The brand management problems in SMEs
---Case study on GäveVandrarhem AB and Chailease International Finance Corporation-Shenzhen Branch
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Second Cycle
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Supervisor: Professor Aihie Osarenkho
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Abstract

Title: The brand management problems in SMEs --- Case study on Gävle Vandrarhem AB and Chailease International Finance Corporation-Shenzhen Branch

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Purpose – This study aims to examine how brand management is implemented in SMEs, and investigate the problems encountered by SMEs when managing their brands in order to build strong brands.

Research methodology – The study uses a qualitative methodology to conduct the research study, and is based on the Funnel model and empirical studies to solve the brand management problems encountered in SMEs.

Findings – Three main problems were found in SMEs in this paper. A narrow interpretation of brand management, a lack of resources and time, and less attention is given to brand management.

Practical implication – The implications of these findings are that brand management is necessary for both big firms and SMEs, building a strong brand is beneficial for both firms and consumers, and SMEs should pay more attention to brand management.

Originality/value – This study provides useful information and suggestions for SMEs when building and managing a brand. It can reduce the difficulties and time taken to improve their work efficiency.

Article type: Research paper

Keywords: Brand, Brand management, Brand management problems, SMEs
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1. Introduction

1.1 Background

1.1. Why Brand Management is Important?

Nowadays, brand management plays an important role in marketing (Keller, 2003). A brand contains several elements, and can essentially be described as “an identifiable product, service, person or place, which the buyer or user perceives as relevant, unique, or sustainable added values which match their needs most closely and provide more satisfaction” (De Chernatony, 2001). And famous brands have played an important role in business customer decisions (Bendixen, M., Bukasa, K.A. and Abratt, R., 2004; Michell, P., King, J. and Reast, J., 2001). For those reason, building strong brands has become an important point for many companies since it produces a number of marketing advantages and increases companies’ competitive strength (Hoeffler and Keller, 2002). Thus, building strong brands not only increases their visibility and credibility, but also distinguishes them from competitors, and acquires more market share. The principal focus of branding is to build a successful brand that can be distinguished from the competitor, be held in high esteem, and establish a relationship with target customers (Aaker, 1996; Keller, 2003).

There is no doubt that building a strong brand is good for both consumers and companies. According to Hoeffler and Keller (2002) strong brands provide advantages to both buyers and sellers. Brands can provide important functions and take on special meaning to consumers, and through brands, project their own self-image. From an economic perspective, brands can reduce the search cost and risk to consumers (Keller, 2008). Furthermore, brands also provide many benefits to their own firms (Keller, 2008). Hoeffler and Keller (2002) stated that brands can lead to fundamental differences in customer behaviour as well as produce differential responses to specific marketing activities related to product, extension, price, communications and channels. Furthermore, a strong brand can get customers’ attention, earn respect from competitors, and can also get the opportunity to cooperate with big brands. Ojsalo, J., Nätti, S. and Olkkonen, R. (2008) suggested that a strong brand can also advance partner relationships such as those with value-added resellers and other members in the delivery channel. This is one way to achieve a stronger position in the channel and gain respect to compete with competitors. Ojsalo, J., Nätti, S. and Olkkonen, R. (2008) recognised that benefits of brand building revolved around the usefulness of a strong corporate brand in gaining new customers. Effective brand management requires taking a long-term view of marketing decisions (Keller, 2008).
1.1.2 Why Study Brand Management in SMEs?

New Field of Study

It is apparent that small and medium enterprises (SMEs) play a significant role in the economic development of a country (Muhammad, M. Z., Char, A. K., Yaso, M.R.B. and Hassan, Z., 2010). In the United States a recent analysis of employment changes between September 1992 and March 2005 showed that 65 percent of the net new jobs created during that time are attributed to firms with fewer than 500 employees (US Bureau of Labor Statistics, 2005). The difference between large firms and SMEs can be described as the physical dimensions (Hutchinson, K., Quinn, B. and Alexander, N., 2006). Although the scope of SMEs is smaller than large enterprises, SMEs have their own features to gain market share. Carson and Cromie (1989) also mentioned that SMEs have their own particular characteristics and abilities which can largely determine their marketing preoccupations and concerns, so it is universally and widely accepted that small and medium businesses are not scaled-down big businesses.

Entrepreneurship research offers a relatively good coverage of marketing issues specific to new and small enterprises (Zimmerer and Scarborough, 1998; Serazzi, 2001; Kuratko and Hodgetts, 2004; Williams, 2007), but Merrilees (2007) points out that branding has been missing from the literature on marketing issues for SMEs. Brand management in SMEs is a relatively new field of study. Researchers only started studying the field in the late 1990s (Krake, 2005). The same point of view is held by Abimbola (2001), who states that while brand and reputation research are relatively well established, SMEs branding is relatively new. When brand management is discussed in books and journals, SMEs are never mentioned as a separate entity (Krake, 2005).

According to Wong, H. Y. and Merrilees, B. (2005) over the past two decade, there has been a large number of branding research studies, but very few focused on SME branding and brand management. Merrilees (2007) pointed out that in recent years, only large companies did research on brand management, and most of them are studies on consumers. Gilmore, A., Carson, D., O. Connell, A. and Cummins, D., (1999) point out that not only was previous research limited, it is fairly recent and consequently has not been able to have a major influence on marketing strategy. There is a substantial amount of SME research in marketing literature, but very little that contributes to branding and brand management.

Researching brand management problems in SMEs is both valuable and practical. Furthermore, finding out how to solve the problems is one of the research objectives of this study. In this study, brand management problems and their possible solutions will be researched. Two of the most typical SMEs have been selected for in depth case study interviews, in order to get reliable data from them.
1.2 Research Objective and Research Questions

Brand management has been discussed a lot in many big companies and multinationals, and branding also creates tremendous value for them. However, the small and medium-sized enterprise group constitutes 95% percent of all businesses which cannot be ignored (Thurik, R., Risseeuw, P. and Uhlane, L. M., 2003). Furthermore, too few researchers are focused on brand management issues in SMEs.

This research study aims to examine how brand management is implemented in SMEs and investigate the problems encountered by SMEs when managing their brands in order to build strong brands. However, owners of SMEs usually ignore the importance of brand management and the benefits which derive from branding, or even worse they do not have a brand. The study will provide a deep insight into SME brand management. SMEs play an important role in the business sector.

Research Questions

In order to fulfill the research objective above, the thesis focuses on the following questions:

1. Which problems do SMEs face when managing their brands?
2. What efforts do SMEs make to solve brand management problems?

1.3 Limitations

As inferred from the introduction, little research in respect of branding in SMEs has been done in the past years, and few publications have been published. Thus, one limitation of this research is that the study lacks theoretical rigour. Similarly, secondary data related to SMEs is also limited. Therefore, the study may lack a proper underlying theory. As the study is doing a case study of only two SMEs, the findings cannot be considered representative of all SMEs. Primary data was only obtained form the two case study companies due to difficulty in accessing respondents. Furthermore, both of our respondents are providing services.

Paper Structure

In this paper, the concept of SMEs in respect of branding and brand management are briefly discussed. The literature then reviews the role of brand management in SMEs,
considering what the branding issues faced by SMEs are, and how to deal with brand management in SMEs. The research methodology follows. The empirical findings of the study are described, followed by the findings and their theoretical implications. This followed by discussion of the findings and managerial recommendations are then suggested. And then, the final conclusions are drawn.
2. Literature Review and Theoretical Framework

In this chapter, we will review the theory. The definitions of concepts will be presented, and thereafter the importance of brand management for consumers and firms will be reviewed. The Funnel model as part of brand management in SMEs will also be addressed together with brand management issues faced by SMEs. Finally, some suggestions will be given at the last part of this chapter.

2.1 The Definitions of Concepts

2.1.1 Small and Medium Companies

SMEs include family businesses, startups, spin-offs and a variety of others (Sadi and Henderson, 2010). SMEs can be classified by the number of employees, annual turnover, and a combination of employee and turnover metrics (Hutchinson et al., 2006).

