisation to person indicated that the researcher needed more work to confirm whether this sequence took place. Later on in the analysis it was confirmed that the reason for the difficulty to detect when this brand as a person dimension was created was that it was an unconscious creation on the part of brand owner/managers. This finding is explained in detail in the Findings Chapter under objective one and 'brand as a person' dimension.

#### *4.3.3.3 Example of Displays for external use: conceptual maps*

As means to organize the preliminary findings, data was presented as displays.

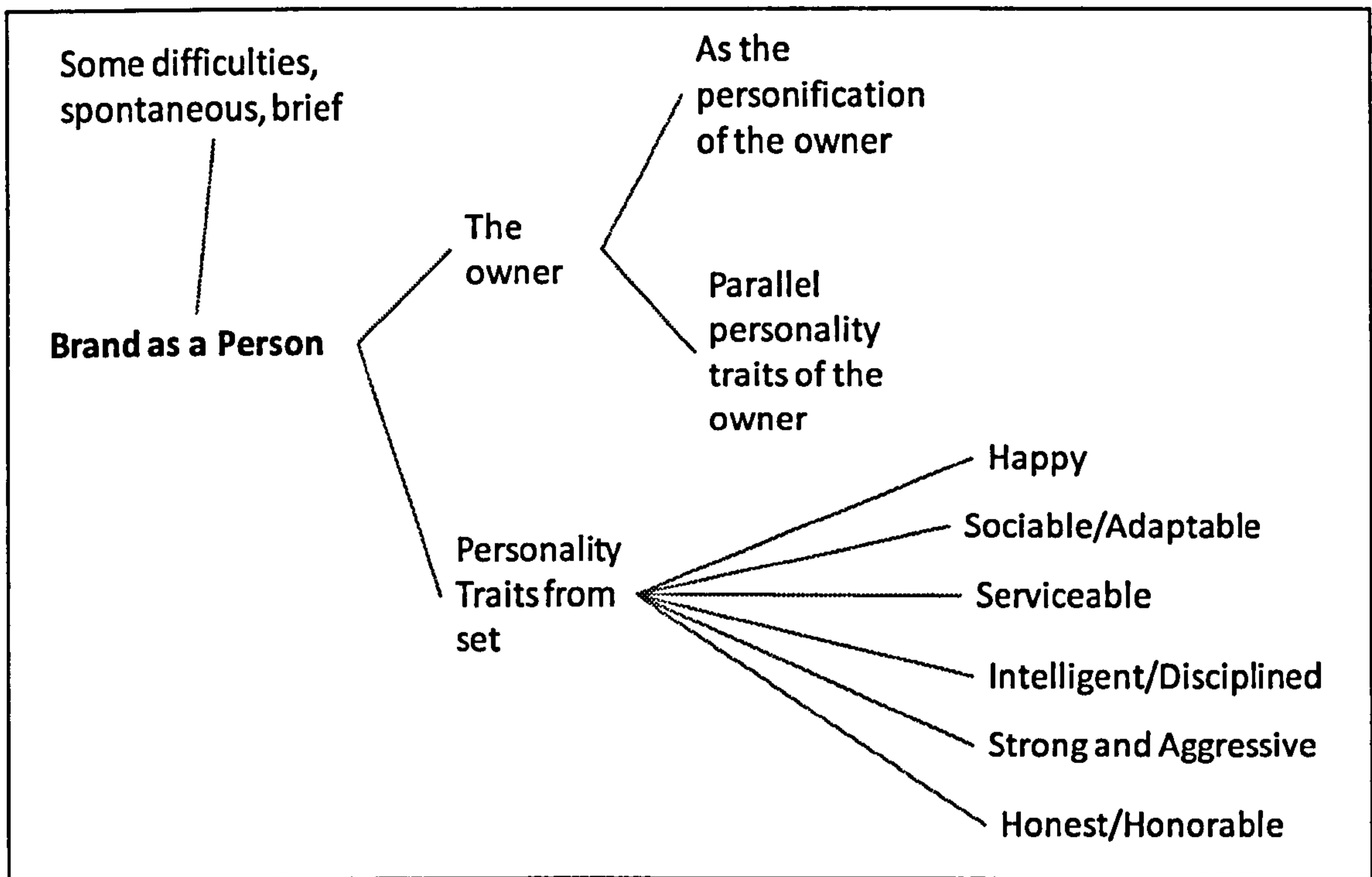
Displays were organised based on the questions from the previous semi-structured interviews and build in the patterns found for each one of the questions. These patterns were built by reconstructing tree nodes and their respective sibling and child nodes located in NVivo.

The main purpose was threefold. Firstly, to use these displays as means to discuss them with the brand owner/managers in a second stage of interviews. Secondly, to uncover whether these displays reflected their particular brand situation. Lastly, to detect any negative comments regarding patterns and preliminary findings.

The next examples show two displays which were developed and this stage and later used during the second wave of interviews.

The first display presents preliminary findings in the 'brand as a person' dimension:

Figure 4-3 Display for external use: Brand as a person conceptual map



As Figure 4-3 shows the main category tree node named 'brand as a person' is composed of three child nodes: 'some difficulties, spontaneous, brief,' 'the owner,' and 'personality traits from set.' At the same time, two child nodes have also child nodes. For instance, 'the owner' node has two child nodes: 'as the personification of the owner' and 'parallel personality traits of the owner.' Furthermore, 'personality traits from set' node shows six more child nodes.

The second display represents some of the preliminary findings in one of the most elaborate nodes. Within the 'brand activities' node, here is the display for 'advertising, publicity and PR' tree nodes:



Figure 4-4: Display external use: Advtg, Publicity & PR map



Figure 4-4 shows two siblings tree nodes: 'advertising' node and 'publicity and PR' node. While 'advertising' node appears to expand in relation to radio advertising, 'publicity and PR' node moves onto different nodes such as books, conferences, television, radio and printed media. In particular, 'publicity and PR' shows the importance of the owner in these sets of activities.

A total of twenty one displays were developed and presented to six brand owner/managers. All of them had positive feedback and confirmed their reality of brand building his/her own brand.

#### 4.3.4 Summary

This section explained in detail how the first stage of coding was broke down, examined, compared, categorised and conceptualised data from transcripts. It explained the importance of NVivo to start open coding and how other research tools such as writing documents and displays were used for open coding. All research tools helped the analysis and found to complement each other in the understanding of

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brand building. This section also offered some examples of how each research tool was used.

Importantly at this stage, data analysis suggested a time dimension by which the process appeared to occur in a sequential manner.

Open coding needed to advance to the next level of axial coding. While data had been fragmented, examined, compared, conceptualised and categorised, it also required to move from a descriptive level to a more conceptual level. The next section discusses the middle stages of data analysis, or axial coding.

#### **4.4 Middle stages of data analysis: Axial Coding**

Once open coding was accomplished, the researcher proceeded to the next stage of coding. That is, axial coding.

In order to help the reader go through this stage of analysis, this activity is presented through eight sub-sections. This section starts by offering some definitions and usage of research tools. It then turns to presenting a schedule and explaining the coding paradigm, some issues in relation to the construction of a proposed model for brand building and how the researcher went back to the a priori conceptual framework. It then explains the use of three research tools: writing documents, data displays and NVivo. All of which include examples of such tools. This section closes with a main summary which wraps up the main activities of axial coding.

##### ***4.4.1 Definitions and the use of research tools***

The purpose of axial coding was to move further into conceptualisation and better understanding of the phenomenon at hand.

According to Strauss & Corbin (1998, p. 96), axial coding is defined as:

*“A set of procedures whereby data are put back together in new ways after open coding, by making connections between categories. This is done by utilizing a coding paradigm involving conditions, context, action/interactional strategies and consequences.”*

At this stage, the researcher felt that NVivo was pulling down the job of data analysis by having the nodes categorised for a long time based on the conceptual framework and needed a fresh position. The decision then was to decrease the level of dependency and involvement with NVivo and began using heavily other research tools such as the writing and display tools. By so doing, the researcher hoped to become more conceptual, less descriptive and able to rearrange in a new way the themes which were relevant to the research question.

One way by which Strauss & Corbin (1998) suggest to find new ways to pull back data together is by using the coding paradigm as discussed in later in this section.

#### 4.4.2 *Schedule*

Axial coding was done during the following schedule:

**Table 4-9: Schedule of Axial coding**

Coding stage	8/07	9/07	10/07	11/07
Axial coding	****	****	****	**

As Table 4-9 shows, axial coding occurred towards the end of the year 2007.

#### 4.4.3 *The Coding paradigm*

The coding paradigm was used to link the relevant themes that had emerged from open coding and set them up in six key categories:

1. Causal Conditions
2. Phenomenon
3. Context
4. Intervening conditions
5. Action/Interaction strategies
6. Consequences

The researcher felt at this point that even when data were going to be organised in a new way, it was important to reflect upon the main themes in relation to the a priori



conceptual framework and write down a list of relevant key issues. In the next section, these issues are presented.

#### **4.4.4 Issues in relation to the construction of a proposed model**

The main purpose of generating a list of issues was to reflect upon the main themes and find new ways to reorganise and understand how the themes related to each other. As a step prior to this list of issues, the researcher read through the complete list of nodes and their corresponding sub-nodes as means to bring back to perspective all the themes at this stage of analysis. Then he reflected upon them and began writing a new list of issues relevant to the conceptual framework. The researcher went back and forth between the outcomes of the research tools of open coding and the list of issues.

A list of issues was categorised under nine themes. Specifically, these themes were 1) brand owner, 2) overall brand identity, 3) Brand as a product, 4) brand as a symbol, 5) brand as an organisation, 6) brand as a person, 7) brand differentiation, 8) market place, and 9) growth. Each theme had its corresponding list of issues. A summary of the issues involved in each one of the themes is described next.

The analysis of these issues helped move data to the paradigm model. The following tables show each one of the major themes and their corresponding issues:

<b>Brand Owner</b>	<b>Overall Brand Identity</b>
<ol style="list-style-type: none"> <li>1. The owner is the key driver of the brand.</li> <li>2. They tend to be doers than thinkers.</li> <li>3. Owners tend to think of their brand in more concrete, tangible operationalised terms than in abstract, strategic forms.</li> <li>4. They have minimum planning.</li> </ol>	<ol style="list-style-type: none"> <li>1. There appears to be a starting period prior to developing the brand identity. This period appears to be sequential, it starts with the product, then moves to the symbols, and then to the organisation. The interrelationship amongst these dimensions is obvious to the owner.</li> <li>2. The four dimensions do not have the same importance nor are developed at the same time or at the same rate. Some of them are more consciously aware by the owner which may bring in some issues of control and understanding of the effects of brand identity.</li> <li>3. The product values and brand as a person are instilled but they may not be aware of these dimensions.</li> </ol>

<b>Brand as a Product</b>	<b>Brand as a Symbol</b>
<ol style="list-style-type: none"> <li>1. Offers the opportunity for a place in the market.</li> <li>2. There is a link between benefits and attributes.</li> <li>3. At times, the product values are not being recognised by the brand owner.</li> </ol>	<ol style="list-style-type: none"> <li>1. Brand symbols appear to be important when they are basic and simple, they enhance communication. Colour in particular helps enhance other symbols.</li> <li>2. Colour and images are better recognised than the brand name.</li> </ol>

<b>Brand as an Organisation</b>	<b>Brand as a Person</b>
<ol style="list-style-type: none"> <li>1. The organisation supports the whole process of developing the brand inside and out.</li> <li>2. The organisation is flat; owner knows what is happening in the day-to-day basis. Everyone does everything, no set job descriptions, so there is a flow of information amongst.</li> </ol>	<ol style="list-style-type: none"> <li>1. The dimension is there although the brand owner is not aware of it. The brand owner frequently has a direct effect on the personality as there are some parallels between the two.</li> </ol>

<b>Brand Differentiation</b>	<b>Market Place</b>
<ol style="list-style-type: none"> <li>1. There is a close relationship between brand differentiation and product innovation.</li> <li>2. Innovation takes a relevant part in the development of the brand. It opens up the marketplace in terms of distribution and communication channels.</li> </ol>	<ol style="list-style-type: none"> <li>1. Brand differentiation is based on brand attributes and functional benefits. The issue is to move the product to the marketplace.</li> <li>2. Finding accessibility of distribution channels and communication channels.</li> <li>3. Brand recognition and brand awareness is generated through samples, trials, demonstrations, publicity, sponsoring of events, and PR.</li> <li>4. Market power is leveraged through the product innovation. Especially if this innovation is linked to a bigger trend seen by retailers.</li> <li>5. There is an issue of gaining credibility and trust in the marketplace.</li> <li>6. Word of Mouth may come as an important activity. The source of recommendation may bring in the credibility and thus the trust needed for the brand.</li> <li>7. Sampling may also be an important activity. Owners believe that the brand benefits and brand attributes are delivered.</li> <li>8. The newness brings in opportunities for publicity. Media may be attracted and interested in developing news for the new product it is news-worthy to be in their media vehicle.</li> </ol>



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<b>Growth</b>
<ol style="list-style-type: none"><li>1. It is not straight forward/clear. Growth becomes unclear with many difficulties, longer periods of time, complexities.</li><li>2. The owner becomes a key element to brand growth.</li><li>3. Growth becomes an exploration. Exploration takes place by observing emergent situations and making decisions accordingly.</li><li>4. Exploration includes trial and error.</li><li>5. Exploration due to uncertainty stemming from lack of knowledge and resources.</li><li>6. Exploration becomes a learning process.</li></ol>



#### ***4.4.5 Going back to the a priori conceptual framework***

Once the list of issues were developed, the researcher went back to evaluate the a priori conceptual framework. It has found that the conceptual framework did not portray the total story of what the data analysis had shown. The following reasons were: 1) there were different relationships amongst the concepts, 2) new concepts emerged, 3) new relationships amongst concepts were relevant to portray, and 4) the conceptual framework conveyed an already pre-existing set of four brand identity dimensions. It required acknowledging a prior stage in which these dimensions were created.

#### ***4.4.6 Axial coding with writing research tools***

Writing tools became some of the key forms for data analysis along with data displays. Both offered less structured analysis and more available freedom when compared to NVivo. Writing and displays supported the work of analysis and helped develop a new conceptual framework

##### ***4.4.6.1 Example of research journal***

Writing down in the research journal was one of the most important research tools at this stage, especially at the height of the axial coding analysis during the month of October. A total of 13,750 words were written during that month.

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At the same time, the researcher took the Qualitative Research Seminar in the ISBM (Institute for the Study of Business Markets) with Professor Abbié Griffin at the University of Utah. This seminar took 5 months with a final mark of 92 (out of 100). As part of the seminar requirements, students were required to write up a journal throughout the seminar with the following topics:

- Changes in your ideas about topic, data, theory, and method.
- New ideas from the literature or from lectures and talks.
- Meetings with your supervisor and their consequences.
- Life-events and their consequences for your work.

In particular, the first two topics drove the researcher to analyse the changes and the new ideas which were being developed at this stage. The following is an excerpt of the journal:

*October 4, 2007.*  
*"I'm trying to understand what is happening with the data in the coding paradigm. Do the themes make sense, how are they organised, are they discriminant? I will need to look first at what is new emerging from the analysis and make comparisons against the a priori conceptual framework. Then I may look at the phenomenon as a process, as Susan suggested, with some chaos and planning, at the beginning and end of the process.*

*What I will do now is explain to myself in writing, what I have found so far in comparison to the a priori conceptual framework and determine whether I'm able to explain it logically and find any faults to my logic or any missing concepts or relationships that may require to be better examined:*

- 1. Poor relationship is shown between brand identity/brand differentiation and brand activities. It doesn't show whether the brand identity and brand differentiation suffer any modifications after having certain brand activities in the market. The new conceptual framework would benefit if it shows that brand activities feed into the brand identity to improve the dimensions as means to becoming more relevant to the marketplace.*
- 2. The brand owner is an influence of the brand budget and brand identity. This situation is true. However, the brand owner also has a direct influence on the brand identity/differentiation. The new conceptual framework will have to have the brand owner at the centre of the brand identity. He is the core influencer."*

#### *4.4.6.2 Example of monthly report to supervisor*

Here is an example of an excerpt from the November 2007 report:

*“Data analysis and Findings:*

*The research journal has helped to track down my daily thoughts and findings. However, I found that the a priori conceptual framework is no longer useful to work with at this stage in the analysis. The reasons being are that the elements may be linked differently, additions of concepts are needed, and new relationships between concepts have been found.*

*I had the impression that the conceptual framework was tying down the analysis and it was also being descriptive.*

*A new and improved conceptual framework was needed to direct this month’s activities. It started by: 1) listing some relevant issues based on the elements of the conceptual framework. This list was helpful to 2) develop a coding paradigm proposed by Strauss & Corbin (1998). Based on these issues, 3) a new conceptual framework is proposed which may portray a more realistic theory of the phenomenon.”*

#### **4.4.7 Axial coding with data displays**

Parallel to using the research journal, displays helped to understand themes that were emerging along with their relationships. Displays helped understand themes from a different perspective and visualize possible patterns.

While working on displays, some of them depicted a large quantity of themes within larger themes. At times, they became complex and difficult and others, they became simplistic. This situation proved that the researcher was attempting to find the true picture of the new relationships and their links.

#### **4.4.8 Axial coding with NVivo**

NVivo at this stage was primarily used to retrieve data when compared to what was being deductively developed in the writing research tools and displays. NVivo was found at this stage very useful to retrieve in an organised and objective fashion the data which was already divided into nodes.

##### **4.4.8.1 Example of displays**

The following display shows a fraction of the data of what was being analysed in the original display. However, the data shown may exemplify the work being done in relation to capturing new concepts and new relationships.



Figure 4-5: Axial coding display

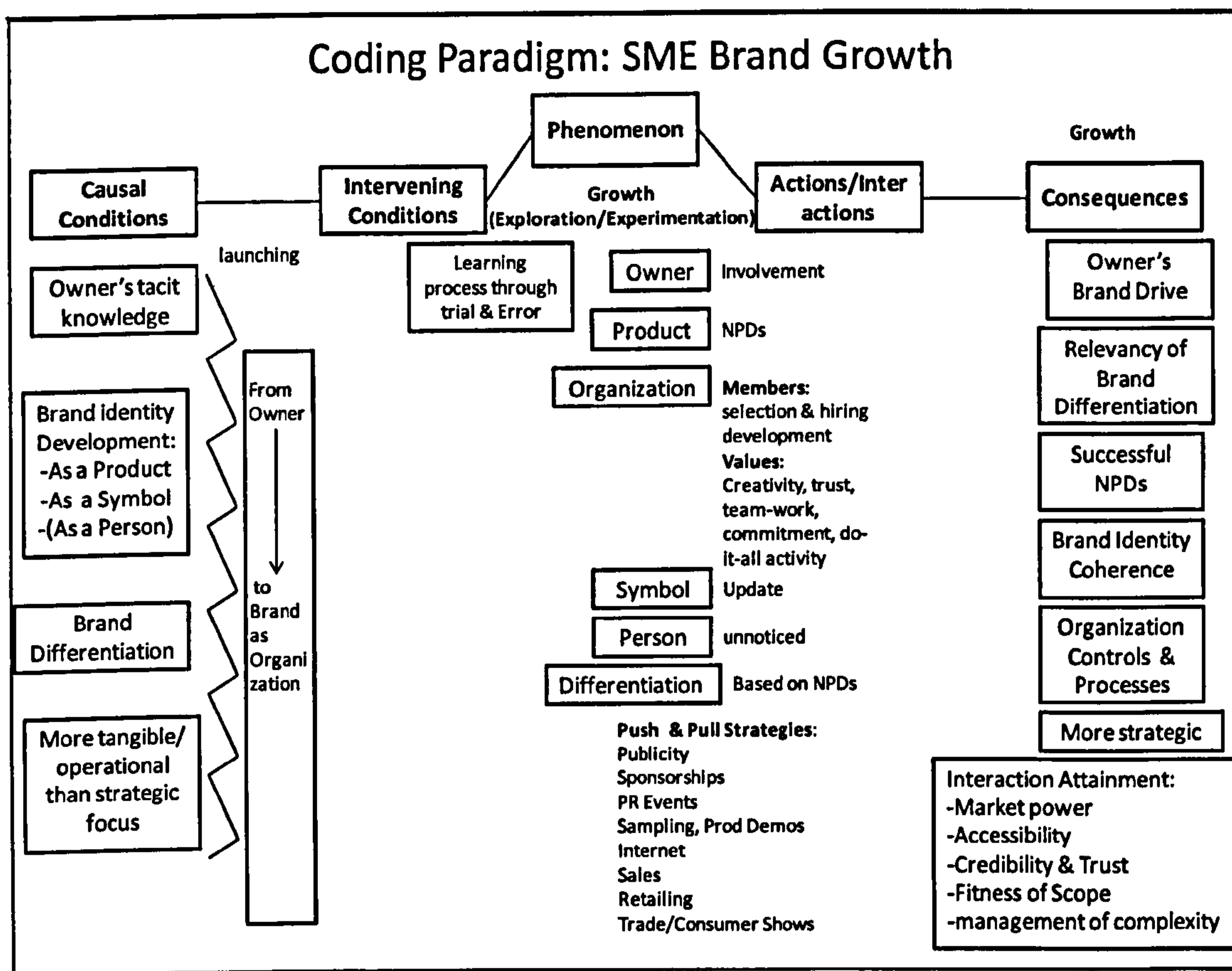


Figure 4-5 shows how data was being rearranged based on the coding paradigm. Some concepts were emerging as key elements to understanding the research question. Firstly, the launching of the brand into the market appeared to be broken down, there was no particular event as such when the product was launched into the market. At the same time, it appeared that the brand started from the brand owner and moving through the brand identity dimensions until the 'brand as an organisation' dimension. The phenomenon which was named 'growth' appeared to be as an exploratory/experimental phenomenon by which there was also a learning process. It also appeared to be an interaction of the brand identity dimensions with the market through the brand activities. These activities were renamed as push and pull strategies. Furthermore, there appeared to be some consequences from the phenomenon which meant brand market power, credibility and trust amongst others.

The display may also represent the work in progress being carried out as means to place some of the key themes into the coding paradigm. The end product showed that the research had moved forward to understanding the phenomenon of how brands were built in SMEs.

At this stage, the researcher required to move constantly back and forth between what he was deductively proposing about the concepts and their relationships and what data were stating. The researcher corroborated whether these propositions were inductively found in the data. For instance, as the researcher went over to think inductively what were some of the starting conditions which propelled to building a brand in SMEs, he proposed that the brand owner's tacit knowledge such as previous job experiences and formal education had an effect on the selection of the type of brand they wanted to build. So, he went back to the data to find whether the proposition held true. From NVivo, it was found that the 'previous job experiences' and 'education' child nodes within the 'personal background' node and the 'brand owner influence' category tree node were related to the type of brand. The following table exemplifies this proposition between brand owner's previous work experience and type of brand:

**Table 4-10: Brand owners with prior experience in the brand category**

<b>Brand owners with prior experience in the category</b>	<b>Brands</b>	<b>11</b>
worked for a large competitor	B1, B8, B7, B14	4
worked for a competitor	B7, B21, B25	3
Owned a similar company	B4, B11, B13, B18	4

As Table 4-10 shows a total of 11 brand owners were found to have relevant prior work experience in the brand category, seven had worked for a competitor and four had owned a similar company. Thus, it was confirmed that prior work experiences may be considered as part of the starting conditions.

After working back and forth between deductive and inductive thinking, the research was ready to move to the final stage of data analysis or selective coding.

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#### **4.4.9 Summary**

This section explained in detail how in the middle stage of coding, data was put back together in a new way. This analysis involved comparing and contrasting the a priori conceptual framework and using the coding paradigm. This new frame involved determining from data, a set of conditions, context, action and interaction strategies and some final consequences. It explained how NVivo was used as a secondary research tool and conversely, how writing documents and displays emerged as primary tools. This section also offered some examples of how each research tool was used.

While data was rearranged and new connections were made between themes, data now needed to be move to the last stage of analysis. This stage being selective coding.

#### **4.5 Final stages of data analysis: Selective coding**

Once axial coding was accomplished, the researcher proceeded to the last stage of coding or selective coding.

In order to help the reader go through this stage of analysis, this activity is presented through three sub-sections. This section starts by offering some definitions and usage of research tools. It then turns to presenting a schedule. It then presents examples of research journal and displays. This section closes with a main summary which wraps up the main activities of selective coding.

The purpose of selective coding was to readdress the importance of the research phenomenon of brand building and how major themes were related.

##### **4.5.1 Definitions and the use of research tools**

According to Strauss & Corbin (1998, p. 116), selective coding is defined as:

*“The process of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement and development.”*



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At this stage, the research question helped guide and delimit the core category. By answering to the research question “How do SMEs build their brands?” the core category was found to be the process by which brands are built in the SMEs of the study. The process of building the brand became “*the descriptive narrative about the central phenomenon of the study*” (Strauss and Corbin 1998, p. 116).

To achieve integration, the researcher pulled together the four dimensions of the brand identity and brand differentiation by telling the story of how these primary core building blocks were both created and then developed. There was an important story to tell about the intricacies and difficulties behind this sequential process of brand building. The researcher found appropriate to confirm the theme of brand exploration as a key part of this sequential process.

By going back to the coding paradigm, it was also possible to relate other themes which dealt with the starting and consequential conditions of brand building.

The researcher found it difficult to marshal all the themes into one storyline. Choices had to be made in terms of what to include and exclude, and how to go about telling the storyline. These types of situations are commonly found at this stage when decisions are being made in terms of defining the story line. So, the following questions were used as guide to define the storyline (Strauss and Corbin 1998, p. 122). However, the following questions guided the analysis:

- *What is being reflected over and over again in the data?*
- *Give me a summary of your findings*
- *What essential message about this research*
- *What essential message about this research area do you want to pass on to others?*
- *What do you consider important about this area and why?*

As shown through these questions, the analysis concentrated in reflecting about patterns, summaries and the essence of the research.

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Such work at this stage used writing in the research journal as the primary tool and drawing conceptual maps as the secondary research tools. These tools are discussed later in this section.

#### **4.5.2 Schedule**

Selective coding was done during the following schedule:

**Table 4-11: Schedule of Selective coding**

<b>Coding stage</b>	<b>11/07</b>	<b>12/07</b>	<b>01/08</b>
Selective coding	**	****	*

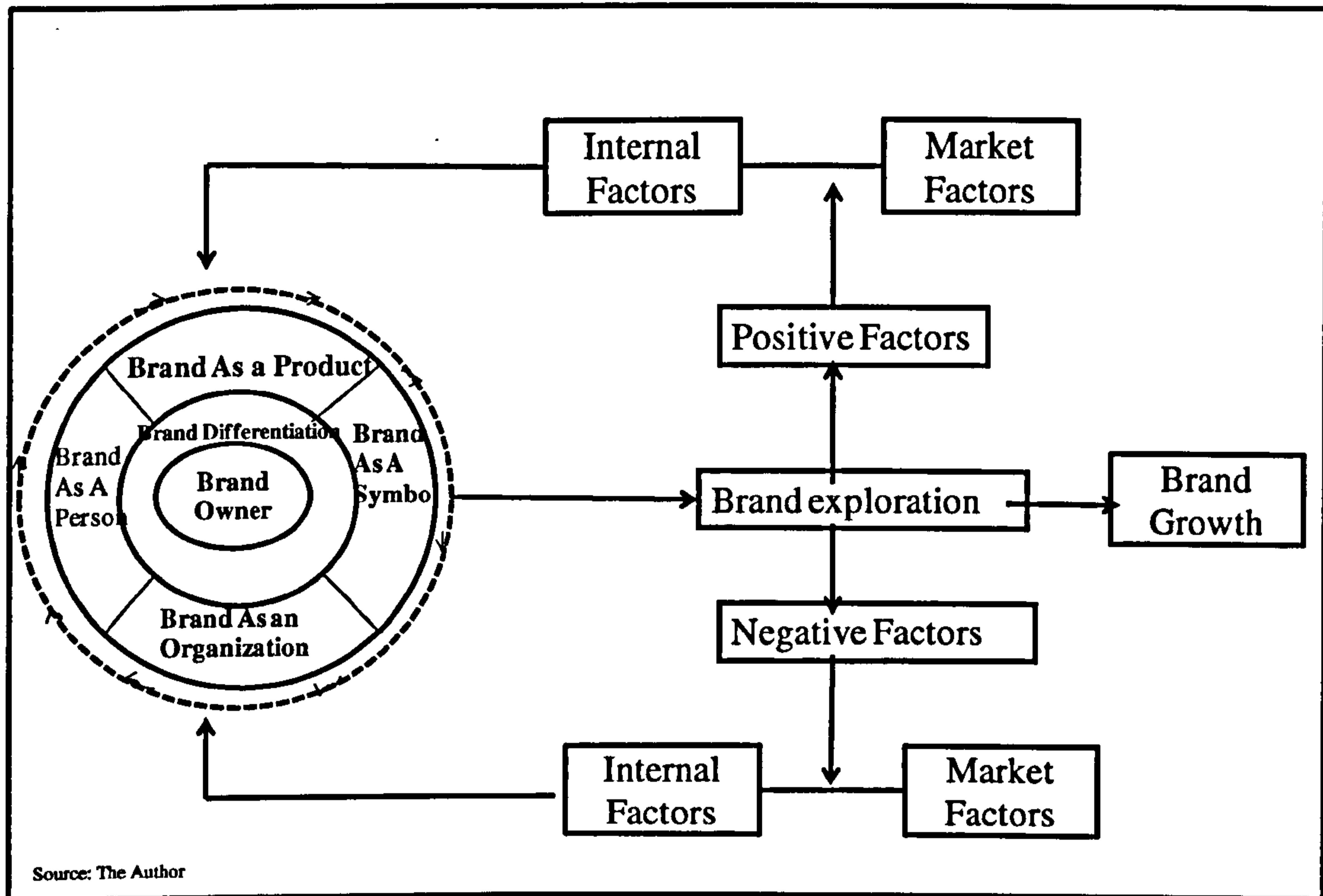
As Table 4-11 shows, axial coding occurred at the end of the year 2007 and first week of 2008.

#### **4.5.3 Examples of research journal and displays**

Both journal and conceptual maps supported each other at this stage. On one hand, writing was critical to set clear understanding of how the story was developing and on the other, how the story was being told in a picture. Writing helped to understand in detail the meaning and significance of each one of the concepts and the conceptual maps helped to move back from the details and observe the brand building phenomenon at a distance and from a holistic perspective.

The following is an example of how the researcher attempted to see the significance of brand exploration in the storyline:

Figure 4-6: Conceptual map - Explaining brand exploration



As Figure 4-6 shows the display attempted to show the importance of brand exploration. It showed that brand exploration was a step prior to brand growth and affected by both internal and external factors. Although this display did not show the complete storyline of the process by which the brand was built, it served as an intermediate explanation of the storyline to be told. The complete storyline is presented at the end of the Findings Chapter Section 5.6 as the final output of findings.

As previously mentioned, displays and writing were used to support one another. Here is an excerpt of the research journal when the researcher was faced with the challenge of writing a storyline. This excerpt was written after reading a section of crafting and developing the storyline of the book "Composing Qualitative Research" by Golden-Biddle & Locke (1997):



*"January 24, 2008*

- 1. Write the research as a story which has plots (those academic theories which have already been discussed in the literature and the research offers new insights to those conversations); the characters (which will be the storytellers in the story which will persuade the readers to regard the theoretical points of the story as unique and important).*
- 2. I need to reflect on what I'm really going to tell and how will the story fit into the already existing conversation of brands and SMEs.*
- 3. Two types of stories: extant theoretical stories and sub-stories of the research:*
  - a. brand differentiation in the literature is defined as the set of brand competencies that help the brand stand out from competing brands*
    - i. Differentiation comes primarily from product functional attributes, followed by the organisation and then symbols. It begins with a functional attribute and clearly linked to the benefit or value. The owner manager usually does not know if the brand differentiation is relevant until it goes out to the market. This may set the success or failure of the brand in the market. Once out, the organisation may help develop the differentiation and other new product developments.*
  - b. brand identity: brand identity is composed of four dimensions (Aaker 1996).*
    - i. In the study, the four dimensions begin with the owner's involvement and so the brand begins with brand as a person, followed by brand as a product, then brand as a symbol and lastly brand as an organisation. It may be possible to add a fifth dimension to Aaker's model named the brand owner and a sixth dimension which would be the brand differentiation.*
  - c. The influence and personal commitment of the owner to the SME organisation.*
    - i. Strong influence including brand as a person and throughout the organisation. This is particularly important to the creation of brand identity and formation of all the brand dimensions."*

As shown from the previous excerpt, the researcher was attempting to understand not only how to build the storyline, but also how to use the literature and to stay close to what it's been already known deductively.

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#### **4.5.4 Summary**

This section explained in detail how in the last stage of coding, the research question and phenomenon helped guide and delimit the core category in selective coding. It showed that integration was achieved by pulling together the four dimensions of brand identity and brand differentiation. It told a story of how these primary elements were both created and developed. At the same time, there was an important story to tell in relation to the intricacies and difficulties behind this sequential process of brand building in SMEs. There was also a brand exploration theme which was important to include within this process of brand building.

The final model is presented as the end product at the end of the Findings chapter.

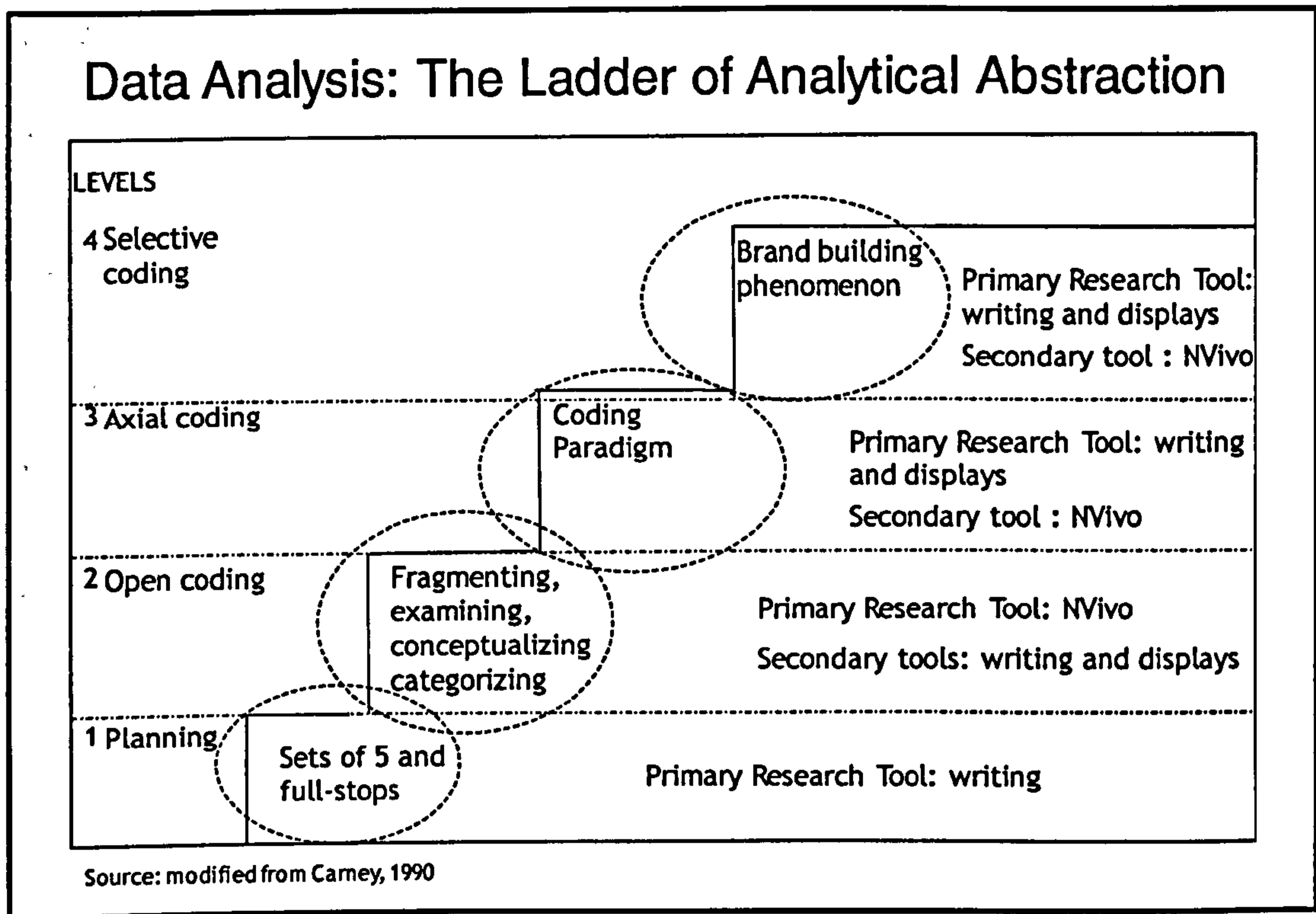
#### **4.6 Chapter summary**

The purpose of this chapter was to describe the analysis and synthesis of the research data as means to show how both findings and the final model were developed. Thus it was essential to explain the four stages by which the researcher went through the data analysis and synthesis. These stages were as follows: first, a preparatory planning stage, followed by an open coding, axial coding and lastly a selective coding.

All four stages were explained along with the different research tools used for each one of the stages. As means to obtain a better understanding, each stage show cases examples of the research tools. Their objective was to offer the reader a better understanding of the progress from open coding to axial coding to the final stage of selective coding.

The next figure may summarize the four stages of data analysis of this chapter:

Figure 4-7: The ladder of analytical abstraction



Based on Carney (1990), Figure 4-7 displays how data analysis moved through a ladder of analytical abstraction. It also presents corresponding primary and secondary tools of research for each one of the levels. All levels and research tools aided to explain the research question.

The next chapter explains in detail how brands are built in SMEs making reference to both the building blocks of brand identity and brand differentiation. Importantly data analysis suggested a time dimension component by which the process appeared to occur in a sequential manner. At the end of the next chapter a detailed explanation of this process is presented as a final conceptual model.



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# Chapter 5: Findings

## 5 Findings

### 5.1 Introduction

Following up on the discussion of the methodology in the previous chapter, the purpose of this chapter is twofold. Firstly, it extends the vast literature of brands by exploring the phenomenon of brand building within the context of SMEs. It introduces a new theoretical model of brand building built on the four objectives set for this study. This chapter is structured into seven main descriptive sections. The first four sections explain findings based on the four objectives of the study as follows:

1. To investigate the relevance of brand identity and brand in the study.
2. To investigate how SMEs use particular brand communication activities to develop their brands.
3. To learn some of the key difficulties facing SMEs when building their brands.
4. To identify the participatory role of the brand owner in the process of brand building.

A fifth section presents a brand building theoretical model by considering a time dimension where the process of brand identity creation and development occurs. Thereafter, a sixth section evaluates the brand building performance of the thirty brands in the study.

Finally, the seventh section summarizes the main findings of this chapter.

### 5.2 Objective 1: Brand identity and brand differentiation in SMEs

This section presents the first objective of the study:

“To investigate the relevance of brand identity and brand differentiation in SMEs.”

This objective presents main findings in relation to the four dimensions of brand identity and brand differentiation derived from the literature. Hence, this section is



divided into three subsections. The first one presents the main findings of brand identity and the second one presents the main findings of brand differentiation. A third section presents a summary of the main findings for this objective.

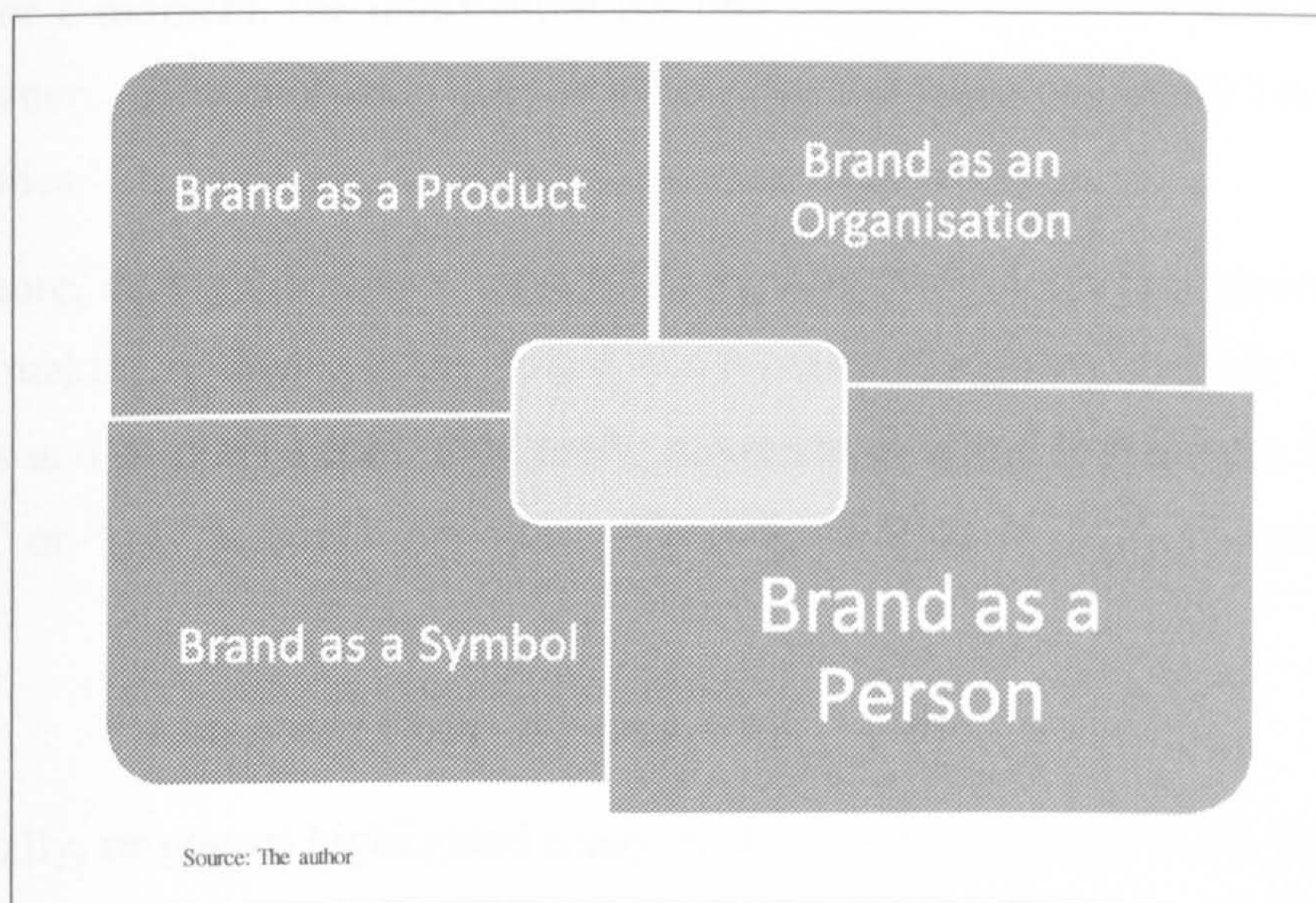
### 5.2.1 *In relation to brand identity*

In order to better structure this section, findings are divided by the four brand identity dimensions which are discussed next.

The sequence for presenting the four dimensions goes hand in hand with the sequential process of brand building model explained in detail in Section 5.6 which starts with 'brand as a person,' followed by 'brand as a product,' 'brand as a symbol,' and finally, 'brand as an organisation.'

#### 5.2.1.1 *'Brand as a Person' – a dimension of brand identity*

**Figure 5-1: 'Brand as a Person' dimension of brand identity**



The question posed to interviewees in regards to this dimension, brought in difficulties to respond. Most brand owner/managers (B/Os) had never thought about this dimension. Hence, their responses were concise, short and with intermittent silences. However, their responses offered the following insights:

1. A clear indication that there are close similarities between personality traits of B/Os and their brands.
2. Two distinctive sets of brand personalities emerged from the study.



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#### 5.2.1.1.1 Similarities between B/O and 'brand as a person' dimension

Findings suggest that there are close similarities between personality traits of B/Os and their brands. At times, it was also found that the brand is the personification of the owner as posed by some authors (Krake 2005; Power et al. 2008). There is an anthropomorphism of the brand (Levy 1985) stemming from the owner's personality traits. The following verbatim exemplify this argument:

*"The personality of Karla (the brand owner) permeates throughout the entire firm, in other words, if you want to define Karla, sorry I meant B20, in one person, it would be Karla." – B20*

*"The brand name has my wife's name... I would say that the brand is open-minded, and extrovert because that is the way my wife is, she is hyper-open and hyper sociable." – B9*

Both examples show the relationship between both personalities. As the first quote shows, for a moment, the interviewee became confused between the brand and the brand owner. This confusion may lead to infer the close proximity between both personalities.

Furthermore, during interviews, most B/Os went back and forth in their conversation between making reference to the 'brand as a product' using "my" or "our" possessive pronouns and at other times, they made reference as if the brand were themselves using "I" or "we" personal pronouns. The following quote helps to exemplify this finding:

*"I knew that I had no brand image." – B9*

Additionally, responses highlighted many of the personality traits of the brand owner into the brand. There were in some cases clear indications of the similarities between the two as the next table shows:



**Table 5-1: Parallels between brand and B/O personalities**

<b>Brand name</b>	<b>Brand personality traits</b>	<b>Owner's personality traits</b>
B6	<i>"B6 loves unconditionally, it likes to look after others."</i>	She studied nutrition; she believes that one of the main traits of a nutritionist is that they like helping out others.
B12	<i>"B12 is one hundred percent happy and fun."</i>	The brand owners mentioned that they come to work every day very happy because they love what they are doing, they find it to be fun.
B14	<i>"B14 is honest, trusting, and upright."</i>	The brand owner is a media celebrity known for her honesty and integrity.
B13	<i>"B13 loves football above all, he is young, dynamic, and with lots of drive."</i>	The brand owner plays football since he was a boy and plays it "religiously" every morning. He not only heads his firm, and lectures twice a week during the evenings at a local university, but also recently finished a Master's programme in football marketing.

Table 5-1 makes reference to the inherent connection found between B/Os and their brands.

Deviant cases in this respect, suggest that the personification of the brand owner may decrease as the SME grows in number of employees involved in the brand decision-making.

For instance, B19 portrays one of the deviant cases between the personality traits of the B/O and the brand. B19 started in 1988 and has a total of 220 employees with three major brand extensions stemming from their original product innovation. The product innovator was no longer working with the company, but they had kept her name initials as both corporate and product brand name. The company had grown to have specialised areas including a marketing department consisting of three people. The brand owner who was a friend of the product innovator had kept her husband in charge of the sales department. The brand was currently a national brand with distribution to major chain supermarkets competing against major cosmetic

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multinational brands. When the question was raised to describing the brand as a person, the B/O answered the following:

*“It’s easy, B19 is aggressive. It is an ambitious in the marketplace, not ambitious in the sense of gaining money, but ambitious to doing something in the marketplace. It is a person with many projects and many of them have been consolidated and there are yet more to come. It has character, strength and enthusiasm. A person who sees stairs and he climbs them. It has a personality with a constant search, of searching for changes, innovations, of growth, to transcend in the marketplace.” – B19*

When further probed about a possible link between his personality and the brand’s, he felt offended. He argued that such idea would be vain to think on his part. However, he added that if there were any similarities with the brand, there would have to be with all the decision makers’ personalities involved in the brand such as the head of the marketing and sales departments. The following verbatim testifies to this finding:

*“I cannot think and do not agree to think that I am the personification of the brand, I find that to be pretentious and very arrogant. The brand is not myself, the brand is the entire company, the brand is everyone in the company who works very intensively in his/her job, because the brand is Mr. Miranda, the technical engineer, the brand is Laura in charge of the marketing area and Antonio who sales the products to our clients, everyone is the brand. Every one (stressing) of us is the personification of the brand. We may agree that everyone is the personification of the brand, but not only me.” – B19*

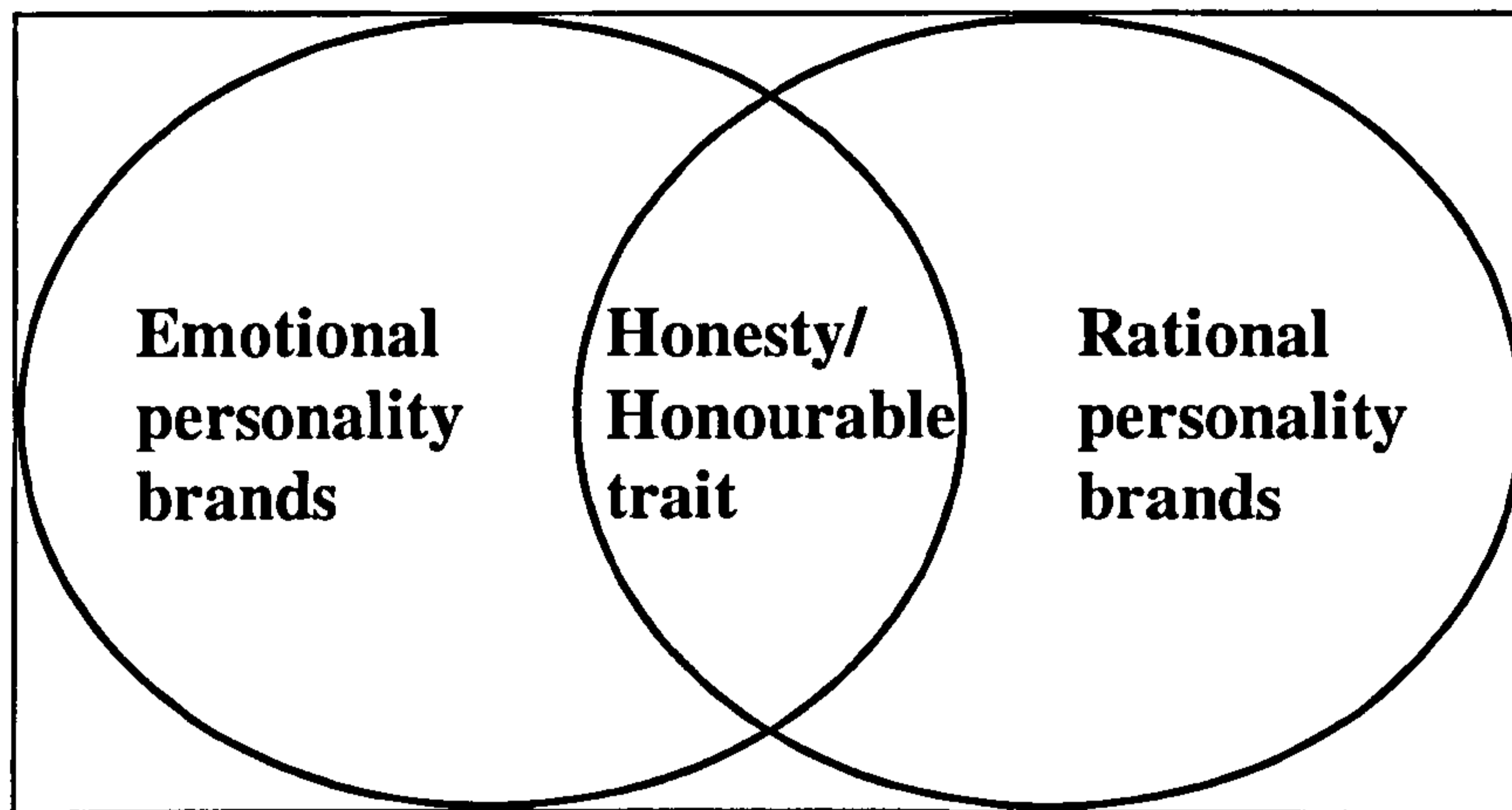
This testimony addresses the situation that B19 is moving away from being an SME brand and is becoming more of a larger company brand in the sense that the B/O is delegating brand decision making to other members in the organisation and they may instil their own personality traits.

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#### 5.2.1.1.2 Two distinctive sets of brand personalities

Further analysis, into personality traits mentioned by B/Os, appeared to show two distinctive sets of brand personality groups. One group appeared to be emotional and a second group appeared to be more rational. The next figure may exemplify these two sets of brand personalities:

**Figure 5-2: Emotional & rational personality brands**



As Figure 5-2 shows, the emotional brand group on the left were described with the following verbatim: “carefree,” “happy,” “sociable,” and “adaptable.” The rational brand group on the right were described with the following verbatim: “strong,” “aggressive,” “rationale,” and “disciplined.”

Furthermore, data analysis showed that both groups of brands were also described as being “honest” and “honourable.”

It may be possible to infer that these two sets of brand personalities may reflect the way by which B/Os approach the marketplace. They may be friendly and carefree or aggressive, strong and disciplined.

Additionally, further analysis was undertaken to evaluate to seek any correlation with B/O gender, but there was no indication that gender made a difference in the selection of any of the two brand personality groups.

#### 5.2.1.1.3 Summary

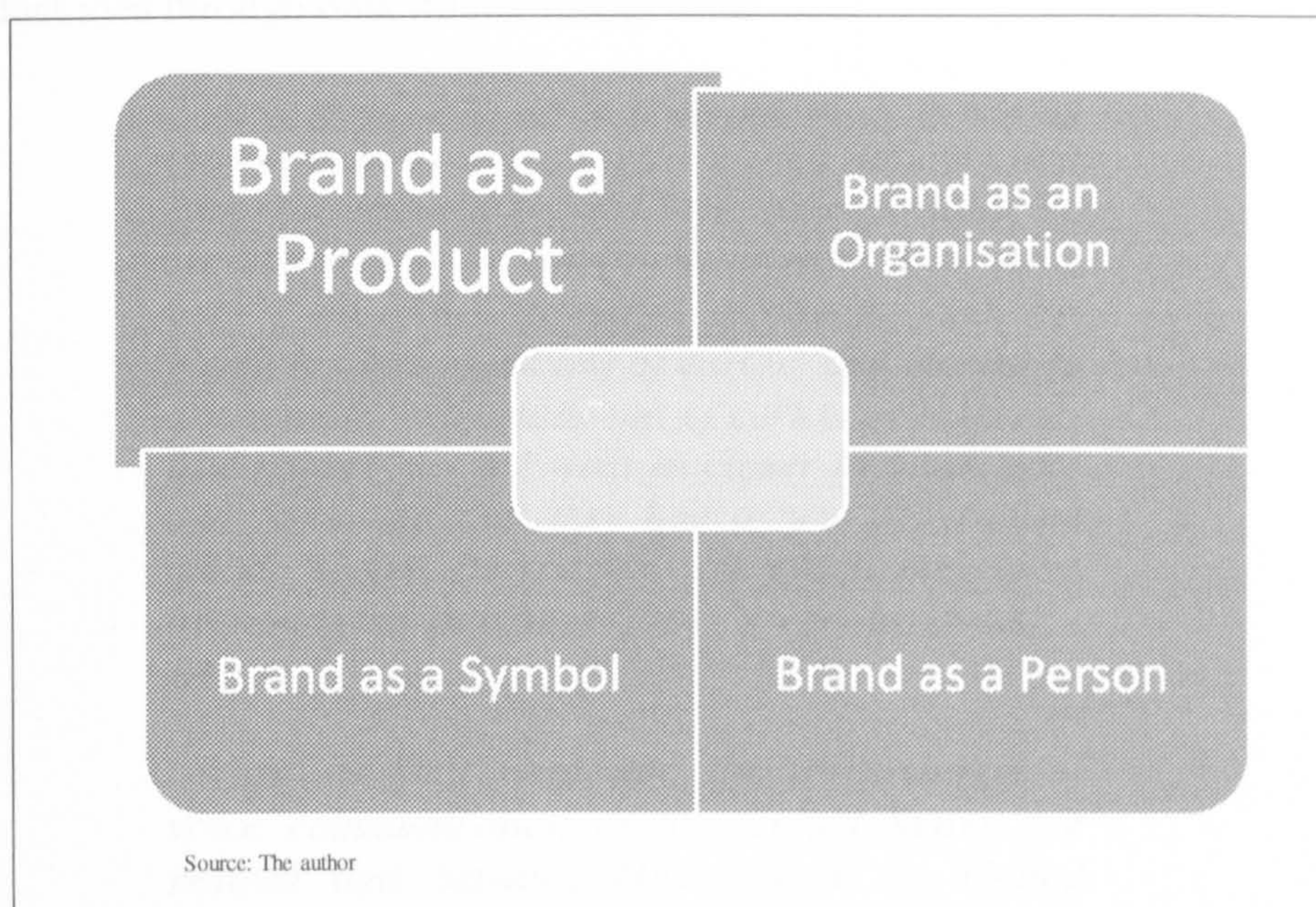
Two main findings were discovered in brand as a person dimension:



1. There was a clear indication of the close relationship between the personality of the brand owner/manager and the personality of the brand. In some cases the brand was the personification of the brand owner. Furthermore, findings suggest that the personification of the brand owner decreases as the SME grows as more members of staff are involved in brand decision-making.
2. Findings suggest two distinctive set of overarching brand personalities in SMEs. The first group appeared to be emotional and a second group appeared to be more rational. At the same time the personality trait of “honesty” and “honourable” appeared to be in both groups. This finding may suggest a reflection of the brand owner/manager’s approach to the market.

#### 5.2.1.2 ‘Brand as a Product’ – a dimension of brand identity

**Figure 5-3: ‘Brand as a product’ dimension of brand identity**



In contrast to the previous dimension, the question in regards to ‘*brand as a product*’ dimension offered long and rich responses by brand owner/managers (B/Os). Answers showed that B/Os were knowledgeable about their products and that they were also familiar with this dimension. The main themes which emerged and are discussed in this section are: first, converting opportunities into products; second,



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production exploration; third, brand differentiation “newness”; fourth, ‘value for money’ price quality strategies, fifth, close link between product attributes and functional benefits; sixth, brand values minimal recognition and lastly, development of new products.

#### 5.2.1.2.1 Converting opportunities into products

Twenty two brand owner/managers (B/Os) appeared to envision an opportunity in the marketplace prior to developing their products. Such finding supports Merrilees (2007) argument that opportunity recognition is the first key factor which helps brand owners start successful brands. Opportunities appeared either by 1) recognizing a trend or a gap in the marketplace, 2) having worked on a project beforehand (Carson and Gilmore 2000), and 3) having worked on some type of research. Opportunity recognitions were product ideas.

Below is a section of comments made by respondents revealing how they envisioned a product idea through opportunity recognition:

*“...one good day while working at X company (now a major competitor), I started noticing that many government secretariats, but especially the secretariat for the Environment were requesting very “out-of-the-ordinary” products such as pencil holders made out of carton, and started to ask myself: “why made out of carton or chlorine-free paper?”... so I went in closer to investigate and found out that they had a new programme called ‘Green Purchasing’ by which they were beginning to purchase only ‘green products’”-  
B1*

*“When we first went into the transmission of voice communication in the United States, we noticed that between Mexico and the United States, there was a huge amount of telephone calls. No other pair of neighbouring countries showed that amount of telephone calls. The quantity of telephone calls between these two countries was the largest amount ever between two countries. This situation was primarily due to the migration phenomenon of Mexicans living in the US. Statistics showed that by the end of 2005 there were a total of more than fifteen*

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*billion minutes of phone calls dialled out of the United States and more than two billion dialled out of Mexico. We then started to realize that there was a huge opportunity for a Mexican company based in the United States to obtain a share of all the phone calls made by Mexicans in the United States. – B4*

*“Martha (the BO) started with air time on television; the segment was called ‘baby tips.’ The segment was a pilot. TV executives thought that Martha would be the right image for it. It was a segment dedicated to offer mums five minutes of good advice on how to take care of their babies, topics about pregnancy too. It also coincided with Martha’s first pregnancy, that’s when she began to notice that there was a huge gap of information for mums. During that time, mums were informed about regular topics on how to change a baby’s diaper, but nobody talked about the psychological changes during pregnancy for instance, so that’s when she launched the website...that was six years ago when she decided to launch b9 (the brand name) as a dot com, a time when there was a boom on ‘dot coms.’ She thought it was a great idea to have sort of a virtual library for mums, they could go into the website at any time and gather any type of information.” – B9*

*“It all started when we discovered that there was an unattended niche in the market, Mexico is a very important producer of coffee, but I know that... well, I don’t have a marketing degree, but I felt that there were no brands that would represent the quality of the coffee produced in Mexico... on one hand, there are these coffees which are the ‘wannabe Americans’, those brands that want to be like Starbucks and on the other, there are these coffees which represent a one hundred years old Mexican coffee, portrayed as an Indian with a donkey without any innovation... aside from these two groups there was no Mexican brand which represented a modern Mexico, a brand which innovated and competed against global brands.” – B18*



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These quotes show moments when B/Os recognised an opportunity and envisioned the possibility to creating a product.

There were also cases in which the opportunities were in relation to major market trends as the next table shows:

**Table 5-2: Brand opportunities and market trends**

<b>Brand</b>	<b>Market Trend</b>	<b>Product</b>
B1	Slow food	Recycled & recyclable products
B7	Sustainability	Sustainable derived home/personal care products
B22	World consumer obesity	Low-fat snacks
B23	Health consciousness	Organic restaurant
B5	Health consciousness	Homeopathic weight loss product

It may be argued that opportunity recognition is an intuitive ability as it has been posed that owner/managers in SME are many times intuition-oriented (Carrier 1994). One B/O mentioned that people who recognize opportunities are those that are already prepared to visualize them:

*“...opportunities come your way and if you are prepared for them, you will see them and you will hold to them, if not, they will pass and you will never see them. It is just as someone like Rockefeller or Onassis, who are people who can see opportunities where others can't... – B1*

Additionally, there were other B/Os who recognised a product while working on a previous project. For instance, B/O5 and B/O12 worked on a university project which they then transformed into a weight loss medicine and ‘experience’ gifts. Finally, B/O6 was working on a nutritional research when she found she could turn her nutritional method into a nutritional diet.

Once B/Os envisioned a product, they went on to exploring the manufacturing of the product as discussed next.

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#### 5.2.1.2.2 Exploring production

Twenty six brand owner/managers (B/Os) were found to be producing their product for the first time. Most of the B/Os appeared to go through an exploration phase by which they learned how to produce their product. The locus of this phase was on searching, experimenting and trial & error activities. Such finding is pivotal to understanding SME brand context. This finding extends prior literature suggesting that SMEs go through periods of experimentation and testing mainly due to uncertainty and complexity (Bhide 1994; Carson and Gilmore 2000; de Noronha Vaz et al. 2006).

As B/Os explore through trial & errors and experimentation, they learn how to produce the product. Here are some verbatim quotes which exemplify this exploration phase:

*“We had an aloe vera drink, but it tasted really horrible, so we thought to add different flavours, such as mandarin and we added different types of sugar, until a French biologist who came in to give us the organic certification told us: “ if you want the drink to be natural, why don’t you sweeten it with stevia.” I’m a nutritionist and I had never heard of stevia before, so we started to research about it...” – B11.*

This research took them to learning about ‘*stevia*’ which is a South American plant mainly cultivated in Peru with sweetening attributes. So they attempted with difficulties to import the plant from Peru. It was difficult because she had never done any import operations and the Mexican government did not even know about the plant, so the import process became a big issue from the start. Thus, she thought of cultivating the plant in Mexico and began to massively produce and commercialize the plant as a natural sweetener. They discarded the aloe vera drink which was the way by which they had learned about the stevia plant and decided to shift from the drink to the sweetener. She now produces a natural sweetener brand in Mexico competing against Splenda and Nutrasweet.

Another case is B/O9 who didn’t know anything about production of large inflatable games for children’s parties:

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*“My first business idea was to purchase and rent Little Tikes for children’s parties (an American brand well-known for their heavy duty garden games). My wife and I bought the largest one; I assembled it, but after I finished I was already disappointed because it was going to take a long time to assemble it every time we had a rental...so, we then look for other manufacturers and by coincidence we found one the best US inflatable games manufacturer based in Mexico... and started again by buying one, then three, up to five games, but when the games got torn, they would take months to fix them, so after five months I thought: How hard can it be to build one inflatable slide? Well, it took one year from the moment I asked myself that question because I had to research production machines, threads... nobody told me anything, of course, the canvas, I didn’t even know what type of canvas to buy, what type of thread I had to use, I had to look into thousands of brands, thousands of thicknesses, of physical and technical characteristics, I was new to it all, which one to use? I didn’t even know what to ask; I was new. The manufacturers of production machines would tell me about the advantages and disadvantages of their machines, but would not teach me how to use them. After my first simple slide, I moved onto something more complex, I added some curves to the inflatable games. I started to find out about sewing and I went into dress making. I had to learn how to do patterns. I went into production processes and then tried to incorporate these patterns into my production of inflatable games.” – B9.*

As these two cases portray, most BOs faced a hard and difficult production exploration phase on learning how to produce their product which took them several months.

Additionally, there were four B/Os who went on to developing new technologies which later on patented.

Deviant cases who did not show an exploratory phase mentioned that they had some prior experience in producing similar products. Such were the cases of B/O8,



B/O13, B/O18, and B/O25. In particular, B/O8 had worked in the production department of a major competitor and B/O13, B/O18 and B/O25 had all previously owned a similar company.

The following table shows B/Os' prior experience of producing similar products:

**Table 5-3: Brand Owners prior experience of product production**

<b>Did B/Os have prior experience in relation to product production?</b>	<b>Response</b>
No	26
Yes	4

This exploration and learning period is particularly important because brand differentiation is created simultaneously as B/Os develop the 'newness' of the product. 'Newness' is discussed next.

#### 5.2.1.2.3 Finding brand differentiation through 'newness'

Twenty four of thirty brand owner/managers (B/Os) mentioned product differentiation as brand differentiation. They attributed brand differentiation to product 'newness.' This finding extends prior literature on the innovative capabilities and innovations in SMEs (Carrier 1996; Carson and Gilmore 2000; Verhees and Meulenbergh 2004a). The next table summarizes the level of 'newness' found in twenty three brands in the study:

**Table 5-4: Type of product 'newness'**

<b>Type of 'newness'*</b>	<b>Number of Brands</b>
New Formula/ New Attributes/ New Service/ New Design in an already existing category	13
First to offer New Formula/ New Attributes/ New Service/ New Design in a new category	10
Personalisation/ Mass Personalisation	8
Technology-based	5
Patent	4

\*Brands in 'Personalisation/Mass personalisation,' 'technology-based' and 'patent' categories are part of the brands in the 'already existing' and 'new' categories

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From Table 5-4, it can be observed that thirteen brands in the study offered new attributes, new formula, new service, or new design in an already established category. Ten brands offered new attributes, new formula, new service, or new design in a new category; B/Os mentioned they were the first in new category.

Additionally, eight B/Os related their product differentiation by offering some level of personalisation or mass personalisation, five of which mentioned this personalisation was enabled through technology – mainly through the Internet.

Finally, four brands were supported by newly developed and patented technologies or processes. Specifically, B/O18, a coffee manufacturer and retailer, developed a new technology to seal the freshness of their coffee tins. This new technology included a cushion on the tin that when pierced, a fresh coffee aroma expelled from the tin reinforcing the product benefits of coffee freshness and better flavour, the BO had patented this technology:

*“This is the patent I was telling you about, customers really like, it doesn’t matter when you open the tin, you can open it in twenty years... (he makes a demonstration of the patent by pinching a little cushion located in the tin with an attached pin, as he pinched the tin, a burst of fresh coffee was expelled making also a hissing sound)...as you noticed, it brings out the aroma of freshly toasted coffee. This is our first patent and has really worked well.” – B18.*

Another case was B21. The sons of B/O developed a new machine to produce puddings. B/O mentioned that their machine was different from those found in the market because:

*“It’s small, digital, and pneumatic, with stainless steel food degree, easy to clean and we are pending the patent.” – B21*

Finally, B22 was based on a new process and machinery which according to B/O, large multinational snack food companies do not have:

*“I didn’t had the slightest idea about food, or business, I was studying industrial engineering...”*

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*the idea was not to invent a machine nor a process nor a technology, the idea was to produce the product... the university lent me the laboratory to run some tests and after several tests I realised that there was a huge limitation on product flavour for low-fat, low-calorie snacks... I didn't know anything about food processes, but started to run several tests until one day I developed a process that worked on the flavour... I decided then to start looking into patents and found a well-recognised international patent agency who said: "your process is completely patentable; nobody has this type of process." A regular process for snacks includes baking, frying, instruction, a process which doesn't allow keeping the flavour and the nutritional properties...so we started building some machines in the garage at my parents' home to start a small testing laboratory ... it took about a year and a half to develop the final product, this product is not fried, it is one hundred percent natural and it allows you to design the nutritional value." –B22.*

While most B/Os in the study were aware of offering brand differentiation based on new product attributes and/or benefits, most of them did not know whether this 'newness' was relevant in the marketplace until they began to interact with clients and customers.

While most of B/Os went on to producing their products, six of them were found to out-source their products. In particular, five of them were out-sourcing as part of their business model. The main reasons being: 1) suppliers offered a higher quality, 2) their lack of expertise, and 3) they thought that they were going to take too much time and resources.

#### • 5.2.1.2.4 Development of new products

New product developments appeared to be one of the most actively sought activities among brand owner/managers (B/Os). This finding supports relevant literature sustaining the innovative capabilities of many SMEs (Bhide 1994; Carrier 1994; Carson and Cromie 1990; Cunningham and Lischeron 1991; Johne and Davies



2000). All B/Os showed some type of new product developments ranging from product extensions to brand extensions to new brands as the next table shows:

**Table 5-5: New product developments**

Brand	Product Extensions	Brand Extensions	New brands
B1		√	
B2			√
B3		√	
B4	√		
B5	√	√	
B6		√	
B7	√	√	√
B8	√		
B9	√		
B10	√		√
B11	√		
B12	√		
B13	√		√
B14		√	
B15	√	√	
B16	√		√
B17	√		
B18			√
B19	√		√
B20	√	√	√
B21	√		
B22	√		
B23	√	√	√
B24	√	√	
B25	√		
B26	√	√	√
B27	√		
B28	√	√	√
B29	√		
B30	√		√
<b>Total</b>	<b>24</b>	<b>12</b>	<b>12</b>

Table 5-5 shows that all brands in the study present some level of new product development activity. Specifically, twenty four brands worked on some type of

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product extension by adding new attributes such as new sizes, packages, colours, times of services, location of service, design, flavours, and raw materials, amongst others. For instance, B3, an early childhood development school, added swimming classes to their playground classes; B8, a clothing brand, added female polo shirts to their already male polo shirts; and B22, a healthy snack brand, added a hot & spicy line to their sweet line of snacks.

Twelve brands worked on some type of brand extensions which meant moving the original brand name into another product category (Broniarczyk and Alba 1994). For instance, B5 moved from gelatine to beverage category. B14 moved from the Internet to print-based media vehicles. B18 moved from grounded coffee to coffee shops category.

This finding extends prior literature of the importance of product and brand extensions for many organisations (Aaker 1997a; Pitta and Katsanis 1995; Whitney 1996) including SMEs. However, the process is very different from larger organisations as it was found to be informal. This process is based on experimentation and trial and errors. The following examples may illustrate how the informal approach is carried out in SMEs:

*The liquid had no flavour, so we thought about adding some flavour. We first had a pineapple & coconut flavour, but customers didn't like it that much, so we then added a lemon flavour and it is probably the one that people liked the most. They tell us that when they go to the gym with their bottle of water, they can add five drops of the product and their water has a better flavour. They say it is fresh, sweet and with no calories; it's not just plain water." – BO11*

*BO16: "the brand had been in the market for forty years, and when I took control I thought it needed some updates, so I changed the cap which was made out of cork and placed a tamper free cap, I also changed the label, but the label was a disaster...because I didn't do any analysis on what were the consumer brand perceptions of the label, not even in regards to the brand name. People after forty years had recognised the label*

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*and perceived the brand name with the label, but when I changed it, consumers didn't recognize the brand.*

*Researcher: so how much did you change it?*

*BO16: "a lot, a lot because a university student who had worked with my dad with several projects before said he wanted to do the new label too... I told him "ok" and when I saw it, I thought it could work, so I decided to change the label. The old label was longer, with several circles and the only thing that I kept was the band across with the brand name, it had other colours, they were very different, so I send the art to print and place them in the bottles...so when I started to distribute the product and went back to see the clients, they told me "people are not buying any more the product because they say it's not the same brand" I was about to panic "what do you mean?" I asked, "they say it's not the brand" one client told me..."what do you mean it's not the brand?" I asked. I realised that my clients were not introducing the new label to customers, show them the differences, that's what we do at my shop. So the new label was not selling. Then I thought to myself "I'm going to finish with the business" (she laughs) so I went to Mexico City to look for the Promoting Centre of Design which is ran by the government and I showed them my label...so designers from the centre went into my shop and did a small survey to consumers asking what they thought about the old and new labels and what they liked to be changed, and what they designed is this label, people still recognised the old elements of the label, yet it had been modernised".*

These product and brand extensions appeared to capitalize on successful attributes which the B/Os appeared to recognize as important to extend.

New product developments were primarily sought as means to increasing sales. It appeared that this activity was more reactive than proactive (Stoner 1983 as cited by Gilmore et al. 1999). However, this reactivity meant that they were listening to their customers and were in tune with what the market was demanding:



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*“At first, the brand had a liquid presentation, but later on, people began to ask us for small powder envelopes like what the competition has, so we started to launch the brand in a powder presentation. First we came out with the envelopes and then, the jars and the small packages containing one hundred small envelopes”. – BO11*

*“Our clients kept asking us for a media vehicle which was more tangible. Internet is yet a media vehicle which is difficult for our clients to invest, it is not yet a primary vehicle... our clients wanted a more traditional media vehicle and that is when we decided to launch the magazine” – BO14.*

*“We are just about finishing the installation of a new packaging site, so we can start packaging our own bread. If our market wants packaged bread, then we have to produce it, but without losing the traditional value, always with our brand name”. – BO10.*

This activity also meant that they were working on key organisational values such as flexibility, openness, creativity and innovation as discussed in section 5.2.1.4 where organisational values are presented.

Aside from developing product and brand extensions, findings suggest that B/Os were also involved in out-sourcing activities. These activities were done without using their own brands. The main reason was primarily due to increase sales volume. It may also be argued that B/Os look for possibilities in the marketplace to reach better sales volume and as they do not often showed to have a medium or long-term planning they went for available opportunities such as out-sourcing.

#### 5.2.1.2.5 Product attributes and functional benefits

Findings suggest that most of brands in the study offer functional benefits and only five brands offered emotional benefits. Hence, results show the importance of functional benefits found in this group of brands. It may be argued that functional benefits are closely linked to the ‘newness’ levels found in many of the product attributes.

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Functional benefits were found also to be either purchasing or usage benefits (Aaker 1996). Specifically, twenty brands offered usage benefits which were all linked to product attributes. Only five brands were found to offer such purchasing benefits as 'accessibility' and 'convenience.'

It may be argued that the positive side of functional benefits is that brands deliver their promise by means of their attributes, many times based on 'newness' levels. This finding was particularly important when brand owner/managers (B/Os) began to open up the market as brands appeared attractive to the marketplace.

The next table shows five examples of the close link between product attributes and functional benefits:

**Table 5-6: Product attributes and functional benefits**

<b>Brand</b>	<b>Attributes</b>	<b>Benefits</b>	<b>Is promise delivered?</b>
B19	The mascara is made out of the seed oil of a local tropical fruit	The mascara elongates the eyelash maintaining them healthy, they become darker and they do not fall. It contains natural ingredients	√
B2	Alternative medicine based on natural ingredients most of them are herbal-and oil based.	The juniper lotion stimulates the circulation body system, it helps to relax muscles. The thyme lotion helps sooth sore throat and it is also an expectorant medicine.	√
B20	Notebook and school accessories of higher quality which are distinguished for their contemporary design, the notebooks have strong covers and brilliant colours; they have double metallic plastic covered rings.	The notebooks are long-lasting, they attract the consumers' attention for their colours, they are fashionable according to the year's seasonal fashion.	√
B5	Gelatines and beverages based on three homeopathic active ingredients.	The products help lose weight by diminishing appetite and the anxiety of eating. Medical doctor consultations are available free of charge with each purchase.	√
B14	Specialised information for reference geared towards mums with newly-born babies up to pre-school children..	The information is readily available because it's published in the Internet, printed magazines, radio and TV programmes. It's reliable and specialised because it's written by fifty specialists in all areas of the baby's life.	√

This finding extends prior literature which state that product attributes and benefits need to have some interrelationship in order to offer appropriate brand strategies



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(Davis 2000; Kapferer 2004; Keller 2003). This literature depicts this interrelationship as a pyramid or ladder by which benefits are based on attributes.

The negative side of depending primarily on functional benefits is that with today's technology and open markets, these product attributes may be easily copied by competitors undermining their brand differentiation (de Chernatony and McDonald 2003; Kapferer 2004; King 1991). Their vulnerability may be stressed as many brands in the study showed no emotional benefits. This situation may place them in a critical situation if competing brands develop 'me-too' products.

While product attributes and benefits were consciously developed by B/Os, product values were not, as discussed next.

#### 5.2.1.2.6 Product values

When BOs were asked about product values – defined as long-term benefits or advantages offered by the product to consumers (Aaker 1996), most brand owner/managers (B/Os) did not know consciously what they were offering in the long-term. They found the question difficult. This finding support relevant literature suggesting that B/Os tend to focus on the short-term (Liu 1995; Reynolds et al. 2001). Hence, they found it hard to put into words their brand long term benefits.

While they were very much in tune with product attributes and product benefits, they were not consciously aware of the product values. However, in other sections of the interview, most B/Os made reference to the product values without realizing these long-term benefits.

The next table shows that brands were found to have product values linked to product benefits and attributes. However, B/Os were not aware of product values perhaps because they are more concerned about short-term circumstances:

**Table 5-7: Link between product attributes, benefits and values**

Brand	Attributes	Benefits	Values
B2	Alternative medicine based on natural ingredients with seven essential herbal oils (paraphrase).	<i>“The cream stimulates blood circulation and relaxes muscles”.</i>	<i>“Products of natural origin which are for the body’s health care”.</i>
B14	Information for mums with babies and produced by fifty specialists; available through different media vehicles (paraphrase).	<i>“Information which is of great help, it solves many questions and problems, it’s very helpful”.</i>	<i>“Information which is credible and trusted”.</i>
B19	Natural cosmetics. The mascara contains oils derived from the seed of a tropical fruit (paraphrase).	<i>“The mascara elongates the eyelashes, it makes them stronger, darker, and they don’t fall off”.</i>	<i>“The products maintain the culture of beauty and naturally-base health”.</i>

As Table 5-7 shows, it is possible to infer the existence of product values despite the difficulty of most B/Os to respond explicitly to this question. Importantly, this finding may suggest that it is not only important to have a close interrelationship amongst attributes, benefits and values (Davis 2000; Kapferer 2004; Keller 2003), but also to become aware of such interrelationship in order to develop alternative strategies for the future.

#### 5.2.1.2.7 Valued – based quality.

Valued – based quality has been defined as *“the degree of excellence at an acceptable price (Garvin 1984).”* Firstly, quality was a recurring theme throughout the analysis of ‘brand as a product’ dimension. B/Os appeared to be concerned about offering a higher quality product including the ingredients and raw materials they used to produce their products:

*“We continue using first class quality raw materials to produce our first class quality products.” – BO10.*

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*“The cotton that we buy is one hundred percent first class, we never buy second”. – B08.*

*“I haven’t been able to produce this product because I haven’t found the canvas that I want. I don’t want to use this one because the details will be different. I’m concerned about doing them right.” – B09.*

This finding supports prior literature which sustains that SMEs may use product quality and price to obtain customers at an initial stage (Carson 1985) of marketing evolution. This finding extends the importance of product quality as a competitive tool for SME brands.

Furthermore, B/Os were found to use a combination of price and quality to position their brands. The combination most frequently used was a lower price higher quality. At the same time, they were found to maintain a different brand positioning away from larger company brands. For instance, B27, a food brand, faced a larger competitor with a lower price lower quality positioning. The B/O had recognised the power of this larger company and feared they may become aggressive and retaliate against them. Hence, they had positioned their brand with a lower price higher quality, away from their competitors’ positioning:

*“We would never attempt to compete directly against Herdez (a large company brand). It would be like going into a fight against Samson (making reference to Samson & Goliath), they have bigger plants, bigger efficiency advantages, I would never lower my quality to compete against them, I may do that in the future with another brand name once I have bigger resources, but not now”. – B27.*

Conversely, not all brands in the study went for a valued – based quality strategy. Some deviant cases went for a higher price higher quality brand positioning. For instance, B17, a sauce brand, felt confident that their higher product quality would be noticeable in the marketplace and thought the price to be its brand differentiation. However, this strategy appeared to cause some difficulties in communication because they didn’t have sufficient funds for a proper communications campaign to back up this positioning and had serious brand development problems.