Stokes and Wilson (2006), stated that the “SME is defined as a small to medium enterprise managed by its owner(s) in a personalized way with a relatively small share of the market in economic terms, and having 10-49 employees. Medium-sized firms have similar characteristics but usually have between 50 and 249 employees (Hutchinson, K., Quinn, B. and Alexander, N., 2006). Moreover, different industries’ sales turnovers are different, so it is the best indicator of distinguishing between SMEs and large firms (Hutchinson, K., Quinn, B. and Alexander, N., 2006). The European Commission (2000) defined SMEs according to their maximum sales turnover, stating that turnover should be less than £24 million pounds sterling (European Commission, 2000).

2.1.2 Brand

According to De Chernatony (2001), a brand can essentially be described as “an identifiable product, service, person or place, and it can be increased when the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely and more satisfyingly”.

Keller (2003) introduced the concept of brand knowledge, and referred to a consumer’s cognitive brand representation, which includes information about a brand that the consumer has acquired over time. He indicated that a brand should include the attributes, images, feelings, awareness, benefits and experiences (Keller, 2003).
2.1.3 Brand Management

Contemporary definitions of branding are deeper than the simple transaction between the brand organisation and consumers, by including aspects of brand, like brand name, logo, colors and relationship intangibles such as customer loyalty and preference (Haigh and Knowles, 2004, cited by Simmons, G., Thomas, B. and Truong, Y., 2010).

Different people have different views on the definitions of brand management (Krake, 2005). Keller (2008) suggested that strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage band equity. Keller (1998) combined several definitions into the following easy sentence.

A company’s brand management is integrated into the daily operation of the company. Furthermore, a brand strategy and brand management implementation is not a one-time effort, but a regular marketing strategy, and it should follow the development of the enterprise (Keller, 1998).

2.2 The Importance of Brand Management

According to Blackett (2004), a brand can be perceived as all the promises that a product makes. Brand names are often worth more than the total value of the company itself, and strong brands can improve customer loyalty and therefore generate higher revenues in the long-term (Keller, 2003), allowing higher price premiums (Court, D., Narasimban, L., Gordon, J. and Elzinga, D., 2002) and increasing the market value of the firm (Simmons, G., Thomas, B. and Truong, Y., 2010). The most important aspects of a successful brand, is that the strong brand can distinguish the company or product from the competitors, and earn their respect, while also gaining the attention of the target customers (Keller, 2003).

Keller (2008) indicated that brands can provide special meaning and benefits to consumers. The meaning of a brand is symbolic, and allow consumers to project their self-image and relate to others. Brands identify the source or producer, and consumers can gain confidence from a particular producer. In addition, brands allow consumers to lower the search costs for products and reduce risk (Keller, 2008).

Brands also provide a number of valuable functions to their owner firms (Keller, 2008). It can be considered as a strategic reference point and supports business development by realising an alignment between the capabilities of the firm and the external environment (Wong and Merrilees, 2007). A brand offers the firm legal protection, retains intellectual property rights and gives legal title to the brand owner. The firm can earn and sustain extra profits from their brands, and creates greater value for shareholders (Keller, 2008). Murphy (1992) stated that branding consists of “the
development and maintenance of sets of product attributes and values which are coherent, appropriate, distinctive, protectable and appealing to customers”. It is a market strategy for creating, nurturing and promoting the continual development of relevant and suitable brand value propositions.

Brand management includes developing a promise, making that promise and maintaining it, such as defining the brand, positioning the brand, and delivering the brand. So brand management is the pivotal role of creating and sustaining the brand (Junneja and Junneja, 2008). Furthermore, brand management includes managing the tangible and intangible characteristics of a brand. It includes the product itself, price, packaging and the customers’ experience. Brand management not only makes customers committed to your business, but a strong brand also differentiates your products from the competitors, and gives a quality image to your business (Junneja and Junneja, 2008).

2.3 Role of Brand Management in SMEs
2.3.1 What Role Does Brand Management Play in SMEs?
Krake (2005) clarifies six aspects of the role brand management plays in SMEs, based on a quantitative research study. And these six aspects are explained as follows:

1. Branding is not a priority for SMEs. It is viewed as a reductive concept involving only the logo, the product, the service or the technology they sell (Inskip, 2004). In many SMEs, they pay less or no attention to brand management in their daily tasks (Krake, 2005).

2. In many SMEs, the director or owner is the key person in determining brand policy, changing brand names and brand logos. The responsibility for brand management is carried out by the highest ranking manager (Krake, 2005). In fact, very few companies have delegated or constituted an independent department to take the responsibility for brand management. However, in the balance of the companies, nobody was specifically concerned with brand management, and no one discussed brand management in the company, not even the director and owner (Krake, 2005).

3. Brand identity strategy guides brand decisions and warrants coherence of marketing actions through time (Madvaharam, S., Badrinarayanan, V. and McDonald, R. E., 2005; Michel, 2000), and should, in turn, be associated with specific and limited core values that are complementary to organisational values and culture (De Chernatony, 2001; Urde, 2003). In SMEs, entrepreneurs are the visionary individuals who are the focal points for brand building and identity creation. Krake (2005) stresses that there should be a clear link between the entrepreneur’s character and the brand as s/he is the personification of the brand.
4. Krake (2005) indicated that only 50% of the small and medium companies their company name and brand name are the same, because the companies usually have used one or two brand names. Owing to this reasons, so the company name and brand name different are always different. However this situation can lead to reduces its chances of gaining people’s attention and reduces their business (Krake, 2005).

5. Most companies do not want to co-brand or cooperate with other businesses and no one pays attention to co-branding and working with other companies to gain more brand value and make their business successful through brand management (Krake, 2005).

6. The characteristics of a brand and the product or the company are different. There are some connections between these three, but obviously they are have difference, the characteristics can distinguish them (Krake, 2005).

2.3.2 The Funnel Model Role in Brand Management in SMEs
The funnel model for the role of management in SMEs was developed by Krake in 2005 which illustrate how brand management affects SMEs.
Influence of the entrepreneur
- Passion
- Logic
- Personification of the brand

Influence of the company structure
- Marketing personnel?
- Objectives
- Awareness of brand management

Role of brand management in SMEs

Marketing activities and messages communicated

Available budget

Turnover

Brand recognition

Desired associations:
- sympathetic
- quality
- attractive, chic, noticeable

Figure 1 Funnel model for the role of brand management in SMEs

Source: Krake (2005), Successful brand management in SMEs: a new theory and practical hints

2.3.2.1 Influence of the entrepreneur

As shown in Figure 1, the owner plays two important roles here. Firstly, the entrepreneur can determine his company structure, such as what kind of marketing personnel does he want, what the objectives of the company are and how much attention it can give to brand management (Krake, 2005). Secondly, the entrepreneur plays a direct role in brand management (Krake, 2005).

2.3.2.2 Influence of the company structure

The company structure can influence the role of brand management in SMEs. In fact, the company structure has three aspects that can have an effect on the role of brand
management, such as marketing personnel, objectives, and awareness of brand management. These factors also determine the role of brand management within an SME (Krake, 2005).

2.3.2.3 Influence of the market
The funnel model shows that the market can directly influence the role of brand management in a company (Krake, 2005). The type of market, products a company makes and its market orientation also determine the role of brand management in SMEs. The state of the competition also plays an important role in an SME’s brand management (Krake, 2005).

2.3.2.4 Marketing creativity
Marketing creativity is a factor which influences the marketing activities and communications in SMEs. The level of creativity in the company, personnel and owner could restrict the scope of marketing activities, and consequently narrow the feasibility of creative marketing activities (Krake, 2005).

2.3.2.5 Available budget
An SME has a much more limited budget compared with a large company, which will certainly restrict the marketing creativity level. And to build a strong brand it costs a lot. The budget will determine many factors to varying degrees, especially advertisements (Krake, 2005).

2.3.2.6 Marketing activities and communications
Both marketing creativity and available budget directly affect the marketing activities and messages communicated. For SMEs, the creativity can determine how many marketing activities they have. The budget can also influence how much they can invest in marketing activities and what messages they have received from the customers (Krake, 2005).

2.3.2.7 Turnover and Brand recognition
Finally, in the funnel model, we can see the marketing activities and messages communicated are influenced by turnover and brand recognition. The aim of marketing activities and messages communicated is to gain the turnover and create the brand recognition (Krake, 2005)
2.4 Brand Management Issues Faced in SMEs

2.4.1 Narrow Interpretation on Brand Management

In fact, brand management plays an important role in marketing processes both in SMEs and large companies (Wong and Merrilees, 2005), they use different approaches (Wong and Merrilees, 2005).

Actually, most managers do not actually understand what brand management is. According to Frank (2005) the owners or directors are the ones who should take the lead in brand management. They are not even conscious of brand management as a concept. The owners or directors do not pay attention to brand management, so how they can ask the other employees to pay attention to it (Frank, 2005). Some researchers indicate that SMEs are immature in the market (Boyle, 2003; Krake, 2005). This is due to a lack of understanding of the real meaning of branding. In fact, small businesses, such as local corner shops and grocery stores, may even fail to recognize that they are a brand (Merrilees, 2007). Furthermore, Frank (2005) pointed out the fact that the names of the SMEs are often not the same as the brand name, and it is hard to gain people’s attention, therefore they will lose many chances in their business.

However, even though they have the brand name and they know what the brand is, they do not see brand as the most important aspect of their business. Wong and Merrilees (2005) indicated that in the owners’ or directors’ view, brand management is restricted to advertising, the brand name and the logo. The advertising activities, such as television, yellow pages and promotional leaflets were seen as important to branding, but they do not seem as critical for SMEs. Personal selling and face-to-face conversation is a critical part of their marketing in SMEs (Wong, H. Y. and Merrilees, B., 2005).

2.4.2 Lack of Resource and Time

One other common issue SMEs face is that SMEs have limited time, resources, structures and processes to carry out branding activities (Wong and Merrilees, 2005). The obstructions to branding can hinder SME firms in particular, in carrying out business activities (Wong and Merrilees, 2005). According to Wong and Merrilees (2005), limitations on financial and human resources, and time are the main obstructions. These limitations can force owners and managers to focus on short-term business strategy, like what and how they can do best in their daily tasks and get more profits in the short term. However, the short term focus on daily tasks can become an obstacle for the companies in developing a long-term branding strategy, and it is hard to keep focused on the long-term business (Wong and Merrilees, 2005).
Wong and Merrilees (2005) discussed the brand barrier and showed that many SMEs have come to realise that they have not got enough time and resources to carry out their branding activities and brand management. Abimbola and Vallaster (2007) also mentioned that new firms have specific branding needs due to their lack of resources, lack of internal structures and processes (Rode and Vallaster, 2005), and a fundamental need to build a reputation (Petkova, A.P., Rindova, V.P. and Gupta, A.K., 2008) in order to find and attract customers.

Outside of those problems mentioned above, the lack of a brand management professional is also a key issue for SMEs. According to Boatwright, P., Cagan, J., Kapur, D. and Saltiel, A. (2009), brand managers and chief marketing officers recognise that a brand is only valuable when it provides value to its customers. In fact, creating a brand to satisfy customer value is a brave but obvious goal to achieve and obtain market share (Boatwright, P., Cagan, J., Kapur, D. and Saltiel, A., 2009). However, the challenge for young and small companies alike is how to create a brand identity that not only meets both existing and future customer needs, but can also be consistent with product attributes and features at the same time (Boatwright, P., Cagan, J., Kapur, D. and Saltiel, A., 2009). Nevertheless, many owners and brand managers of small company fall short on delivering this goal because they lack the brand management skills to formally analyse methods to link customer needs to their brands and products, and they lack the skills to identify which customer needs best fit company capabilities (Boatwright, P., Cagan, J., Kapur, D. and Saltiel, A., 2009).

Krake (2005) indicated that the owners and managers can play an important role in the building of a brand and brand management in a company. Furthermore, Frank (2005) further pointed out that the owners and managers are the key persons for to be managing the brand. Highest-level involvement in brand building is certainly important for the process. However, even though it makes sense to do so, brand management is still hard to implement. In addition, Ojsalo, J., Näätä, S. and Olkkonen, R. (2008) found that in SMEs the decision-making related to branding is conducted by a few managers, and other personnel are not involved. Krake (2005) similarly found that the responsibility for brand management, in all cases, was located at the highest management level and low-level staff were not included. However, brand management should be inclusive of everyone who works in the firm (Ojsalo, J., Näätä, S. and Olkkonen, R., 2008).

2.4.3 Less attention on Branding in SMEs

One of the reasons for researching brand management in SMEs is that SMEs have many issues in doing brand management. Also, previous research studies on brand management have been more focused on large companies, and less on SMEs.
Many SMEs pay little or no attention on brand management in their daily tasks and their business strategy (Frank, 2005). Bresciani and Eppler (2010) state that a common problem is that SME entrepreneurs usually pay more attention to financial and production issues and less on brand management issues. The reason is that entrepreneurs believe a good branding and communication strategy is not necessary to start a business. Merrilees (2007) suggested that many small firms believe branding is a big business issue, such as banks, well known international brands, motor corporations and the famous and popular companies with strong brand recognition. However, many companies later recognise that a clear brand vision is a sound investment for them, because the cost of subsequent changes to their corporate identity can be very high (Bresciani and Eppler, 2010).

Wong and Merrilees (2005) stated that some SMEs do believe in the strength of the brand. Most SMEs think brand management is only required by big companies, not SMEs. Wong and Merrilees (2005) point out that SMEs still believe in the power of brand management and have realised the importance of brand management, and will set themselves a goal that if they reach a certain point in their business development in the future, and there is enough time, capital and resources, they will create and manage a brand strategy. The local butcher and variety store are the kind of small businesses that know the brand is important in a company, but do not think they themselves are a brand (Wong and Merrilees, 2005). However, even though some of them they know they are the brand they do not integrate this knowledge into their daily tasks and business strategy (Merrilees, 2007). They can currently only focus on their daily routine tasks and business activities. It is usually also their belief that brand management is only for large companies who have got enough resources, time and capital to reap the marketing strategies in order to own the market share. Big businesses always use television, brochures and leaflets, and a wide range of promotional sales tools of branding are very common and popular in the large companies and help the company to build brand image and increase customer numbers (Wong and Merrilees, 2005).

### 2.5 Building strong brands for SMEs

To create a powerful brand is very important for an SME, and many former researchers formulated their theories based on doing large studies with many small and medium-sized enterprises and summarised certain steps for entrepreneurs to follow to build strong brands.

- **A reason to be** – the brand and product concept has to be distinctive, relevant and appealing to the consumer (North, E.J. Kotzé, T. Stark, O. and de Vos, R., 2003).
- **Emphasise the role of brand values** (North, E.J. Kotzé, T. Stark, O. and de Vos, R., 2003).
• Pay attention to building one to two strong brands in a company (Keller, 1998).
• When doing business, think logically, and keep your behavior consistent with your policy (Krake, 2005).
• The entrepreneur should make sure that there is a strong relationship between the character of the entrepreneur and the brand (Krake, 2005).
• The entrepreneur should have a passion for the branding within the company (Krake, 2005).

The purpose of the literature was to introduce the importance of branding in SMEs, and to give a general theoretical background of what people have done before, and stated a model to follow and analyse the respondent company. Finally, the guidelines for creating a powerful brand have been provided.

The funnel model for the role of management in SMEs developed by Krake (2005) is the main model to be used as defined in Figure 1. This model is based on the five perspectives of the entrepreneur, the company structure, the market, marketing creativity and budget. The model investigates brand management in SMEs, and attempts to extract benefit from brand management which will turn into brand recognition and turnover. The empirical research is also based on the eight aspects of the entrepreneur, the company structure, the market, marketing creativity, budget, marketing activities & communications, brand recognition and turnover from Figure 1. The questionnaire is designed to follow the detail flows to investigate the problems that exist in the respondent companies.
3. Research Methodology

In this chapter, the research methodology is presented. This is followed by the sampling and data collection methodologies. The data analysis process follows. The problems encountered during the data collection process data and their solutions conclude this chapter.