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*“Here’s some interesting information, in Mexico, products made out of chillies have a perceived ‘lower quality’ image, so it has been very difficult for us to make people distinguish the good chillies against the massive low quality chillies, our products use good chillies hence the higher price, but it has been very difficult to make this noticeable without a budget to communicate this difference.” – BO17.*

#### 5.2.1.2.8 Summary

The main findings of ‘brand as a product’ as a dimension of brand identity are summarised as follows:

1. *Converting opportunities into products.* Most brand owner/managers mentioned they had envisioned their products through opportunity recognition. Such opportunities were derived from a realization of a trend or gap in the market or by some personal previous activity. This finding may suggest that opportunity recognitions were product ideas.
2. *Exploring production.* Most brand owner/managers learned how to produce their products. They were found to go through an exploration phase. The locus of this phase was on searching, experimenting, and trial and error activities. This finding is pivotal to understanding SME brand building context.
3. *Product ‘newness.’* Most brands in this study were found to have some level of product ‘newness.’ Findings suggest that product ‘newness’ was found to be closely related to brand differentiation. At the same time, four brands were supported by newly developed and patented technologies or processes. Importantly, most brand owner/managers did not know the relevance of their product ‘newness’ until they began to interact with customers and consumers.
4. *New product development.* New product development appeared to be one of the most sought activities among brand owner/managers. This activity ranged from product extensions to brand extensions to new brands. Importantly, their new product development was found to be informal with

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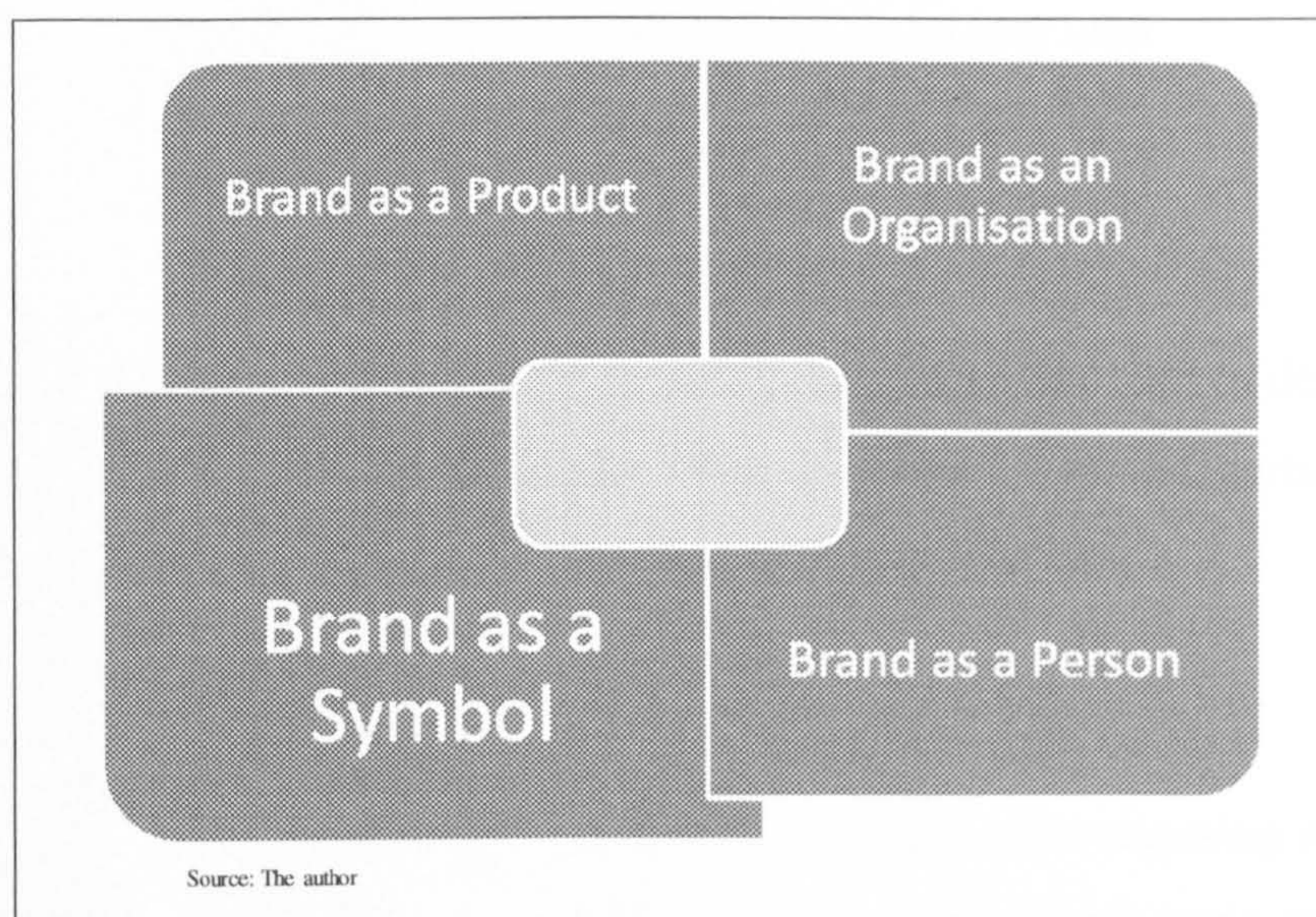
much experimentation and trial and errors throughout the process. This finding extends the literature that SMEs do branding in their own manner through informality and innovation.

5. *Product attributes and benefits.* Functional benefits were offered by most brands in the study. Only five brands showed emotional benefits. Moreover, results suggest a close relationship between the 'newness' of product attributes and functional benefits. This relationship suggests that many brands in the study deliver their brand promise. However, their dependability on functional benefits may place them in a vulnerable position as competing brands may easily copy them and hence, they may lose their brand differentiation.
6. *Product values.* Findings suggest that brand values were not consciously aware by most brand owner/managers. This finding confirms the short-term orientation in SMEs. However, deeper analysis demonstrated that brand values exist. This finding suggests that it is not only important to have a close interrelationship among product attributes, benefits and values, but in the case of SMEs, to become aware of their existence in order to develop alternative future brand strategies.
7. *Valued-based quality.* Results showed brand owner/managers were concerned about offering a valued-based quality. That is, an excellent quality at a reasonable price. Such finding appeared to suggest that it is used as a competitive tool. Additionally, it was also found that some brand owner/managers were fearful of large organisation retaliation if their price/quality mix were close to theirs.

The next dimension to be discussed is 'brand as a symbol'.



Figure 5-4: 'Brand as a symbol' dimension of brand identity



Brand symbols were found to be some of first elements which are created prior to presenting the product to the market. It appeared that B/Os were concerned about the image they wanted to project and hence they planned and looked for experienced people in the graphic design industry to guide them with the creation of these elements. This dimension discusses four main areas: exploration of brand as a symbol dimension, brand name, logos and other images, and finally colour.

#### 5.2.1.3.1 Exploring the 'brand as symbol' dimension

When compared to other brand dimensions, both creation and development of 'brand as a symbol' appeared to be less exploratory in nature. Yet, during the evolution of the brand, symbols were found at times to be a mismatch to what the brand had become and so brand owner/managers (B/Os) were found to make decisions on brand symbols updates.

Sixteen of thirty B/Os mentioned they had contracted a graphic designer to create the brand symbols. Those who did not use a graphic designer found different ways to develop brand symbols. For instance, B/O 9, an inflatable children games manufacturer, started by using the symbols of his first supplier:



*“I knew that I had no brand image to show potential clients so I received support from my supplier. I asked them if I could borrow their brand image for some time, if I could use it, they told me ‘yes’, so I began to promote myself with their image. I used their stationary, their catalogues, and their business cards, well, it was part of what they offered, they lent their image, and that is how I started”. – BO9.*

This finding may suggest that brand symbols are an essential part to develop before the product is introduced to the market. These symbols were categorised into three main themes: brand name, images, and colour as discussed next.

#### 5.2.1.3.2 Brand name

Brand owners were found to know some of the criteria for choosing a good brand name (Jobber 2004; Kotler et al. 2002). Some of the brand name considerations were: ‘short and simple,’ ‘attractive,’ ‘attention-grabber,’ ‘easy to recall,’ and ‘sticky,’ ‘evoke positive associations’ and ‘suggest product benefits.’ Additionally, they also used a combination of key product attributes and benefit words and the initials of the name of the person who developed the product.

The following table shows how these rules for brand name development were operationalised. In the first column, the brand name is written in Spanish followed by an explanation of the meaning of the word(s) in both Spanish and English, and in the last column the category the brand belonged to:

**Table 5-8: Examples of good brand names**

<b>Brand Name</b>	<b>Composition</b>	<b>Category</b>
Vidul Stevia	Vi (vida-life) dul (dulce-sweet) Stevia (name of the plant used to produce the product)	Sweetener
Bbmundo	Bb(bebe-baby) mundo(world)	Media vehicles targeted to mums with babies
La Pista	La Pista (the ring)	Ice-skating ring
Fit-Bits		Low fat/low calorie snacks
Metros Cubicos	Metros (meters) Cubicos (cubic) cubic meters	Real estate services on the Internet and print media vehicles
IM	The initials of the name of the woman who developed the first product: Irma Miranda	cosmetics

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Table 5-8 shows some examples of good brand name strategies. However, it is important to mention that better brand names for SMEs were found to be those which were explicit to what the brand offered rather than coming up with new names or initials. It may be argued that since SMEs face difficulties in communicating and promoting their brands in the marketplace, a brand name which explicitly elicits what it offers may have better chances to be better understood than those brand names with new words or initials.

Four deviant cases were found having brand name problems. These were pronunciation problems. Brand names were created with new words by combining different words. They had no particular meaning. These names were already causing some brand awareness problems as the next verbatim quote exemplifies:

*“I have some problems with my brand name, but I guess that brands such as Kodak and Nike had the same problem when they first started, the name didn’t mean anything to consumers. That is my case.” – B4*

Additionally, there was one case where the brand name had become so well-known for the past forty years that the brand name had turned into a generic. The B/O stated that many new smaller competitors were using the brand name to promote theirs. It appeared that these micro organisations were trying to capture the credibility and trust from this brand by using its brand name:

*“...the brand through time has become a generic, just as people no longer ask for a facial tissue, but Kleenex, people in this region of Mexico ask for B16 when they are looking for a fruit liquor. The reason being is that for the past several years, many micro manufacturers all around this region have introduced other fruit liquors such as raspberry, guava, and other fifteen fruits which we don’t have, but they use our brand name to take advantage of our fame, trust and credibility. So younger people who don’t know that B16 is an orange-only liquor, may see other flavours and these companies may tell them that their liquor is B16, ... so people now think that any fruit liquor*

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*purchased in this region is our brand B16.” –  
B16*

This example may show that while brand name may help distinguish the product of an SME, it may become so recognizable in the industry that it may start to suffer a brand name dilution by becoming a generic brand name. However, this situation may appear to be more difficult to solve when compared to a larger organisation because as this O/M mentioned, she did not have the time or resources to legally solve this situation. However, as she owned a retail shop, she trained her sales personnel to explain the differences between her brand and the competitors’.

In terms of the architecture of brand names, findings suggest that B/Os tended to select a simple structure of brand names, that is, twenty one brands were found to use the family brand name defined as *“the brand name used for all the products”* (Jobber 2004).

However, there were nine deviant cases which showed a combination of family and product brand names. The number of product names varied from four to over sixty. These B/Os began using a multi-brand strategy for different products, thus making their management somewhat difficult in terms of building brand awareness without proper resources. Their attention concentrated on promoting the family brand name.

#### 5.2.1.3.3 Logos and other brand images

Findings suggest that most of the brand owners hired a graphic designer to work on their logos and brand images. Graphic designers went on helping brand owner/managers (B/Os) guide what they wanted to convey in logos and images. The following verbatim quote exemplifies their relationship between a communications brand and their graphic designer:

*“when we created the visuals and logo, we called in a graphic designer who we knew she had developed some designs in cloths using pre-Hispanic motifs, so we asked her to work on the logo so that we could communicate some type of a sound (they are in the communication industry), we went back and forth until we came up with this snail with pre-Hispanic hieroglyphic symbols...*



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*next to it, we added three drops which gave the impression that there was a sound coming out of the snail. It goes very well with the brand name and we believe it communicates what we wanted, we have done some minor changes since then...”*  
– B4.

Brand owner/managers whose educational background related to graphic design and communication explored the creation of such visuals:

*“I liked the concept of B29. The visuals and the rest of the graphics were done little by little sculpting them in my computer.”* – B29

Images were found to be interconnected to the brand name. Images were also found to fall in a continuum from simple to complex images. For instance, they varied from simple curves to brand characters.

Complex images included intricate explanations of all the details of an image. Even when they had developed a whole story around the images, there were difficult to communicate without a communication strategy for the future. At the same time, complex images may face severe difficulties as they required long explanations behind the logos. This situation may impose serious burdens to brand recognition and understanding.

It may be argued that simple images and logos were better for SMEs as most SMEs in the study had limited resources (Mount et al. 1993; Schollhammer and Kuriloff 1979) to develop brand recognition and brand understanding.

Additionally, brands images appeared to be better recalled than the brand name itself:

*“When we say the name ‘B20’, people may ask “what brand is that?” But when we show them the symbol, they know what brand we are talking about.”* – B20

*“The brand characters obviously helped us tremendously to make it recognizable.”* – B3

Findings suggest that brand images are updated. These updates ranged from minor to major changes in logos and font styles. B/Os were aware they wanted to offer

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indication that the brand was being changed and, so they required making appropriate changes to brand images

#### 5.2.1.3.4 Colour as a symbol

The third and last symbol to discuss is colour. Colour was not expected to come up as a recurring symbol which identified the brand. However, sixteen brand owners reflected upon colour as a symbol which helped create brand recognition. It was also found that it reinforced other brand symbols and was clearly linked to the product.

Colour was referred to be better recalled in the marketplace than other symbols such as brand name. Some B/Os made reference that consumers would recall the brand through its colour rather than the brand name:

*“People might not recall the brand name B19, but they will recall the colour of the product and may say oh, the little pink (mascara) one” – B19*

*“When we orally communicate the brand name, people may say: B20? What is that? But as soon as they see the symbols, they know exactly what we are talking about... the symbol has a strong recall power for the brand, the black background and the three basic colours are fundamental to know B20” – B20*

Other times, colour may be used to differentiate the brand against competitors which are already linked to a colour:

*We wanted our envelopes to be green, yellow is ‘Canderel’, blue is ‘Spenda’, green is natural, green is B11.” – B11*

Additionally, colour was found to be linked with certain associations which brand owners wanted to be attached to:

*“We request shop owners to keep white as their main colour, white is medicine, it’s hygiene, that is the colour we use.” – B5*

It may also help to link the brand to the place of origin:

*“We looked for colourful labels because that is Mexican folklore, very colourful and would also*

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*help to contrast with the dark chocolate colour of the product itself.” – B28*

*“We also included a colour which represents the colour of our university.” B5 (the brand was created in the university business incubator)*

In some cases colour was found to have a set of personality traits which brand owners felt that they were important to be linked to the brand personality:

*“Orange is very happy, it’s a colour that invites to do things, it calls for action. It’s not as aggressive as red, and it’s not as passive as yellow. That is why we chose the orange colour.”  
– B12*

In two cases, colour was part of their differentiating scheme to stand out against competitors in the shelf-space:

*“I want these colours to remain, so that people can perhaps glance at them from far away... so that people begin to recognize each one of the brands.” – B2*

*“The brand stands out on the shelf because the bag is white; there was no white as such in the category.” – B22*

While colour served as a differentiating symbol and helped create brand recognition. Colour was found not only to help communicate certain associations in regards to the product attributes and benefits, but also to be part of some brand product attributes.

The following table shows how some product attributes, benefits and values were linked to colour:



**Table 5-9: Colour linked to 'brand as a product' dimension**

Brand	Brand As A Product (Product Attributes, Benefits, Values)	Linked to Colour
B5	"The gelatines come in different natural flavours."	"The logo has different coloured circles which represent the different flavours of B5."
B6	"You learn how to (correctly) eat"; "it's a very easy method by which you learn how to eat (correctly)."	"People learn how to eat with colours. They learn through the colours of the traffic light: green food can be eaten as much as you like, yellow food has to be eaten with the right quantities, red food cannot be eaten by themselves, but with other food."
B11	"B11 is natural and helps you keep your health."	"Spenda is blue, Canderel is yellow, green is related to natural products, with B11."
B12	"They are experiences which are fun and enjoyable."	"Orange is a very happy colour, it's a colour which calls you to do things, calls for action."
B16	"B16 is an orange liqueur with four graduations of alcohol."	"I don't think I would change the orange colour of the liqueur because the colour gives the product part of its identity."

Importantly, when colour was found to be also part of the product attributes, brand owners felt that colour was to remain as a fixed attribute. Colour was already an important differentiating attribute that helped the brand to stand out:

*"The company has over eighteen years and it has gone through some big and interesting changes, but there is one thing we are not going to change – we just cannot; and that is the colour of the product because it has already been completely positioned in the marketplace... the public wouldn't allow us to do it." – B19*

Moreover, findings suggest that when colour is considered to be a product attribute, it helped to develop new products. For instance, B20 has such strong colour brand identification with fuschia pink that the company decided to launch a whole array of new products in the same category and new categories within the cosmetic industry by keeping the fuschia pink colour. The new line was so successful that they have now new lines of products based on other colours, so they have the 'fuschia pink,' 'gold,' and 'white' lines.

B16 is another brand which colour was also considered to be a product attribute. However, the deep orange colour was perceived as a negative attribute for a natural

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orange liquor. So, the brand owner decided to launch a new line of products by diminishing the intensity of the colour and in so doing, supporting the natural ingredients formula.

*“The colour is so intense that some consumers perceive the brand as not being “natural”, but all the ingredients are, so we are developing a new line of products with a softer colour and a new brand name, we could never change the original colour for the brand name.” – B16*

In terms of colour for brand architecture, B/O7 used colour to create their brand architecture by colour coding the large number of products in the organisation:

*“Each line of products has a colour code, for example blue is the nutritional line” – B7*

Colour appears to be one of the powerful symbols which helped brand identity development.

#### 5.2.1.3.5 Summary

The main findings of brand as a symbol dimension are summarised as follows:

1. *Exploring ‘brand as a symbol’ dimension.* This dimension appeared to be created and developed with less exploratory phases when compared to other brand identity dimensions. Almost half of the brand owner/managers hired a graphic designer to create their brand symbols.
2. *Brand name.* Many brand names conformed to brand name development strategies found in the literature. However, findings suggest that strategies which include explicit references to suggestions of brand benefits or evocation to positive associations may work better than brand names with new words. This finding is based on previous findings suggesting that SMEs have difficulties in communicating and accessing communication vehicles. Hence, clear brand names may work better. Additionally, findings suggest SMEs in the study faced traditional brand problems such as generic brand transformation when they become a leading brand in the category.

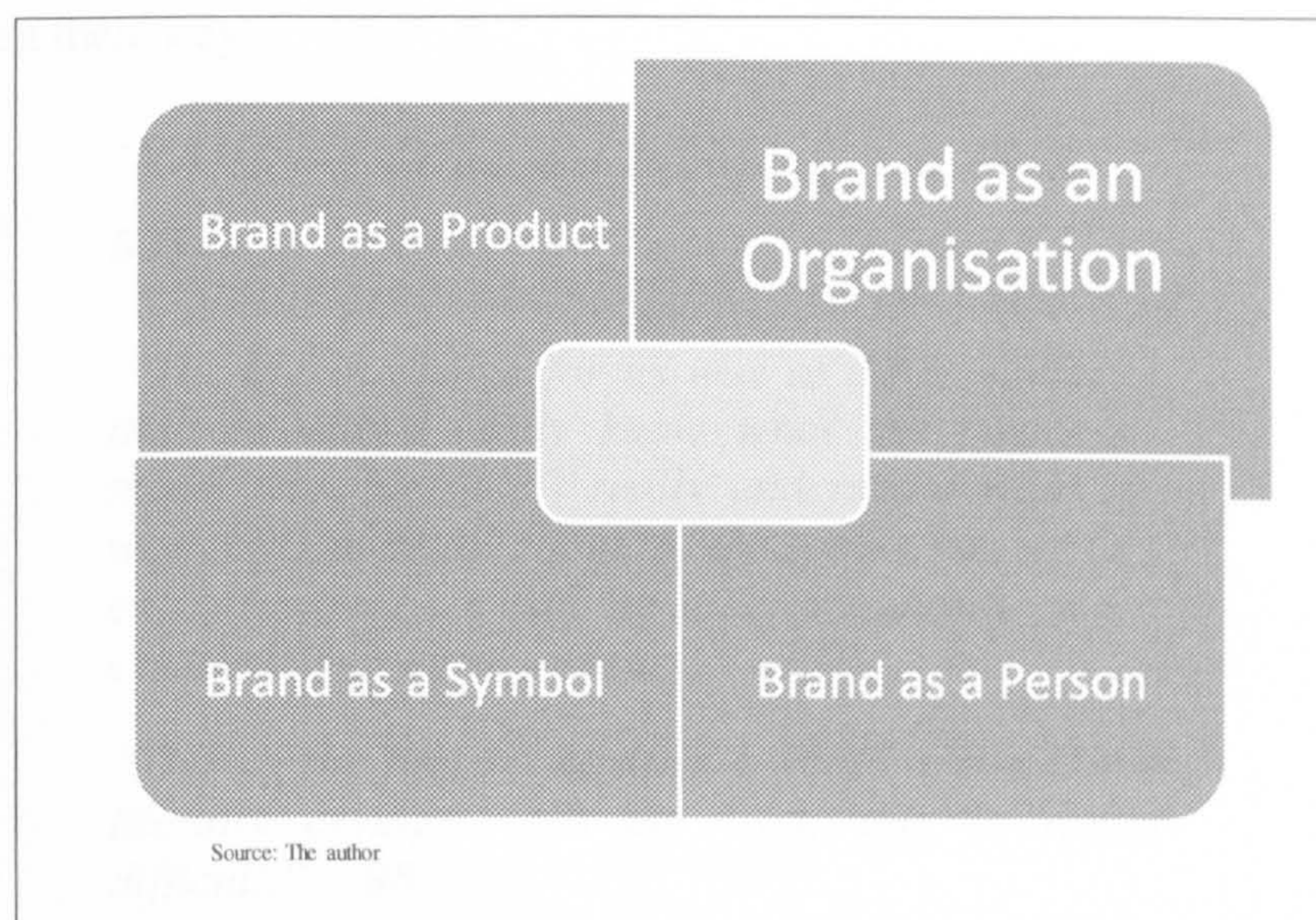


3. *Logos and other brand visuals.* Logos and images appeared to be interconnected to the brand name. They were also found to fall in a continuum. That is, from simple to complex images. They varied from simple curves to brand characters. However, due to resource restrictions, logos and visuals may be better communicated when they remain simple.
4. *Colour.* Findings suggest that at times, colour was a powerful symbol to brand recall. Additionally, it appeared that colour had already some personality trait associations which supported brand personality. At the same time, colour was found to be an important differentiating product attribute which may suggest a source for brand differentiation.

The next dimension to be discussed is 'brand as an organisation' dimension.

#### 5.2.1.4 'Brand as an Organisation' – a dimension of brand identity

**Figure 5-5: 'Brand as an organisation' dimension of brand identity**



Findings suggest that 'brand as an organisation' may be the last dimension to be created. For this study, SMEs were defined as having at least ten members in the organisation. So, by the time the organisation reaches this number of employees, the brand owner/manager (B/O) has already gone through different stages of growth as posed by the literature (Mount et al. 1993; Scott and Bruce 1987).



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This section will discuss three key findings: 1) an exploratory phase of how the SME itself is developed, 2) some overarching organisational values across the SMEs in the study, and 3) some unique organisational values derived from B/Os own personal values.

#### 5.2.1.4.1 Exploring the 'brand as an organisation' dimension

All B/Os were found to go through exploratory phases during start-up and development stages of SMEs. This finding extends relevant literature suggesting that SMEs go through period of instability by which they are required to learn new sets of skills (Mount et al. 1993; Scott and Bruce 1987). Additionally, it was found that B/Os brought in their entrepreneurial/managerial skills, knowledge and competencies (Carson and Gilmore 2000). However, the challenges of running an SME surmounted what they brought into their organisation. Thus, findings support the argument that B/Os are required to manage their organisations through levels of uncertainty and complexity as posed by recent literature (Bhide 1994; Van Gelderen et al. 2000). The following verbatim quotes exemplify their situation of exploring and finding their way:

*"Everything during the beginning is a shock" – B25*

*"The big challenge for us was at the beginning that we didn't really know what the business model was, we didn't really understand what it was going to be all about. At the same time, we as entrepreneurs, we had no idea; we didn't have credentials as entrepreneurs." – B12*

*"During the first six months, I would arrive home literally crying: Oh my God, this is really difficult." – B8*

*"When you are a large company, you start with a business plan, a strategic plan, you generate your mission and objectives, but when you start a small business you may have some of them in your mind and you communicate them orally, but you don't have them all figured out." – B13.*

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*“The most difficult part is the very beginning, and then things begin to fall into place.” – B1*

As these quotes show, B/Os are trying to make sense of what they want for their business in the midst of crisis, uncertainty and complexity. They appeared to not being sure of how to do all the activities surrounding the organisation.

While they seek to grow their organisation, findings suggest they go through phases of trial & error and experimenting. In so doing, they took many risks. The outcome was new learning on how to run their organisations. The following examples illustrate how B/Os attempt to making sense of their organisation:

*“At the beginning, I was the ‘do-it-all’ person, practically, and work became overwhelming (he laughs)...the work load as it is today had gotten overwhelming and so I saw that it was just not possible to continue like that, Mr. Miranda was working with me too for several years, and work surpassed us, it had surpassed us. We thought then we needed someone to be responsible of advertising, so I thought to select someone, that’s when Brenda joined us. But this situation continued: ‘Brenda, what happened with what I had asked for, and this and the other’... and Brenda would hesitate, so I told her: ‘you need someone to help you, let’s look for an assistant, and then came Nelly, a graphic designer, and job demands continued to increase... Brenda would tell me: ‘we can’t cope with everything...’ so I told her: ‘bring in another person’, and that is when Laura joined...then they complained about the equipment ‘ ok, go and buy an equipment, ‘then they asked for more computer capacity.. ‘ok, go and buy another equipment, and that is how we’ve grown internally, trying to compensate with the pressures of work.” – B19.*

*I need to start searching for a distributor, but I can’t find it, I don’t know how to (silence)... perhaps an alliance.” – B21*

*“I was away from the office for some time and when I came back my mum (a co-owner) had already hired a group of salespeople, I told her that we couldn’t afford to paying a salary for salespeople, we could pay for distributors on a*

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*commission basis, I thought we could post some vacancies for distributors on our website, so I fired them all.” – B11*

*“When I started the business, I started meeting people (potential distributors) at different industry events and so we began to talk... that is the way it emerged, I didn’t sit down to think: this is how I will do my commercial side of business, it all emerged from talking to people.” – B9*

These quotes show how B/Os attempted to build in their structure and support system within the organisation and committed some trial and errors, while at the same time, being open to opportunities in the market.

#### 5.2.1.4.2 Overarching organisational values

Findings suggest SMEs in the study had some key overarching organisational values. These were found to be team-playing, open communication, creativity, drive for quality and innovation, interest in member training, and honesty. These findings may be due to some of the inherent characteristics found in the literature which sustain that SMEs have simple and flat organisational structures, they are informal with no job descriptions, minimum formal processes and controls in place, shared values and personal relationships (Carrier 1994; Carson and Cromie 1990; Johne and Davies 2000)

Even when findings suggest that SMEs in the study have specialised areas in the organisation – primarily production and commercial areas, the structure remained flat. This flatness helped brand owner/managers (B/Os) to promote daily communication with the rest of the members which offered good opportunities to communicate not only their values, but also their strategies. This communication appeared to favoured oral and not written communication:

*“Just as any other medium company, we cannot establish many processes or controls or systems, as a larger company does due to cash flow. So I have to do lots of work on (organisational) values, being very close with people, trying to communicate trust and team playing. For instance, if you go to Bayer, there is a warehouse with about twenty or thirty people doing*



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*inventory, counting, sorting, everything goes into a report of what goes in and out of the warehouse. We don't have that type of sophistication because we have a cash restrain, we cannot hire someone who can become specialised in this area, we have to have multi-functional jobs, I want to have people I can trust who can adapt to our organisational values. I know all of them and they know me, I talk to them every day and that gives me the opportunity to let them know what we have to concentrate on, I don't have the time to write manuals or written documents about the mission, vision and organisational values, everything is on my mind, I have two choices, I either spend time writing or I do business, I rather do business and talk to all."*  
– B13.

*"On Sunday I went to visit three of the bakeries to talk to workers. I like to have this type of communication because they know I'm the director and they have an opportunity to learn what the company is all about, they frequently ask for things and I offer other things, we keep a permanent communication."* – B10

Additionally, even when specialised areas were found in their organisations, most B/O's did not look for specialised members; rather they looked for and hired people who had a disposition to work on as many activities as possible and shadow their 'do-it-all' disposition to work. The following verbatim shows how B/Os want to keep a 'do-it-all' disposition in their organisation:

*"It's a very flat organisation. We started with...(both B/Os laughed), two 'do-it-all' jobs, both of us would do everything, we looked for our suppliers, we would sell, we would built promotions, we would answer the phone, line one was Lilia and line two was me (both laughed)...and that is how we started, the team has maintain a lot of that. Today we have ten more members, but even when each one of them have a specialisation, there are more and more working areas, there are many things which we bounce amongst everybody, and we do things together, following the spirit we started out with, a spirit of happiness, of camaraderie, we spend*

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*so much time together, we've become friends." – B12.*

This open communication was also promoted by the physical set-up of working places in the premises. All of the interviews in the study except one were held in SME premises. Visits offered some observation of how members physically worked. From observation, it was found that all of the SMEs had some type of open-plan designs. It may be possible to infer that such a layout of offices promoted communication amongst members. It also promoted knowing what other members in the organisation were working on.

Other organisational values found to be important were creativity and drive for innovation. B/Os appeared to be aware of these values and they look for these values to occur within their organisations as a key element of the brand as an organisation. It appeared that innovation was being promoted due to the following reasons: by the same lack of formality in the organisation, an openness to change and a willingness to take risks and commit errors. The following verbatim exemplifies these values:

*"I think that the main organisational value is innovation, in other words, change. In other words, there is a preference for change and a promotion of change inside the organisation. For instance, every person who comes in to work for B20 is told: 'you are going to build your post, you are going to go up to where you want to go, you are not being limited by your post'. Posts are not defined, the B/o likes to promote interplay amongst posts, she likes members to become interested in what others are doing, to help out others, and everyone needs to change, to become dynamic, being in a constant innovation. At the same time, she urges members to bring in new project developments, to grow their own areas, to give additional values, it is something which is not applauded when it happens, it is expected. That keeps each member thinking: 'hey, how about if we include a radio station on the webpage? Let's explore and analyse it'. – B20*

*"What we have tried to create is a working environment where there is an openness to create, with no limits to risk taking... errors and*

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*failures are welcomed, but always as means to capitalize a learning from them. If you have an idea, make a proposal, we will try it out, if it works, that is wonderful, but if not, we learned from it, but we do not say for instance: "no because.... you have been in the company for only one month..." – B12*

This quote shows that creativity and innovation is not only an organisational value which is promoted within the company, but at the same time it's being nurture through other organisational values such as team-playing, undefined job descriptions, and open communication.

Findings suggest that at times, creativity and innovation values are also related to the lack of financial resources. It was found that due to the scarcity of financial resources, B/Os and members in the organisation are forced to become ingenious and do brand activities even when they have no resources to do so. The following quotes exemplify this situation:

*"the biggest difficulty has been money...if I want to do some type of promotion, it costs money, if I want to add another ice skating ring, I need to look for more money and partners, strong investments in order to make a new ring. We have had to become ingenious to do as much as possible with the least money available because there is no surplus... for instance, if I want to do an advertising campaign we manage ourselves through barter exchange with radio, magazines, newspapers.- B15*

*"but when you have no budget, you come from a reality where you are obliged to do many more things. It gave us the opportunity to make big and small errors, to fix them, to learn from them, it gave us the opportunity to be truly creative because there is no bigger creativity than the one which is done when one says: 'ok, there are no resources but we have to do something'". – B12*

Creativity was also found to be linked with a lack of knowledge. SMEs in the study were found that they were willing to take risks, to be open in making errors and have an open disposition for experimenting. Additionally, B/Os at times were found to be naïve due to the lack of experience and knowledge about how to do 'things'. The



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next verbatim quote exemplifies how B/O14 came about developing a new product which was a discount card for their brand users:

*“When we thought about a card, we already had a radio programme and a website. The card would offer benefits to mums. This was an idea which came up at a spur of the moment. This idea was to launch a card by which mums would obtain discounts in a series of products and services. So, we thought that when the B14 card was purchased, the card holder would receive discounts at baby clothes and maternity shops, at recreational parks, early-childhood development schools... but we were very naïve when we launched it. We thought it was going to become the biggest business ever,... we realised so many things that we never thought about and we had to fix them on the go, things started coming up and all of a sudden we were like firemen, and there were lots of anguish... lots of learning... we had to learn along the way.. I feel that our ignorance was positive in the sense that as we didn't know, we went ahead and did the card launching. That was very good, we had lots of audacity and we made things without knowing really. The bad side is that all of a sudden things happen. You never expected them to happen... you don't know, you don't know how to solve things.” – B14*

#### 5.2.1.4.3 Personal values of B/Os in the organisation

While findings suggested some key overarching organisational values, SMEs were also found to have a set of unique organisational values driven by personal values of the B/Os. This finding supports prior literature which argues that owner/managers have a personal life-long commitment to their organisation which permeates on to their firm (Carson 1990; Hadjimanolis 2000; Loecher 2000). Specifically, a total of twenty six different organisational values were found to be unique for every organisation. For instance, some of the values which emerged were merit, spirituality, and pride for the firm. The next quotes may show these unique organisational values instilled by the B/Os:

*“I'm very close to God, he is the one who drives my life, and I like to drive spirituality into the*

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*business, but it is not easy. I like to talk about God and spiritual life...I have franchisees who may have different ways to express their spirituality, they may be Catholic, or Protestant, I am very open in that respect, but what I care is that they are close to God... I need to keep finding ways to permeate spirituality.” – B6*

*“We (the B/Os) are a group of dreamers and I believe that our people in the organisation are dreamers too. They want to be part of a dream which people are interested in, but even when everyone has a dream, not everyone has that burning desire to find something different, I believe that we have people who want leave the status-quo, who want to change things, who want to make things happen through social responsible consumption within a well-being industry, of self-sustainable natural organic bio-degradable products.”- B7*

As the previous quotes suggest, each one of the two B/Os were deliberately interested in having their own personal values in their organisations. Both examples find their personal values to be important values in their organisations. It may be argued that these personal values may be a source of brand differentiation.

#### 5.2.1.4.4 Summary

The following main findings were discovered in brand as an organisation dimension:

1. *Brand as an organisation.* This dimension appeared to be the last to be created of all brand identity dimensions as, per the definition for this study, SMEs required to have at least ten employees. This finding may suggest that the other three dimensions were created prior to reaching an SME organisation.
2. *Exploring the SME itself.* Findings confirm prior literature suggesting that while small organisations go through periods of growth, they may also experience periods of instability due to levels of uncertainty and complexity. Furthermore, results suggest that even when B/Os brought in their tacit knowledge, the challenges of managing a firm surmounted their

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competencies. Such situation derived from uncertainty and complexity issues.

3. *Overarching organisational values.* Results suggest that SMEs in the study had particular overarching organisational values promoted by some of the inherent SME characteristics of informality, simplicity in their structures, minimum formal processes and controls and shared values. These organisational values were found to be: team-playing, open communication, creativity, drive for quality and innovation, member training and honesty. Of particular interest were creativity and innovation values.
4. *Personal values of brand owner/managers (B/Os).* Findings suggest that as B/Os have a personal relationship with the organisation, some of their personal values are passed on as organisational values. This finding may suggest that these personal values may be a source of brand differentiation as they were found to be unique for each one of the SMEs in the study.

Once all four brand identity dimensions have been discussed, it may be important to follow with the findings of brand differentiation. A new section will open up this discussion next.

### **5.2.2 *In relation to brand differentiation***

In the last section, findings on all four brand identity dimensions were presented. In this section, relevant results on brand differentiation are discussed.

Firstly, findings suggest that 'brand as a product' dimension was clearly linked to brand differentiation. As discussed previously, many of the responses were related to the 'newness' of the product by offering new product attributes or new product benefits. Please refer to Section 5.2.1.2.3 for more details.

However, nine deviant cases made reference that brand differentiation derived from their 'brand as an organisation' dimension. Brand owner/managers (B/Os) highlighted both their organisational resources and values as key elements to differentiating themselves from competition. For instance, in terms of their organisational resources, they were aware that their members of staff were a key



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element for brand differentiation. They thought it was important to keep them updated and better trained while keeping them motivated in a good working environment (de Noronha Vaz et al. 2006; Johne and Davies 2000; Loecher 2000). For instance, both B/O15, an ice-skating ring service, and B/O13 recognised the importance of their employees:

*“The structures of our ice-skating schools make a huge difference, our head teachers and assistants are a major component. We bring in people from Canada and Russia, so that they can share their knowledge and experiences with our own teachers, we want them to be updated and I believe that makes a difference for our brand. We try to keep at the forefront of ice-skating, we can't think that we have done everything, that would be a terrible thing to do.” – B15*

*“I would say that our human capital. They are the ones who offer the service to clients and so they are the ones who offer that personalised service that we are looking for. If they feel at home, they will make our clients feel at home too. There is a family-like environment and it will become more difficult as we grow because we will have to set formal processes and controls, but at the end I want people to feel they are at home. Underneath that service, I would also include our technology; no competitors offer the same services on-line as we do today. And even when we are servicing clients on the Internet, we want to have that human touch with technology.” – B13*

Both previous examples show how B/Os are concerned about their human resource making a difference in the marketplace. It may be argued that as both brands are in the service industry, they are more in tune with the importance of brand delivery through human resources.

In terms of their organisational values, five deviant cases stressed their value for innovation as a brand differentiation. They believed that their innovative attitude and behaviour of doing and changing things set them differently against competition. The next verbatim exemplify this finding:

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*“I think that the fact that we are innovators and perhaps even daring, has made a difference. Right from the start, B20 had to row against the stream, in a market where there were only commodities and we had to stand out. The industry had previously moved exclusively on price and consumers were looking for price, they didn't care about brands. We dared to bring into the market a product which was 700% higher than the average price... but we were able to pull our brand away from the commodity industry and so the leading company began to copy us, we set the trend, that is something that distinguishes us, that we are the first to hit the market, even when we are not the leaders, and even when they have tried to copy us, they cannot outdo our quality, and it is something that we are very concerned about, and we continue dedicating a lot of time to becoming more innovative than the rest of the industry.” – B20*

Findings suggest that both ‘brand as a product’ and ‘brand as an organisation’ were clearly linked to brand differentiation by B/Os. However, this was not the case with ‘brand as a person’ and ‘brand as a symbol.’ It may be argued that in some cases, these two dimensions offered brand differentiation, but B/Os were not aware of them.

For instance, B14, a media conglomerate, had a powerful ‘brand as a person’ dimension derived from the celebrity status of the brand owner/manager. She had not only made of herself a famous name, but her brand was her personification. However, when the question was posed she answered with organisational values such as responsibility and credibility which were personality traits of the B/O.

Another case is B19, a cosmetic manufacturer; the brand had made a difference with the distinctive fuschia pink colour. The B/O made reference that perhaps consumers were not able to recall the brand name, but as soon as they saw the pink colour, they would immediately recall the brand product. However, when this question was asked, the B/O made reference first, to the quality of the product, secondly, to the innovative side of the organisation, but no comments were raised regarding the distinctive pink colour symbol.

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### 5.2.2.1 Summary

1. Findings suggest that all four brand identity dimensions may be a source of brand differentiation. However, most brand owner/managers (B/Os) referred to the 'newness' of the product as their key brand differentiation. The next dimension mentioned was brand as an organisation. Importantly, findings suggest that brand as a person and brand as a symbol may also be sources of brand differentiation. However, B/Os did not explicitly mention them.

### 5.2.3 Summary for Objective 1

The main objective of this section is to present key findings relevant to the first objective set for this study: *"To investigate the relevance of brand identity and brand differentiation in SMEs."*

The following results summarize and link previous discussion found in this section:

1. Firstly, brand owner/managers (B/Os) were found to be brand-oriented as their focus was on creating and maintaining brand identity. However, not all four brand dimensions of brand identity were developed equally. For instance, B/Os showed huge familiarity in terms of 'brand as a product' dimension. Their responses were rich and long demonstrating their experience and knowledge of this dimension compared to other dimensions. However, to many B/Os, 'brand as a person' dimension had never thought about until the question was posed. This finding may suggest then that 'brand as a person' dimension did not exist. However, findings suggest that there is a close relationship between personality traits of B/Os and those of the brands. This situation may imply the significance of B/O's input in their brand building process even when they are not aware of. Details of the participatory role of B/Os are discussed in Section 5.5.
2. Secondly, B/Os were interested in creating and updating 'brand as a symbol' dimension. They were so concerned about symbols that many hired graphic designers to help developed images and logos. Graphic designers were the very few specialists hired by B/Os. Additionally, findings suggest that logos,



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images and colour were better recalled than brand name. This finding may suggest that as SMEs are short in financial resources, they require a simple brand communication. Logos, visuals and colour may help build brand recognition.

3. Thirdly, 'brand as an organisation' dimension was found to include both overarching organisational values and B/Os' personal values. In terms of the overarching organisational values these included open communication, team-playing, creativity, drive for innovation and quality. In terms of B/Os personal values, as they are committed to the organisation, they permeate their own personal values. It may be argued that such personal values place a high level of uniqueness to each one of the SMEs in the study.
4. Fourthly, most B/Os referred to brand differentiation as product differentiation. Specifically, they perceived that their 'newness' in product attributes made their product different in the marketplace. However, most B/Os did not know whether their perceived brand differentiation was actually relevant in the marketplace. They frequently found out once the product was produced and presented in the marketplace. Section 5.3 will discuss the implications of this finding in terms of how the the relevance of brand differentiation impacts on brand communication and distribution channels accessibility.
5. Finally, findings suggest that throughout the development of all brand dimensions, B/Os go through exploratory activities mainly due to key periods of instability and crisis due to uncertainty and complexity. Importantly, these phases of exploration helped the SME learn new skills and competencies in order to build their brands. This finding suggests the importance of the context by which brands are built in SMEs. This finding was also included in the final model discussed in detail in Section 5.6.

### **5.3 Objective 2: Brand communication activities in SMEs**

This section presents the second objective of the study:

*“To investigate how SMEs use particular brand communication activities to develop their brands.”*

Findings of this objective are twofold. First, they explain what the brand communications activities are and second, how they are being used to promote brand in the study. Findings suggest that while sales activity remains important, the brand is also supported by a large number of brand communications activities. Hence, SMEs in the study do more than just sales activities as some literature suggest (Krake 2005).

It may be argued that the number and variations of these activities are related to their marketing activity. The categorisation used for this study supports Brodie et al (2008) by which authors posit that marketing activity go beyond the theoretical dichotomy of transactional vs. relationship marketing. Findings support the argument that in contemporary marketing practices, marketing approaches co-exist as means to communicate differently and at different times with certain types of customers (Coviello et al. 2002; Coviello et al. 2001). Thus, brand activities have been divided into four categories: ‘close and personal,’ ‘mass personalisation,’ ‘mass,’ and ‘e –’ communications activities. The next table portrays these activities in relation to a marketing approach:

**Table 5-10: Marketing approach and brand communications activities**

Interactional Mktg.	Transactional Mktg.		e-Mktg.
<p><b>Close and Personal Communication:</b> (face to face comm.)</p> <ul style="list-style-type: none"> <li>• Personal selling:               <ul style="list-style-type: none"> <li>• Own retail unit</li> <li>• Specialty shops &amp; niche retailers</li> <li>• Chain retailers</li> <li>• Supporting print material</li> </ul> </li> <li>• Trade and consumer shows</li> <li>• Word-of-mouth</li> <li>• Sales promotions: trials &amp; product demonstrations</li> <li>• Brand owner activities</li> </ul> <p>Source: The author</p>	<p><b>Mass-personalisation Communication:</b> (personal comm. through mass vehicles)</p> <ul style="list-style-type: none"> <li>• Public Relations               <ul style="list-style-type: none"> <li>• Publicity: articles and interviews to brand owners about product innovation (TV, radio, print media)</li> <li>• Press conferences</li> <li>• Endorsement of brand owner by signing in products, book publishing.</li> </ul> </li> <li>• Advertising: through content of radio and TV programmes</li> </ul>	<p><b>Mass Communication:</b> (impersonal communication through mass vehicles)</p> <ul style="list-style-type: none"> <li>• Traditional Advertising: TV, radio and print media (newspapers, magazines, print flyers and brochures).</li> <li>• Sales promotion: sampling</li> <li>• Publicity: editorials in magazines and newspapers on product innovation</li> <li>• Sponsorship of special events</li> </ul>	<p><b>E-communication:</b> (comm. through Internet and e-mails)</p> <ul style="list-style-type: none"> <li>• e-mailing</li> <li>• newsletters</li> <li>• web-page</li> </ul>

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As Table 5-10 shows, SMEs may do Interactional, Transactional and e-Marketing. It may be important to point out that Transactional Marketing appeared to distinguish two types of communication, one which may resemble a personal communication yet, it was done through mass communication vehicles and another one with an impersonal mass media communication. These four categories are explained in detail in the next sub-sections.

### ***5.3.1 'Close and personal' brand communications activities***

Close and personal brand communications activities are implemented in Interactional Marketing and defined for this study as those face-to-face communications activities done in favour of the brand. These activities may be divided primarily into five categories: personal selling, trade and consumer shows, word-of-mouth, sales promotions, and Public Relations activities. These activities are discussed next.

#### ***5.3.1.1 Personal selling***

Findings suggest that personal selling is one of the key brand activities. Brand owner/managers (B/Os) appeared to be the main driving force for selling. Additionally, they were also involved in sales administration activities such as sales requests, orders, shipments and payments. They also appeared to be at the top of their operation when they have a sales force or a retailing unit. Moreover, they knew who their clients were and the status of their orders. It was the one area in which B/Os expressed statistics, percentages and numbers:

*“For us, (webpage) visits turn into sales, on average four thousand visits turn into eight to ten sales orders, I would say that about fifty percent of our Internet purchases are by impulse... our sales are fifty percent through the Internet, forty percent from our retail shop and ten percent from wholesale.” – B13*

It may be argued that as B/Os oversee sales activity in a daily basis, they are very familiar and aware of the historical and current situation of sales.

All B/Os, except one, did not actively seek sales activities. B/O30, a toy manufacturer, explicitly mentioned that he didn't like sales activities, but knew that his lack of interest and proactivity accounted for the relative poor performance of the



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organisation. He showed signs of distress, affliction, and somewhat depressed with this situation which appeared he could not handle. He talked about how he could not make himself go search for potential clients:

*“ ...because I’m caught up in the administration side of the business, I don’t really have time for sales; most of my sales come from my booth at two trade shows, but it’s not that I’ve been actively engaged in seeking more clients, my priorities are designing (he is a designing engineer), administration and sales at the end. I feel very sad that I haven’t been able to make the structure grow, I haven’t learned how to make it grow, I should have thought of having someone exclusively for sales, but I’ve had very bad experiences with sales people...I don’t like to do sales, but now I have to do it, it’s very hard.” – B29*

It may be argued that even when B/Os have a certain degree of freedom to select what product, category and activities they want to be involved in, B/Os were required to carry out sales activities with no exception.

In terms of sales force structures, these were found to include two types:

1) *Internal*, that is, people hired directly to belong to the organisation in which case they received a salary with a sales commission and hands-on training. For instance, one larger SME offered formal training to their sales force:

*“We are in a constant search to organize ourselves because we are continually growing, that is the reason why we had just yesterday our national sales meeting, we brought in all our sales personnel across the country to Mexico City, so that we could be sure that our sales personnel at department stores and supermarkets had the latest information about our products and at the same time have an opportunity to motivate them.” – B19.*

In this case, this SME was one of the largest organisations in the study with more than 200 employees. Their sales force may well resemble a large company sales organisation.

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2) *External*, that is, people hired to do sales activity outside the organisation. The most common structure was distributors who were paid on a sales commission.

This external sales force structure evolved from a trial and error basis; from learning what type of structure was better suited to the SME:

*“We used to have franchises, but the concept as such was not working for us, we had to change the concept and now we have consultancy charges to build ice skating rings which was exactly what we were doing with the franchisees, but we no longer get married for a long period of time, nor we expect royalties from sales, we now simply offer support, our know-how comes on how to operate the installation of an ice skating ring and once it starts we stop our functions... we don't have franchisees because when it came time to charge sales royalties, we had lots of problems, we didn't receive royalties nor consultancy fees, so we decided to change the scheme so that we could at least charge our consultancy fees.”- B15*

Only one case, B7 a self-sustainable, socially responsible manufacturer of biodegradable and organic products, was found to include consumers as distributors. In this SME, consumers were given a commission based on sales and/or when they brought in new ‘consumer distributors’ to the distribution channel. Even when these consumers did not have a written agreement with the organisation, they were linked through the organisational values of ‘social responsibility and self-sustainability’ which were key to keeping alive the structure of the distribution channel and make committed sales to the organisation.

Finally, fourteen brands (eight manufacturing brands and six services brands) were found to own a retailing shop which had been a key activity for brand growth as they were able to promote the product and accumulate additional sales volumes. This quote exemplifies the importance of shops in this study:

*“The shop is the angular rock of the entire organisation. I believe that the shops are the centre, the navel of the organisation, When the*

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*first store grew, so did we... we opened up two more shops.” – B8*

There was another case that while exploring ways to promote their coffee product, B/O18 thought to open up a shop in one of the major avenues in Mexico City. This shop served not only as an excellent ‘showroom’ to promote their new coffee, but the business idea to develop a franchise programme of coffee shops:

*“Just when we had decided to open up a shop, sort of as a showroom to promote our coffee...at that time we lacked confidence... Starbucks announced that they were coming into Mexico with one hundred shop openings in one year... we were scared and everyone else who had a coffee shop, but we still came out with a new proposition, well defined, and I think that’s when people began to see us as being daring. With that move, many newspapers called us up for an interview...the shop opened at Mazarik which is a very fashionable avenue (in Mexico City), the best brands are there ...and just because the shop was there, people began to look at us, they would come in and look at our displays which were a bit aggressive...and I think that’s what triggered word-of-mouth, I had months of media interviews, they wanted to know about our coffee and our innovations. The success at Mazarik gave us more confidence to move into other locations and we also started to sell franchises. These were a huge driver for growth.” – B18*

This last case shows clearly several points. Firstly, a shop may not only help to increase brand recognition and word-of-mouth, but also help to develop a business model for growth. Secondly, the way by which B/Os are required to become daring when faced with larger brand competition and thirdly, the exploratory orientation undertaken by B/Os stemmed primarily from a lack of strategic planning, knowledge, experience and uncertainty factors.

#### *5.3.1.2 Trade and consumer fairs*

Both trade and consumer fairs were used by nine cases. Their importance is twofold. Firstly, they helped brand owner/managers (B/Os) generate consumer and client brand recognition, product demonstrations and trials. The fair setting was found to



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facilitate demonstrations of product 'newness' as it required more product explanation through demonstration and trials:

*"I stopped using advertising in magazines because people didn't know what the product was, they would see it and say: 'well, yes, that is a small horse as a rocking chair, that is very nice', but that was it, but as soon as they saw the horse physically at the expo they would be so surprised that such a toy weighing one kilo would support an eighty kilos man, it's so funny, you would see a small one year old boy who can barely walk carrying the horse in his hand and lifting it, I would have dads and mums on top of the horse mesmerised by the type of toys because they said they had never seen anything like them." – B29*

Secondly, these were events that generated sales or sales leads for potential clients. However, consumer shows had mixed reviews. Some B/Os mentioned that they were not satisfied with consumer shows and that their products required more targeted fairs to reach the right consumer groups. Apparently, these B/O may have a perception that their product is more of a niche market.

#### *5.3.1.3 Word-of-Mouth*

Word-of-mouth (WOM) was perhaps one of the most important brand communication activities to promoting brands in the study. Findings suggest that almost all SMEs experienced the definition of WOM as "*a form of interpersonal communication among consumers concerning their personal experiences with a firm or a product*" (Richins 1984 in Datta et al. 2005, p. 69). Findings also support prior literature which argue that WOM is perhaps one of the most simple ways of communication yet one of the most powerful ones (Sundaram et al. 1998). Moreover, it was found to fit to the personal approach of SME brand building. Further research is required in this area.

Twenty six brand owner/managers (B/Os) spontaneously mentioned that they felt WOM had helped brand growth as the next quotes testify:

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*“The way by which we have grown has been through recommendation of WOM...seventy eight percent of people have arrived through recommendation, I’ve grown a lot slower because the lady who lost weight will later on will bring more people.” – B6*

*“Five out of ten clients who come to B12 are references.” – B12*

*“I think that one activity which has helped us grow is WOM, the truth is that we don’t even have a budget for an advertising campaign, but I can tell you that about ninety percent of our growth has been through WOM.” – B19*

*“Everything here has been achieved through the power of word-of-mouth.” – B7*

Importantly, it was found that it is not only one powerful activity available to SMEs in the study, but also one diffusion mechanism to positively encourage two key ‘brand as a product’ characteristics: 1) delivery of brand promise - derived from a close link between product attributes and benefits and 2) newness of product:

*“Word-of-mouth came exclusively from our new product development, it was just incredible, media communicators came in without calling them, and they offered free reports and article.” – B18*

It seemed that this brand communication activity worked for SMEs partially because O/Ms trusted the delivery of the brand promise and because they perceived there was an interest in what they were offering to the market.

Furthermore, it was also found that WOM required brand trust not only from B/Os, but also from people involved in this brand activity. As consumers and other stakeholders relied on the person who was recommending the product, there was a level of trust and credibility attached to the brand through WOM. The brand became more familiar, trusted and credible when it was endorsed by someone who was already regarded as trust-worthy by the person who was receiving the recommendation. The next verbatim quote exemplifies this finding:

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*“One sample of our product through WOM sales a lot more than an advert on the cover of a magazine because it is breaking the limit of distrust, you are generating trust, you are breaking with that fear of the unknown... if you have trust in me and I’m recommending the product, you may think to buy it, but if you also tried the product and you liked it, the next time you go on to the supermarket shelf, you will buy it.” – B17*

Additionally, it was also found that many B/Os were pro-actively engaged in promoting WOM by: 1) offering price discounts or free trials to those who recommended and/or approached the organisation to inquire about the product, and 2) setting up a new business model based on WOM. The next verbatim and case may exemplify the way some B/Os approached their own business model by use of WOM:

*“The way by which we are going to promote WOM is by building a community on the webpage. It is more than a price discount programme, it is sort of a loyalty programme by which we want B12 to become a community, so we started to think of raffles to those consumers with the funniest photos who post their photos on the webpage, a product evaluation system and the thank you electronic cards.” – B12*

In this case, the B/O took advantage of WOM by using their webpage to build a community of consumers. They wanted consumers to have a space to express their brand experiences.

The second case is B/O7, a personal and homecare manufacturer, who had previously worked as a brand manager at Procter & Gamble and during that time, he learned about the effectiveness of WOM vs. advertising. He then joined a company which was based on a multi-level or network marketing approach – a company’s approach to extending their customer base through WOM. After that experience, he and some other friends established B7 which is a new network marketing company in Mexico by which the infrastructure of the distribution channel is based on consumers acting as distributors as the next verbatim shows:



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*“what is interesting about this type of business is that when you are able to build a solid organisation based on generation of consumption, you then can receive commissions on purchases without opening a shop or running up employees or paying utility bills, everything here is done through the power of WOM, not advertising...rather than having large clients with large sales volumes you are selling to each one of the atomised persons who became a very strong force when you add them all up. – B7*

As these two cases show, WOM took a proactive role in brand building.

The next close and personal communication to be discussed is sales promotions.

#### *5.3.1.4 Sales promotions*

Sales promotions in this category were found to include product trials and demonstrations which at times were found to be combined with WOM. These activities were found to be implemented by fourteen B/Os as means on the one hand, to increase brand knowledge and brand awareness and on the other, to give sales incentives. All fourteen B/Os suggested that these activities were towards capturing new consumers.

Specifically, trials and demonstrations were a type of sampling – *“any method used to deliver an actual or trial-sized product to consumers”* (Shimp 2003, p. 525).

Trials and demonstrations were found to have a face-to-face communication between the consumer and someone representing the SME. Communication is done through an offer of a free trial of product or service and may also be combined with printed promotional material. In some instances, trials included a product demonstration. These were found to be implemented at points-of-purchases or in locations where consumers gathered as in consumer shows. Only one case showed to have a permanent demonstration programme with demonstrators in supermarkets and department stores. The rest of the B/Os said they needed more financial resources to have a longer or bigger programme. These promotions were perceived to be an alternative to an ‘expensive’ advertising campaign. All cases mentioned that it was an activity which had helped brand growth as the following quote testifies:

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*“From the very beginning we have made the brand known through WOM and taste trials in supermarkets, department stores and consumer shows, that is how we basically promote our products. We may also include a recipe booklet as means to start a dialogue with consumers, we may have a recipe for prawns in mango sauce... sounds romantic and people may fall in love with the recipe and the product too. I wished I could have more trials in more shops, but we have insufficient funds.... It is an option against advertising, we are still too small to think of mass media vehicles as an attractive alternative. We still have a lot to do, there are still so many people who don't know the brand.” – B17*

As this quote shows, it seemed that this type of sales promotion may go hand in hand with WOM. At the same time, it may be flexible enough to mould this activity according to both human and financial resources.

#### *5.3.1.5 Public Relations (PR)*

As previously discussed, findings suggest that brand owner/managers (B/Os) were involved in the development and execution of many ‘close and personal’ brand communication activities. Specifically, they also developed activities based on their specific knowledge and skills which were done through PR activities.

For instance, there were three B/Os who were involved in giving lectures to potential customers. In such cases, brands benefited from B/Os knowledge on the product and helped increase not only brand awareness, but also trust and credibility.

*“I had a full auditorium with about eight hundred people and after that lecture,.I began to receive phone calls and more people coming in, I never had to put up an advert then after.” – B6*

*“Whenever I'm invited to a forum and if they indicate that I may talk about my brand, I may do so which is beneficial to the business. – B19*

*“I gave a lecture at the Angels Hospital to a group of obese people and I think that they responded very well after listening to the lecture.” – B11*

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These cases may attest the importance and uniqueness found on how B/Os may direct brand identity and brand growth in their SMEs.

#### *5.3.1.6 Summary of 'close and personal' brand communications*

1. *Personal selling.* Findings suggest that this activity is one of the key brand activities overseen and actively carried out by brand owner/managers (B/Os). Additionally, it seemed that even when B/Os have a high degree of freedom in selecting many of their activities, sales is one which they needed to be involved in. Furthermore, sales structures were found to be internal or external. The latter having sales commissions. Additionally, almost half of the SMEs owned a retailing unit which appeared to be a key activity for brand building.
2. *Trade and consumer shows.* Shows seemed to offer several advantages including consumer and customer brand recognition, product demonstrations and trials and on-site sales generations and sales leads.
3. *Word-of-Mouth (WOM).* WOM seemed to be one of the most relevant brand activities promoted in SMEs. Almost all brand owner/managers (B/Os) mentioned spontaneously that WOM had helped them grow their brands. Importantly, WOM also was promoted on the basis of the brand promise delivery and the product 'newness.' Additionally, WOM was being concurrently built on brand trust through the endorsement of the person being trusted and doing the recommendation of the brand.
4. *Sales promotion.* Findings suggest that the locus of sales promotions were product trials and demonstrations. Their purpose seemed to increase brand knowledge and to encourage sales from new customers. Results also seemed to suggest that this activity was flexible enough to fit financial resources availability.
5. *Public Relations (PR).* B/Os were found to use their knowledge and skills to promote their brand through PR activities such as offering lectures to



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potential customers. This activity seemed to offer not only brand awareness, but also brand trust and credibility.

The next brand communication to be discussed is 'mass personalisation' activities.

### ***5.3.2 'Mass personalisation' brand communications activities***

Mass personalisation brand communications activities may be implemented in Transactional Marketing and defined for this study as those personal communications activities done through mass vehicles in favour of the brand; they are not face-to-face, but face-to-mass communication. In other words, there is a member of the organisation facing mass communication activities. These activities may be divided primarily into two categories: public relations and advertising. These activities are discussed next.

#### ***5.3.2.1 Public Relations***

Public relations in a 'mass personalisation' mode was found to include publicity, press conferences, and book publishing. These activities featured someone from the organisation most frequently brand owner/managers (B/Os) who were the ones who took a key role in this communication activity.

##### ***Publicity***

Publicity was perceived to have many advantages. Eighteen B/Os of thirty, found that publicity helped increase brand knowledge and brand awareness. Furthermore, it was an activity which was free of charge and perceived to be a good alternative to advertising.

Importantly, they also suggested that the 'newness' found in their brand product had opened up interest on their brand and hence opened up media channels. The following comments reveal the importance of publicity:

*"PR has worked for us very well. Because we started a new category, they (media reporters) found us to be experts in this area, so media look for us quite frequently to work on reports or interviews." – B12*

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*“We’ve never had an advertising campaign; we haven’t found a need to invest in advertising. It’s not that we have now some kind of advertising, it’s more like we’ve had PR reports and news about what we have developed. These reports have also helped people to get to know the product. I think this interest was generated from being an innovative company and also because we are linked to the Polytech University. We have also been invited to appear in nationwide TV programmes, they has opened up some doors for free, we have been featured in local and national newspapers such as.... and in magazines, such as... all these activities have helped the brand.” – B5*

These two comments suggest that some media vehicles found product ‘newness’ news-worthy to have reports and interviews about the brand and the B/O.

All B/Os, except one, showed clippings of featured articles in newspapers and/or magazines. These articles were developed as news with photographs taken of the product, the production site or the B/O.

Specifically, ten B/Os had featured articles in newspapers and/or magazines. They brought in clippings of the articles to the interviews. These articles featured the B/Os as innovators or accomplished entrepreneurs. They served as testimonies of successful stories describing their accomplishments through their innovative products.

When B/Os were invited to participate in a TV or radio programme their participation was part of the programme’s content. That is, they were either invited to news programmes or to a programme that included a topic about the product. The following quote explains this finding:

*“We don’t have an advertising budget, but we have always been invited to morning TV programmes such as ‘Early morning’ and ‘Good morning’, the type of programmes that women like to watch because they have different sections throughout the programme...they start with news and then they move on to cultural, cooking, exercise or touristic reports, so they usually invite*

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*me because they know that my product is very typical to this part of Mexico, so I've been invited to the studios at 'Televisa' or 'Aztec TV'... they may also come to our premises to film... I'm a star (she laughs), well the product is the star, we have also been featured in touristic attraction programmes with the local TV station and with two American network TV stations which have come to film about Mexico." – B16*

With this type of activity, B/Os were found to become the spokesperson of the brand. The following quote exemplify this finding:

*"I never thought I was going to become the 'celebrity' for the brand." – B12*

This type of communication appeared to be very attractive to some B/Os as they appeared to become very busy during the time the publicity was out in the marketplace. They mentioned they received many generating business responses from both customers and new business contacts.

However, one key disadvantage found was that once the brand was featured as newsworthy, this would dissipate through time. Four of them mentioned that they had proactively asked for another article, but media executives mentioned that they had already featured them within the past year and needed to wait a bit longer for another interview as the next verbatim quote explains:

*"During the first years, I was able to use my story of how I came about developing the products, but now it is becoming more difficult to obtain a featured article. I went already to Reform newspaper, but they told me: 'We already had an article about you, we will have to wait for another year,'" I went also to Expansion and Entrepreneur magazines and they said the same... I went to Aztec TV network and to Monitor radio station and they all said the same thing. I will have to think of investing in advertising sooner or later, but these interviews really helped me and at no cost, they must have cost about twenty to twenty five thousand US dollars and I didn't have to pay for anything." – B2*



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Furthermore, eight B/Os were found to make active use of their media relations by writing up contents for those magazines and newspapers which could be interested in the category or some issues around their brand product. They were also involved in either holding interviews or press releases to media.

However, while B/Os mentioned that publicity had been important to raise awareness about the brand, not all B/Os were actively seeking media relations. Some of them preferred to wait until media made the first contact.

#### *Press conferences*

Press conferences were done by three B/Os. They felt that some of the SME activities would be news-worthy to hold a press conference. For instance, B15, an ice-skating ring service, would hold press releases when their students won sports competitions. B7, a self-sustainable, socially responsible manufacturer of biodegradable and organic products, would hold press conferences when they were about to give out a check to a charity.

#### *Book publishing*

Finally, there were three more B/Os who had written and published a book in regards to their products and their markets. For instance B/O26, a manufacturer of food and condiments/spices, had published a book on the history of spices. B/O18, a coffee manufacturer with coffee shops and coffee products, had published a book about the history of coffee around the world and in Mexico. Finally, B/O6, a nutritional dietician, had written several books about nutrition.

These cases may attest the importance and uniqueness found on how B/Os take a personal journey in directing brand identity and brand growth in their SMEs.

#### *5.3.2.2 Advertising*

Two of thirty brand owner/managers (B/Os) were found to run an advertising capsule in a mass-personalised approach. This type of advertising was developed as a radio programme format in which brand topics were discussed. Importantly, spokespersons were members of the same SME – giving this advertising a more

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personal touch. In both cases, they seemed to be positive with the results as the next quote exemplifies:

*“One activity I would do again without a doubt is the radio programme we had two years ago. Unfortunately, the radio station at that time had some legal problems and we had to terminate our programme, but we had a thirty minutes radio programme two times a week...basically our technical engineer and the marketing executive along with a radio spokesperson and producer would structure the program in which different topics in relation to our cosmetic products were raised. Our technical expert would talk about the products characteristics while Brenda would talk about the benefit side of the products with a marketing orientation, the audience was impressive, huge responses and phone calls were generated from that programme, I would do it again, actually I will be doing it again.” – B19*

At the same time, both B/Os suggested that this mass-personalised activity was preferred over the more traditional impersonal advertising.

#### *5.3.2.3 Summary ‘mass-personalisation’ brand communication*

1. *Public Relations.* Results showed that more than half of the brand owner/managers (B/Os) found that publicity helped increase brand knowledge. They found it to be a favourable alternative to traditional advertising as this was free of charge. Importantly, product ‘newness’ appeared to trigger interest by media. B/Os showed during the interview featured articles and newspaper clippings. Importantly, some suggested they had become the spokesperson of the brand. Conversely, this activity appeared to be temporal as the ‘newsworthiness’ appeared to dilute overtime.

A small number of B/Os were also found to hold press conferences and publish books in relation to their brand. These activities may attest the uniqueness of how B/Os take brand building as a personal journey too.

2. *Advertising.* Two of thirty B/Os ran advertising capsules with a radio programme format. Importantly, the conductors of these programmes were

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members of the SMEs. This activity appeared to be preferred over traditional impersonal advertising.

The next section discusses findings on mass brand communication activities.

### ***5.3.3 'Mass' brand communications activities***

Mass brand communications activities are implemented in Transactional Marketing and defined for this study as those impersonal communications activities done through mass vehicles in favour of the brand. They are the so-called traditional mainstream mass communications activities. These activities were divided into two categories: public relations and advertising. These activities are discussed next.

#### ***5.3.3.1 Public Relations***

Public relations were found to include editorial articles. The main difference with mass personalisation public relations activities was that no one from the organisation appeared in these activities, but the product appeared to be the main element of the communication.

Three brand owner/managers (B/Os) were actively involved in sending editorial articles to magazines or newspapers as means to create content about the product or product category. For instance, B/O11, a sweetener manufacturer, was interested in creating awareness of the 'stevia' plant, a natural sweetener. She sent editorial articles about the plant to stimulate interest for her brand.

Furthermore, all three B/Os suggested that editors were somehow open to receiving articles because they were usually on the lookout for interesting content to publish in their magazines or newspapers.

#### ***5.3.3.2 Advertising***

All thirty brand owner/managers (B/Os) mentioned having a positive disposition towards advertising and appeared to think of advertising in the future. Most of them suggested that they were not ready for such a huge investment, either because they didn't have the money or because they were not 'big' enough.



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Only four B/Os mentioned they had done advertising, but they were disappointed that sales (in the short-run) were not affected by their campaign. They appeared to be hesitant in doing another campaign in the near future.

One B/O, a herbal medicine manufacturer, mentioned that even when he had not found any sales difference, the advertising campaign had given him some leverage when negotiating the introduction of his brands to bigger chain supermarkets. He felt that supermarkets wanted brands with media support. Such activity seemed to give retailers additional trust:

*“I had one twenty seconds spot in Channel Four when I entered ‘Comercial Mexicana’ and ‘Sanborn’s’. I spent about one hundred and twenty thousand pesos (about £6,000), it aired once a day for five weeks. It was very difficult to measure its performance in terms of sales. Sales didn’t go down, but they didn’t go up either. However, it did help to place my first orders for both supermarkets. They don’t want to have brands that are left sitting on the shelf, they want brands that have TV campaigns because that guarantees that the product will rotate...” – B2*

#### *5.3.3.3 Summary mass brand communication*

1. *Public Relations.* This activity was primarily done by writing editorial articles to magazines and newspapers. The main content in the articles was product brand content with no suggestions of a ‘personal’ story behind the brand.
2. *Advertising.* All brand owner/managers (B/Os) showed a positive disposition towards advertising in the future as they acknowledged they were not ‘big’ enough or had the sufficient financial support.

The next section discusses findings on ‘e’ brand communication activities.

#### *5.3.4 ‘e’ brand communications activities*

Finally, e-brand communications activities are implemented in e-Marketing and defined for this study as those communications activities created for “electronic

dialogue with customers” (Coviello et al. 2001) and based on the Internet or e-mail in favour of the brand . These activities are discussed next.

All thirty SMEs had a website. It was one of the main criteria for selection to this study as discussed in the Methodology chapter Section 3.3.5.7. However, the website played a variety of roles in terms of brand communications activities as described in the next table:

**Table 5-11: Website e-brand Communication**

<b>Website e-brand Communication</b>		<b>Number of SME sites</b>
<b>Basic Component:</b>		
	Company and brand presentation	30
	Contact details/ forms	30
<b>Additional features:</b>		
Interactivity with consumers:	Virtual shop	6
	Advertising/publicity spots and articles	5
	Open an account feature	6
	Newsletter	3
	Promoting WOM	5
	Chat room	3
	Other interactive features	8
<b>Regular updates of content and/or design:</b>		14

As Table 5-11 shows, websites were found to include two main communication elements: a main component with the purpose to offer basic information about ‘brand as a product’ and ‘brand as an organisation’. A second element with the purpose to offer additional communications features with interactive capabilities. Additionally, both were found to be updated by 14 brand owner/managers (B/Os) which may suggest the important role of the website in delivering updated brand content to consumers.

Both communication elements are discussed next.

#### *5.3.4.1 Basic component*

The basic component of e-brand communication was found in all the websites. It described both the organisation and the product attributes and benefits.

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At the same time, there were either contact forms to fill out and/or e-mail addresses and telephone numbers to contact the organisations. At this level, the website was primarily as a place where consumers or other stakeholders found appropriate information to learning about the brand. The website seemed to be particularly important for brand communication as most brands were found to have difficulty in gaining access to communication and distribution channels. This finding further extends prior literature suggesting that the Internet has offered a new place for businesses and people to be heard and interact (Friedman 2005; Kluth 2006). This study suggests that their website opened up the possibility to develop new channels of communication and distribution.

For most B/Os, the website appeared to be an important communication tool as the following quotes exemplify:

*“Personally, I believe that the website is a strong communication instrument.” – B1*

*“It has been an important factor to differentiate us from the competition.” – B 13*

*“Nowadays, you have to have a webpage, it is like a having a driver’s license, it is where we can project the soul of the brand.” – B18*

#### *5.3.4.2 Additional features of interactivity*

Interactivity was found to include: virtual shops, WOM promotion, advertising and publicity, brand community promotion, and other interactive features. These are discussed next.

##### *5.3.4.2.1 Virtual shop*

While all websites were found to have a basic communication element, there were some that offered special communication features with different levels of interactivity. For instance, five websites were found to have a virtual shop. In particular, B/O13, a sports retail outlet, suggested that the website was very important for its business:



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*“Fifty percent of our sales come from our website.” –B13*

For this reason, this particular B/O seemed to concentrate his efforts in improving the website by having three members of staff dedicated to e-commerce – servicing customers and developing the website.

#### 5.3.4.2.2 Word-of-Mouth promotion

Importantly, five websites deliberately used some content to promote word-of-mouth. As discussed previously in section 5.3.1.3, it appeared to be one of the key brand communication activities to promoting the brand.

For instance, B4, a long-distance service provider, developed a ‘tell a friend’ programme by which consumers received free air-time to their account when their friends purchased air-time. B6, a nutritional diet provider, used testimonial text and photos of consumers after going through their personal nutritional diet. Finally, B12, an experience gift giving service provider, uses a photo contest for those consumers who wanted to upload their successful stories while living their experience with the brand.

#### 5.3.4.2.3 Advertising and Publicity

There were six brands which used their websites to deliver audio and video advertising or publicity messages. For instance, B20, a fashionable stationary brand, uploaded an advert featuring a fashionable teen-age catwalk with the latest stationary products. B2, a herbal medicine brand, uploaded the radio interviews which had been aired on several radio stations across Mexico; and B1, a socially responsible biodegradable paper brand, B4, a long-distance service brand, B21, a pudding brand, B22, a healthy snack brand, and B24, a real-estate service brand, they all uploaded articles which had been published in major magazines and newspapers.

#### 5.3.4.2.4 Promoting brand community

Eight brands were found to promote some brand community activity. This finding supports prior research suggesting that some brands are interested to developing brand community on the Internet (Algesheimer et al. 2005; Bhattacharya and Sankar

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2003; McAlexander et al. 2002). For instance, B13, a football retail outlet, and B14, a media conglomerate for mums with babies, offered consumers an account by which they receive newsletters or if they preferred they could join chat rooms to talk to football players or baby specialists. These activities seemed to promote brand community and brand interaction.

#### 5.3.4.2.5 Other interactive features

Aside from the previous interactive activities found on some websites, there were others with some unique interactive features.

For instance, B3, an early childhood development school brand, uploaded sing-along songs, so that parents and children would sing along.

B13, a football retail outlet brand, developed software by which football teams were capable to design their own uniforms by using their on-line design centre capability. This digital centre enabled the user to select and place on to a digital uniform their preferences. For instance, they were capable to select any colour for their shorts, T-shirts, and stockings. They could also select and place stripes in any of the items of the uniforms. Additionally, they were able to view their digital uniforms from different angles and from a tri-dimensional perspective.

B6, a nutritional consulting service brand, asked consumers to fill out a form about their gender, height, weight, and age. Once uploaded, they viewed their 'ideal' weight.

B14, a media brand geared towards mums with babies and pre-school children, asked mums their baby's birthday or expected day of delivery, the website listed a series of topics which mums would be interested in reading. For example, child psychomotor development, nutritional guidelines, behavioural psychology, all of which were in accordance to the baby's age.

Finally, the importance of e-brand communication activities for SME brands is that brands were capable of interacting with consumers in a digital world despite the difficulties of finding appropriate communication and distribution channels in the physical world. These brands not only were capable to communicate information

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about the brand and the company through their website, but more importantly the website enabled the B/Os and members of staff to use their innovative capabilities in this environment.

#### *5.3.4.3 Summary e – brand communication*

1. *Website.* All thirty SMEs had a website. This website appeared to open the possibility of a new communication and distribution channel. Almost half of the websites seemed to be updated on a regular basis. Websites appeared to have different purposes based on two components: a basic component and additional features.
2. *Website – basic component.* The main purpose of this component was to open a communications channel. It offered information about the SME and product attributes and benefits. It also included contact details or contact form.
3. *Website – interactive features.* These features seemed to be part of their innovative capabilities as they included virtual shops, brand community developments, and advertising and publicity messages. At the same time, other particular unique innovative features on the website supported further brand experiences. Importantly, considering the limitations of SME brands in the physical world, the website offered a unique possibility to create and expand a brand experience.

#### *5.3.5 Summary for Objective 2*

The main objective of this section is to present key findings pertaining brand communication activities in this study of brand building.

Findings are summarised as follows:

1. Firstly, contrary to what some authors have referred to as SMEs doing mostly sales-activities, SMEs in this study did more than sales activities for their brands. Brand owner/managers (B/Os) were found to implement more than thirty different brand activities which helped support brand building. It may



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be argued that perhaps this is one of the key differences between those SMEs who are brand-oriented and those who are not.

2. Secondly, as means to offer some type of structure to the plethora of brand activities, they were classified according to contemporary marketing practices literature. Having said, findings support the argument that in contemporary marketing practices, marketing approaches co-exist as means to communicate differently and at different times with certain types of customers. Thus, brand activities were classified into four categories: 'close and personal' communications from an Interactional Marketing approach, 'mass personalisation' and 'mass' communications from a Transactional Marketing approach and 'e –' communications from an 'e –' Marketing approach.
3. Thirdly, 'close and personal' brand communication activities were found to be those face-to-face communications activities done in favour of the brand. These activities included personal selling, trade and consumer shows, word-of-mouth, sales promotions and Public Relations.
4. Fourthly, 'mass personalisation' brand communications activities were found to be those personal communications activities done through mass vehicles by any member of the organisation in favour of the brand. These activities included Public Relations and advertising. The main difference found with mass communications activities was that communication was done by someone in the SME who acted as the spokesperson, most often the B/O.
5. Fifthly, 'mass' brand communications activities were found to be those impersonal communications activities done through mass vehicles in favour of the brand. These activities included Public Relations and advertising. The main difference found with 'mass personalisation' activities was this communication was a traditional impersonal communication centred on the product itself.
6. Lastly, 'e –' brand communications activities were found to be those communications activities created through electronic interactivity on the Internet or e-mail with customers in favour of the brand. These activities

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were primarily done through the SME website and found to include two elements. The first element was a basic component which established basic information about the SME and its products and contact details. The second element offered additional interactive features with customers such as virtual shop, advertising and publicity articles and adverts, chat rooms, and WOM promotion. This communication used SME innovative capabilities and opened up the possibilities of new communication and distribution channels much restricted for SMEs in the physical business world.

#### **5.4 Objective 3: Difficulties facing brand building in SMEs**

This section presents the third objective of the study:

*“To identify some of the key difficulties facing SMEs when building their brands.”*

Findings suggest that there are two main factors affecting brand building: 1) insufficient financial and knowledge resources and 2) brand communication and promotion.

It may be argued that the first factor of having insufficient financial and knowledge resources may be inherent to most SMEs, as it has been found that one of the key drawbacks of SME development is a lack of sufficient financial funds (Carson and Cromie 1990). However, when SMEs are interested in building a brand, they are faced with branding problems such as how to create, develop and maintain brand identity while being able to deliver brand communication and promotion in the marketplace. It may be argued that those SMEs which are not brand-oriented face regular SME development difficulties. SMEs with brands not only need to develop their brand as an organisation, but also build other brand identity dimensions. Furthermore, they are faced with having to communicate and promote their brands in the marketplace.

These two factors are discussed in the next two sections.

##### **5.4.1 Insufficient resources**

Insufficient funds may be divided into two: financial and knowledge resources as the next table presents:

**Table 5-12: SME insufficient resources**

Insufficient financial resources		Insufficient knowledge resources	
Negative outcomes	Positive outcomes	Negative outcomes	Positive outcomes
<ul style="list-style-type: none"> <li>• No brand budget/ad hoc</li> <li>• Gap between what B/Os want and what they can really do</li> <li>• Slows down brand growth</li> <li>• Deferment of new product launches</li> <li>• Sales barriers to larger chain retailers</li> <li>• Barriers to business group memberships</li> <li>• Market research</li> <li>• Inability to counterattack monopolistic strategies from multinational firms</li> </ul>	<ul style="list-style-type: none"> <li>• Drives creativity</li> <li>• Promotes DIY brand activity</li> <li>• Promotes barter activity</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainty</li> <li>• complexity</li> </ul>	<ul style="list-style-type: none"> <li>• query thinking</li> <li>• exploratory activity</li> </ul>

As Table 5-12 shows, financial and knowledge resources not only brought negative outcomes, but also positive outcomes to SME brands. As discussed in detail next.

#### *5.4.1.1 Financial*

Twenty seven out of thirty brand owner/managers (B/Os) mentioned that insufficient ‘money’ was a key difficulty to building their brands. Thus, there is a large gap between what they want to do and what they are able to do with the resources they have at hand.

This lack of money translated into having either no brand budget or some type of ad-hoc brand budget. Six B/Os answered they had no brand budget due primarily to the following reasons: 1) going through a growth stage, 2) not being able to plan or 3) not having money to commit for future brand activities. Additionally, twenty four B/Os mentioned that they had some type of brand budget based on either sales performance or cash flow. However, they all mentioned that the lack of money was a key factor which slowed down their growth as the next quotes exemplify:



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*“The main difficulty has been budget-related, if we really want to make a difference in the market we really need to invest a lot of money in media, and we don’t have that kind of a budget.” – B15*

*“Our resources are very limited, we need more capital, so that we may grow faster and become more aggressive, it has been a handicap.” – B18*

*“I wished I could have launched these new products this year, but I didn’t have a budget, I couldn’t launch them into the market.” –B2*

*I would say that my budget is zero, I have no marketing budget, I really can’t spend in anything” –B14*

It seemed that money restrained growth. B/Os were aware that this lack of resources made their growth move at a slower pace. Importantly, however, even when they had insufficient funds, it seemed that this lack of funds drove organisational creativity found in many SMEs as the next quotes exemplify:

*“The lack of money has given us the opportunity to become truly creative because I believe that there is no bigger creativity than when you say: “we don’t have resources but we have to do it.””  
–B12*

It may be argued that when resources were not available, creativity came into play and B/Os found ways to make things happen, including do-it-yourself (DIY) brand activities, such as the following example:

*“When we were looking for brand characters, there was this famous photographer who had different characters with child faces, and I loved that idea to use his photos for my characters, so I went to find out how much his royalties were and there were about five thousand dollars for each photo, I could have never afford to pay that amount, so I said, why should we use photos? We can have cartoons, so I found a cartoonist who helped me developed all of my brand characters.” –B3*

Additionally, five B/Os bartered with other companies for communication space and/or time with no cash being exchanged. This activity offered the possibility to

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brand communications activities at 'no cost.' The following examples illustrate how these communication barter occurred:

*"Every barter is different. For example, we wanted to have billboards so, when Chrysler purchased advertising space in our magazine and website, they paid cash and with a truck. I took that truck and gave it to the billboard company in exchange for three months worth of billboards. The same happened with Cinemex, one of the largest movie theatres in Mexico, they have 'for mums and their babies only' movie times, so they air my advert during those times and in exchange I place their adverts in my magazine. It's the best way and the best viable possible way to do things... otherwise, if I had to pay cash, it would be impossible for us." – B14.*

As this example illustrates, some B/Os were required to become creative and open to establishing communication channels by being innovative and resourceful.

*We purchase advertising space in Architectural Digest, it was very expensive, about seventy thousand pesos (thirty five hundred pounds), but we came to an agreement to pay with furniture." – B 25*

As this quote showed, B25, a personalised furniture manufacturer, was capable to negotiate advertising space in one of the magazines geared towards their target market without paying any cash, but the furniture they manufactured.

At the same time, this lack of financial resources put B/Os in a situation where they could not afford certain activities such as 1) having more points of sales, 2) advertising and PR activities, 3) launching new products, 4) joining memberships in business groups which would offer brand introduction to other markets, and 5) accessing market information from market research tests. The next quote exemplify this situation:

*"It is very difficult to join some business groups, for example, I went to talk to the Mexican Centre of Philanthropy, they group all socially responsible companies in Mexico, well, only the larger companies who can afford their*

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*membership, because I told them that my organisation was socially responsible in terms of taking care of the environment, but they were asking for a lot of money, it's like the club of Toby, very difficult to obtain a membership, unfortunately I never heard from them, but I know that with that membership I would have gone into other market segments." –B1*

Importantly, this lack of financial resources was also found to restrain some brand introductions and sales activities to larger chain retailers. Six B/Os of eleven who mentioned selling to larger chain supermarkets and drugstores, mentioned having difficulties in negotiations and required service-to-retailers activities primarily due to their lack of resources, mainly human and financial.