3.1 Aim
The theory indicates that the limitations of research and literature on brand management can hinder the development of business in SMEs, so this study will explore what the brand management issues SMEs face daily and what exactly they are doing with their brands. As this is an exploratory study and there is a shortage of material on SME branding, in-depth personal face to face interviews and phone interviews were selected for data collection. It allows for a better understanding current situation that SMEs faced and gain insight into the branding problems of SMEs.

3.2 Research Design
Qualitative research is a field of inquiry that cuts across disciplines and subject matter. It aims to create an in-depth understanding of human behaviour and the factors that govern such behaviour (Glenn, 2010). It refers to an unstructured, exploratory research methodology based on small samples (Malhotra, 1999) to investigate the why and how of the decision making, not just what, where, when (Glenn, 2010), and is used to gain an insight into people's attitudes, behaviours, value systems, concerns, motivations, aspirations, culture or lifestyles (Ereaut, 2007).

It was decided to use a qualitative research methodology to conduct our research as this is a case study on Gävle Vandrarhem AB and Chailease International Finance Corporation-Shenzhen Branch, and the objectives in this study are to describe how entrepreneurs manage their brands, how the entrepreneurs value their brands, what problems exist, and to provide suggestions to solve them. It mainly investigates how the attitudes and behaviour of the entrepreneur affect brand management, and attempts to gain an insight into brand management within the company. Therefore, qualitative research for data collection is appropriate to the research objectives.

The primary data for the first respondent company, Gävle Vandrarhem AB, was collected through a face-to-face interview with the owner. The primary data from the second respondent company, Chailease International Finance Corporation-Shenzhen Branch, was collected via an Internet phone interview using Skype. The
questionnaire is in the appendix.

The secondary information was collected from books, articles, the Internet and publicity brochures, in order to create a theoretical framework. Therefore certain knowledge was held about the companies before the Interviews. Furthermore, GävleVandrarhem AB were reviewed via their website which is under the Svenska Turist Föreningen (STF), the Swedish tourist association, and also via their publicity brochure. The information on Chailease International Finance Corporation-Shenzhen branch, was retrieved from their home page and other publicity brochures.

3.3 Sampling
In order to find the most accurate and useful data, the respondents that are selected must be typical of the companies profiled for this study. Therefore the companies selected have to satisfy three criteria:

Firstly, the company should be a SME. Secondly, the company must be in the industrial sector. Thirdly, the company must trade internationally (Figure 2).

Figure 2: Three criteria for the sampling

Combining all the standards, Gävle Vandrarhem AB and Chailease (Shenzhen) were selected as the sample. Gävle Vandrarhem AB is located in Gävle, Sweden and was founded in 1984. There are only three people working in this hostel, including the owner himself. The annual turnover of Gävle Vandrarhem AB is 3.3 million. All of this indicates that Gävle Vandrarhem AB is a typical SME.
Chailease International Finance Corporation-Shenzhen Branch is located in Shenzhen, China. Chailease was founded in 2005. It trades in the service industry. There are 30 employees in the company. The company turnover is 2 million per annum. All this indicates that Chailease is typical Chinese SME.

To make the study more representative and accurate, Jan Ekroth (Ekroth) and Wenlei Yang (Yang) were visited. Ekroth is the owner of Gävle Vandrarhem AB, with 28 years of hostel management experience, and clearly knows the problems of brand management in SMEs. Yang is the risk manager at Chailease for two years. He knows the daily business operations within the enterprise. Hence accurate data can be obtained from Gävle Vandrarhem AB and Chailease. The data collection component of the study from Ekroth and Yang were reliable and valid.

3.4 Data Collection

A face-to-face interview was held on 15th April at 10:30 Swedish time with Ekroth. The interview took place in the hostel and lasted two hours. A written record and a voice recording of the interview were made. Yang interviewed 1st of May at 13:00 Swedish time for 90 minutes over the Internet via Skype. A voice recording was also done.

To make the data collection appropriate for our study, a questionnaire was designed before the respondents were interviewed. A questionnaire is very efficient and useful during interviews. It’s not only easy to express when interviewing and analyse for the research, but also familiar to most people. The most important factor is that questionnaires can reduce prejudice and misunderstanding. There are standardised questions presented in every interview, and no bias introduced by the interviewer. The respondent can complete the questionnaire without any verbal or visual influence from the interviewer, and the researcher's own opinions will not influence the respondent (Walonick, 2004).

A questionnaire should not be too long, use simple and self-evident English, and the questions should not be difficult to understand and answer (Infopoll, 1998). After careful consideration, six steps (Figure 3) were used to complete the questionnaire design, which makes the data collected more relevant.
The questionnaire was split into nine categories with 26 questions. All of them are aimed at brand management in SMEs. And the questionnaire is designed in accordance with the purpose of the study and the Funnel model for the role of brand management in SMEs. The structure of the questions follows a logical order, forming a thread from beginning to end.

Furthermore, to make the research study more convincing and to complete the structure of our thesis, a large number of secondary resources from the Internet, books and articles were used (Table 1):

<table>
<thead>
<tr>
<th>Types of resources</th>
<th>Number of resources used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td>6</td>
</tr>
<tr>
<td>Books</td>
<td>22</td>
</tr>
<tr>
<td>Articles</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 1: The details of resources

3.5 Data Analysis
The process contains how we understand and explain the data collected. “In simple descriptive research, analysis may involve determining consistent patterns and summarizing the appropriate details revealed in the investigation” (Zikmund, 2003).
Data analysis was driven by the need to answer the research question (Carvalho, 2007), which is to investigate the problems SMEs faced when managing their brands and what efforts do SMEs make to solve their brand management problems.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Purpose of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 1, 2, 3, 4 and 5</td>
<td>Used to get the general information of the respondent’s company and state of brand management within the respondent’s company.</td>
</tr>
<tr>
<td>Q 6, 7 and 8</td>
<td>Designed to investigate the role the entrepreneur plays in the firm. Followed the model to examine the relationship between the characters of the entrepreneurs and the state of brand management in the respondent’s company.</td>
</tr>
<tr>
<td>Q 9, 10 and 11</td>
<td>Applied to examine how the company structure is influenced by the entrepreneur and how the firm values brand management. To sense whether the company structure influences the role of brand management and to what degree.</td>
</tr>
<tr>
<td>Q 12, 13, and 14</td>
<td>To know whether the branding strategy, state of branding or brand position changes with the market.</td>
</tr>
<tr>
<td>Q 15 and 16</td>
<td>To see whether the company is creative enough in marketing to do some special marketing activities to attract customers and communicate with them.</td>
</tr>
<tr>
<td>Q 17, 18 and 19</td>
<td>To assess how the available budget support affects and restricts the marketing activities and the method of communicating with the customers.</td>
</tr>
<tr>
<td>Q 20, 21, 22 and 23</td>
<td>Aimed to find out how the company publicises itself to its customers and communicates with them. To explore how the role of brand management served marketing activities and communication.</td>
</tr>
<tr>
<td>Q 24</td>
<td>To assess the relationship between turnover and marketing activities.</td>
</tr>
<tr>
<td>Q 25 and 26</td>
<td>To know how the customer considers the brand, then to investigate how brand management results in the marketing activities and communication, and how it leads to brand recognition.</td>
</tr>
</tbody>
</table>

Table 2: Purpose of questions in the questionnaire
The Funnel model was followed step-by-step to find the problems that exist in the process as a whole, and then provide recommendations to the respondent’s company according to the theory and model.

3.6 Deficiencies of Research Method

The approach used in this study is reliable and valid, but deficiencies with our methods still exist.

Firstly, two respondent companies were accepted, both of them belonging to the service industry, located in Sweden and China. So the companies interviewed are in a single industry sector and the region is relatively small. Five companies in different industry sectors in China and Sweden, such as services, manufacturing and high-tech, were initially contacted. However, only three companies responded and of those one refused to accept an interview. The situation highlighted the fact that if you do not have a relationship with the companies, it is hard to find a company to cooperate. This problem can possibly be solved in future studies, by contacting more SMEs, and illustrating the research objectives to them more clearly, and showing them now this research is also important to them.

Secondly, only two companies were investigated. If more companies had been investigated, the data collected would be more complete and accurate. Only one person per company was interviewed, so the data collected was limited, so an in-depth analysis cannot be provided. In the future more companies and more people will be interviewed, in order to collect more comprehensive data.