Specifically, when negotiating introductions they perceived that they had no bargaining power and they were almost at the 'mercy' of larger retailers. The following verbatim quote exemplifies their situation:

*"The process of introducing a brand to a supermarket is very long, and very expensive. You have to play their game, you have to be ready to receive back product, and its corresponding invoice deduction, you have to be ready to give out money to enter the chain and additional supporting sales services thereafter. All these requests cost money and they leave you with very small margins". – B21.*

Along the same lines, six B/Os complained about the difficulty of financing longer periods of time for invoice payments as they ranged between sixty to ninety days. So, that meant that capital investments of producing subsequent shipments to the same retailer had to be financed from other sources. This situation caused serious capital pressures for many of the SMEs.

*"When I sell, it's like I'm selling disguised consignments because the product that is already in the shops, I have already sold it but I don't receive payment until sixty, seventy or ninety days and if they want to return product, they will deduct it from the invoice. When I sell very good, that means that I need to get more money from somewhere else and many times I have found*



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*myself with my credit lines full and wondering where I am going to get that money for more production? If I request for more lines of credit, the interest goes up and supermarkets do not allow any price increases, not even one or two percent, my margins at times disappeared.” – B17*

At the same time, B/O2, a herbal medicine brand, felt that larger retailers gave the same type of pressure to SMEs as they did to larger companies:

*“Purchasing managers have become very corporate very financial oriented, they don’t recall that larger laboratories such as Bayer, Roche and others have been here for over one hundred years and they think that you as a business man you are going to do the same as them. So purchasing managers have said: ‘if your product doesn’t reach this level of sales, we will return your product’ and I replied: ‘I do want to introduce my products in your drugstores and I will do my best, but you want my product to mature in three months when other laboratories have taken fifty years to mature.’” – B2*

Additionally, it appeared that larger retailers expected particular additional services aside from free-of-charge deliveries. These added services included having members of the SME do product stocking, cleaning and rearranging shelf spaces at shops; have push-sales activities such as product demonstrations and displays or run advertising campaigns in media vehicles. All these activities were many times out of reach for most SMEs.

Furthermore, shelf space seemed to be a battling ground with direct confrontation with larger firm brands. Many multinational companies were mentioned of having sales personnel and product promoters who looked after their brands on a regular basis at point of purchase. Their job was to assure their products were well-displayed and well-stocked. Furthermore, at times, they were found playing “dirty” against smaller firm brands. Some B/Os mentioned that personnel from multinational companies would hide, remove, and diminish shelf space of smaller brands on a regular basis. Moreover, some B/Os suggested other monopolistic strategies from multinational firms by conditioning future purchases to retailers when

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they felt retailers were giving more space or buying more product from SMEs which were negatively affecting their sales.

The next example exemplifies some of the multinational company practices in the snack food market:

*“One of the biggest difficulties is keeping our shelf space. At times, I feel as I’m wrestling against these large multinational companies every single day. As they have such a huge infrastructure to service all the supermarkets, and we don’t, we usually find our product moved to lower shelves, or hidden or even removed. It is a very difficult situation.” – B22*

Here is another example of B26, a food and condiment/spices brand, who faced monopolistic strategies from a larger multinational company:

*“We have faced, so I call it, a dirty war from larger companies. There was this large wholesaler we had in Toluca city, he very much liked our products, our brands, but then he told me: ‘Carlos, I can’t buy your product anymore, Unilever came and said: ‘you are not buying the same amounts of Maisena brand as you used to, then we may have to stop selling you Knorr brand, and we may also stop selling Capullo oil brand, and Inca shortening brand.’ And so at the end of the year, the wholesaler was endangering his future sales, Knorr brand represented a huge amount of money... it’s not that these larger companies threaten you directly, but they do close doors.” – B26*

While financial resources were a key difficulty for B/Os, knowledge appeared to be another important difficulty as presented next.

#### *5.4.1.2 Knowledge*

It seemed at times that this lack of financial resources was linked to a lack of knowledge. Many brand owner/managers (B/Os) were faced with the challenge of having to do things without really knowing what to do. This finding supports prior literature arguing that SMEs face uncertainty and complexity (Freel 2005; Russell

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and Russell 1992) and in turn, may also be linked to innovative capabilities. That is, it seemed this situation drove them to proactively seek this knowledge through some query thinking and exploratory activity.

*“I feel that I can design my own games, I’ve learned how to produce them, but I still feel that I’m in a middle of a fog when I have do marketing, I feel that I can grow a lot more, but I can’t because I don’t know how to... and I have searched for it, but I still can’t find someone who can tell me “this is what you need to do”... if I had someone in marketing who could help me out... I have worked on a strong advertising campaign in Google, I learned how to do that, but it had no effect on sales, so what happened? I keep asking myself...” – B9*

Furthermore, this lack of knowledge seemed to make them at times become naïve. Such naïveté made them take high risks and become daring as the next quote exemplifies:

*“Our ignorance has been positive because we have been able to become more daring about doing things.” –B14*

As previously discussed in the exploration phases of brand identity in sections 5.2.1.2.2, 5.2.1.3.1, and 5.2.1.4.1, the main reason for such phases is primarily due to a lack of knowledge. It seemed that they were required to explore and learn during these exploratory periods. This finding extends prior literature which argue that smaller organisations go through periods of crisis or instability by which they are required to learn new sets of abilities (Mount et al. 1993; Scott and Bruce 1987).

While a lack of financial and knowledge resources were key difficulties for brand growth, brand communication was another major difficulty as discussed next.

#### **5.4.2 Brand communication**

Findings suggest that one of the main implications of having insufficient resources previously discussed in section 5.4.1 is that brand owner/managers (B/Os) found a huge challenge in communicating their brand with their financial and knowledge



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limitations. This section addresses firstly brand recognition and secondly the delivery of the message

#### *5.4.2.1 Brand recognition*

Brand recognition appeared to be a theme that B/Os recognised as being a key difficulty to building their brands in the marketplace.

Sixteen B/Os mentioned having problems with brand recognition. This difficulty seemed to increase when B/Os were facing many brands. Especially, this difficulty seemed to increase when they faced large well-known brands with large ad budgets. They had the perception that brand size did matter here. Moreover, one B/O appeared to related brand recognition with brand trust:

*“It’s been difficult to let consumers know about the brand, and it is something we want to accomplish because once they know the brand, they may trust the brand, if I don’t know the brand, I cannot trust it, and I believe that in general that’s what happens with many SME (brands)...how am I suppose to grow if they (consumers) don’t even know me?, and in order to grow they need to know and trust me, it becomes a vicious cycle in which many organisations fail and they stay there and they never grow until they close down.” – B7*

Furthermore, some B/Os seemed to perceive that their brand communication activities were not promoting brand recognition development, but the well-known brand in the category.

*“When you are small and you don’t have a clear communication with consumers, you may be working for the bigger brand because consumers may be linking your brand with the larger brand, that’s what happened when I worked as a brand manager for Schick, many of the communication efforts were basically helping Gillette.” – B3*

This finding supports prior literature which argue that lesser-known brands may find more difficulties in developing brand knowledge when compared to well-known brands (Alba and Hutchinson 1987; Johnson and Russo 1984; Kent and Allen 1994)

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#### 5.4.2.2 Delivery of brand communications

As previously discussed, 'newness' seemed to open communication channels for publicity. However, at the same time, some B/Os with new products in new categories seemed to be challenged with the communication message as the next quotes exemplify:

*"The first difficulty has been how to explain a service which is new to the market, it hasn't worked when I say the brand is all about 'experiences'...they don't understand the concept, I cannot use traditional advertising such as printed magazines, at least during the first stage (we tried it and) it didn't work, I need to explain a little bit more to clients and then pass on that information to consumers, that has been a challenge." – B12*

*"Consumers still don't know well about it, we still need to communicate how to use our product, it is almost like an evangelical job, on what to do, how to use it... it has been a very strong obstacle and an important communication effort." – B4*

Furthermore, as discussed in section 5.3.3.1 in regards to publicity, B/Os perceived that the newsworthiness of their brands was diluted through time and it became difficult to obtain further media support.

In summary, the key difficulties facing SME brand building is the insufficient funds both in terms of finance and knowledge. This factor will affect in turn B/Os interest to make their brands known and communicated in the marketplace.

The last objective to discuss is the participatory role of the B/O in the process of brand building.

#### 5.4.3 Summary for objective 3

The main objective of this section is to present key findings pertaining main difficulties in brand building. Findings may be summarised as follows:

1. Firstly, it may appear that the difficulties faced by SMEs while building their brands seemed to be very different to those posed by prior literature largely



based on larger organisations. This study contends that insufficient financial and knowledge resources were found to be some of the main difficulties for SME brand building. Furthermore, these resources transcended into brand communication activities as they found difficulty in developing brand recognition and delivering appropriate messages especially for some new products in new categories.

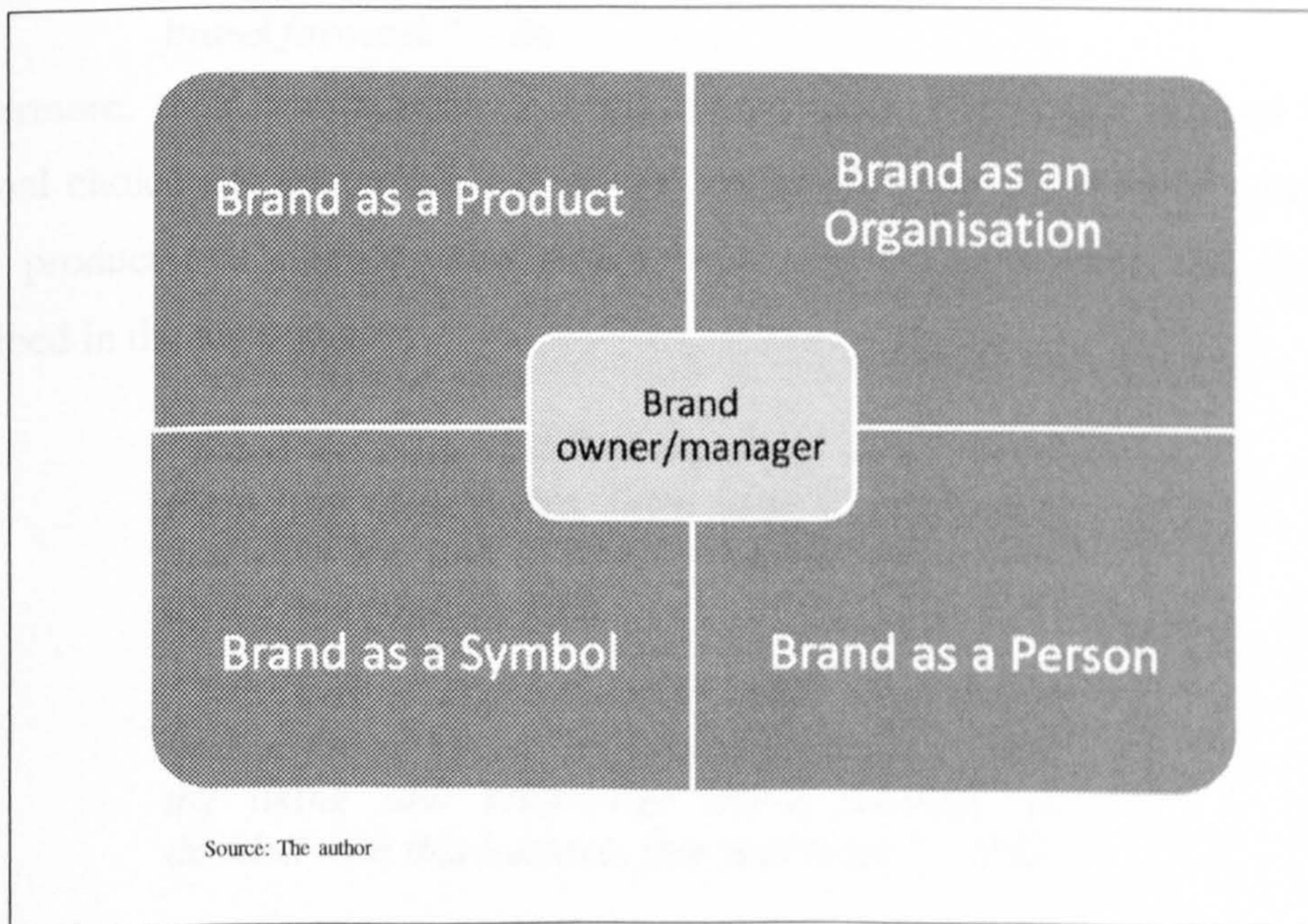
2. Importantly, insufficient financial resources seemed to drive creativity, promote DIY brand activities and barter activities. Furthermore, insufficient knowledge resources were found at times to drive query thinking, exploratory activities, and develop a more daring and risk-taking approach to brand building. This finding on exploratory activities was discussed also in detail in findings for Objective 1 Sections 5.2.1.2.2, 5.2.1.3.1 and 5.2.1.4.1.

### 5.5 Objective 4: The participatory role of the B/O in brand building

This section presents the fourth and last objective of the study:

*“To investigate the participatory role of the brand owner in the process of brand building.”*

**Figure 5-6: The role of brand owner in brand identity**





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As Figure 5-6 shows brand owner/managers (B/Os) took centre stage in brand identity. For instance, and as discussed in Section 5.2.1.1, 'brand as a person' dimension and brand owner/managers seemed to share some common personality traits. Furthermore, in some cases, the brand appeared to be the personification of the B/O as suggested by prior literature (Krake 2005).

Findings suggest that B/Os not only take a relevant participatory role in the process of brand building, but take centre stage in the starting and developing stages of brand building. Additionally, they drove not only the brand identity process discussed in Section 5.2, but also the brand communications activities discussed in Section 5.3.

As discussed in prior findings, B/Os are involved throughout the process of brand building. Thus, it is not the purpose of this section to repeat what has already been discussed in sections 5.2, 5.3, 5.4, but to highlight the significance of the role of B/Os role in brand building.

Moreover, findings support prior literature which acknowledge that B/Os drive and are committed to their organisation (Loecher 2000). The following quotes exemplify their commitment towards the organisation:

*"You have to make your people fall in love with your business." – B3*

*"I want to believe that I'm the one that drives the brand forward." – B6*

Furthermore, their commitment towards their brands is partially derived from a personal choice and preference. Findings suggest that the selection of a particular brand product and category was based on a personal preference and choice as described in the next quotes:

*"Since we were children my sister and I loved these type of activities, Lilia liked to scuba dive and cooking and I loved rock-climbing, road biking and yoga." – B12*

*"This was a high-school project; I've always been a fan of sports, especially football, so with my liking and knowledge about football we decided with this business five years ago." – B13*

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*“I’ve been ice-skating for forty five years, I couldn’t go one single day without skating, skating becomes a passion.” – B15*

These examples show that B/Os are driven by a personal choice and preference.

Moreover, findings may suggest that some personality traits of B/Os like to be challenged with uncertainty and complexity. This finding may suggest a particular personality trait found in many entrepreneurs. The next quote exemplifies this profile:

*“When I first started, there were two life situations. First, I was risking everything I had, my savings of many years and second, at a personal level, there were challenges that I had to overcome, but at the same time I wanted to confront. I like living like this on a daily basis, I like to discover and face life’s difficulties...as a girl, I was raised at home by my mum who faced adverse life situations, we learned from that type of a school.” – B021*

Additionally, B/Os were found to prefer to keep a close interaction with members in the organisation by communicating orally not written their vision and objectives of the business. The following quote exemplify this finding:

*“I have clear in my mind what the mission, objectives and goals are for the business, I know what the strategies are even when I don’t have them in writing, I go out and people hear about them from my own voice.” – B13*

Importantly, as the B/Os were found to select and recruit people who may have similar interests and values, fourteen B/Os described working as a “family,” “as supporting one another,” and “working as a team.” This finding may argue in favour of the commitment established by the B/Os from the inception of the brand.

The following examples may exemplify the supporting working environment promoted by B/Os:

*“We have a very family-like environment in the organisation which makes people communicate the same environment on to our clients. At the*

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*same time, this family-like environment helps us manage activities and communication amongst ourselves.” – B13*

*“What I look for in people is that they can put on ‘the T-shirt’, so that they are comfortable and they can feel free to work with us because they are part of the family.” – B25*

*“The employee will make a click if he/she becomes part of the team, and that is very important, if you feel part of the team, then you integrate...” – B3*

It may be argued that this value of team playing may be accounted to a lack of controls, processes and a general informality found in many SME structures (Bhide 1994; Carson and Cromie 1990). Hence, B/Os seemed to find important the establishment of trusting relationship between B/Os and their members of staff.

Paradoxically, while B/Os brought their prior experience and formal education to their brands, and became an asset to brand building, they also brought their lack of expertise and knowledge which hindered brand development. It may be argued that brand building takes many more skills and competencies than what a B/Os may bring to the SME. Thus, B/Os were constantly faced with challenges which placed them in potential learning situations.

#### **5.5.1 Summary for Objective 4**

1. In summary, B/Os took centre stage in all aspects of branding. B/Os were found to have a personal life-time commitment towards their brand. They were also found to make decisions many times based on their own personal preferences. For these reasons, it may be argued that B/Os were found to build trusting relationship with members of their organisations which in turn helped them drive brand growth.

The last section of this chapter pulls together all the findings from the previous four objectives on to holistic understanding of brand building. As discussed in the data analysis chapter, the final analysis helped understand the phenomenon of brand building from the B/Os perspective as discussed next.



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## **5.6 Model development: the process of brand building in SMEs**

This final section had the purpose to bring together and marshal all the findings from the four objectives previously discussed as means to better understand the phenomenon of brand building in SMEs.

Due to the exploratory nature of the study, the researcher went back on a reflexive mode to better understand the phenomenon at hand. This analysis helped develop a model by which brands seemed to be built in SMEs. Details of how data was analysed may be found in the Data Analysis Chapter in Sections 4.2, 4.3, 4.4, and 4.5.

This study took a grounded theory approach as discussed in the methodology chapter. This section was mainly based on the paradigm model recommended by Strauss & Corbin (1998). The model helped to interpret and bring together relevant findings on how findings seemed to show how brands were built in SMEs. This section focuses on two main characteristics of this model. It first presents the starting and consequential conditions followed by the brand building process.

### ***5.6.1 The starting and consequential conditions***

According to Strauss & Corbin (1998, p. 96), there are starting conditions prior to the phenomenon. These conditions were defined as "*events or incidents that lead to the occurrence or development of a phenomenon.*" These conditions were also grouped into positive and negative conditions affecting brand building. As positive conditions, they were found to include owners' tacit knowledge, creativity and intuition. As negative conditions, they were found to include complexity, chaos, uncertainty, minimum resources and planning, opportunity seeking, and focus on tangible operational elements.

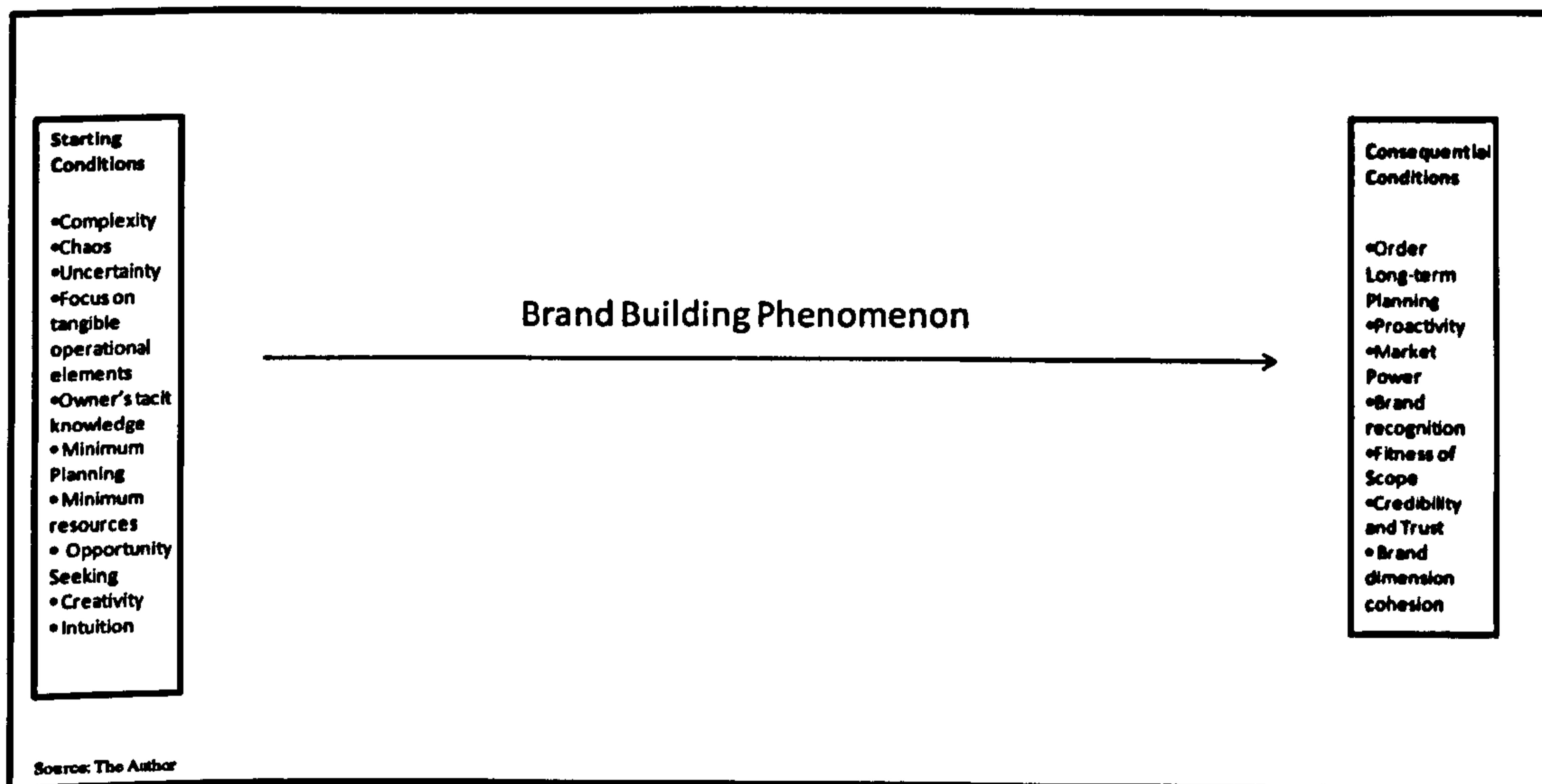
As previously discussed in Section 5.5, B/Os brought into their SMES their prior job experiences, formal education and personal preferences and drive. However, their skills and knowledge were not enough to build a brand. Thus, they also faced certain levels of uncertainty and complexity. As they go through the process of brand

building, they will incorporate new skills and knowledge which seemed to help diminish the starting conditions.

At the end of the phenomenon, there were found some consequential conditions defined as “*outcomes or results of action and interaction*” (Strauss and Corbin 1998). These conditions were found to include order, longer-term planning, proactivity, market power, brand recognition, brand credibility and trust, and owners’ further tacit knowledge. It seemed that SMEs were acting more as a larger organisation brand, yet remained as an SME.

The following display shows both initial and consequential conditions:

**Figure 5-7: Final model: Starting and consequential conditions**

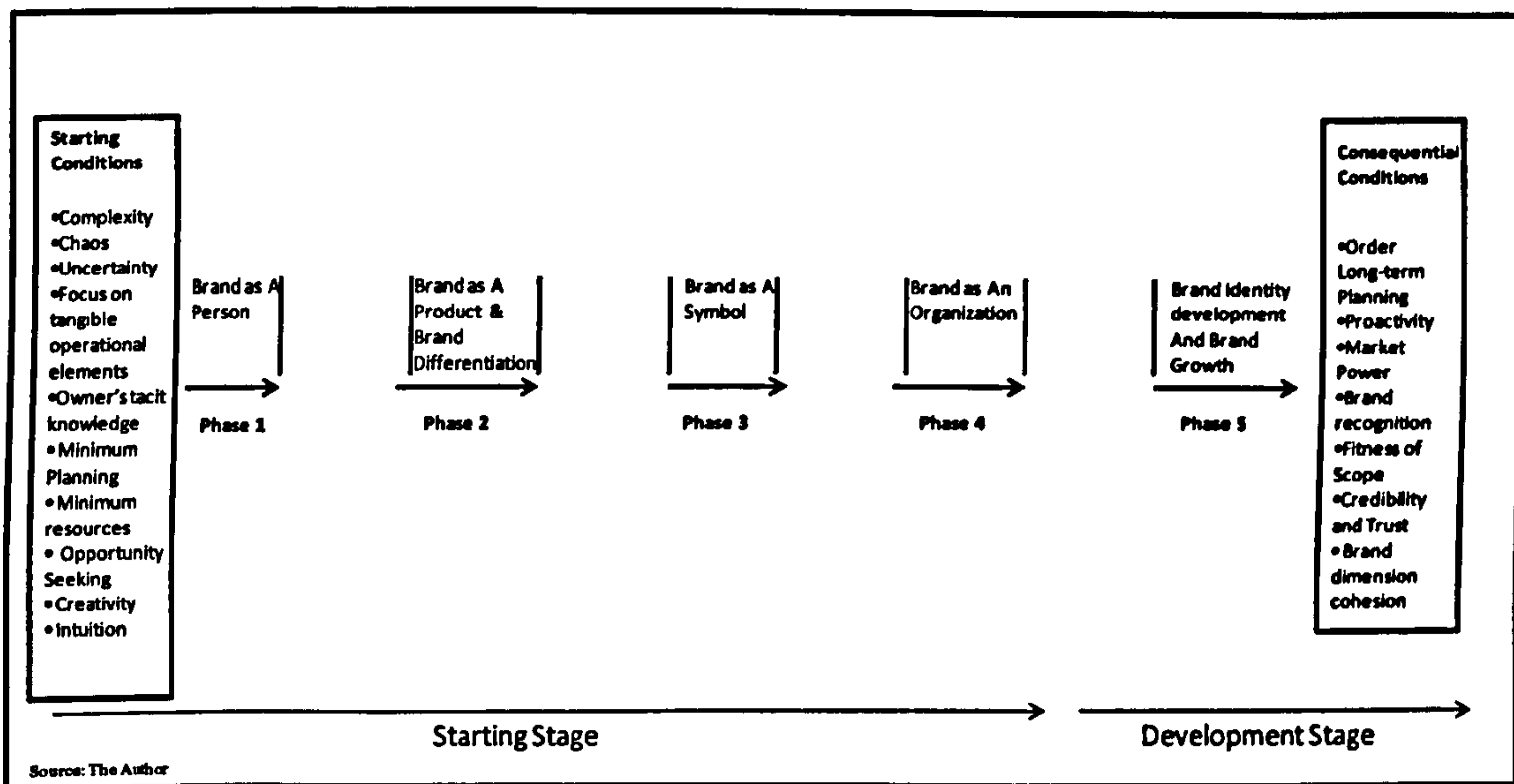


In between the starting and consequential conditions, the phenomenon of brand building occurred which appeared to be in a sequential process as discussed next.

### 5.6.2 The process of brand building

The next display shows the process of brand building composed of two stages and five phases of brand building:

Figure 5-8: Final model: Starting and development stages



As displayed in Figure 5-8, brand building process is composed of two stages, firstly the starting stage composed of four phases in which each one of the brand identity dimensions are created and secondly, a fifth phase in which brand identity is developed.

In the starting stage, 'brand as person' was created as B/Os committed to starting their brands. Importantly, even when B/Os were not aware of this dimension, findings suggested of its existence as parallel similarities between their personality traits and that of their brands. Implications of this finding are discussed in the conclusions chapter in reference to implications for practitioners section 6.6.2.

The second dimension to be created was 'brand as a product.' Findings suggested that brand differentiation was created simultaneously at this phase. Brand differentiation was found to include particular levels of 'newness' of product attributes and benefits. Thus, a close link between product and brand differentiation was found. Importantly, attributes were closely related to functional rather than emotional benefits.

The third dimension to be created was 'brand as a symbol.' B/Os were found to be keen in creating a brand name, logos and visuals to their product. Additionally at



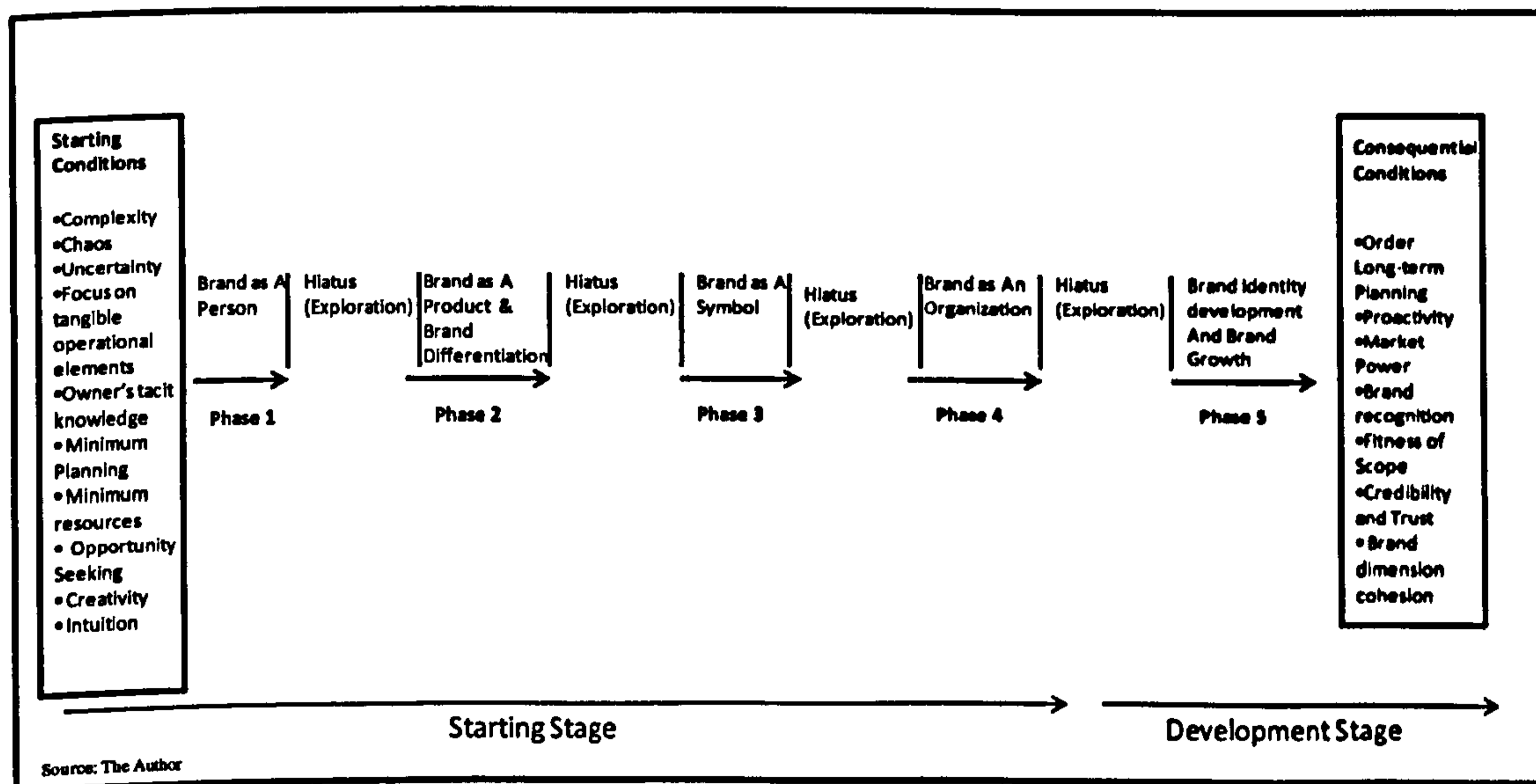
this phase, graphic designers were found to be some of the very few specialists hired by B/Os making reference to the importance of this dimension.

Lastly, 'brand as an organisation' was the last dimension to be created. Findings suggested that B/Os brought in their personal values which in turn become some of the organisational values.

During the second stage of development, B/Os continued developing each one of the dimensions as means to grow their brands and in due course reach a set of consequential conditions of the process.

However, this sequential process did not appear to be straight forward mainly due to the starting conditions. Therefore, B/Os went through iterative hiatus/brand exploration phases prior to each one of the phases. These exploratory phases involved many experimentation and trial and error activities until they became knowledgeable to move on to the next particular phase. The following display shows these brand exploration phases:

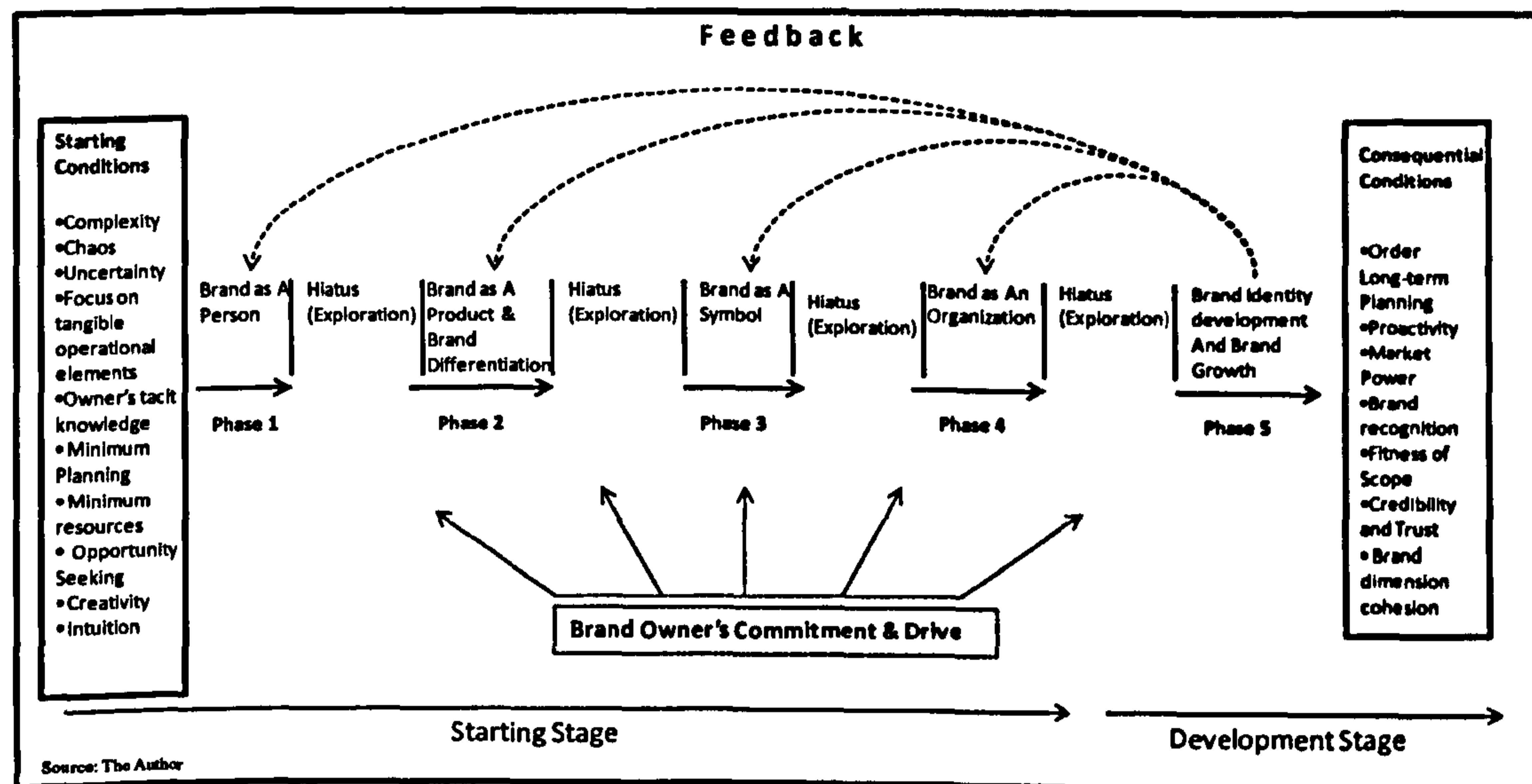
Figure 5-9: Final Model: brand exploration phases



As Figure 5-9 shows, brand exploration phases occurred for each one of the phases all except phase 1 of 'brand as a person' in the starting stage. As previously discussed this dimension was created when the B/Os began with their commitment to creating their brands. Having said, there were two more key elements of the process

found in the process. Firstly, the B/O's commitment and drive which was found to be the motor which drove forward the brand building process and secondly, the feedback throughout the process which was found to be those learning outcomes from which B/Os and members of SMEs learned to build their brands. The following display shows the complete process of brand building including these two final elements:

Figure 5-10: Theoretical model of brand building in SMEs



As Figure 5-10 shows the process of brand building through the starting and development stages of brand identity highlights the relevancy of the context by which brands are build in SMEs.

As means to better understand how the brands in this study specifically performed in the brand building process, an evaluation was carried out using some of the consequential conditions as discussed in the next section.

## 5.7 Summary

This chapter presented an analysis of the main findings structured to responding four main objectives set for this study. In particular it offered firstly, a detailed explanation of the relevancy and the process by which brand identity and brand differentiation are built. Secondly, it offered an explanation of not only the activities around the construction of brand identity and brand differentiation, but also the

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activities for brand communication. Thirdly, it also offered an explanation on the difficulties surrounding brand building and lastly the participatory role of the B/O in brand building.

As means to pull together the relevancy of the process of how brands are built, a final model is presented by arguing in favour of a sequential process composed of a starting and development stages of brand identity.

The possible conclusions and implications of this study for research and management, are considered in the next and final chapter.



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# Chapter 6: Conclusions, Implications and Recommendations

## 6 Conclusions, Implications and Recommendations

### 6.1 Introduction

This study has explored how brands are built in SMEs. In doing so, the study explains a process of brand building through the creation and development stages of brand identity. Furthermore, the study also identifies some of the brand communication activities and difficulties encountered during this process. Finally, it brings to light the key participatory role of the brand owner/manager.

In meeting with these objectives, the study used an empirical qualitative methodology based on thirty holistic cases of SMEs. The sample was theoretically induced as some authors suggested that not all SMEs are brand oriented (Wong and Merrilees 2005). Data was analysed through theme coding. A process recommended for most qualitative methods (Boyatzis 1998).

Moreover, this chapter includes some key contributions to brand theory, small business and qualitative methodology theory. Additionally the reader will also find some appropriate recommendations for brand owner/managers as means to improve their brand building activity.

This chapter is organised into seven main sections. The first section re-states the key research aim and objectives. The second section explains the research methodology. The third section explains also how data was analysed. The fourth section offers a summary and conclusions for each one of the four objectives and presents a proposed model for SME brand building. The fifth section discusses the significance of this research in terms of its contribution to knowledge and the managerial implications. The sixth section highlights some limitations of the research followed by recommendations for future research. Finally, the chapter ends with a final discussion for this thesis.

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## **6.2 Origins and Objectives of the study**

As a preamble to the aim and main objectives of the study, a salient literature review confirmed that even when there is a huge small business literature supporting the importance of SMEs including a developing area in marketing (Carson 1985; Carson and Cromie 1990; Gilmore et al. 2001), branding is still a nascent area (Abimbola and Vallaster 2007; Krake 2005; Merrilees 2007). Furthermore, SMEs in Mexico, as in many countries, are a main source of employment, innovation and competitiveness (Acs et al. 1999; Daly and McCann 2000; Martin and Matlay 2003). Importantly, as the world today, in 2009, turns to a period of difficult economic slowdown, it should be important to not only strengthen SMEs brands, but also find new ways in which businesses can survive and thrive in more innovative paradigms. A new paradigm of SME branding will help researchers continue their understanding of how brands are built. Moving from a seemingly traditional narrow approach to a broader more integrative perspective.

The following aim and objectives were set as means to guide this study:

*Aim:*

To explore how brands are built in SMEs.

*Objectives:*

1. To investigate the relevance of brand identity and brand differentiation in SMEs.
2. To investigate how SMEs use particular brand communication activities in developing their brands.
3. To identify some of the key difficulties facing SMEs when building their brands.
4. To investigate the participatory role of the brand owner in the process of brand building.

## **6.3 Research method**

As suggested by Silverman (2005), the method selected for research should be based on the best approach to answering the research question. Hence, a qualitative

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research method was used because the researcher wanted to understand meanings and relationships of the phenomenon of SME brand building. A phenomenon not yet explored in research as compared to larger organisation brands.

Case studies were used for this study because they have been argued to be appropriate to answering questions such as “how” (Yin 2003). In particular, holistic multiple cases were selected because the researcher wanted to look at different cases which would better represent the situation of SME brands. The primary informants were the owner/managers and those managers who were directly responsible of the brand and who reported directly to owner/managers. Additionally, the researcher was able to access different sources of evidence such as transcripts derived from interviews, observations held during interviews, print advertising and publicity, product samples and web pages. These sources reflected the large number of variables and their complex interrelationships in doing business (Gummesson 2005).

A total of thirty case studies and thirty six interviews were carried out in two waves. The first wave of thirty interviews was used to collect data and theoretical saturation (Strauss and Corbin 1998) was reached at interview number twenty two. A second wave of interviews involved six cases as means to discuss and validate preliminary findings.

Semi-structured interviews allowed both interviewees and researcher to freely construct a conversation based on a set of planned issues (Patton 1990). They also offered sufficient structure to guide the conversation within interview time constraints (Robson 2002) and also offered flexibility to explore and discuss in detail some key issues involving SME brand building.

The research design, based on the interactive design by Maxwell (2005), foresaw an element of trustworthiness as a guideline to properly maintain the quality of the research. Trustworthiness was decomposed into four elements: credibility, transferability, dependability and confirmability (Guba and Lincoln 1989). Additionally, particular strategies were used to block some threats for each one of the four components (Flick 2006; Miles and Huberman 1994; Silverman 2005; Yin 2003).