Finally, the questionnaire contained only subjective questions, no multiple choices. This results in interviewees spending more time to answer questions. At the beginning of the questionnaire, a covering letter or introduction to the survey should be inserted, in order to let the recipient know what you are trying to accomplish with the survey, and how valued his or her response is.
4. Empirical Findings

In this chapter, the empirical data collected from Gävle Vandrarhem AB and Chailease is described. A brief introduction of the respondent companies is presented. This is followed by the data collected through the “Funnel” model. Finally, the issues that SMEs faced are reviewed.

4.1 Company Overview

**Gävle Vandrarhem AB**

Gävle Vandrarhem AB is located in Gävle, Sweden, and was founded in 1984. The main business of Gävle Vandrarhem AB is to provide passengers with accommodation and catering services. There are only three people employed in this hostel, including the owner himself. The annual turnover in Gävle Vandrarhem AB is 3.3 million SEK.

**Chailease**

Chailease International Finance Corporation has a branch located in Shenzhen, China. Chailease was founded in 2005. It belongs to the service industry. The company’s business scope is to provide enterprise customers with a variety of financing solutions and financial consulting when purchasing new equipment and leasebacks on old equipment. There have 30 employees in the company. The company generates about 2 million CNY of turnover each year.

4.2 Marketing Activities and Message Communicated

**Gävle Vandrarhem AB**

Gävle Vandrarhem AB has joined the Svenska Turist Föreningen (STF) which means Sweden Tourist Association in English, and which has almost 400 youth hostels as members. STF is a sub-organization of the International Youth Hostel Federation (IYHF) which has more than 5500 youth hostels as its members. To increase brand awareness for Gävle Vandrarhem AB, Ekroth relies mainly on the efforts of STF. Ekroth pays 150,000 SEK membership fees per year to STF, and STF take responsibility for advertising Gävle Vandrarhem AB. Their main approach is through the use of brochures which you can get from every member hostel and find the information about Gävle Vandrarhem AB there. Their secondary approach is an Internet website. People will find information about Gävle Vandrarhem AB on the homepage of STF if they want to go in Gävle.

There is also a knock-on effect from patrons who have had a good experience in one
of the STF hostels, to then seek to use them again when possible.

There is also a free map from the Gävle municipality, which has Gävle Vandrarhem AB is marked on it.

Ekroth does not do any advertising or other public relations activities, other than what STF does. Ekroth felt it was too difficult to understand which activities would generate sufficient returns, and he did not want to waste money, so does nothing further.

Ekroth felt that most of the patrons were travellers from other towns, cities and countries, therefore it was too big a financial challenge to address these very diverse geographic locations.

To keep the customers coming back, Ekroth said that it was necessary to provide good service to customers, make them satisfied with high standards. Then the next time they come to Gävle, they’ll probably choose the same place again. A good reputation will be spread to friends and relatives via word-of-mouth.

Chailease
The primary choice for their company to generate brand awareness is advertising. Additionally, high end BBS and sponsorship are also used to increase exposure and win popularity. The company also publicises their brand through quality, price, customers and shareholder. Yang pointed that Geely’s acquisition of Volvo also builds brand awareness. The publicity of their brand is effective and makes a great effort for the company. Yang said, if you are a manufacturer of cell phone cover with excellent reputation, even IPHONE will be your downstream customer, it will be seen that the importance of publicity. Good brand management always has good after-sales service, and after developing a good reputation and working well together for a long time, you will win the trust of your customers. Once the relationship is established, the customers won’t turn to other suppliers.

4.2.1 Role of Brand Management
The role of brand management is driven by three aspects, the entrepreneur, company structure and the market as detailed below:

a) Influence of Entrepreneur
Gävle Vandrarhem AB
As an entrepreneur, Ekroth said that it is important to make a good connection with the customer and keep the customer coming back. Many people appreciate that he still
owns the company.

Ekroth suggests that the entrepreneur impacts on the staff, and that the staff cooperate with one another very well, and also with himself as the entrepreneur. Ekroth gave examples where staff asked for his help on a big dinner, and a staff member reminding him to wear gloves when gardening.

While receiving customers, extra tasks may arise that must be handled by the staff members. The most important thing for doing jobs in reception is to show respect to customers and make them satisfied. And if the customer is satisfied, they will come back again.

A good way to inspire his employees is to make them feel valued in the same way as the owner. They in turn develop a sense of responsibility to the firm.

Ekroth considered his role within the firm as very important. He owns the company, makes the employees head in the right direction and also to ensure the whole company is heading in the correct direction.

Chailease
Yang told us the entrepreneur in their company is very easy to communicate with and is an innovative thinker. As for the company, it is not how the character of the leader influences the company. Different leaders will create a different company culture and different personnel. The entrepreneur is the label of the company culture and best representative of the company slogan. For SMEs, the entrepreneur is almost the one and only decider and propellant for branding.

\textit{b) Influence of the Company Structure}

Gävle Vandrarhem AB
Ekroth pays 150,000 SEK per year to STF, who then do relevant publicising for Gävle Vandrarhem AB. STF makes printed brochures and a website and all the information of his hostel can be found on it. The 150,000 SEK is what Gävle Vandrarhem AB paid to brand itself.

The personnel are not required to introduce their brand to the customers. One of the employees is shy to talk much to the customers because of the language problem. Although the owner does not ask the employees to introduce the brand or increase the brand awareness, it is certainly encouraged if the employees do so.
Chailease

The company gives 20% of its attention to brand management, and the personnel are required to increase brand awareness because in a finance leasing company, their reputation and credit standing is extremely important, for their customers use it to consider whether it is can be trusted or not. It is true that brand management is important for the international large corporation, but it is not that important for SMEs. As most SMEs in China are situated at the end of the industrial chain with low added value, what they do is just advanced machining and most of them are focused on the product quality. Once the products have good quality and price is reasonable, the orders will be stable. However, because of the influence of the entrepreneur, how the company values their brand, and decides whether to develop their brand or not, that is always determined by the boss.

c) Influence of the Market

Gävle Vandrarhem AB

According to Ekroth used to answer the phone every day and he does not background knowledge to know the market or how to attract customers. GävleVandrarhem AB provides many choices for customers to choose the best service mix for themselves. Their price list is shown below:

<table>
<thead>
<tr>
<th>Room</th>
<th>Price(SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single room</td>
<td>from 360:- /person</td>
</tr>
<tr>
<td>Bed</td>
<td>from 185:- /adult</td>
</tr>
<tr>
<td></td>
<td>from 90:- /child</td>
</tr>
<tr>
<td>Double room/Twin-bedded room</td>
<td>from 240:- /person</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extra Service</th>
<th>Price(SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed sheet &amp; Towels</td>
<td>80:- /set</td>
</tr>
<tr>
<td>Breakfast</td>
<td>70:- /person</td>
</tr>
<tr>
<td>Cleaning</td>
<td>80:- /person</td>
</tr>
</tbody>
</table>

Table 3: STF Member's prices 2011

From this table, it can be seen that Gävle Vandrarhem AB offer customers a number of choices, and the customer can select their own combination of services. What’s more, if the customer is a member of STF, then there will be a cheaper price than normal. It’s should also be mentioned that there is only one member hostel in Gävle, Gävle Vandrarhem AB.
There are four cheap hotels that are local brands in Gävle, Hostel City, Slottstorgets Pensionat, Gävle Bed& Breakfast and NYA Järnvägshotellet). When asked about the competition, Ekroth claims that a free market is necessary, as then customer can choose anywhere to stay, and it is up to the customer. It is more important to provide good service to the customer and make them satisfied. Therefore, it is also necessary to compare with the other cheap hostels to find their weaknesses and problems, and to make your own service better. Finally, to create a good reputation for the city, with the efforts of all the hotels or hostels.

Chailease
Chailease provides an equipment finance leasing service for SMEs which urgently need operating fund or to purchase equipment. Chailease claim that they are very innovative in their daily tasks. The company has never changed their brand image or brand position since inception.