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## **6.4 Data Analysis**

The data derived from the fieldwork was analysed through four coding stages which helped data move to analytical abstraction (Carney 1990). These stages were as follows: a preparatory planning stage, followed by an open coding, axial coding and lastly, a selective coding stage (Strauss and Corbin 1998). Importantly, coding helped interpret and explore meaning. It also helped develop a final conceptual model which explained the phenomenon of SME brand building.

Furthermore, it is important to clarify that even when coding was used as the method of analysis, the study used a grounded theory approach to data analysis. The reasons for not undertaking grounded theory were due to the following reasons. Firstly, such authors as Glaser & Strauss (1967) are very inflexible in the method and may require a book length as they have a particular way for documenting such a research (Griffin 2007). Secondly, as a novice researcher, the process may have taken four to six years. Hence, it was considered not doable for this doctoral study. Thirdly, the researcher acknowledged his preunderstanding (Gummesson 1991) of the phenomenon. He had previously worked in the industry and during the first years of his doctoral study, he researched on salient literature and developed an a priori conceptual framework. All of which helped guide and strengthen the data analysis and findings.

Each one of the four stages used a combination of appropriate primary and secondary tools of research. Such tools included QSR-NVIVO, field notes, research memos, research journal, monthly reports to doctoral supervisor, and displays. This process of data analysis not only helped to systematically move data analysis to a conceptual level, but also assisted in developing a final conceptual model which helped to synthesize and explain major relationships amongst variables within the phenomenon of SME brand building.

## **6.5 Summary and conclusions of the findings**

This section summarizes the relevant findings and conclusions for each one of the four objectives set for this research.



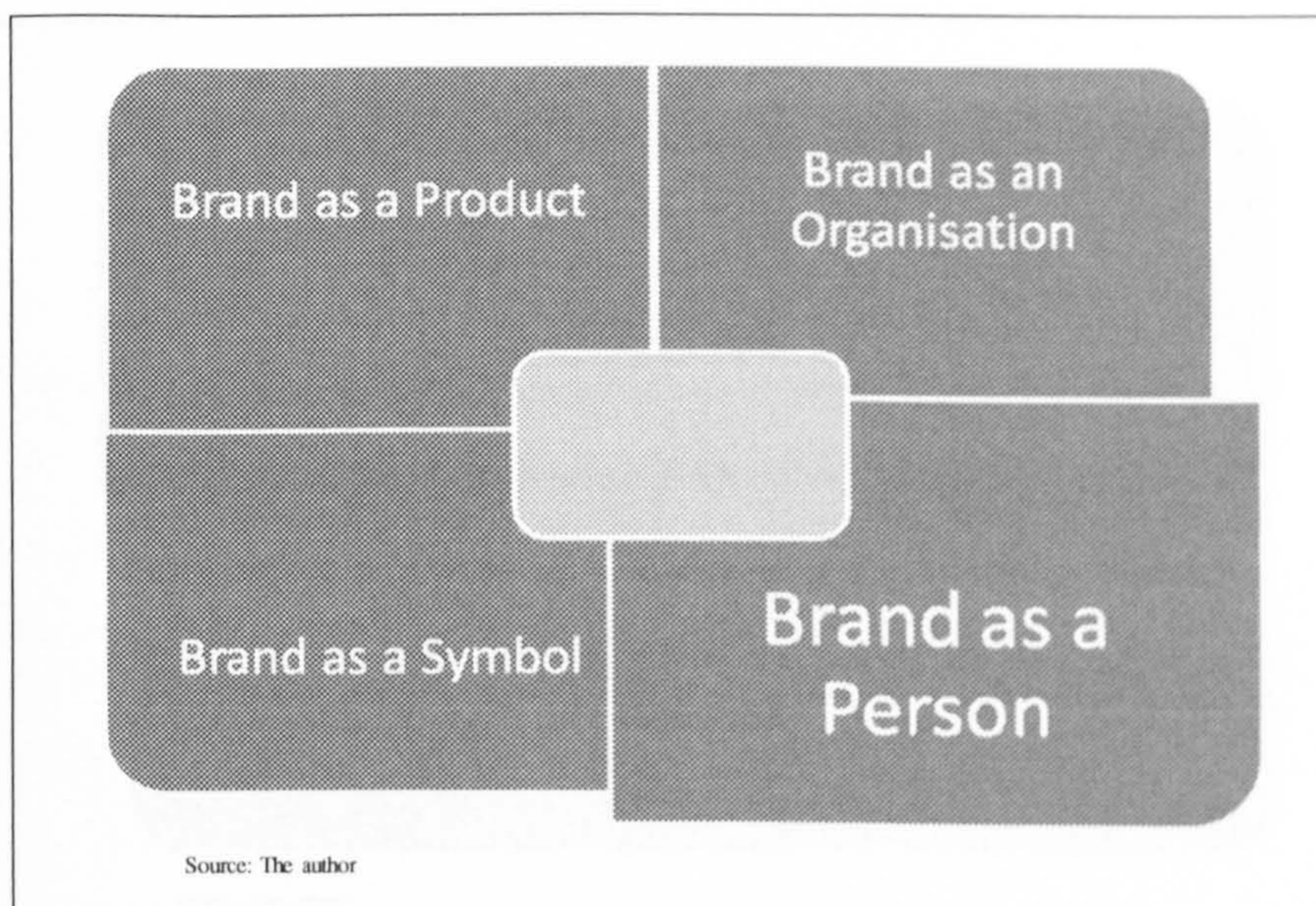
### 6.5.1 Objective one, main findings

First objective: *“To investigate the relevance of brand identity and brand differentiation in SMEs.”*

This objective was subdivided into four dimensions of brand identity and brand differentiation derived from literature.

*Brand Identity: ‘brand as a person’ – a dimension of brand identity*

**Figure 6-1: ‘Brand as a person’ dimension of brand identity**



Firstly, findings suggest that ‘brand as a person’ was the first dimension to be created at a subconscious level. The main reason is that most brand owner/managers had not questioned this dimension before. However, even when they were unaware of this dimension, there were clear indications that there were close similarities between personality traits of brand owner/managers and their brands. Additionally, there was supporting evidence from prior literature which sustains that the brand becomes the personification of the brand owner (Krake 2005; Ojasalo et al. 2008).

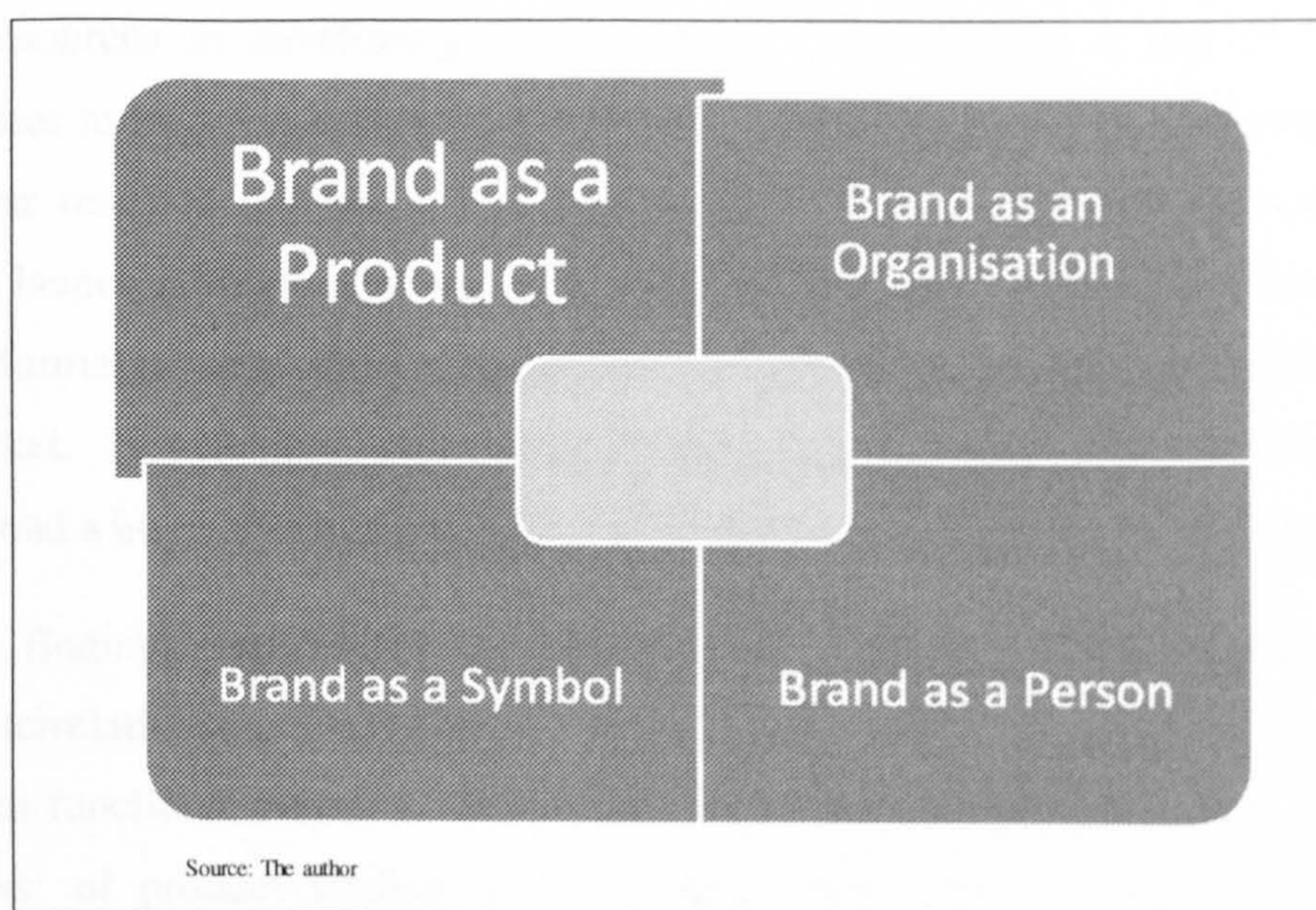
Secondly, two distinctive sets of brand personalities emerged from the study. One group of brands tended having more emotional personality traits and another group tended having more rational personality traits. Furthermore, it appeared that both groups were joined together by an honesty/honourable personality trait. It was



possible to infer that these two sets of brand personalities may reflect the way by which brand owner/managers approached the marketplace. In this study, brand owner/managers had either a friendly and carefree or an aggressive or strong approach towards the market. This study sustains prior arguments that organisational identity in SMEs often mirror the personality and characteristics of the owners (Abimbola and Vallaster 2007).

*Brand Identity: 'brand as a product' – a dimension of brand identity*

**Figure 6-2: 'Brand as a product' dimension of brand identity**



Firstly, findings suggest that the second dimension to be created was 'brand as a product.' Brand owner/managers were knowledgeable about their products and they showed huge familiarity with this dimension. This knowledge may be derived from all the work behind the product development. That is, from the very inception of the product idea and creation, to its development. This finding suggests that most of their attention is on the core of the product (de Chernatony and McDonald 2003). That is, they focus on such intrinsic attributes such as primary ingredients, and supplementary features, product reliability, serviceability, empathy, and price (Kotler 1991). Additionally, results from the analysis seem to provide strong support that SMEs, just as larger organisations, build on a product success. That is, they develop product and line extensions (Pitta and Katsanis 1995; Whitney 1996).



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Secondly, brand differentiation was identified by brand owner/managers as primarily product differentiation. Such differentiation was attributed to product 'newness.' In the study, twenty three brands were perceived by their owner/managers to have some level of 'newness' by offering new attributes, new service, and new design in both existing and new categories. They also considered that such 'newness' was derived from a personalisation of service or a new technology. Importantly, however, most brand owner/managers expressed that they didn't know about the relevance of such 'newness' until they began interacting with clients and customers. Such consideration placed them in a vulnerable position in the market as they had already spent resources in developing their product. This finding is one of the main differences to large organisation new product development as they frequently follow particular research studies to evaluate market and consumers preferences before product launch (Broniarczyk and Alba 1994; Loken 1993; Pitta and Katsanis 1995). Such a formal process offers a certain level of product acceptability and relevance in the market. Nonetheless, those SME brands which found product relevance in the market had a huge effect on accessing distribution and communication channels.

Thirdly, findings confirm existing literature that attributes and benefits require some close interrelationship (Davis 2000). In particular, most brand attributes were closely linked to functional benefits. It may be argued that such benefits were due to the 'newness' of product attributes. This close relationship between attributes and benefits helped deliver brand promise (Kapferer 2004). Such delivery was particularly important when brand owner/managers were opening up the market place and the product appeared to be attractive to customers and consumers. Furthermore, brand owner/managers were aware about such close link between product attributes and benefits.

Fourthly, most brand owner/managers were not consciously aware of product values – defined as those long-term benefits or advantages, even when the brand values were expressed in other sections of the interview. It may be posed that as brand manager/owners tended to be more short-term focused, they were not aware that their brand values had already been defined, but they had not made the connection yet to

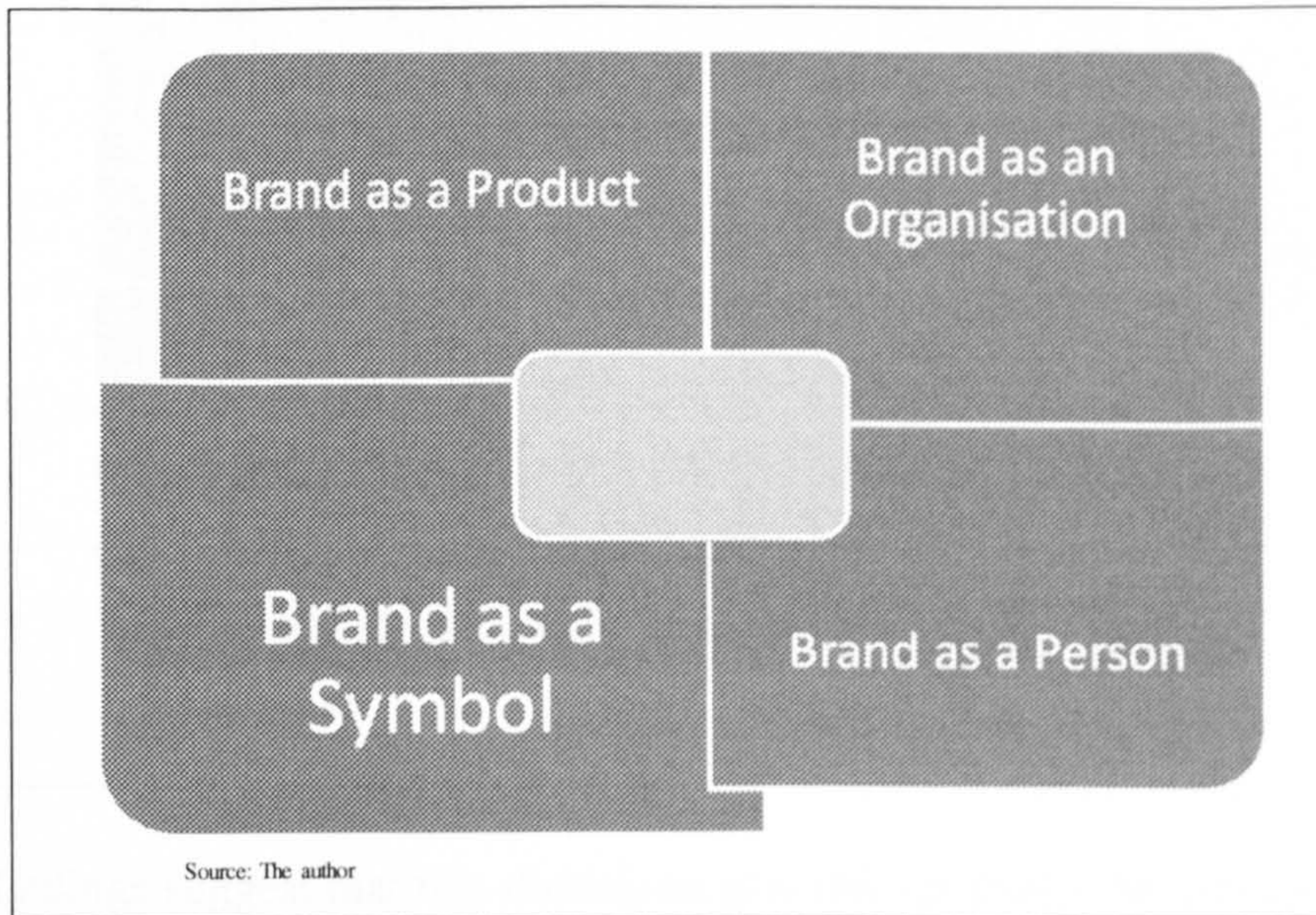


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brand values as such. Such lack of awareness restrains future alternative strategies for brand growth as posed by Keller (2003).

*Brand Identity: 'brand as a symbol' – a dimension of brand identity*

**Figure 6-3: 'Brand as a symbol' dimension of brand identity**

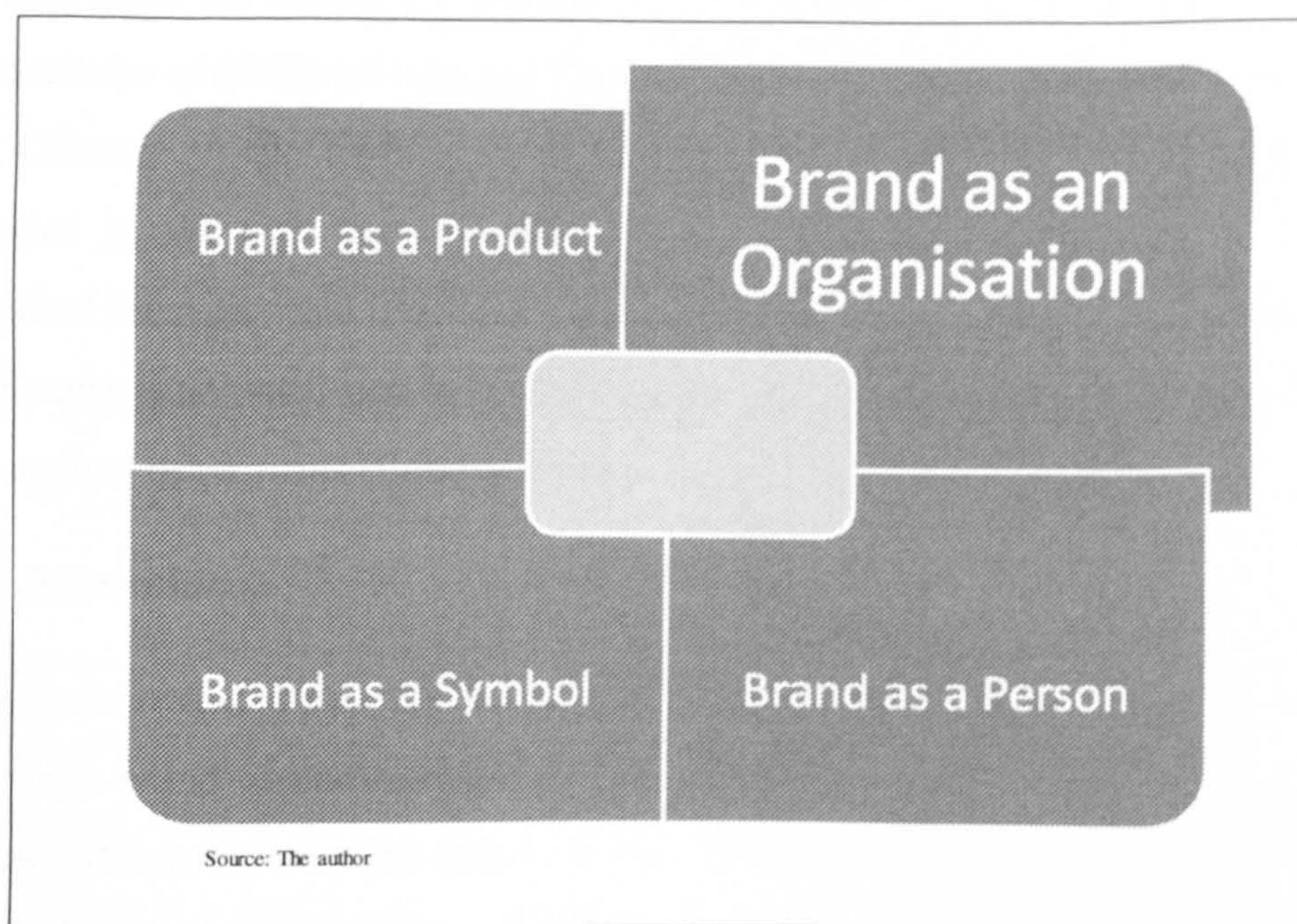


Firstly, when compared to other brand identity dimensions, it appeared to be less exploratory due to the experienced support of graphic designers who helped guide logos and brand image creation and development.

Secondly, most brand owner/managers appeared to know some of the strategies to developing good brand names (Jobber 2004; Kotler 1991; Murphy 1990). Logos and brand images were found to fall in a continuum, from simple to complex images. Importantly, complex images may imply severe difficulties in communicating brand meaning to customers as their communication channels are very limited. Conversely, simple images may better suit brand communication as sources for brand communication are usually limited in SMEs. At the same time, findings support prior studies that visuals are more powerful than words (Edell and Staelin 1983; Eiseman 2000) as colour and logos appeared to be key brand symbols in communicating brand meaning, more so than brand name.



**Figure 6-4: 'Brand as an organisation' dimension of brand identity**



Firstly, findings suggest that this dimension was the last one to be created as per the definition of this study; the organisation required to have at least ten employees. Hence, previous organisational structures may have served as the basis for its creation.

Secondly, all brand owner/managers were found to bring into their business their tacit knowledge – that gained knowledge and skills brought into the SME (Gilmore et al. 2001). At the same time, findings suggest that brand owner/managers and members of staff going through exploratory phases. It appeared that brand owner/managers were constantly attempting to make sense of what they wanted to do for their brand, but they were not sure how to. They were found to go through phases of trial and errors and experimentation while taking risks and learning from exploration. Such finding supports literature which argues that small businesses go through transitional periods of crisis or instability which pose great challenges to learning new sets of abilities and activities (Mount et al. 1993; Scott and Bruce 1987; Spillan and Hough 2003).



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Thirdly, findings suggest two types of organisational values. Firstly, a set of overarching organisational values such as team-playing, open communication, creativity, drive for quality and innovation. Such values may be related to some key characteristics of SMEs of informality, flexibility, and creativity (Carson and Cromie 1990; Gilmore et al. 1999). At the same time, other values were found to be influenced by the own personal values of the brand owner/manager. Such values may reflect their personal life-long commitment to their organisation (Loecher 2000). At the same time, such personal values were found at times to be a differentiating factor against other firms (Carson 1990).

### *Brand differentiation*

The analysis revealed that the 'brand as a product' dimension was clearly linked by most of the brand owner/managers to brand differentiation. Many of the responses on brand differentiation were related to the 'newness' of the product by offering new product attributes and benefits. Additionally, there were nine deviant cases making reference to their organisation as a source of brand differentiation (Carson and Cromie 1990). They highlighted both their organisational resources and values. Some of the key elements suggesting brand differentiation were their human resources and their innovative attitude and behaviour of doing and changing (Carson and Cromie 1990; Gilmore et al. 1999).

#### *6.5.2 Objective two, main findings*

Second objective: *"To investigate how SMEs use particular brand communication activities to develop their brands."*

First, brand owner/managers were found to implement more than thirty different brand activities which help support brand building. It may be argued that perhaps this may be one of the key differences between those SMEs which are brand-oriented and those which are not. As expected, brand-oriented SMEs focused their attention in brand activities.

Second, as means to offer a structure to the plethora of brand activities performed by SMEs, they were classified according to Brodie (2008) and Coviello (2001). The

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authors contend that marketing activity go beyond the theoretical dichotomy of transactional vs. relationship marketing. Having said, findings support their argument that in contemporary marketing practices, marketing approaches co-exist as means to communicate differently and at different times with certain types of customers (Coviello et al. 2002). Brand activities were classified into four categories: 'close and personal' communications from an Interactional Marketing approach, 'mass personalisation' and 'mass' communications from a Transactional Marketing approach and 'e –' communications from an 'e –' Marketing approach.

Third, 'close and personal' brand communication activities were found to be those face-to-face communications activities in favour of the brand. These activities were done between brand owner/managers and members of staff and 'with' their customers (Coviello et al. 2000; Coviello et al. 2001). These included personal selling, trade and consumer shows, word-of-mouth (WOM), sales promotions and Public Relations. In particular, word-of-mouth (WOM), was perhaps one of the most important communication activities to promoting brands in the study. Twenty-six brand owner/managers mentioned WOM had helped brand growth. It was found that it was such a powerful activity because it positively delivered two key 'brand as a product' characteristics: 1) brand promise and 2) newness of the product. This activity also offered some feedback to brand owner/managers in terms of market interest and brand trust.

Additionally, half of the brands in the study owned a retailing shop and was considered to be a key activity for brand growth. The shop helped them increase brand awareness, promote the product, and increase sales volume.

Fourth, 'mass personalisation' brand communications activities were found to be those communications activities done through mass vehicles, yet the personalisation message was done by a member of the organisation in favour of the brand. Such communicator was someone from the SME who acted as the spokesperson, most often the brand owner/manager (Krake 2005). Such finding sustains prior studies which suggest that marketing activity is conducted at a senior level, rather than hiring a specialist (Coviello et al. 2000). These activities included Public Relations and advertising. In particular, publicity appeared to offer many advantages to

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increasing brand knowledge and brand awareness at no cost when compared to advertising. Importantly, brand owner/managers suggested that the 'newness' of their products was considered as newsworthy. It had opened up interest and thus, access to media vehicles for free.

Fifth, 'mass' brand communications activities were found to be those impersonal communications activities done through mass vehicles in favour of the brand. These activities included Public Relations and advertising. The main difference found with 'mass personalisation' communications activities was that communication was impersonal and centred on the product itself; more traditional advertising practice. Such findings may add to existing literature suggesting that SMEs not only tend to emphasize marketing communication geared towards personalisation, but they seek to achieve at times more traditional mass communication activities.

Last, 'e -' brand communications activities were found to be those communications activities created for electronic interactivity on the Internet or e-mail with customers in favour of the brand. Findings strongly support prior literature suggesting that technology not only help access a larger number of customers, but also facilitate conversation between SMEs and both potential and actual customers (Blattberg and Deighton 1991; Kessler 2007; Kluth 2006; McAlexander et al. 2002). These activities were primarily done from the SME website and found to include two elements. The first element is a basic component which established basic information about the SME and its products and contact details. The second element offered additional interactive features with customers such as virtual shop, advertising and publicity articles and adverts, chat rooms, and WOM promotions (McAlexander et al. 2002; Muniz and O'Guinn 2001).

### **6.5.3 Objective three, main findings**

Second objective: *"To identify some of the key difficulties facing SMEs when building their brands."*

Firstly, brand owner/managers appeared to be very interested in building their brand. They are faced with branding problems such as how to create, develop and maintain brand identity while being able to deliver brand communication and promotion in the



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marketplace. It may be argued that those SMEs which are not brand-oriented face regular SME development difficulties. SMEs with a brand-orientation not only need to develop their 'brand as an organisation,' but also build 'brand as a product,' 'brand as a symbol,' and 'brand as a person.'

Secondly, findings suggest that there are two main factors affecting brand building.

One, a factor of insufficient financial resources (Mount et al. 1993; Schollhammer and Kuriloff 1979). Twenty seven out of thirty brand owner/managers mentioned that insufficient 'money' was a key difficulty to building their brands. This situation caused a slower brand development as they missed opportunities or lack resources to implement brand activities. Furthermore, there was a huge gap between what brand owner/managers wanted to do and what they were actually capable of doing with the resources they have at hand. However, this lack of insufficient funds appeared at times to drive organisational creativity. Brand owner/managers and their members of staff appeared to find ways to make things happen. For instance, by implementing 'do-it-yourself' (DIY) activities (Carson 1985; Carson 1990; Krake 2005) and bartering for communication campaigns.

Two, a lack of knowledge made them become more naïve in certain situations. Hence, they were more daring. In particular during the phases of brand hiatus exploration where many of the activities dealt with experimentation and trial and error as means to gain new knowledge, abilities and competencies (Mount et al. 1993; Scott and Bruce 1987).

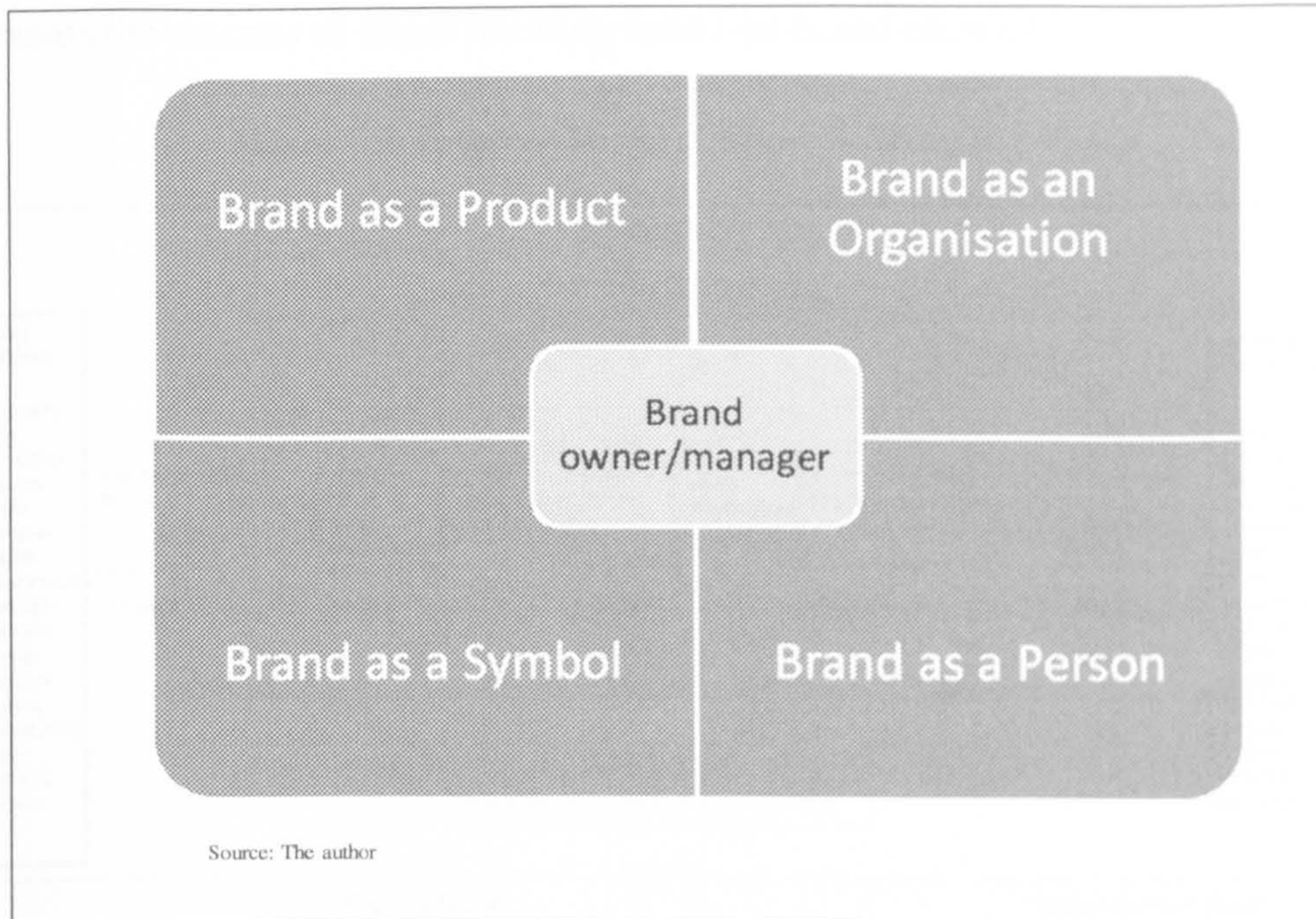
Last, such lack of funds had huge consequences on how they communicate their brands. They faced huge challenges in accessing mass communication channels and developing an appropriate message. The process in itself of bringing about a suitable message to an appropriate vehicle at the right time and place is already a huge challenge to large organisation brands. Hence, most of these channels are out of reach for many SMEs and may present a significant difference on how brand recognition and brand awareness is achieved and developed. Hence, most brand knowledge moves at a personal level (Coviello et al. 2000) and as a consequence at a slower pace.



#### 6.5.4 Objective four, main findings

Fourth objective: *“To investigate the participatory role of the brand owner in the process of brand building.”*

**Figure 6-5: The role of the brand owner/manager**



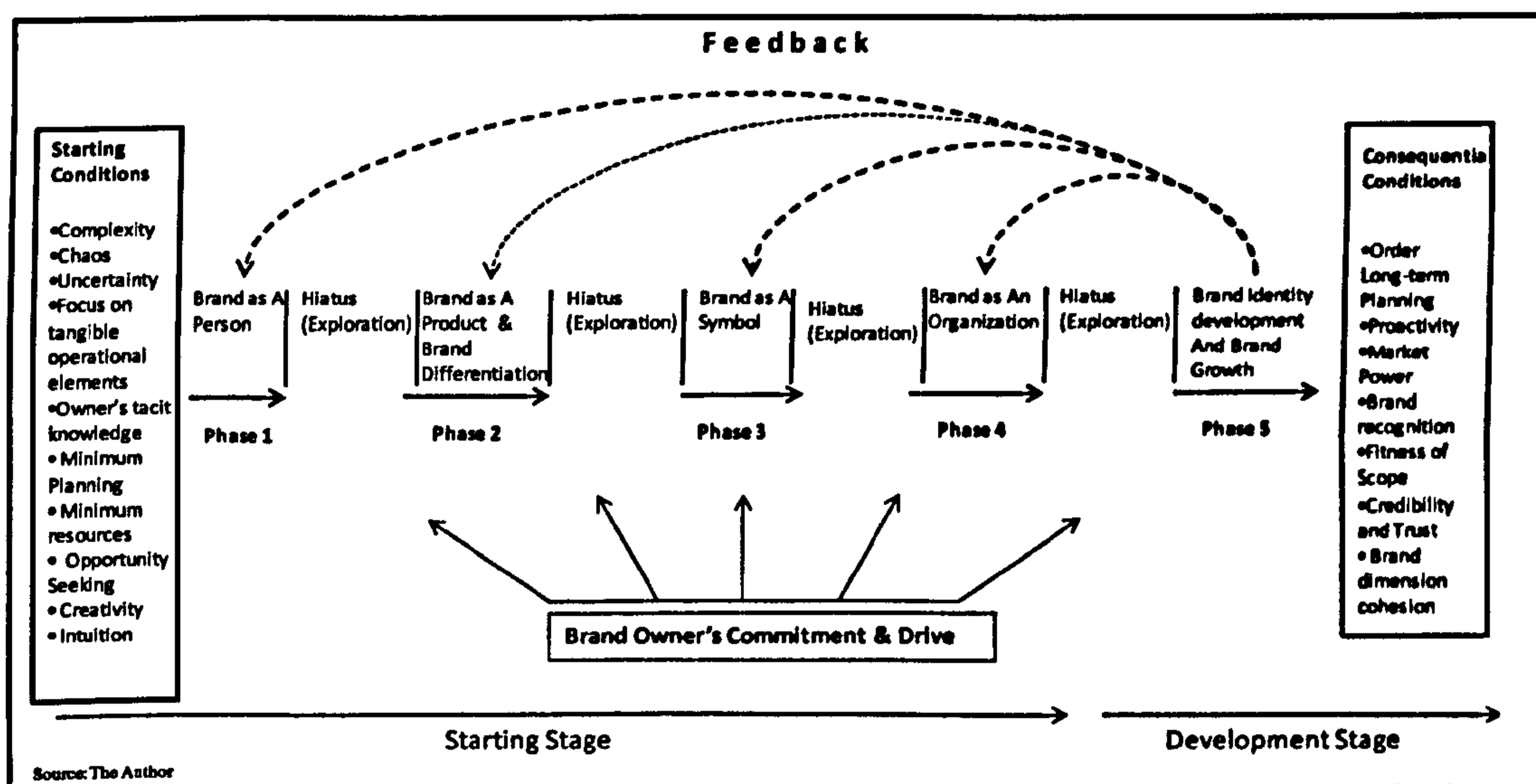
Results seem to provide strong support for the huge influence of owner/managers on their brands (Krake 2005; Merrilees 2007; Powney and Harris 2005). They are involved and participate in the implementation and direction of creation and development of all brand identity dimensions. Furthermore, as Loecher (2000) suggests, findings support the argument that brand owner/managers have a personal life-time commitment towards their brands. Many times, they were also found to make decisions based on their own personal knowledge and preferences. It may be argued that due to their personal involvement, brand owner/managers were also interested in building trusting relationship with members of their organisations which in turn help them drive brand growth.



### 6.5.5 Model development: the process of brand building in SMEs

Findings suggest that brand identity goes through stages of creation and development in which brand owner managers learn new sets of competencies during phases of brand exploration. This finding provides an extension to the existing literature that small organisations go through stages of growth with transitional stages of instability (Mount et al. 1993; Scott and Bruce 1987; Spillan and Hough 2003). The next figure represents the process of brand building based on brand identity:

Figure 6-6: Proposed Model of Brand Building in SMEs



As Figure 6-6 shows, this model portrays brand identity creation and development as a sequential process. It starts with some conditions such as owner's tacit knowledge, creativity and intuition, complexity, uncertainty, chaos and minimum resources and planning. It ends with some consequential conditions such as order, long-term planning, proactivity, market power, brand recognition, brand credibility and trust, and owner's further tacit knowledge.

Findings suggested that in between these two sets of conditions there is a process composed of two main stages: a starting and a development stage. In the starting stage, each one of the dimensions of brand identity is created in a 4-phases sequential process. It begins with 'brand as a person,' followed by 'brand as a product,' 'brand as a symbol,' and 'brand as an organisation.' In the development stage and final fifth



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phase, brand owner/managers continue developing all four dimensions of brand identity.

This sequential process, however, did not appear to be straightforward as they go through phases of hiatus/brand exploration. This finding supports prior literature arguing for periods of instability in SMEs as they go through a growth process. These exploratory phases involved much experimentation and trial and error activity with a quest to learning. Such phases helped them develop new skills and knowledge to move on to the next brand identity phase. Phase one, 'brand as a person,' was created at the unconscious level because they did not know about this dimension. However, findings suggest very close similarities between personality traits of the brand owner/manager and the brand (Krake 2005).

Finally, two more elements which helped the process to move forward were: 1) the commitment and drive of brand owner/managers which seemed to be the motor of the brand building process and 2) feedback which was at times used as learning outcomes fed into each one of the brand identity dimensions.

## **6.6 Significance of research**

This thesis may be significant from several perspectives; please refer to Chapter 1. Broadly, the importance of this thesis could be discussed from both academic and practical perspectives:

### **6.6.1 Academic perspective – Contribution to knowledge**

#### *Overall significance*

1. This study explores for the first time how brands are built in SMEs. Most of the research today on brand building has largely ignored their branding activity even when they have been argued to be key business players in many countries. Hence, this study attempts to close the academic gap in this infant area of research.
2. The originality of this study stands from the development of a theoretical model which attempts to explain through a sequential process how brand

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identity and its four dimensions (Aaker 1996) go through two main stages of creation and development. The study also contends that the process of creating each one of the brand identity dimensions and their development is affected by the unique context of SMEs. This process did not appear to be straight forward, but it went through several brand exploration phases where owner/managers and their members of staff experimented and did trial and errors under risk, commitment, creativity and willingness to learn. This particular finding extends prior literature of SME growth stages (Mount et al. 1993; Scott and Bruce 1987) suggesting that SMEs go through periods of experimentation and learning.

3. Based on prior literature suggesting that brand identity is one of the key building blocks of brands (Kapferer 2004; Keller 2003), this study exposes for the first time the relevance of brand identity creation and development as means to attain brand growth competence through the intricacies of SMEs.
4. This study confirms the innovative nature of SMEs as they build their brands in a non-traditional manner by considering the unique characteristics and intricacies of SMEs. On one hand, there are particular characteristics which limit brand growth such as a lack of financial and knowledge resources (Carson and Cromie 1990; Gilmore et al. 2001) and short-term planning (Liu 1995; Reynolds et al. 2001) which bring in complexity, chaos, and uncertainty (Mount et al. 1993; Scott and Bruce 1987). On the other, there are particular characteristics which drive brand growth including the drive and commitment of brand owner/manager (Carson 1990; Hadjimanolis 2000; Krake 2005; Loecher 2000), and some organisational values such as informality, team-playing, open communication, creativity, drive for quality, innovation, interest in member training and honesty (Carrier 1994; Carson and Cromie 1990; Hadjimanolis 2000). Hence, this study contends that these characteristics play an important role in setting a non-traditional way to brand building in SMEs.

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5. It also supports previous research on the importance of brand owner/managers' commitment and involvement in their organisation and extends knowledge on their role from the perspective of brand building.

*Particular significance: Brands in SMEs*

1. This study confirms prior arguments that a brand is a brand independent of its context (de Chernatony and McDonald 2003). At the same time, it also extends prior literature that traditional marketing theories are inappropriate to describing how SME practice marketing (Carson and Cromie 1990; Gilmore et al. 2001; Hogarth-Scott et al. 1996). It offers new evidence that their branding approach is also non-traditional. It recommends that researchers should further their understanding as means to improve their performance while extending their comprehension of the multidimensionality of brands.
2. This study sustains prior literature that brands may serve as a unifying coordinating tool for SMEs (Abimbola 2001; de Chernatony and McDonald 2003; Earls 2002; Merrilees 2007). It was found that brands offer sharpness and help integrate many activities and strategies which appeared to be loose and separate. For instance, 'brand as a product' and 'brand as an organisation' shared similar values. Moreover, there were close similarities between 'brand as a person' and the personality of the brand owner/manager. It appears that when brand owner/managers work with brands, they have the possibility to better coordinate and integrate many brand activities.