4.2.2 Marketing Creativity
Gävle Vandrarhem AB
The company does not often consider special marketing ideas to attract customers. Some competitors cooperate with the Golf Club, but Ekroth does not do so, but he does introduce the facilities nearby to the customers.

Chailease
Their company attempts to keep providing good service and persists in being creative. It is the financing creativity in helping clients to reduce tax liabilities where they focus their attentions. They see creativity as a good way to communicate with customers.

4.2.3 Available Budget
Gävle Vandrarhem AB
Ekroth advised that the Gävle Vandrarhem AB budget is about 800,000 SEK for a year and most of it is spent on the rent for Gävle municipality, membership fees for STF, heating and electricity. Details are in the following table.

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount /year (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STF</td>
<td>150,000.</td>
</tr>
<tr>
<td>Rent</td>
<td>450,000</td>
</tr>
</tbody>
</table>
Yang said that the budget for launching new services is around 200,000 CNY, and the details are shown below. For the company, the level of budget will certainly affect their marketing activities. No money, no large publicity. No publicity, no brand recognition.

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount /year (CNY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisement</td>
<td>100,000</td>
</tr>
<tr>
<td>High-end BBS</td>
<td>70,000</td>
</tr>
<tr>
<td>Title sponsorship</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200,000</strong></td>
</tr>
</tbody>
</table>

Table 5: Budget of Chailease

### 4.3 Turnover and Brand Recognition

#### 4.3.1 Turnover

Annual turnover differs from company to company. Ekroth said that as the number of visitors coming to Gävle is stable each year, the annual income is similarly stable, and there is very little fluctuation. Yang mentioned that it is hard to say how much income will be achieved each year, as it depends on many variables such as market environment, market competition, publicity, cases of government policy, and more. The average annual turnover in Chailease is two million.

#### 4.3.2 Brand Recognition

Both respondents believe their customers like their brand and services. According to Ekroth, Gävle Vandrarhem AB is an old brand with a long history. The services in our hostel are the best and my job is to make our customers feel good. Ekroth believes the most important elements in building and developing brand recognition is to make the customer feel at home. He said that they provide the best services in order to make it a home from home for their guests. So, whenever they come to Gävle, they come back again.

Yang indicated that the customers like their brand, and they have many loyal customers with whom they have good relations, the oldest one since the company was established.
established. He thinks that to build and develop brand recognition, loyalty and quality are the crucial points, and marketing activities are good for attracting more new customers. They can communicate directly with their customers. Marketing activities cannot only increase brand recognition, but can also bring benefits to the company. Yang said that customers like their services very much and some customers have also introduced their friends to the company. He suggested that if you want your customers to like your brand and come back to purchase your products and services again, you should do something good for them such as by providing quality services and products. Furthermore, customer relationship management is also very important for building good brand recognition. Guanxi is very popular in China, you should use Guanxi to keep in touch with you customers and keep uppermost in their minds.

4.4 The Brand Management Issues Faced in SMEs

4.4.1 Brand Management is Advertising

After interviewing both the respondents, it was noted that neither of them had an independent department for brand management. They believe brand management is publicity, advertising and making web pages. Ekroth said that each company should have a brand, and that he also needs to build his own brand, because a famous brand can bring lot of benefits to a company and its customers, and enhance the competitiveness of the company. As his hostel only has three employees including himself, it is not necessary to have a brand management department right now. Furthermore, he has to pay a 150,000 SEK membership fee every year to STF, and STF take responsibility to advertise for Gävle Vandrarhem AB.

During the interview, Yang mentioned that they do not have a brand management department, but they do have a planning section which serves as public relations, internal culture and corporate promotional materials. Yang also mentioned that Chailease currently have a good reputation in the industry, so they do not need a department for brand management.

4.4.2 Lack of Capital, Time and Talent

Why do most SMEs not have an independent department for brand management? During the interview we found that capital, time and talent is one of the key reasons. Some SMEs know brand management is important for the company, but due to these reasons they have to give up brand management.

Ekroth said he knows that spending on advertising can bring more income, but he does not have a lot of money to spend on it. He also understands that if he has his own web page, it will be good for his business and it will be convenient for customers, but he does not have much time and talent to do it. He has to work seven days per week to operate his company, and he has not got an education or background in brand
management. Ekroth also pointed out that the current situation showed that it is difficult to hire the right people to manage the brand. He knew branding is important and that it would bring the company more income and better brand recognition, and he will do it in a year or two. If he died, a young owner will take his place and make it successful.

Yang indicated that the biggest problems are capital and time. He said that SMEs in China survive through quality, price and service, so the competition among SMEs is very intense and it is therefore difficult to establish a good reputation. If the company has money, they prioritise investments in marketing and fixed assets, and only have a small amount of money to be used in brand management. In addition, Yang mentioned that most companies do not manage their brand because they think that brand management cannot be immediately effective, and that it will take very long time, and they do not the time to wait. More importantly, the lack of highly educated brand management talent will hinder the operation of brand management in SMEs.

4.4.3 Brand Management Department is No Necessary

The interviews showed that most SMEs think brand management is important for a large company or an international company, but is not necessary for SMEs. According to Yang, for the global company brand management is important, but it is not very important for SMEs, because most of SMEs is OEM (Original Equipment Manufacturer) companies, and the value-added is relatively low in those kinds of companies. They just assemble parts, as long as quality is good and prices are reasonable, then the order will be stable, so they think that brand management is not important for them. They spend lots of money on marketing and fixed assets, but less on branding.
5. Analysis and Reflection

In this chapter, we will present a structured view of the data gathered by looking through the theoretical part at our practical subject. The research questions will be answered by bring theory and empirical data together.

5.1 Brand Management is beneficial for both firms and consumers

First, a successful brand can help a company to distinguish themselves from the competitors, be held in high esteem, and establish a relationship with target customers (Aaker, 1996; Keller, 2003). Keller (2003) holds the view that the brand name is often worth more than the total value of the company itself, and that building a strong brand can improve customer loyalty and therefore generate higher revenues in the long term. The data shows that building and developing a brand on a daily basis can improve customer loyalty and create good relationships with customers. Keller (2008) also indicated that brands can provide special meaning and benefits to the consumers and a number of valuable functions to their firms. This is identical to statements by Ekroth. During the interview Ekroth claimed that each company should have a brand, because a famous brand can bring lots of benefits to a company and enhance the competitiveness of the company, and is also of benefit for the customers. Given the above, the theory and the empirical data indicate that brand management is not only important for the company, but also beneficial for the customers.

Second, it can be seen from (Figure 1), that the role of brand management in SMEs is one of the factors that affects marketing activities and messages communicated, and these will ultimately affect the turnover and brand recognition, so the role of brand management in SMEs is an important factor (Krake, 2005). Ekroth agreed with this too, and the data from the interview shows that branding is important for a company, and that it would bring them more income and better brand recognition. The owners of the company want to manage the brand but they have insufficient time.

Given the above, there is no doubt that building a strong brand is good for both consumers and companies.

5.2 Brand Management Issues Faced in SMEs

5.2.1 Narrow Interpretation on Brand Management

According to Frank (2005) the owners or directors are the ones to take the lead in branding. They either have the time for brand management or are not even conscious of brand management as a concept. If the owners or directors are not paying attention
to brand management, how can employees be expected to pay attention to it (Frank, 2005). The data showed that most of SMEs do not have a brand management department, but they have a planning section to manage public relations, internal culture and corporate promotional materials. Some of them think that they have a good reputation in the industry now, so it is not necessary to have an independent department for branding. From the data, it was found that a narrow interpretation on brand management exists in SMEs, and most of the owners and managers do not understand the real concept of brand management, and they lack understanding of the real meaning of branding. They think brand management is advertising, and advertising is brand management.