*Particular significance: SME Brand building – the organisation*

3. This study supports the position that there is no one best way to brand building (Kapferer 2004). As such, this study demonstrates that SMEs take a non-traditional path to brand building in the sense that it considered the inherent characteristics of SMEs which are largely ignored in most of the brand research today (Aaker 1996; Kapferer 2004; Keller 1999). In SME brand research, one should question some of the "givens" of traditional marketing and brand management to better understand and tapped into their approach. For instance, this study explains how SMEs are capable to adjust



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and change. They are capable of going through periods of 'brand exploration' by which they learn new sets of skills and competencies in order to survive and grow. This process showed that particular organisational values such as flexibility, team-playing, open communication, member training, creativity, and informality enabled the firm to manage uncertainty, crisis, and complexity despite their many shortcomings. These organisational values appeared to sustain prior literature of the inherent characteristics of SMEs (Carrier 1994; Carson and Cromie 1990; Hadjimanolis 2000; Johne and Davies 2000). Hence, this study makes an important contribution to brand management as it offers a new perspective to its discipline.

*Particular significance: SME brand building – A personal journey*

4. Part of the uniqueness of brand building in SMEs is that it is also a personal journey of growth for the brand owner/manager and the members of staff bringing to light some of the inherent characteristics of SMEs. Such a personal journey of brand building became one of the most intricate challenges of this process. On one hand, the brand owner/manager may bring in his/her own skills, knowledge, drive and commitment to the process (Loecher 2000). On the other, he/she may also bring his/her lack of skills and knowledge. Brand building is a very difficult process because most SME brands are primarily dependent on their human resources. In this sense, human resources take a major impact on what the brand will be capable to accomplish. In such a sense perhaps, research which investigates the importance of members of staff in service brands becomes relevant to SME brand building.

*Particular significance: SME Brand building – Resources*

5. *Human Resources.* This study contends that one of the main resources available for brand building in SMEs is their people.
6. *Innovation.* This study confirms literature which sustains that innovation is linked to SMEs (Bhide 1994; Carrier 1996; de Noronha Vaz et al. 2006; Verhees and Meulenbergh 2004b) bringing light to the innovative character of

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brand building. Firstly, it showed innovation in terms of the 'newness' of their product developments and secondly, on how they practice branding. Even when SMEs were found to lack many resources, they found ways to accomplish brand activities through being innovative. For instance, many brands were sustained with either no budget or a small amount of investment in brand activities. However, for some brand/owners this situation meant they were required to become inventive and creative with their limited resources. Such position may surprise many large organisation brand managers who believe that the ability of performing brand activities is based on the size of their brand budget and not on their brand innovative capabilities.

*Particular significance: Brand promise and brand trust*

7. This study offers an original work in regards to the important role of brand promise and brand trust in SME brands. One of the key factors of brand building in SMEs was found that many brands in the study delivered their brand promise. This finding provides support to existing literature on the correspondence between product attributes and product benefits (Davis 2000; Kapferer 2004; Keller 2003). This delivery of brand promise made a strong impact in opening up new channels of distribution and communication. As they delivered their brand promise, brands were built through brand trust and credibility which helped foster and establish potential and actual groups of clients and consumers.

*Particular significance: Ad hoc and short planning*

8. This study supports prior literature on short-term planning in SMEs. This study found that brand owner/managers do mainly ad hoc and short-term planning (Liu 1995; Reynolds et al. 2001). This may also reflect their high degree of flexibility to respond to market conditions (Stoner 1983 as cited by Gilmore et al. 1999). At the same time their planning may also be their way to adapt to uncertainty and complexity (Bhide 1994; Van Gelderen et al.

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2000). In such a way, they find great advantages against larger organisation brands as the former are faster to respond.

*Particular significance: Brand communication*

9. This study offers greater detail and insight in SME brand communication as compared to the small number of studies in relation to this topic. For instance, it contends that the simpler the brand symbols, the better the communication for SME brands in light that they usually have difficulty in accessing channels due to funding. Hence, any available moment for communication should be as simple, easy and direct as possible. For instance, results suggest that colour and logos may be more efficient in delivering brand knowledge than brand name. This finding supports prior literature on the importance of visuals (Edell and Staelin 1983; Eiseman 2000). Close attention should be given to packaging as it may be considered one available brand communication channel.
10. This study offers for the first time detailed evidence suggesting that owner/managers have a high level of involvement in brand communications activities such as PR and publicity. Findings suggest that in many cases they were the main spokesperson of the brand. Importantly, findings also suggest that the level of response of media offered some indication to the brand owner/manager of the attractiveness and 'newsworthiness' of the brand. That is, the 'newness' of the brand opened communication channels. Such insight is usually unavailable to larger organisation brands as they frequently pay for such "publicity" including interviews, press releases and articles which may appear to be part of the communication campaign.
11. Additionally, not only brand owner/managers are important for brand communication, but also other members of staff are at the forefront of communication. The study supports some literature in regards to having members in the organisation as 'brand ambassadors' (Schneider and Bowen 1993; Zerbe et al. 1998) as they make the brand known to customers and consumers. Their communication may be interpersonal or even mass-



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personalised, but more often than not there is a face interaction coming from the organisation. Such interaction brings in a different perspective to brand developing. This interaction may also bring trust and credibility. First, from the product which delivers its promise and second, from the interaction with members of the organisation who frequently shared organisational values. In such cases, findings support previous literature that argue that marketing activities, including branding, appeared to be shared with other departments in larger organisations (Hulbert and Pitt 1996; Mitchell 1994), branding in the study was an organisational activity which helped unify and coordinate activities.

12. This study offers important insights in relation to brand building and developing Word-of-mouth (WOM). Most of the brands in the study were built on WOM. Such an activity occurred due to two key brand characteristics: firstly, the brand promise was delivered. That is, product attributes and product benefits are linked and the brand promise was then delivered. Such delivery brought brand trust to the user. Secondly, the 'newness' of the product made customers and other stakeholders become interested and curious to sharing the product. These two characteristics helped promote WOM. As the customer endorsed the brand with their own trust, they were also placing brand trust onto the brand. The brand was being built through personal brand trust. Then again, this type of brand communication involves barely any cost, yet it is one powerful communication activity because many times, it was based on trust, credibility and commitment (Coviello et al. 1997; Liu 2006; Villanueva et al. 2008).

#### ***6.6.2 Practical perspective – Managerial and practical implications***

From a practical perspective, findings offer a list of useful guidelines and insights for those owner/managers interested in building their brands. At the same time, this study offers relevant insights for managers in large organisations. First, recommendations for owner/managers in SMEs are presented followed by advice to larger organisation managers.

1. First, this study may assist in creating and developing a brand identity by means of four brand identity components which are key elements to brand building: 'brand as a person,' 'brand as a product,' 'brand as a symbol,' and 'brand as an organisation.' Brand owner/managers in the study demonstrated different skills which are important in the construction of the brand. Brand owners may be interested in making a list of their skills and competencies. These skills and competencies will most likely have an effect on brand building activity. At the same time, it is also recommended to make a list of those skills brand owner/managers may like to have, so that they can be looked at for further development. Brand owners may require acknowledging that some of their competitors are also larger organisations brands which have compiled a large number of people with all different types of competencies; brand owners may need to be sure that they are offering the best skills while looking into developing new ones. They may also be required to learn how to manage their business with complexity, uncertainty and at times some crises. However, it may be important to be open to experimentation and practice trial and error. Most importantly, they may be required to learn from such activities. Many of the new skills and knowledge will be derived from these periods of experimentation and trial and errors. Brand owners may need to be aware of how these skills relate to each one of the four dimensions of brand identity. It may be important to be aware of how skills impact those four dimensions.
2. Second, brand owners may ask themselves, what are their personality traits and personal values? As they will most likely be instilled in their brands even when they are not aware of them. Findings suggest that brand owner/managers instilled some of their personality traits on to their brands. Brands were found to have close similarities with their brand owner/managers' personalities and in some cases were the personification of the brand owner/manager. Such realization of the closeness of such personalities is very important when building a brand as they will help

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develop appropriate brand strategies. If brand owners know their brand personalities, they will be capable to developing other brand components with more congruency – such as emotional benefits and brand values. Brand owners may be leaving an imprint and legacy to their brands in the long-run.

3. Third, in terms of ‘brand as a symbol’ most brand owner/managers relied on graphic designers to help them develop their logos and visual designs. However, it is of vital importance to keep logos and visuals as simple as possible. Clarity and simplicity will make the most out of available communication channels. If the brand has a package, it is recommended to think through its visuals and text. Are they clear and simple? Importantly, colour was also found to be an important symbol to convey brand personality and values. “Visuals say more than words.” If a brand owner has small monetary sources for brand communication, it may be relevant to keep brand symbols and brand communication as simple as possible. In so doing, brand meaning may be captured by consumers with fewer difficulties.
4. Fourth, in terms of ‘brand as an organisation,’ findings suggest that the company requires having people who can follow two sets of organisational values. The first set stems from the brand owners. Findings suggest that their personal values permeate throughout their organisations. At the same time, these values may also be a differentiating factor and may offer some brand uniqueness. Furthermore, brand owner/managers were found to develop a personal and close relationship with their members of staff as they were found to share similar organisational values.

The second set contains particular values which are mainly due to the small structure and informality of most SMEs. These values were mainly team-playing, commitment, open-communication, creativity, honesty, flexibility, motivation and innovative thinking and action. Many brand owner/managers were found to have a daily oral communication with their members of staff. It is recommended that brand owners are comfortable in developing these close relationships with members of staff.



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It is also recommended that brand owners sit down on a regular basis with their members of staff and have a round discussion about what is the brand. Additionally, it is recommended that brand owners go through each one of the brand identity dimensions and have an open discussion about what the brand means to each one of the members of staff. It may also be suitable to let members of staff think and discuss the following question: What are the implications of their work to each particular dimension? It may also be recommended to have a discussion on how to improve certain elements of each dimension which may appear loose or uncoordinated. It may also be appropriate to discuss the following question: How can they improve their work towards making the brand stronger? Finally, brand owners may take these discussions as opportunities to share their ideas, objectives with staff members as means to instil the passion that many brand owners have for their brands.

5. Fifth, findings from the study suggest that brand owner/managers require having a certain disposition to manage particular levels of complexity, chaos, and uncertainty which may also bring about frustration and discouragement. It is recommended that brand owners become prepared for such occasions. It is also recommended that brand owners become readily available to take challenges in terms of experimentation and trial and errors. Such activities will bring in many mistakes and failures. However, by overcoming such challenges, brand owners will go through a personal journey of developing and learning new skills and competencies. Many brand owner/managers were also found to follow a certain drive or passion and become committed to visualizing their objectives. It is recommended that brand owners become passionate about their brands and learn how to share and procure their passion to their members of staff.
6. Sixth, findings from the study suggest that lack of financial resources were at times not perceived as a barrier to brand growth, but as a drive for creativity. Some brand owner/managers suggested that the lack of funds helped them become more creative by searching for innovative ways to implementing

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brand activities. In such ways, they were not only reactive to the market, but became proactive. It may be suitable for brand owners to become resourceful and inventive. In words from a brand owner/manager:

*“There is no bigger creativity than the one which is done when one says: ok, there are no resources, but we have to do it” – B12.*

7. Seventh, it is also recommended to find some balance between what comes natural to brand owners – in terms of their prior experiences, preferences and intuition and those activities which may not be comfortable with, but must be done. It may be suitable for brand owners to listen and learn from the market. For instance, brand owners may not like doing sales or make public appearances in media programmes, but the brand may require of the brand owner’s involvement. It may also be important for brand owners to become aware of the importance of medium to long term planning within the process of brand building.
8. Eighth, most brand owner managers suggested that brand differentiation came from their product. However, brand owners are recommended to look into other brand identity dimensions for the basis of brand differentiation. Perhaps the organisation has some unique organisational values which may help the brand stand out from its competitors.
9. Ninth, it is recommended for brand owners to find whether their idea for a new product or service is distinctive and unique in the market place before the end of the new product development process. In the study, some brand owners found this out until they had already spent their financial savings and invested perhaps several months or years coming to the realization that perhaps their product was not as interesting to the market as they thought. Thus, it may be important to receive feedback during the new product development process from some retail managers and newspaper, magazine, radio and TV reporters. It would be appropriate to make contact with them during the product development process and have their input. Some relevant questions to ask them may be: “Is this ‘newsworthy’ to run an article or

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section in your programme?" it may also be suitable to visit some potential clients to ask them if they would place an order of the new product or service.

10. Finally, it may be important to link as many brand building activities as possible to building brand trust or brand credibility. Several sources available to brand owners may be: 1) the brand promise delivery, 2) brand owners who already have a trusting image to a reference group of consumers or customers, 3) customer's who already know and trust the brand may also be a source through word-of-mouth to other customers, 4) publicity in relation to the delivery of the brand promise, and lastly, 5) joint ventures with other brands which already have brand trust.

*For large retailers such as chain supermarkets and pharmacies*

1. Firstly, many large chain supermarkets and drugstores may lose out from some innovative SME brands as they frequently have the same policies and regulations for both large and small suppliers. Findings from this study suggest that most of the brand owner/managers who dealt with large retailers found their relationship much of a struggle and difficulty. They frequently found larger chain retailers showing huge obstacles with a very limited negotiating space for adapting their corporate policies to their business scope and size. Many times they experienced no negotiating power and at their mercy. It was also found that many supermarkets rejected many SME brands because they did not comply with their policies. Thus, it is recommended that they implement particular policies according to the size of their suppliers. At the same, larger retailers can join the movement of improving world climate by sourcing their merchandise from local suppliers. They may also consider opening a new brand of shops sourced by SME brands. Such new policies may bring several advantages. For instance, diversification of choice selection, differentiation from other retailers, and improved backlash brand image.



1. Firstly, this study confirms prior literature that branding should not be restricted to the Marketing department, but one which can be practiced throughout the organisation. This study also acknowledges the importance of having someone at the top management level that may become committed to branding issues both at a strategic and tactical level.
2. Secondly, findings also suggest that larger organisation brands may learn from SME brands by becoming more innovative. Not only in terms of how they develop new products, but more importantly on how they implement brand activities. Larger organisations may learn from SMEs by taking a non-traditional approach to brand building - by becoming more experimental, more willing to practice trial and error, and becoming more resourceful. Brand building should be a matter of being innovative and not budget size.

## **6.7 Limitations and suggestions for future research**

### *Research content*

First, the aim of this study was to explore how brands are built in SMEs by focusing on an inside out orientation. That is, using brand identity as one of the main brand components for brand building. The selection of this brand component was due to its consideration that it is one of the key brand building blocks by which other brand components are developed. For instance, brand image. In consequence, one limitation of this study is that it is a one-sided story of how brands are built. However, it would have been a very ambitious to study both brand components. Having said, for future research, it may be appropriate to evaluate the fit between brand identity and brand image. Learning how similar consumer perceptions are in relation to the four dimensions of brand identity. By recognizing the degree of fit between both components, brand researchers may be capable to determine some of the brand identity and brand communication activities which are being more effective and efficient to fit both components. One of the major challenges, however, for implementing such a study is the difficulty to access a proper sample of consumers who may already have a critical base of brand knowledge to discuss such

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component. One solution to this challenge perhaps may be accessing some customer data bases of SME brands.

Second, as means to obtain an exploratory understanding of the context by which SME brands are built, findings were based on generalization. As a limitation to this study, there are no available findings for particular industries or services. However, this study may be used as a background to further develop brand building studies into particular areas. Specifically, industries and service categories may be determined perhaps by the number of successful or failing SME brands, level of technology or pace of the category.

Third, although this study has started to explain how brand owner/managers handle uncertainty and complexity through phases of brand exploration, there is yet more research to be carried out to understand the “fussiness” of such phases. As a starting point, this study contends that there are some key characteristics intrinsic to SMEs which help them move from “not knowing” to learning and to implementing certain brand identity components. Certain characteristics such as attitude towards risk taking, willingness to innovate, sense of accomplishment, intuition and other factors may take an important role in such phases. Literature such as the one discussed in Chapter 2 in regards to SME crises may help to unravel the variables which take place in these brand exploration phases.

Fourth, this study focused on the overall process of starting and developing brand identity as means to explore how brands are built in SME. As such, this study precluded a deeper understanding of each one of the four brand identity dimensions. However, it may be interesting for future research to investigate some of the processes behind the decision making for each particular brand identity dimension and how such processes are compared to larger organisations. Of particular interest, is how new product development processes are managed and developed amidst the inherent characteristics of SMEs. Another particular process of interest is how particular personality traits and values of brand owners are transmitted and are preserved as the small organisation grows on to medium and large size.

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Fifth, this study offered results which are only pertinent to those SMEs which are brand oriented. Hence, findings of this study may be limited to a smaller number of SMEs within the larger population of SMEs. As defined by this study, brand orientation means that the organisation is concerned in creating, developing and protecting brand identity while interacting with their customers and aiming to achieve sustainable competitive advantage in the form of a brand (Urde 1999). For future research, it may be recommended a comparative study which highlights the differences between SMEs with and without brand orientation. Such understanding may also offer better indication of the advantages and disadvantages of building a brand.

Sixth, this study performed a qualitative evaluation of all thirty SME brands in the study which showed that more than half of the brands in the study were considered to be either successful or in good standing branding practices. Future research may look at SME brands which may be considered failing their brand building practices. Such a study may offer better insights into the difficulties of brand building while validating findings from this study.

Seventh, colour is one symbol which may be interesting to further research as findings suggested that it may not only convey brand personality, but also brand values and become part of the brand product attributes. It may be interesting to discover how relevant colour strategy is to the development of new product developments, brand personality and brand values.

Eighth, word of mouth was found to be one of the key brand communication activities used by brands in this study. Findings confirm salient literature which sustains that it may be more powerful than advertising. However, the study did not go further into investigating how this chain was developed. For instance, who is involved, time elapsed between “carriers,” and some of the difficulties encountered in such a process. Future research may take a closer investigation into learning about this process and finding ways to make it more efficient and learn how to make such a process move faster without the support of mass communication investments.



First, as in any study which is carried out in one country, findings from this study may reflect certain particularities of the country selected. However, although some findings reflect much of salient literature on brand management, SMEs and SME brands, it may be interesting for future research, to implement a comparative international study with the aim to find relevant differences and similarities due to country context. Such findings may help better understand many of the brand building strategies available to SMEs.

Second, as previously discussed, the sample taken for this study reflected a particular group of brands which ranked as being successful or in good standing. The reason for such a selection may have due for using such sources for recruitment as entrepreneurial associations, newspapers and business magazines which had written stories about them and which inadvertently were selecting already successful/good SME brands. Hence, many of such participants were already being regarded as innovative and 'newsworthy.' Having said, other future studies may be interested in looking into those SME brands which are survivors or failures. Such understanding may offer the other side of brand building process.

Third, this research took a more conservative route for brand building exploration mainly due to the level of expertise of the research and time constraints of doctoral studies. Such a route considered an a priori conceptual framework based on salient literature as means to help the researcher through the process of inquiry. Future research for more experienced researchers may consider pure grounded theory to unravel other complexities of brand building which may have been omitted in this study.

Fourth, as in any other research which English was not the language used during data collection, language became an important instrument to explaining the real context of what the interviewees meant during the conversation. Such a task took a huge challenge for this study as means to keep threats of trustworthiness to a minimum. Strategies used for maintaining language as a key instrument for expanding understanding were explained in Chapter four. However, even when the researcher

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had a certain level of English proficiency, there were some limitations not due to the language itself, but due to some cultural non-linguistic characteristics which may have been lost in translation. Future research may look into working with collaborating research couples who may be bilingual and bicultural who then may facilitate discussion about findings and the impact of some subtleties of language and non-linguistic translations.

## **6.8 Final discussion**

This research had the main purpose to explore for the first time how brands are built in SMEs. This study also proposed a theoretical model by which it attempted to explain through a sequential process how brand identity composed of four brand dimensions (Aaker 1996) go through two main stages of creation and development. This study also contended that the process is affected by the unique context and characteristics of SMEs and the key role played by the owner/manager. Furthermore, this study may also serve as a starting point in the search to understanding not only the complexities of the concept of brand and brand building, but also understanding ways to bring together two seemingly separate disciplines: branding and SMEs. Their unification may well serve both for future research and better understanding of truth behind their phenomena.

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# Appendices

## 1. Questionnaire for selecting and recruiting SMEs

Number of employees in the company:		
Is the company privately owned? Yes ___ No ___ If answer is No, what is the name of the parent company?		
What was the year brand started activities in the market:		
Name(s) of brand(s) owned by the company:		
Name of the person responsible of the decisions for brand development and activities:		
Is this person the owner of the company?	Yes ___ No ___	
Does the owner participate in brand decision-making?	Yes ___ No ___	
From the following activities, please tick those which the brand has implemented.	Visual design	
	Communications	
	Promotions	
	Distribution strategy for wholesale or retail.	
	Sales activities	
	Point-of-purchase material	
	New product or service development	

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## 2. Guide used during semi-structured interviews

*Spirit of the guide.* This guide had the intention to be used as a base and not as a checklist. The guide had the purpose to be used as a structure, but was allowed to be modified, subtracted or added according to the content and context held during the interview. Time constraints were considered during each one of the interviews.

*Coverage of the issues in the guide.* Each interview aspired to cover all issues in the following headings:

- Warm-up phase
- Analysis phase:
- Closing phase

*Organisation and use of the guide.* The guide was divided into the following broad issues:

### 1) Warm-up phase

- Introductory comments
- Setting up the research by making reference to the letters sent during the selection and recruitment process.
- The researcher emphasised the point that there were no right or wrong answers but honest sincere responses were the main objective to capture their situation with the brand.
- First questions made reference to how it all started.

## 2) Analysis phase

- Divided into the following open-ended questions:

<b>Conceptual Element</b>	<b>Interview Question</b>
<b>Brand as a Product</b>	1. What do you consider to be the functional/performing characteristics of your product a. For probing: product scope, product attributes, quality/value, uses, users, country of origin, physical characteristics.
<b>Brand as a Product</b>	2. What do you consider to be the benefits of your product? a. For probing: functional, emotional, self-expressive benefits, advantages. 3. What do you consider to be the values of your product? a. For probing: the stable and enduring personal goals, beliefs or motivations
<b>Brand as an Organisation</b>	4. What do you consider to be the most important values and beliefs of the culture of your organisation? a. For probing: organisational attributes, local versus global
<b>Brand as a symbol</b>	5. What identifies your brand? a. For probing: brand name, logo, colours, packaging, and slogan, visual imagery/metaphors and brand heritage
<b>Brand as a Person</b>	6. If your brand were a person, what human personality traits would you say it would stand out more clearly?
<b>Brand Differentiation</b>	7. What are the relevant differences of your brand when compared to your competitors? a. Are there any relevant differences between other SME brands and MNE brands?
<b>Brand Life Span</b>	8. What are some of the difficulties that you have encountered while growing your brand?
<b>Brand Activities</b>	9. What brand activities would you consider being successful and why? What were their purposes? a. For probing: brand packaging, sales activities, channel distribution, point-of-purchase activities, brand communications, product development. 10. What brand activities would you consider being unsuccessful and why? What were their purposes? a. For probing: brand packaging, sales activities, channel distribution, point-of-purchase activities, brand communications, product development.
<b>Brand owner/manager Influence</b>	11. How do you participate in the development of the brand? a. For probing: in relation to the decision of brand activities, brand budget, decision-making, evaluation, planning, promoting internal and external stakeholders participation.
<b>Brand Budget</b>	12. How do you come up with a brand budget? a. What is its size in relation to sales, profit (percentage)?



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### 3) Closing Phase

- Make closing comments, ask any issues raised during the interview particularly to the interest of the O/M and/or researcher.

This structure relates roughly to the organisation of each interview, but was allowed to be changed in sequence. It started off by describing the brand followed by its brand differentiation. However, depending on how the interview moved, the researcher moved to the topic that was interesting to the interviewee at that point. However, the researcher was able to come back to earlier issues if those were not developed from the outline.

The researcher strived to ask interviewee with as much description as possible and asked for concrete instances or examples.

### 3. Table linking method and literature review

Conceptual Framework element	Specific questions/probing in relation to Topic Question	Key Quotes from Authors and Quotes/Paraphrases	Key Authors
Brand Identity System		<ul style="list-style-type: none"> <li>- Brand Identity is a unique set of brand associations that the brand strategist aspires to create and maintain.</li> <li>- Brand identity consists of four dimensions: symbol, product, organisation, and person.</li> <li>- Brand identity structure includes a core (timeless with unique and valuable elements) and extended identity.</li> <li>- Brand identity needs to provide a value proposition to the customer.</li> <li>- One key to successful brand building is to understand how to develop a brand identity – to know what the brand stands for and to effectively express that identity.</li> <li>- Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional and self-expressive benefits</li> <li>- Before defining brand image, there is a need to develop a brand identity</li> <li>- We are currently living in a society saturated in communications.</li> <li>- There is an increase in the me-too products</li> <li>- One key successful brand building is to understand how to develop a brand identity – to know what the brand stands for and to effectively express that identity</li> <li>- Brand identity will help develop brand image and help develop brand personality which will foster brand's relationship with consumers.</li> <li>- Brand identity components are brand vision, culture, positioning (functional values), personality (emotional values to life), relationships of staff, customers and stakeholders to enact the brand values.</li> <li>- Brand identity serves to guide the brand's position</li> <li>- The first of four steps of brand building is brand identity</li> <li>- It is important to first identify the desired brand identity which serves to guide the brand's position.</li> </ul>	<p>Aaker 1996</p> <p>Kapferer 2004</p> <p>de Chernatony 2006</p> <p>Park et al 1986 Keller 2003 Park and Jaworski 1986</p>

<p><b>Brand System</b></p> <ul style="list-style-type: none"> <li>- <b>Symbol</b></li> </ul>	<p>1. What identifies your brand?</p> <p>a. For probing: brand name, logo, colours, packaging, and slogan, imagery/metaphors and brand heritage</p>	<ul style="list-style-type: none"> <li>- Brand as a symbol includes visual imagery/metaphors and brand heritage.</li> <li>- A brand with a symbolic concept associates the individual with a desired group, role or self-image</li> </ul>	<p>Aaker 1996 Nandan 2005</p>
<p><b>Brand System</b></p> <ul style="list-style-type: none"> <li>- <b>Product</b></li> </ul>	<p>2. What are the functional/performing attributes/characteristics of your product</p> <p>a. For probing: product scope, product attributes, quality/value, uses, users, country of origin, physical characteristics.</p> <p>3. What are the benefits/values of your product?</p>	<ul style="list-style-type: none"> <li>- Brand as a product includes product scope, product attributes, quality/value, uses, users, country of origin</li> <li>- The brand is not the product but it gives the product meaning and defines its identity in both time and space</li> <li>- Brand identity includes a physical facet. It is the backbone and its tangible added value.</li> <li>- The first step to developing a brand is to define its physical aspect.</li> <li>- A positioning strategy manifests the brand's functional values</li> </ul>	<p>Aaker 1996 Kapferer 1997 Kapferer 2004 de Chernatony 2006</p>
<p><b>Brand System</b></p> <ul style="list-style-type: none"> <li>- <b>Organisation</b></li> </ul>	<p>4. What are the most important values and beliefs of the culture of your organisation?</p> <p>a. For probing: organisational attributes, local versus global</p>	<ul style="list-style-type: none"> <li>- Brand as an organisation includes organisational attributes, local versus global</li> <li>- Brand identity originates from the company</li> <li>- A brand includes a clear direction of where the firm wants to take the brand</li> <li>- The direction will depend on a culture and particular values and a common mental model about how the market works</li> </ul>	<p>Aaker 1996 Nandan 2005 de Chernatony 2006</p>
<p><b>Brand System</b></p> <ul style="list-style-type: none"> <li>- <b>Person</b></li> </ul>	<p>5. If your brand were a person, what human personality traits would you say it would be most relevant?</p> <p>a. For probing: open, conscious, extrovert, agreeable, neurotic.</p>	<ul style="list-style-type: none"> <li>- Brand as a person includes brand personality, brand-customer relationship.</li> <li>- Brand personality is the unique set of human personality traits both applicable and relevant to brands</li> <li>- Brand personality is a key facet of a brand identity</li> <li>- Consumers do perceive brands as having personality traits</li> <li>- The five dimensions used in psychology is OCEAN: open, conscious, extrovert, agreeable, neurotic.</li> <li>- Brand personality brings the brand's emotional values to life.</li> </ul>	<p>Aaker 1996 Azoulay and Kapferer 2003 de Chernatony</p>



<p><b>Brand differentiation</b></p>	<p>6. What are the relevant differences of your brand when compared to your competitors?  a. For probing: are there any relevant differences between other SME brands and MNE brands?</p>	<ul style="list-style-type: none"> <li>- Brand associations create value for marketers by differentiating the brand from competitors</li> <li>- The value proposition includes tangible and intangible values.</li> <li>- Brand differentiation is about owning a value</li> <li>- Associations are especially useful when consumers cannot distinguish the differences between brands.</li> <li>- A differentiating association can be a point of competitive advantage</li> <li>- Three purposes to which brand associations might be directed: differentiation, generating positive brand attitudes, aiding consumer information retrieval</li> <li>- Differentiation is summarised in the value proposition.</li> <li>- The marketer competes for a “differential advantage”.</li> <li>- Brand differentiation is the ability to stand out from competition</li> <li>- SMEs had identified the Internet as a route to differentiate and/or reposition their firms, to be a key part of the process of strategic change of its organisational image.</li> <li>- One fundamental challenge is that hyper-competition leads to “undifferentiation”</li> <li>- Many of the sample firms make unique or at least distinct products</li> <li>- The long-term survival of a brand will be by a continued commitment to developing unique added values and on communicating them to the consumers.</li> <li>- A successful brand is an identifiable product augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely and which sustain these added values in the face of competition.</li> </ul>	<p>2006  Aaker 1991  Kapferer 2004  Dean 2004  Kapferer 2004  Murphy and Enis 1974  Agres and Dubitsky 1996;  Keller 2003  Martin and Matlay 2003  Nandan 2005  Pratten 1991  de Chematony 1998</p>
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		<ul style="list-style-type: none"> <li>- Added-values may come from either consumers perception that the brand cost less than similar brand competitors or that it offers a unique benefit which may be worth the premium price.</li> <li>- SME managers must leverage their sources of advantage including knowledge or expertise in local markets.</li> <li>- Most SMEs are local or national</li> <li>- Local knowledge and understanding is often an asset unique to SMEs because they understand culture and people</li> <li>- Local companies can compete in developing cultural rather than economic capital</li> <li>- Local companies can construct global images of authenticity and desirability for their local products in consumers' minds</li> <li>- Even when MNEs may "think globally and act locally", local companies may still have unquestionable advantage in the local domain.</li> <li>- More often, the main competitors of the sample firms are other small firms than giant companies.</li> <li>- Today's differences amongst brands are not so much on functional values but on emotional values.</li> </ul>	<p>Etemad and Wright 1999 Lindell and Karagozoglu 1997 Berry 1987 in Gilmore et al 1999 Ger 1999</p> <p>Pratten 1991</p> <p>de Chernatony 2006</p>
<p><b>Brand building difficulties</b></p>	<p>7. What are some of the difficulties that you have encountered while growing your brand?</p>	<ul style="list-style-type: none"> <li>- There are 8 difficulties to building a brand: pressure to compete on price, proliferation of competitors, fragmenting markets and media, Complex brand strategies and relationships, bias towards changing strategies, bias against innovation, pressure to invest elsewhere and short-term pressures.</li> <li>- The following developments posing difficulties to brand builders: savvy customers, maturing markets, more sophisticated and increasing competition, difficulty differentiating, increasing trade power, fragmenting media coverage, increasing cost of product introduction and support, short-term performance orientation, increasing job turnover</li> <li>- Brand strength and growth relies on the brand's added values</li> <li>- Some firms do not take a sufficiently long-term view about brand building</li> </ul>	<p>Aaker 1996</p> <p>Keller 2003</p> <p>de Chernatony 1998</p>



Brand building activities	8. What brand activities would you consider being successful and why? What were their purposes? a. For probing: brand packaging, sales activities, channel distribution, point-of-purchase activities, brand communications, product development.	and because they don't receive rewards early on, cut back on investment.	Brown 1985 Gilmore et al 2001 Kapferer 2004 Nandan 2005 Keller 2003 Hadjimanolis 2000 Kapferer 2004
		<ul style="list-style-type: none"> <li>- Small firms may undertake marketing activities on a strictly limited budget, and often on a DIY basis, making many theories and practices of large firm marketing inapplicable</li> <li>- SMEs cannot do conventional marketing because of the limitations of resources inherent to all SMEs</li> <li>- A brand is built while building the business</li> <li>- Brand management should not forget the sources of brand equity: distribution, NPD, pricing, staffing and production to same some</li> <li>- The marketing mix strategy plays an important role in establishing a brand identity.</li> <li>- A positive brand image is created by marketing programs that link strong, favourable, and unique associations to the brand in memory.</li> <li>- Flexibility is an advantage for SMEs. They adapt faster to demand changes and can change faster to new products and developments</li> <li>- They are closer to customers; they can faster detect market niches. They can thus through a planned niche strategy avoid the competition pressure of large firms</li> <li>- As family firms, they may imply higher motivations of employees due to the informal atmosphere and lower control problems and coordination costs.</li> <li>- The focus now for brand management is to build lasting relationships through time and post-purchase activities.</li> </ul>	Kapferer 2004
	9. From the activities you mentioned, which ones would you consider being unsuccessful and why? What were the purposes? a. For probing: brand packaging, sales activities, channel distribution, point-of-purchase activities, brand	<ul style="list-style-type: none"> <li>- Limited resources such as finance, marketing knowledge, and time may contribute to limited marketing activity relative to larger competitors</li> <li>- Because of limited resources and lack of marketing expertise, the impact on the media through advertising and publicity will often be negligible in relation to large firm activity</li> <li>- SME marketing is shaped by the peculiarities of SMEs and may well be constrained by them.</li> <li>- SMEs have low market power, lower ability for lobbying and limited</li> </ul>	Carson and Cromie 1990 Hadjimanolis



	communications, product development.	<p>access to capital markets</p> <ul style="list-style-type: none"> <li>- Most SMEs lack capabilities, market power and other resources of the traditional MNEs</li> <li>- As SMEs lack of the necessary staff and time to engage in strategic planning, they do not plan and focus on daily survival</li> <li>- One major challenge is to coordinate all the value-adding activities to deliver an integrated brand.</li> <li>- Images of brands can become well-formed in customers' minds through high marketing expenditures and high market penetration of the product</li> </ul>	<p>2000 Knight 2000</p> <p>Robinson and Pearce 1984 cited Hill and Wright 2000 de Chernatony 2006 Kirmani 1991 cited in Hsieh 2005</p>
<p><b>Brand owner/manager Influence</b></p>	<p>10. How do you participate in the development of the brand?</p> <p>a. For probing: in relation to the decision of brand activities, brand budget, decision-making, evaluation, planning, promoting internal and external stakeholders participation.</p>	<ul style="list-style-type: none"> <li>- The company manager performs a central role in the business decision making process in a lifelong relationship to the company.</li> <li>- SME marketing is based on the role of the manager's intuition</li> <li>- Those O/M's who possess relevant skills and knowledge in developing strategies in marketing and operations would be able to recognize the Internet's marketing potential and build on it</li> <li>- The managerial characteristics of the o/m are important resources and capabilities of the small firm</li> <li>- The marketing behaviour of the firm is driven and shaped by the o/m's personality</li> </ul>	<p>Loecher 2000</p> <p>Gilmore et al 1999 Martin and Matlay 2003</p> <p>Hadjimanolis 2000 Carson and Cromie 1990</p>
<p><b>Brand Budget</b></p>	<p>11. How do you come up with a brand budget?</p> <p>a. For probing: what is its size in relation to sales (percentage)?</p>	<ul style="list-style-type: none"> <li>- O/Ms behave and think differently from conventional marketing decision-making practices in large companies</li> </ul>	<p>Gilmore et al 2001</p>
<p><b>Source: The author</b></p>			

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#### 4. Transcript – Interview Experimenta: English version

Brand: eXperimenta

Date: January 16, 2007.

Owners: Francisco Schnaas and Lilia Schnaas, Respondent 1 (R1) and Respondent 2 (R2).

Interviewer: Edgar Centeno: (I).

I: How did eXperimenta start?

R1: Since we were kids, we enjoyed doing this kind of activities. We call them experiences. For example, Lilia really likes diving, cooking, etc. I really enjoy mountaineering, mountain bike, yoga, etc. I had always worked for companies but when I was studying my mastery, I had the chance to be in contact with different projects that were starting and this really called my attention, so I said, “I would like to start something”. Then, when I came back to Mexico I talked to Lilia who was already independent and had a consultancy of her own.

R2: A consultancy on images with visual effects, directed to architects, landscapers...

R1: Then we talked about a business we liked, a business about experiences. On the other, we noticed that those experiences generally mean too much to people, because when you turn around you can see that such experiences contributed to shape your character in a way. Then we asked ourselves, “Why don’t we make people and companies live their own experiences?” “This could be a way to thank, celebrate, encourage, motivate or just as a present”.

This was our first idea, and henceforth we started validating it. We interviewed people and made inquiries, and people liked the idea. Why? Because when we ask, “what did you receive for Christmas three years ago?” it would be surprising if you remembered, but on the opposite, if I ask you, “what do you remember?” you will remember things that you lived: a trip with your friends, a dinner with your family, etc.

Then we asked ourselves, “why don’t we capitalise this idea and create a company that allows people to live or give someone else, even in a corporation level, those experiences?”, and henceforth. It has been a very cool process because the concept of a “company of experiences” didn’t exist as such in Latin America. So we created the concept and started deciding what could work, and little by little we started testing different experiences, finding out how they worked, etc., since as entrepreneurs, we didn’t know anything about this field.

R2: Something very important is that this project has permitted us to develop as persons and professionals and to have this chance is really great because day after day you get to work with a big smile because you are doing the things you like. These experiences mark you as a person: that drop by parachute, that diving when you saw the



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shark, are things you will never forget. They remain in your life forever. So, the possibility to live those experiences, to have those memories and dreams on individual or corporative bases is our vision and eXperimenta's mission.

I: As a service, what characteristics does eXperimenta have?

R1: Do you mean the value proposal for our customers?

I: What do you offer in terms of service, rather than benefits or values?

R2: If I understand your question, our service is a new proposal, a new way to give, a new way to do things. Our service is extremely kind; we do care about our customers. We have the Customers Attention Department, which is in charge of the quality of our service and the quality of the experiences we offer.

I: For example, it was hard for me to materialize what you offer.

R1: Oh, I get it, let me tell you. We have a catalogue with a variety of experiences; there are eleven categories which represent people's preferences: from a gourmet category, where you can taste wines, to a pamper category, where you can have a day in a spa. We also have an air category where you can fly a combat Russian jet to twenty thousand meters height, or you can take the "escaping category" where you can go on safari.

These categories can be local, they take some hours only in your own city or country, and the prices vary from \$400.00 Mexican pesos plus tax to about US\$40,000.00. These experiences are evaluated according to their originality and characteristics and if innovating, they are included in our catalogue.

We concentrate in two markets: individual customers (retails) that are the ones who say, "I'd love flying a hot-air balloon", and they can do it through eXperimenta. Why? Because they can do it in a very comfortable way, following the recommendation of an impartial third party we make. We don't operate the experiences; however, we provide a series of additional benefits.

On the other, a customer may want to share an experience with somebody else or give it as a gift. For example, my brother loves mountain biking, so I can give him the opportunity to go to El Chico in Hidalgo, and takes the mountain bike trip he has always wished.

We materialize this, how? With the eXperimenta Kit, which is a small box, a present box, containing a voucher where you can write an inscription such as "Juan, happy birthday!" some booklets that explain everything about the experience: what it is about, length, where it is, what to wear, etc. This kit is the symbol of the gift: "Hey, I know you are enjoying this gift in two months, but today is your birthday. So, I'm giving it today". This is what we call the individual market.

R2: That person has a limit of four months to decide when to take the experience since it may happen that: "-Hey Mom, you have a self make up experience this



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Saturday”, “-But I can’t take it because I have a wedding”. You have four months to check your agenda, program you experience, and take it when it fits you.

R1: So, that is the individual market. In the same way, we have the corporate market, which includes the human resources, marketing, commercial, and sales areas. We have nine incentive and living benefit programs which are linked to experiences. We offer programs such as sales incentive, integration, rewards, promotions, values, loyalty, etc. This service includes additional elements about the experience, such as communication, strategies, etc. But absolutely, the link is the experience. Therefore, this is the summary of what we offer.

I: Could we just focus on the individual experience?

R1: Yes, of course.

I: What benefits or advantages does it have?

R2: First, the great experience catalogue we have. Now we count with more than one hundred and fifty experiences, which are available for anyone with just a click on the mouse. You are in your office or at home, you’ve just given birth, and you can shop. We have the first commercial centre of experiences in Latin America, which in addition, is very comfortable.

R1: And this concept did not exist. So, nowadays if you want to shop a piece of clothe, you know you can go to a shopping centre or a mall and see a wide variety of offer. Some time ago, if you wanted to contract an experience, you had to go directly to the provider, and some of them are very small companies or highly specialised.