Wong and Merrilees (2005) indicated that from the owners or managers point of view, brand management is restricted to advertising plus the brand name and logo. They think that if they have a brand name and a logo that is enough for brand management. The data showed that Chailease have spent about 50% of their total budget on advertisements to develop their brand, 35% for high-end BBS and 15% for sponsorship, but they did not manage the brand in their daily tasks. Wong and Merrilees (2005) mentioned that they put a large proportion of investment in the media to deliver the communication message to their target customers. The advertising activities, such as television, yellow pages and promotional leaflets were seen as important to branding, but they do not seen as critical for SMEs (Wong and Merrilees, 2005). Personal selling and face-to-face conversation is a critical part of marketing in SMEs (Wong and Merrilees, 2005). This is identical to what Ekroth mentioned in the interview. The data shows both Gävle Vandrarhem AB and Chailease do not have an independent department for brand management. Gävle Vandrarhem AB have to pay 150,000 SEK membership fee every year to STF, and STF take responsibility for advertising for Gävle Vandrarhem AB. For this reason, it is not necessary to have a department for brand management right now.

5.2.2 Lack of Resource and Time

According to Wong and Merrilees (2005) SMEs have limited time, resources and structures or processes to carry out branding activities. Most of the SMEs if they have money, prioritise to invest in marketing and fixed assets, and only have small amount that will be used in brand management. Boatwright, P., Cagan, J., Kapur, D. and Saltiel, A., (2009) mentioned that many owners and brand managers of small companies have a lack of talent related to brand management and formal analysis methods that link customer needs to their brands and products, and they lack the skills to identify which customer needs best fit company capabilities. From the interview, it was found that most owners think that brand management cannot be immediately effective and that it will take a very long time to become effective, so they believe that do not have the time to wait. Furthermore, the lack of highly educated brand management talent will hinder the operation of brand management in SMEs. The data shows that the owners and managers do not have much time for branding, as they
have to work seven days per week to operate their companies. Moreover, the data also shows that the owners and managers similarly lack an educational background in brand management, and the current situation showed that it is difficult to hire the right people to manage the brand.

In addition, Ojalo, J., Nätti, S. and Olkkonen, R. (2008) found that in SMEs the decision-making related to branding is conducted by a few managers, and other personnel are not involved. This is identical to what Yang mentioned in the interview. The interview highlighted that the owner is the label of the company culture and best representative of the company slogan. And for SMEs, the entrepreneur is almost the one and only decision maker and propellant for branding. Given the above, the theory and empirical findings showed that the limitations on resources and time do exist in SMEs.

5.2.3 Less Attention on Brand Management

According to Bresciani and Eppler (2010), the entrepreneurs in SMEs usually pay more attention to financial and production issues and less to brand management issues. Furthermore, Merriless (2007) stated that many small firms believe branding is a big business issue. Even though small businesses know the brand is important in a company, they do not think they are a brand (Merriless, 2007). However, even when they know they are the brand, they do not integrate it into their daily tasks and business strategy. It was found in this study that most of owners and managers think brand management is important for global companies, but not for SMEs, because most of the SMEs are OEM companies, and the value-add is relatively low. They just assemble parts, and as long as quality is good and prices are reasonable, then the orders will be stable, so they think the brand management is not too important for them. They spend lots of money on marketing and fixed assets, but less on branding. Combining theory and empirical findings, it is clear that most SMEs think brand management is important for the large company and international company, but is not necessary for them.

5.3 The Brand Management Problems We Found

5.3.1 What Influence the Role of Brand Management has in SMEs?

As Krake explained in his funnel model, three factors will influence the role of brand management in SMEs, including the influence of the entrepreneur, the influence of the company structure and the influence of the market (Figure4).
Firstly, it’s the entrepreneur who determines the company structure and how much attention it can give to brand management. An entrepreneur has a huge impact on the business, and the impact is more evident in the performance of small and medium enterprises (Krake, 2005). Ekroth is very gentle, kind and tends to help people, thus the atmosphere in his company is similar. Chailease we also get that the character of the owner determines his company culture, company structure, and how the company values brand management. In fact, many SME companies pay little attention to brand management in their daily tasks, and others think brand management is not necessary (Krake, 2005). Both the respondents indicated that they have no brand management department and no branding plan. Brand is not the primary factor to consider for the owners, it is important, but not the most important. If the owner values branding as important, the company will similarly value it as important. Both the respondents indicated that the entrepreneurs affect and determine the company culture, company structure, and the atmosphere among the company and employees.

According to Krake (2005), the entrepreneurs are representative of a brand, and play an important role in communicating the brand outside the company. The two respondents indicated the same. As a label and personification of the brand, the owners actually can do more things to publicise their brand. The characters of the owner will be also labeled on his brand. If the owner is approachable and affable, his brand, company, and service will also be considered as providing comfortable service. If the owner is honest and his word is his bond., then his brand and company will be labeled as trustworthy. In contrast, if the owner has a bad reputation, his company will be also connected with his character. The respondents indicated that they understood this.

The funnel model shows that the company structure can influence the role of brand management in SMEs (Krake, 2005). Especially for Gävle Vandrarhem AB, personnel are not required to publicise their brand, and they mostly focus on providing better service to customers. This factor is also driven by the owner. For Chailease (Shenzhen), the personnel are different to Gävle Vandrarhem AB. The personnel are clearly required to publicise their brand. This can contribute to the recognition of
brand management of the owner. In the financing industry, reputation and credit rating is vitally important. SMEs, especially those which only have one brand, the brand image represents the company to a certain degree. The company structure in Gävle Vandrarhem AB is actually less focused on brand than Chailease. Personnel in Chailease are required to introduce and publicise their brand to the public, while Gävle Vandrarhem does not.

Gävle Vandrarhem AB pays 150,000 SEK per year to STF, which comprises almost the complete spending for his brand. The owner pays the money, and STF publicises the brand and the company for the owner. Actually the owner does nothing else in managing his brand. This creates an awareness of brand management within the firm, and then influences the role of brand management in the firm. Data from Chailease indicates that they allocate around 20% of their time and attention to brand management, but they still tend to consider that for most SMEs, brand is not as important as quality of the product or service, especially for most Chinese SMEs situated at the bottom end of the supply chain. This can be attributed to the general state of SMEs and China’s basic conditions. Ekroth does not have much education in brand management and tends to leave the branding issues to STF. The respondents both know that an understanding of brand management is important, but not that much. Practically, Chailease seem to do much more on branding than Gävle Vandrarhem AB. At this point the influence of the entrepreneur on the company can be noted. And according to Krake (2005), both these two factors will influence the role of brand management in their firms.

The funnel model shows that the market can also influence the role of brand management in a company (Krake, 2005). The type of market, the products a company makes and its market orientation also determines the role of brand management in SMEs (Krake, 2005). The competition for Gävle Vandrarhem AB is not that fierce, and the company tends to leave the freedom of choice to the customers. The owner considers the relationship with the competitors as a competition. Hotel and hostels in Gävle create good reputations which will also benefit Gävle Vandrarhem AB. The service they provided to the customers, together with the variety of services allows customers to select the best service mix for themselves. The hostel intends to provide better service to satisfy the customers, and they also improve their service to meet the needs of customers, in order to contribute to the brand. Chailease has to face fierce competition which makes them innovative. Neither of the respondent companies has ever changed their brand image or brand position because of the influence of the market. These conditions also lead to the role of brand management in the firm. Fierce competition leads to more attention being paid on brand management. Chailease faces fiercely competitive environment which makes them increase their efforts to win the customer, while Gävle Vandrarhem AB is totally different. That also leads to the branding strategy within the firm.
5.3.2 What Influences the Marketing Activities and Messages Communicated?

As Krake explained in his funnel model, three factors here will influence the marketing activities and communication, which is the role of brand management, marketing creativity and available budget (Figure 5).

![Diagram showing factors influencing marketing activities and messages communicated]

**Figure 5:** Factors influencing marketing activities and messages communicated

Gävle Vandrarhem AB does not often consider special marketing ideas to attract customers, as they are more focused on service. Chailease is different, due to fierce competition, so the company needs to be more creative in helping the customers with their tax deductions. Here the creativity influences the marketing activities. Chailease provides some special services to their customers, although not directly related to their marketing activities and communication messages, but at least, they recognized that creativity bring benefits to the company while Gävle Vandrarhem AB made no attempt to be creative.

The role of brand management influences the marketing activities and messages communicated by Gävle Vandrarhem AB. Although the owner values brand as an important factor, it does not reflect in brand management. Thus brand management does not play an important role in this firm which also leads to fewer marketing activities. Chailease values brand as an important factor for the company, and they do many marketing activities because the industry and competition force them to, but they have also not put branding at a management level.