R2: For instance, if you want to fly a hot-air balloon, you access the net and look up “balloon”, and then you get twenty names. But, which one is good? Which is really professional? eXperimenta has already gone through this. So, I would say that the second important benefit we offer is the quality control we have, since there is a very large list of requirements our business partners have to fulfil. This way, you don’t have to find out anything, you can be sure of our quality control so if eXperimenta recommends this is because it’s really good.

R1: The third benefit is comfort. You don’t have to go anywhere to get our service; our service goes wherever you are. The printed catalogue can be sent by mail upon request or can be consulted in the net. We have a telephone sales centre, so you can call from anywhere. You can choose your kit, pick it up at eXperimenta or have it mailed anyplace in the country. We accept any kind of payment: credit or debit cards, electronic transferences, deposits, etc.

The expiry date is another advantage. In terms of comfort, it is very important since the fact that you or the person that receives the experience can program it to his best convenience is a great advantage.

R2: Finally, I think that the most important benefit we offer is the opportunity to give a memory or a dream. Many people don’t remember what they received for

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Christmas, for example. They are tired of chocolates and roses. Let's look for something else! So, to have the chance to live or give an experience is something very special.

I: Is eXperimenta present during the experience?

R1: No really. Let me explain. It was a topic of discussion for a long time, and finally we noticed that part of eXperimenta's credibility is the fact that we are an impartial third party.

Let's say that eXperimenta owns a line of spas; obviously, we would always recommend one of our own spas. And what about if it is not the best one; if it is, fine, but if not? So our position as an authority in recommendations would be doubtful. So, we said, "well, let's be sure to be present in different ways in the previous part of the experience: during hiring, date programming, clarification of doubts, etc. We are going to have a close relation with the customer; and at the time of the experience, he's going to be and live the experience with our business partner".

Therefore, what we have done is to get involved with our business partners to specify certain service parameters, to clarify what the customer expects from the service, etc. And this way to close the cycle; in fact, this is what we are implementing right now: a series of "closing tools", from an evaluation which can be shared with all the eXperimenta community to a kind of electronic cards. This way, people can access our site and know what other people like them think about the experience they lived, what they liked, what they didn't, etc. On the other, if you received the experience as a present, you can thank the person that gave it to you by an electronic card containing an image of you performing your experience.

We try to be in everything, but during the experience, we really don't participate actively.

R2: We also give recognition to our business partners, the "eXperimenta Award"; for example, "Awards 2005. eXperimenta awards... for..." So we are present. Furthermore, we are about to launch a new line of promotional material to let people know what our business is about. We don't have a strong presence; however, these details make you remember the brand, and let people know that eXperimenta is here.

I: What about the brand values?

R1: There are five. We have five well defined values.

R2: Happiness! This is number one. All the experiences we offer are one hundred percent amusing; we don't handle anything esoteric or medicinal. Everything is "have fun". Then eXperimenta is a very happy brand.

Excellence. We try to be better every time; for example, we are already in the second version of our web site, and our kid has been improved.

I: When did eXperimenta start?

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R1: Three years ago, on January 19, 2004.

R2: Our anniversary is next Friday.

I: Congratulations!

R1: Thank you.

Creativity. If you are trying to do new things, you also have to find a way to have a fresh, light and nice communication with people. Also, we are always looking for new on line ways to improve our service. And we really like it. Creativity as for how we are doing things now, and how they can be improved.

R2: Image. This is very important to us since our image is the same as our business partner's. And this one reflects all our partners' images.

R1: And finally, success. We measure the success based on two parameters: the first one, people that are really SATISFIED and HAPPY after the experience, this is the most important fact. And the second one, the growth of the companies involved in the experience (our business partners), and of eXperimenta itself since as intermediary, we have communication with the final customer but also with the companies that provide the services which, in fact, are our customers too and are the ones that pay us for the recommendations we make about their companies. So, for us, success includes these two parameters.

I: How is the organisation?

R1: It's a very flat structure. This started with two people to do everything, and then we began growing. It was very funny because we really had to do everything, hire the experiences, offer and sell them...

R2: Assemble the kits...

R1: Yes, assemble the kits...

R2: Answer the phones..

R1: We started like that. And even when we are 10 people now, everyone in a specialised area, we continue working like a team, we keep the solidarity spirit.

R2: In fact, this is a very happy spirit, a comradely one. It's not an office where you get and find everybody serious, where you just work and go home. I think we spend a lot of time working together so we have developed a very nice friendship.

R1: Talking about the cultural values, one thing we have tried to implement is meritocracy, which means that everybody is for what he does, and not for something else. Therefore, everybody in eXperimenta can practice his creativity without fear for risk; the mistakes and failures are welcome and we always try to learn from them.



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We have also created an environment where everyone is responsible for his working area. There is not a specific working schedule; you are going to be evaluated according to your results, according to what you give and what you WANT to give. If you have an idea, propose it, if it works, wonderful! If it doesn't, no problem, we always learn from mistakes.

R2: This is a very young environment. I'm the oldest; I'm thirty six years old. It's an environment where everybody understands what a SME is, and it's clear for all of us that a company which is just starting doesn't have the same compensation as a big one. However, we have other values and benefits at a human level that make people want to work here. We say that everybody in eXperimenta has orange blood in the body.

I: What about eXperimenta as a symbol?

R1: The orange colour, I think.

R2: Yes!

I: Why this colour?

R1: It's funny.

R2: It's a very happy colour. It's a colour which encourages doing.

R1: Orange (he laughs).

R2: It's a colour that calls the attention. It's not as aggressive as red, and it's not as passive as yellow. It's orange. It's a kind of clown. An eXperimenta clown (X), who is dynamic, has lots of facets and does different things.

I: In the catalogue?

R2: Not in the current catalogue. In the first version of our web site, he did everything: he dived, rode a bicycle, etc. And that is what we like, because he's human, he has an expression of "Wow, I got it!"

R1: In this kind of language, you can see that the visual seals are somehow associated to those long trips taken by the old explorers and the great adventures they lived. So, through the seals we give all this. These seals are also included in our kit. They are made of kraft paper, very organic, very natural.

R2: I would also say that part of our symbol is our slogan, "be everything but not conventional". You can see that the happenings included in our marketing campaigns are everything but not conventional; for example, on the mother day, you will see a parade of nuns (mothers) asking for no conventional presents. We always look for different things, not the conventional ad in a newspaper, we optimize the marketing resources. This way, you can say, "This is eXperimenta. This is something different".

I: As a person?

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**R2:** It's very funny. Extremely happy and dynamic. Our customer's profile is well identified. He is someone related to eXperimenta, he's out of the status quo. He's looking for new things and wants to have new experiences.

**R1:** It's a young psychographics. It doesn't matter if he is a twenty years old boy or a sixty years old man. If both of them want to, let's say, fly, both are having similar ideas at that time.

The 60 years old man could dress up to have dinner with his family to celebrate his birthday. But instead of this, he could invite his sons, daughters, and grandchildren to parachute. So, this man doesn't see his age as a limit. This way, other customer's profiles don't see the socio-economical or cultural level, sex, education, etc. as a limit to experiment new things. In fact, eXperimenta is that invitation. It's a company that encourages you to do what you have always wanted to do. We say, "do it, make it true, try it, the chance is here".

**I:** In reference to the market, what are the most important differences against the competence?

**R1:** I would say that nowadays we don't have any direct competitor. There is nothing as eXperimenta in the market. Therefore, our competitors are the experiences that someone wants to live, or the direct operators of such experiences, where people go and buy the experience. We have tried to be positioned in this sense, more than a competitor we see the operators as...

**R2:** An ally.

**R1:** That's right, an ally. As mentioned before, we provide a series of additional values, so our objective is that the operator says, "I have a spa, and I can be promoted through eXperimenta", "I don't want to compete", "I want them (eXperimenta) promote me, I will continue marketing my business, but I want them as a marketing channel".

In terms of gifts, when somebody decides to give an experience as a gift instead of the traditional present: a box of chocolates, flowers, a sweater, etc., the difference is the originality. You know, a sweater, you already have some; chocolates, you like them and it's nice to receive them, but for sure you will think, "Nice present, but you didn't think too much about this".

On the contrary, if you know she likes chocolate and you give her an experience to make an "eXperimenta chocolate", well, it's really different. There is a very different intention. So, even when the product is the same, the originality is the real difference.

**I:** Talking about difficulties...?

**R2:** I guess that the first difficulty we face is in terms of making the service known. If I tell you, "I opened a cafeteria", immediately you understand what business I have; but if I say "I have a company of experiences", you will look at me and will ask, "what a... is that? Then, you have to explain, invite the customer to know and explore this new option, etc. I think it has been one of our main challenges.

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I: In fact, it's not easy to explain it.

R2: Well, this is our third year in the business, and something really rewarding is the fact that people are starting talking about the eXperimenta presents they received for Christmas, for example. So people have begun to know about eXperimenta through friends or other people they are not related to, and this is really cool.

R1: Hence the difficulty, since we are a kind of players that are creating a new business category. It's the challenge to transmit not what eXperimenta is but what it does, to explain that it's a company of experiences.

Because it's something new, I think the second difficulty we face is credibility, in fact it was our first challenge at the beginning. However, we were very lucky because there were several important companies that recognised eXperimenta's value, and they related to us in one way or other.

Then, appearing in a catalogue of a loyal program of a group such as "Posadas" (an important hotels chain) or in a pamphlet of the Membership Rewards of American Express, was very important to us because this way people began to know the brand, even when they didn't know what eXperimenta was about, the fact that it appeared next to a familiar or recognised brand such as American Express, validated our own brand.

Next difficulty was the modality under which eXperimenta was decided to start. We saw two options: one in which we made the project and a budget, looked for capital, and implemented the idea. The big challenge in this case was one; we really did NOT know what model to follow, we didn't understand what it was about. And as entrepreneurs, we didn't have any idea about the business; let's say that we had no credentials at all. Therefore, we thought it would be difficult to find investors since we didn't have enough reasons for them to support the project.

The second option was to start under a scheme, as Americans say, very "stratum", where we could go little by little, in a very organic and creative way. We voted for this one, and looking back, even when the way has been hard because sometime we have twenty thousand initiatives that we would like to implement, it was the best option.

R2: Well, you can only start one in a time.

R1: The main problem is that you don't have budget, however, this made us do many other things. It gave us the chance to make small and big mistakes, correct and learn from them. It gave us the chance to mould our business model and to adjust it. It also gave us the opportunity to be very creative, because you don't know how creative you can be until you don't have the necessary resources to do something.

This is in fact the third difficulty we have.

I: Any other?

R2: The link between the corporative and individual levels, but that's another story.



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I: About other activities that have contributed to your growth?

R2: Public relations have worked very well. In view that we are a new category and experts in a new line of services, we are very popular with the media. At the beginning, it was, "eXperimenta, what's that?" And now, after almost three years of experience, they ask us to recommend different experiences to be published in magazines, for example. So, we have interchanges with different media. We give them content, riddles, etc. I think this has really worked.

R1: And it's something good, isn't it? Since we don't have to invest in direct marketing thanks to hard work and some interchanges. The electronic media has also been very useful.

R2: Search engines.

R1: We use search engines on the internet for the current customers' database, and there is also a monthly newsletter, so we take advantage of the electronic part.

R2: We also have raffles in which the prize is an experience. For example, you send your funniest picture with Santa Claus or whoever and you may win an experience. People really like it and it's very cool because you start creating a community with whom you can be in touch with not only on line.

I: eXperimenta's customers?

R2: We have had several street marketing campaigns as the one with nuns we mentioned before, or people parachuting over the streets. We look for striking happenings which due to their novelty, make noise and call people's attention, as well as media's interest.

I: Like what?

R2: Well, like the nuns we talked about before, four nuns filing in front of a church on Sunday.

I: Were they real?

R2: No, they were girls dressed up as nuns, actresses with bills which read "Even the most conventional mothers..."

R1: "More conservative..."

R2: "wish an original gift". That made a lot of noise. The Reforma (a well recognised newspaper in Mexico) covered the happening, and people said, "I read this in the newspaper, it was really cool!"

R1: And that year was the first timer we published our printed catalogue. Thirty thousand samples which were sent to American Express card users, and that was very good.

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R2: Very good indeed!

R1: There are users that for some reason don't know eXperimenta or don't access the net everyday; therefore, they have found the printed catalogue very useful, they really like it.

I: What hasn't worked?

R2: Newspaper.

R1: Traditional marketing.

R2: Paid marketing.

R1: For example, two years ago, on Christmas, we had a promotional insert in The Reforma, and it didn't work. Why? Because people see eXperimenta.

R2: They don't understand.

R1: When people see and read our advertisements have to identify several elements and if they can connect them and find sense, they will continue reading. But if not, they will ignore the information contained. In fact, they can't make the right connection because the pieces of information are strange to them. Then, the traditional marketing, at least in the first stage, is something that hasn't worked very well.

I: What about marketing from user to user?

R1: Very good. It's fascinating. Nowadays, five from every ten customers are referred. When we noticed this, we said, "well, how should it be handled? How can we encourage this?" We thought about a loyal program, a discount program for those who recommended us, but due to our short economical resources it was not a good idea.

Therefore, we decided, that instead of a discount program, we would give our customers additional benefits in our services. This way, they would recommend eXperimenta not for the discounts, but for other values. So, instead of a formal loyal program, we try to say, "Hey, how can we make eXperimenta into a more INCLUSIVE community where people that ENJOY new experiences can participate?" So, based on this, we have raffles of experiences, evaluation programs, and in case of a gift, a very cool electronic card to say "thank you" to the person who gave the experience to you.

We want to encourage our customers' loyalty through more attractive elements in our service rather than the typical loyal program that refunds a percentage of your purchase, which is more restrictive.

I: About the catalogue, how did you have it distributed by American Express?

R1: May I ask you a question? When you saw the catalogue, did you think it was American Express's or eXperimenta's?

I: American Express's.

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R2: She laughs.

R1: It's very funny and we were really very lucky because since the beginning of eXperimenta, we had the chance to start working with them in some of their programs, such as Membership Rewards.

R2: In fact, we won the 2005 Reward, and since then we have had a very good relation with them.

R1: About the catalogue, we wanted to have a printed sample to reach a cool group of people. Of course, we had a customer's database, but we wanted to reach even more people, so we got in touch with American Express, and told them, "We have this initiative; we think it is on line with your slogan "my life, my card", therefore, we are willing to exchange it for your database, and the catalogue will be given to your users as a benefit, as a gift, and of course, you will also be promoted by an insert.

I: Did they ask you for a site?

R2: Yes.

I: However, American Express has a better site.

R1: Well, something very funny happened. The alliance with eXperimenta was really very positive for American Express. In fact, other brands we invited were added, we told them, "Hey, Aeromexico and Wilson, this information is going to reach the users you want to contact, and not only will reach them but also the average stay in our web site is twenty one minutes", why this? Because people who have seen an experience want to know more about it or they want to have other options. They can also be interested in given one experience as a gift for Christmas or Valentine's Day, for example.

We want our site to be considered like a consulting book rather than just a flier. So, with these arguments, other brands have been added. In fact, right now, we are about to start the 2007 catalogue for the end of the year, and we expect to include eight brands more; one for each category. So, if we talk about a category of car engines, it will be sponsored by Audi or VMW.

Well, regarding my question about the catalogue, many people thought it belonged to American Express. Therefore, be sure that next edition will be one hundred percent eXperimenta.

I: You will give more importance to eXperimenta.

R1: And you will be receiving it through American Express.

I: What plans do you have for the future?

R2: Here we go (she laughs).



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R1: The general idea is that more people can have an experience, more experiences in more places, and they can shop them in different ways. Then, talking about this, when our catalogue was published for the first time, we had...

R2: Seventy five...

R1: Seventy five experiences. Now, we offer a little more than one hundred and fifty ones. The idea we have is a catalogue with three hundred experiences; to include more than that number would be confusing, too much offer. But the objective is to have new material every year, let's say, fifteen percent. This way, if you check our first catalogue, you will notice that the experiences were concentrated in the centre of the country, but last year we included Monterrey and Guadalajara, for example.

R2: And it's something very cool, because people from those places also call to ask about what we offer.

R1: Our purpose is to offer experiences in other states of the country in order to have more attractive proposals for a bigger people universe. As per purchasing, currently people shop their experiences through our call centre, so we want to improve this system by the implementation of electronic means. We plan to have alliances with traditional retail shops, malls, etc., in such a way that you can shop your experience no matter where you are.

All this is the general growing umbrella, and of course, many other initiatives will be derived from it. Basically, we are looking for a well supported growth; therefore, one of our investment priorities is technology, which in fact is the heart of our company.

Technology is the motor behind eXperimenta. Beyond, images, gratitude cards, newsletters, things that stimulate your senses; technology ensures our transactions, supports our interaction with people, allows us to understand our customers' preferences, it doesn't matter if it's the first or the tenth time they visit us.

I: This is through the net...

R1: Yes, it's through a "CRM" we are developing. Nowadays, you access eXperimenta and we can know if it's the first, the second or whatever time; what you have shopped before, if they have been experiences for you or to give someone else.

R2: Regarding the marketing part, our catalogue is open to new alliances with different media. We are always looking for new things. We try to be novel avoiding conventionalism.

I: How do you estimate your budget?

R2: She laughs.

R1: Very funny. During our first three years we had one, but we made it grow on the go according to what we had and our needs. It was like a test limited by our own economical resources. However, after three years of hard work, we already know what

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eXperimenta is about, and we also have growing plans to reach its real potential; so this year, on the opposite, we are preparing our budget according to the initiatives we want to implement. We are finishing this process right now.

All these initiatives refer to marketing, technology, human resources, etc. and we will need a final economical resource. Then, this year we plan to look for investors, because we know our economical needs will be very important. So, based on our business background and the new ideas we have in mind to grow the business, we are going to invite new partners in order to obtain the economical resources we need to comply with our objectives.

I: New capitalist partners?

R1: Yes.

I: And what do you think about this?

R2: (Silence). I think it's a bipolar issue. On one hand, it's your company, you love it, it is yours, but you should not limit its growing according to your own economical resources. Then, if this has potential, invite people to make it grow.

R1: If you don't, there may be someone else who could do it.

R2: Yes.

R1: If the company is growing and everything sounds attractive, there can be someone else who says, "Hey, I've got it".

R2: The money.

R1: Yes. "I've got the model, I understand the business; so I'm going to get the necessary economical resources and copy the original idea". So, it's something difficult but I think that when you have clear objectives for your company, you have to look for partners that further economical resources, identify with your company and its cultural organisation.

R2: Not to limit eXperimenta.

R1: Make it more attractive.

I: Ok, very well. Thank you very much.

END of INTERVIEW

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## 5. Transcript – Interview bbMundo: English version

Brand: bbMundo

Date: January 22, 2007.

Owner/Manager: Eugenia Debayle, Marketing Director (owner's sister)

Interviewer: Edgar Centeno: (I).

I: How did bbmundo start?

R: bbmundo started almost 10 years ago. Martha Debayle started with a spot on television, "Televisa", that segment was called bbtips. This is a segment that "Televisa" decided to launch on television as a kind of proof and Martha was the image of bbtips.

This was a segment devoted to give mothers information, it lasted five minutes every morning on channel two, and it happened to be a success, because there was nothing like that in Mexico, a program, a segment, whatever, which gave mothers information about raising their children, about pregnancy, etc. There really was a lack of this kind of information.

This coincides with the fact that Martha has her first kid, Antonina, and so she notices that there is a great lack of information for mothers; furthermore on how to change diapers, mothers need information about psychologist, pregnancy, etc., so she decides to create a web site for this purpose. This was six years ago.

Six years ago she decided to create the site called "bbmundo.com". At that time in Mexico, the boom of ".com" had just started and then she decided to create this site in the web. She thought it was a good idea to create a site as a source of information for mothers, a kind of a virtual library where mothers could find any kind of information they needed in the right moment. When a woman is pregnant, she suddenly finds herself in a new stage of her life and she has a lot of questions, doubts, and she also feels a lot of anguish so she really needs answers.

Then, Martha decides to launch bbmundo.com, which opposite to others ".com" that were a failure at that time, bbmundo.com became a success. Due to this success, we started to find a lot of sponsors, clinical labs such as Wyeth, Gerber, Johnson, very important brands in Mexico, joined us, and in this way the site started to grow. Many specialists on the subject started to write for the site and it became in a very reliable way to get information. That is how bbmundo.com was born; let's say that bbmundo was born as a ".com".

bbmundo.com continues with bbtips, which belongs to "Televisa", but it has been a very good way to promote our web site.

bbtips continues nowadays, and it has been very useful to promote our web site. This is very funny because bbtips belongs to "Televisa", and Martha started working in this program, and at the end she created bbmundo in the web, of course she could not name



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it bbtips, because it was Televisa's brand. However, television has really supported the web site.

Besides the web, Martha also takes part in a radio program, in which twice a week she has a segment dedicated to bbmundo, where she talks about babies, mothers, and sometimes, specialists are also invited.

After all this, we could say that we were already a multimedia company, so we released a card, which was a benefit card for mothers. We had this idea two years ago. The idea was to release a card with which the mother could get discounts in a variety of products and services. So, after buying your bbmundo card you could get discounts in baby shops, maternity shops, as well as in amusing parks, early stimulating schools, etc. In Mexico, there is a "TDU", which is a discount card, and ours is a TDU for moms.

I: How did it cross your mind?

R: This occurred to us because brands others than Johnson or Gerber, with not enough economical resources to be sponsors of our program on TV, radio or in the web could not participate with bbmundo. So we decided to launch this card, this was a really crazy idea, very improvised. We said, "let's launch this card together with a printed directory where those brands can be advertised. In this directory mothers will be able to know these brands, go to the shops and use their card to buy products with discounts. In this way, small companies will be able to work with us at a lower cost". This is how the idea emerged.

The card was launched two years ago at a cost of \$200.00 pesos, and an expiration date of two years; mothers had to buy it and they could buy different products with a special discount. This is how the card works.

After this, a year and a half approximately, clients started asking for something more tangible. In Mexico, it is still hard for the owners of a brand to invest in the web; in addition, it is not a primary tool for them yet; it is consider as a complement. It means, if you are going to invest in television or in the traditional media, you can use the web as a support, but a brand cannot be concentrated only in the web. Therefore, they really wanted something more traditional so we decided to release the magazine bbmundo.

Our magazine was launched two years and a half ago. We got together with a publishing house called "Mapas". They publish the magazines "Travesias", "D.F.", and "Quinta Real", among others. We approached them because we liked the way they worked; we felt we had several things in common so we decided to form a partnership.

Then, the deal we have with "Mapas" is that they print the magazine every month, we have people working with them (editors), and we market the magazine. It means we sell the advertising spaces. We pay "Mapas" a monthly fee to print the magazine, obviously under Martha's and all bbmundo team's supervision, they deliver the magazine every month, and bbmundo sells the pages and advertising spaces, that is why we have a commercial area here.

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Then, let's say that we, bbMundo, have become in a multimedia company of brands addressed especially to mothers. We are addressed to young parents between twenty five and forty five years old, with children from zero to six years, and pregnant women. Obviously, ninety percent of our clients are women. For example, in our site bbmundo.com, we almost have fifty thousand users totally identified. We know who they are, how many children they have, how old they are, if they are pregnant, etc., so the information is totally segmented. We have twenty four thousand visits to our site every day and an annual increasing rate of seventy percent, this is for bbmundo.com.

About the magazine, eighty thousand samples are printed per month. Our distribution channels are magazine stands and newspaper sellers, our circulation is all through the country.

I: Is "Mapas" also in charge of the distribution?

R: No, the distribution is made by a company called "Intermex", which belongs to "Televisa" and it is in charge of the distribution of almost all the magazines in Mexico.

We have the part on radio that is also into "Televisa" radio but we have the chance to market this space too. This is the segment of bbmundo, which is broadcasted by 99.6 FM from twelve to one p.m. and there is also the part of bbtips that is broadcasted on channel two every Thursday; it is a segment of about seven to eight minutes with national coverage. And of course, we also have the bbmundo card.

We have also tried to push the part of subscriptions, subscriptions are very important to us because they are captive readers. They are readers that are receiving our magazines at home every month and represent a very attractive niche for our sponsors. To us, it is very important that the number of subscribers increases and we plan to increase this number in a very short time.

Currently we have around fourteen thousand subscribers, which is a pretty good number considering that the magazine has been in the Mexican market for only a year and a half. We are offering certain benefits to make the subscription more attractive, for example, we are not selling the card anymore, now we give it free to those readers who buy the annual subscription, this way our subscribers have access to discounts in our sponsors' shops; the directory of such shops and the discounts offered are published in the magazine every month.

Basically, I can tell you that bbmundo.com is a multimedia company with a web site, a magazine, a card, and segments on radio and TV. We also have many other plans to carry out.

I: And how did you start working here?

R: I started... I had another job when Martha started this company, Martha and I started in the world of music. I really love music and started in the world of records, I worked for a record company called EMI, an English company by the way, and I was the International Label Manager. I was in charge of all the international artists, their



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marketing plans, etc., so when a new artist came I had to prepare the marketing plan to promote the new record, have good sales, and make it successful.

I worked there for four years until a day Martha talked to me about the project, she wanted me to work with her; she insisted and insisted so much that finally I asked myself, "well, why not? This is a family business, it is going to be something different, I will have to learn", so I started working with her. I think Martha also wanted someone she could trust and could be here since she cannot spend too much time in the office.

I started working in marketing and it has been different because I don't have the budgets I used to, I would say that our budget is "zero" (she laughs), so everything is to look for new things, interchange them, do things without spending too much. This has also been a challenge, because we have to use our own resources to do new things. Let's say that we don't have the budgets we would like to but it has been a challenge and I think we have been able to get a good position into the mothers' world.

As in Mexico there is not a brand like bbmundo right now, there is not in fact, we don't have competition. There isn't a company that provides the information we do, there isn't a company that has the credibility we have, and mothers really trust in the voice and the things that bbmundo has to tell them.

I: What are the benefits or advantages?

R: As I say, bbmundo is a concept that does not have competition in Mexico right now. We may have competition in the case of the magazine, but we do not in the case of the web. There isn't a brand or concept that offers mothers everything we offer them.

In this sense, mother can find the most reliable information in bbmundo, why? For instance, right now we have fifty different specialists: lawyers, nutritionists, pediatricians, psychologists, who write for the magazine and the web. Then for example, we have obtained a great credibility in the web because the information we provide is well supported, is responsible information, and we can say that mothers find it very helpful and useful.

What benefits do we provide? As I said before, when bbmundo started we noticed that there was a gap, why? because magazines on babies contain only very basic information, let's say the ABC for mothers, how to change the diapers to your child, how to feed him, and because there is a confusion, at least in Mexico, about the fact that being a mother makes you "lose neurons". And this is not like that. Nowadays, mothers and women in general work, they have a different perception about life; they are more thinking. They look for another kind of information, for instance, information on how to make their children have confidence, self-esteem; how to handle divorce if they have kids. These topics were the ones we wanted to cover.

Then bbmundo is directed to a thinking woman, a modern one, a woman that wants to go further, that wants to learn more, with an attitude, with a hunger for knowledge, a woman that is willing to give the best for her, her family and her children. This is what makes us different from other magazines. If you see our magazine, you will notice that



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both graphically and in terms of content, it is very different from others. As I say, difference in topics, we cover topics that are more important, more complex than to put a diaper on your baby. We are not in that anymore. Therefore, we benefit the thinking woman, the woman that wants to know and learn more, and this doesn't have anything to do with her socioeconomic level as it is confused many times. We have noticed that a mother from "Ciudad Neza" (a low level city quarter) wants to learn more and her hunger for knowledge is bigger than a mother from "Bosques de las Lomas" (a high level city quarter). It is not a matter of socioeconomic level but a matter of psychodemographic level and attitude. We are directed to a mother with attitude.

We carried out a study about the profile of our readers some time ago, and the results showed that sixty percent of them have a degree; many of them are studying a master's degree or even a doctorate. It means she is brighter, more thinking. So in conclusion, the benefits we provide are credibility content, responsible and well supported content; let's say that it is a more complex content which fulfils the needs of this kind of women. Therefore, we generate content and that would be the benefit that we give the readers and users of bbmundo, which is different from the benefit we give to our clients.

I: Have you noticed any difference in the profile according to the media?

R: We really don't know. The only study we have is about our magazine readers and we have done something for our web site. But sincerely we have nothing about radio or TV audience, I don't want to lie. We have studied more our magazine readers and web users. In fact, for our magazine we have a very complete study performed by an agency called "Moctezma y Asociados", and we have some data for the web site. We know many things, for instance, many of the web users are also readers of our magazine, and our readers know about the web site through the magazine, they are related each other. But we really don't know about radio and TV.

I: How do people learn about bbmundo?

R: According to the study mentioned before, many people saw the magazine in a newspaper stand or a shope, many others through the web or by a friend, different ways, you know; but mainly through the web and of course, the advertising campaigns.

I: What values do you have?

R: Let me think... I think our main value is... yes, our credibility, if you can call it a value. Credibility...

I: Mothers buy the magazine because it is useful for them, but in the long term the information contained what is it useful for?

R: The information we provide can be applied to themselves, to their children; the information mothers find in bbmundo, and this was also studied, is helpful for them. It is information that solves problems. In this sense, I buy the magazine and read an article about how to control children's rage. This is an example, in the study we could confirm that the information we provide is really useful, we don't write useless information that mothers can only read.

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In the study it is outstanding the fact that we do solve problems. That is, I've got a problem with my kid's rage, I read the magazine, find the article and the information contained is solving my doubts, is answering my questions, so it is being useful to me. It is solving my problem indeed. This is a very important achievement because it means that our readers find the information they need, and it is useful to solve their problems and to answer their questions.

Besides, this is a collectible magazine; we have noticed that mothers do not throw it out with ease, this contains information that they want to keep, it's not disposable, it's not like "TV Notas" (a very popular magazine), it contains enduring information that mothers want to collect. They even call us: "Hey, I don't have the March sample, please get it for me because I collect them". Then, it has become in a consulting magazine just as the web. It has become in a consulting piece, where mothers can refer to when they have questions or doubts, they find it useful and they also know that this information is trustful, responsible and well supported. You know, sometimes we treat certain sensitive matters, such as health, that have to be well supported.

I: What about the brand as an organisation?

R: Look, it's funny you ask about that because bbmundo is in a certain stage, we have just hired the services of a company that is going to help us with that. Why? Because bbmundo started with Martha and two people, and it started, let's say, in a very informal way and it has been growing. And we are a company with a very horizontal organisation chart.

I: How many people are there?

R: We are fourteen people in these offices. We have a commercial department that is in charge of the sale of the advertising of our media. We also have the content department which generates all the information for the web; a person in charge of customers' services, who attends our users, a systems area in charge of the web, an area for subscriptions and complaints, the design area, Laura, our assistant; and the accountant.

What I can tell you is that this is a company that is growing gradually, with no previous plans at all, so to speak. Then, the organisation chart is very horizontal, so everyone is his own boss, Martha is the head and we all have to report to her, but in the day after day, let's say that everybody knows what to do and when to do it. This of course has its advantages and disadvantages.

For the same reason, as the company has been growing little by little, obviously we have faced this problem; then about your previous question, we are working on it. Right now there is a company that is going to help us with the organisation of all these things, to set up our philosophy, and objectives, because this is an exercise we have not done yet.

However, I can tell you that all people working here have a very clear objective, an attitude: always give the best service to our readers and users, work the best we can, do a quality job.



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These are the kinds of values we all have here and Martha has really instilled quality in us. Everything we do, even a design must have quality. Always look after quality. So in this sense we all are in the same channel.

But we do need to define our philosophy and our values. I think this will be very useful to know where we are going as a company. It's something we haven't done, we have grown instinctively, but we have never sat to discuss these important subjects.

I: As a symbol?

R: Look, I don't know if this is a symbol, but what really identifies bbmundo is Martha Debayle. Martha's image is totally married to bbmundo, this is something that we want to... let's say, separate in the future; but absolutely, bbmundo is Martha Debayle.

I: And, is Martha Debayle seen as a brand?

R: As a brand? Our readers see her like the woman they would like to be. It's something very funny, a woman, and this was also shown in the study..., Martha is seen like a woman with great credibility, very maternal, very intelligent, like a woman with a series of attributes which are really admired by mothers. Then, let's say that on one side, our readers and users see Martha like an independent but maternal woman, but... not devoted to the maternity, a woman with a great credibility, we have been very careful on this; and on the other side, the clients that are the people who buy advertisements, see her like a very important image for their brands. Martha has been hired by different brands and she is seen and perceived like a serious woman, reliable, etc. But absolutely, the symbol of bbmundo is Martha. I think this is part of its success.

I: This interview is very interesting (cool). Is there any other symbol like the name or the logo?

R: The name and logo, I think they are very well positioned... Yes, I think so, definitely.

I: And when Martha appears on TV, she mentions bbmundo, doesn't she?

R: Sometimes, "Televisa" is not very flexible in that sense, but sometimes she can do it.

I: Does it have any cost for Martha?

R: No, nothing (she laughs). We try to save as much as we can.

I: What about like a person?

R: I have used this word so many times: credibility... let me think... credibility... (silence), intelligence... quality... I don't know if a person may have quality, I think so, don't you? (she laughs). Yes, yes, yes, quality, integrity definitely, reliance... she is an honest and serious person, modern but not avant-garde, and always



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a step ahead; and, what did I tell you? She is someone with credibility, intelligence, integrity, honesty; a modern and thinking woman.

I: In summary, what makes you different?

R: I think that the most important characteristic we have is quality, and that is what you can see in everything we do. In the web, you can see the quality of our site, the quality of the content.

In the magazine, you can see the quality of the graphics, it is totally different; the quality of the paper, the quality of what we publish, of the content, how it is written. Then, one of those differences would be the quality definitely, another ones, the responsibility and credibility... and that it is an intelligent brand in this sense. I don't know if I am expressing well, but it's hard for me to find the right words (she laughs).

I: About difficulties?

R: It has been difficult and still is in many aspects. Me, for example, in my area it has been difficult because of the money. At present, small and medium companies don't have as many resources as the bigger ones, right? Then, suddenly, you find that everybody wants to interchange and nobody wants to pay in cash. We have found these kinds of things and many others. For instance, when we launched the bbmundo card, we taught, very ingenuously, that this project would be really great in terms of money, we said "this is a great business", and when we launched it, without knowing the business, we realised that we haven't thought about many problems that suddenly arose, and full of anguish we had to learn on the march.

I think this was something very positive but very negative at the same time. I feel that our ignorance has been very positive because thanks to this ignorance we have dared to do certain things. I think that if we had known what would happen, we wouldn't have done anything. So the ignorance we show when we say, "that is going to be really good" has encouraged us to dare to do new things. And the negative part is when the problems arise unexpectedly, and you don't know how to solve them because you were not really aware of them.

Then, basically, we want bbmundo to continue being what it is now, a company that is doing very well, but also, take it to the next step, consolidate it as a profitable business. This is a business which gives incomes definitely, but I think that we still can grow a lot more.

I: What is missing?

R: We are missing the exercise we are doing now, the one we are going to do about philosophy, objectives, values, etc., which will be very useful to know where we are really going. Because now, we already have all these things but we really don't know where we are going.

So, we need to have our objectives much clearer, what the company wants, what our financial targets are, and all of us must be aware of this; because suddenly it is a little

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confused, and people start losing themselves into their own work and day after day; and we forget the objective of the business, where we want to get, and where we want bbmundo to get.

I think it is one of the problems we are facing; but there are so many other things to do that sometimes we don't have enough time to consider this. But I am sure it's a niche that can be developed in a great extent; and you know, sometimes there is no time and we need to consolidate first what we already have and look ahead. I think I didn't answer your question (she laughs).

I: Yes, you talked about the cohesion difficulties, the structure problems, the...

R: Exactly.

I: And then about the resources?

R: I think that would be the problem, right? Many times it's about the resources.

I: Have you had any problem to have bbmundo known?

R: No really, I think we have been very clever and we have done it very well, we have had a good response from people. Of course, there are still some things we are missing. This year I want to carry out many things: a street campaign, billboards, a campaign on television, I'm trying to get an interchange with some cable channels, a campaign in movies where people can see our spots. I want to do several things related to advertising to increase the business of course.

I: Do you believe in advertising?

R: Yes, I do.

I: I mean, in the mass media advertising?

R: Yes, I do. Yes, of course, it depends on the brand, on where you want to go, but I do believe (she laughs). I don't think advertising can make you buy something, but at least, it makes the brand known, and a series of things.

I: When you talk about the segment and the alliance with the publisher, did Martha already know those people?

R: Yes, she did. Well, Martha has been working for "Televisa" for a long, long time. She started in the news, and bbtips appeared later. About "Mapas", our publisher, she knew both partners, both owners, and she always told them, "please publish my magazine". "Sorry, we don't have time right now", they said. But finally, they accepted. So, yes, there was a previous relationship. However, currently, bbmundo happens to be the best seller magazine for "Mapas".

I: Unbelievable. What activities have you developed to make it grow?

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**R:** Oh, a lot. All the time we do what we can. We take advantage of our own media. For instance, we use our database in the web to send our users newsletters, massive mails, etc. We also use it to promote our card and magazine. We promote the subscriptions and web site in our magazine.

I also promote the magazine in different places, for example, we give it to "Hospital Inglés" every month, and "Cinemax", in some movie theaters for mothers; the magazines that are returned are also given to early stimulating centers, every month I give seven thousand samples to Wyeth Labs to be distributed among doctors and medical centers. We do all this to have bbmundo known.

In this year, during three months, we had advertising campaigns to promote bbmundo and the magazine: billboards, sampling, television "Discovery Channel". What else? Three times a year we participate in the "Expo Bebé y Tú" in the World Trade Center in Mexico. We have a stand there. So, as you can see, we try to be very close to moms.

**I:** And of these strategies, what do you think is the best?

**R:** All of them, because they are very direct activities. I think that they are really focused where our readers are. And they have been very useful to have bbmundo known.

**I:** How involved is Martha in these activities?

**R:** She doesn't get involved. I only inform her for feedback. As I said, I almost don't spend in marketing. We have that mentality, everything is welcome, though I don't make fully things, I mean, don't do things just to do them. I always look for media that reach my potential consumers.

**I:** Have any of them not worked?

**R:** Some time ago, there were some shows of Barney here in Mexico, and we had the chance to have a stand in the theater to sell subscriptions and magazines, it was dreadful, that's something I will never do again. It wasn't well organised; people didn't even pass where the stand was. It was the time of López Obrador's manifestation on Reforma Avenue so there were not many people, a series of things that made this didn't work. But in general all our activities are well prepared so they work.

**I:** Plans for the future?

**R:** Marketing on the streets, cable TV, and movie theaters. There's a project in "Cinema" only for mothers. I want to continue with promotions in early stimulating centers, medical centers, places where mothers attend. But more than promotions, I'd like to concentrate on marketing according to our possibilities.

**I:** How do you estimate your budget?



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R: It's null (she laughs). Obviously we are flexible, if I see I can close a business with cable TV channels by interchange, and I need to pay "CineMax" for a spot, I pay for my spot. But most of the times, I try to get everything by exchange.

I: How does exchange work?

R: They are handled in several ways. For instance, our Marketing Department made a deal with Chrysler and Chrysler paid in cash and gave us a van. I gave this van as payment for billboards during three months. For example, "Cinemax" says, "I give you an advertising campaign in movie theaters; you give me ads in your magazine".

I: It doesn't cost indeed.

R: That's right. I give them space in my magazine or in my web site. Now, with Discovery Channel we are negotiating, I'm going to give them space in the magazine and web site and they are going to give me space on their channels. I think this is the best way to do things. Imagine if we had to pay in cash! I couldn't, I couldn't, so I pay with my own resources. I give them something and so do they, and this is very good because in this case, Discovery Channel advertise their channels in my magazine, mothers know that these channels can be watched by their children, and my magazine is advertised through these channels, so it is really good.

I: Is this in the case of the magazine only?

R: And the web. What we do with the web is to give content micro-sites, it means, you give a button; for instance, Johnson and Johnson have their button in the main menu of bbmundo, you push that button and you access their micro-site.

We did this because we noticed that people didn't visit the J&J site very frequently so what a better way for mothers to know J&J than through bbmundo. So, what do you think? How many times do you visit the J&J site to know about baby oil? But if you access bbmundo site and suddenly you notice that massage is something wonderful for your baby, you access the article about massages and you find out that J&J oils are wonderful for massages and to stimulate your baby. This is an idea. It's a way that allows J&J to approach those mothers. For example, "Cinema", movie theaters for mothers, advertises their theaters in my magazine and web site, but they also give me the chance to do things with them: I promote and give magazines in their theaters and they also give me some space there. So it's like looking for these synergies and things that can be done in conjunction.

I: Then, when you want to spend you have nothing.

R: Not now.

I: How involved is Martha in this kind of negotiations?

R: In the interchange negotiations, she is not really involved. She's more involved in the commercial side; for example, in the case of bills that have to be paid in

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cash or payments in advance, let's say annual payments. But interchanges, promotions and things like those are handled directly by me.

I: So, where does Martha get involved?

R: Well, she's involved in everything related to our finances, which is an area that I don't know. She's also very involved in commercialization; for example, Martha makes the negotiations with our most important clients, it means she deals directly with the General Directors of Kimberley Clark, J&J, Wyeth, etc. We are in charge of smaller things but we report her everything and she is aware of everything we do and always gives us her feedback. However, there are some things she doesn't get involved, it's not necessary.

I: That's all. Thank you very much.