An SME has a much more limited budget as compared with a large company, which will certainly restrict the marketing creativity level. To build a strong brand can be expensive. The budget will determine what can be done, especially in respect of advertising (Krake, 2005). The two respondents indicated that public relations and marketing are largely a function of available budget, which is very small.
Gävle Vandrarhem AB publicises its brand mainly through the STF website and brochure. As a hostel, the most important way for Gävle Vandrarhem to get good brand recognition is through its good service and the freedom of choice. They provide a wide range of service which can satisfy a broad range of customer needs. Satisfied customers will publicise the hostel to their friends and family via the word-of-mouth. As for Chailease, they are using advertising, BBS, sponsorship and other public relations activities to gain brand awareness, and also publicized the brand through quality, price, service and its satisfied customers. Comparing the two respondents, Chailease do much more than Gävle Vandrarhem AB. This is same with the role of brand management within the firm. Also from Figure 5 the role of brand management in the firm is suited to their different marketing activities.

5.3.3 What Influences the Turnover and Brand Recognition

From (Figure 6), we can see turnover and brand recognition are directly affected by the marketing activities and messages communicated. Brand recognition is affected by five factors such as sympathy, quality, attractive, chic and noticeable (Krake, 2005). The data we collected from Chailease shows that the turnover is dependent on many reasons, such as the market environment, market competition, publicity cases and government policy and more. Building and developing brand recognition, loyalty and quality are the crucial points. Furthermore, marketing activities are good for attracting new customers. They can communicate with their customers directly, and marketing activities are not only able to increase brand recognition, but can also bring benefits to the company (Krake, 2005). Both respondents indicated that marketing activities and messages communicated are beneficial for turnover and brand recognition. However, while Gävle Vandrarhem AB considers it is important to do marketing activities, they do not often do it, because they think it expensive.
Figure 6: Factors influencing turnover and brand recognition
6. Conclusion Remarks

In this chapter, the findings of the research study are presented, together with recommendations and suggestions and then the contribution to the body of knowledge.

6.1 Concluding Remarks and Implication

Building strong brands is important for companies to increase visibility, credibility and competitive strength. Brand management is a significant marketing issue that benefits the company and provides important functions to consumers. Numerous research studies have been done on brand management in big companies, but few in the context of SMEs. As 95% of all businesses are SMEs (Thurik, R., Risseeuw, P. and Uhlaner, L. M., 2003) they cannot be ignored. This was a key reason for this research study.

This study was conducted to investigate how brand management is implemented in SMEs and identify the problems encountered by SMEs when managing their brands. The intention was to identify the problems and help SMEs to solve them. The research questions are listed below:

1. Which problems do SMEs face when managing their brands?
2. What efforts do SMEs make to solve the brand management problems?

Which problems do SMEs face when managing their brands?

The primary problem is the narrow understanding of brand management, which can limit brand management into advertising, brand name and the logo. The second problem is a lack of resources and time which is reflected by the owner working seven days a week and the company itself does not collect marketing information and does not change to follow market needs. They do not understand the relationship between the character of the entrepreneur/owner and the brand. Thirdly, SME companies pay less attention to brand management. Even though they know that brand is important, they tend to consider it as unimportant for SMEs. They do not value the importance of brand management, and do not pay much attention or do much to manage the brand. Personnel are even not required to publicise the brand in the first respondent company.
6.2 Recommendations and Suggestions

Given the above, solutions were created for the second research question. Firstly, since the owners and managers have a narrow interpretation of brand management, and it is suggested that they should differentiate the brand and product concept, and understand what the brand management concept actually is.

Secondly, because of limited capital, time and the difficulty in finding talent to do brand management, it is hard to develop brand management in SMEs. These limitations can force owners and managers to focus on the short-term business strategy, however, the short term focus on daily tasks can become an obstacle for the companies developing a long-term branding strategy. The owner and manager should increase their knowledge about brand management to analyse what the customers really need. In addition, the company should allocate more capital and time to branding and developing the long-term branding strategy. And the owners and managers need to know brand management is a function of everyone who works in the firm.

Thirdly, brand management is required both in big companies and SMEs, thus the companies have to recognize the importance of brand management, not just the brand, and therefore the owners and managers have to pay more attention to brand management. SMEs should know that they are the brand, and the value of a brand is beneficial for the company, even though there is not enough resources and time, and should cultivate a passion for the brand within the company.

Furthermore, to build and develop good brand recognition, the company should provide quality products and services, and then gain the loyalty of their customers. They must do marketing activities as they can not only communicate with target customers and know they needs, but also can attract new customers. The more customers, the more turnover will be create by the company.

6.3 Contributions

The contribution of this paper is to find out what problems exist in SMEs via the case study of Gävle Vandrarhem AB and Chailease. The relevant theories were integrated and analysed with the data collected, and recommendations made This paper will provide useful information and suggestions for SMEs when building and managing a brand. It can not only reduce the difficulties faced in branding, but also reduce the time to improve their work efficiency.
6.4 Future Studies

Although this research attempted to determine the brand management problems that exist in SMEs by qualitative methods, this is just a pioneering research study. In this study, only one owner and one brand manager from two countries were interviewed. Further research is therefore required to validate the findings in different countries such as developing, emerging and developed countries. In addition, this research focuses on finding the problems on brand management in SMEs, and therefore it is imperative to deepen knowledge of this subject and learn more about brand management in several other industries such as high-tech and manufacturing. With regard to the qualitative techniques that were utilised in this research, in future research it is important to use other qualitative techniques in order to provide better brand management in the future.
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Appendix:

Questionnaire

Brief introduction of our topic
As we know, a famous brand has an important role in business customers’ decisions. For those reasons, building strong brands has become an important point for many companies since it produces a number of marketing advantages and increases companies’ competitive strength. Brand and reputation research are relatively well established, but SMEs’ branding is relatively new. And previous researches are more on the big firms, but it is surprising that we cannot find one research study contributed on SME branding.

With the reference to the above, we believe that studying the brand management problems in SMEs is both valuable and practical. So we want to explore what the branding issues SMEs face in their daily runs and what exactly they are doing with their brands. Furthermore, finding out how to solve the problems is our goal. We prefer a deep study rather than merely presenting the situation. So we will choose one of the most typical SME companies to have an interview, and get the reliable date from them to support our topic.

General Information
Name:                        Age of Your Brand:
Email:                       Location:
Name of the Company:         Number of Employees:
Industry:                    Annual Turnover:
Your Position:

Your Working Ages:
**Company Information**

1. Do you have an independent department for brand management? How employees in this department? And what’s their responsibility?
2. How do you consider the brand management in your company? Do you think it is succeed?
3. Do you think it is difficult to build and maintain a brand in SMEs? And why?
4. What are the biggest problems faced by the brand management in SMEs?
5. How to solve these problems?

**Influence of the Entrepreneur**

6. What characters do entrepreneur have in your company?
7. Do you think the characters of leader can influent your firm?
8. What role does the entrepreneur act as in brand management?

**Influence of the Company Structure**

9. How much attention does the company pay to brand management?
10. Are the personnel required to increase brand awareness?
11. Do you think the brand is important for the development of your company? How does your company value the brand management?

**Influence of the Market**

12. What kind of products /services do you offer to your customer? What is your target market? Have you innovating them during the daily runs?
13. Have the company ever change the brand image or brand position?
14. States of the competition. States in the whole industry/ in this city?

**Marketing Creativity**

15. Do you have some special idea to attract your customers?
16. Do you think it is a good way to communicate with you customers and obtain the useful information from them?
**Available Budget**

17. How much is your budget for a new product launching? Which degree can it achieve?

18. How do you spend your budget? How many aspects do you invest in? What are they? What is the total amount for every aspect?

19. Whether the level of budget will affect the marketing activities?

**Marketing Activities and Communications**

20. How do you increase your brand awareness?

21. How do you publicize your brand?

22. Do you think the publicity of your brand is effective? How do you evaluate it?

23. How do you think brand management impact on marketing activities?

**Turnover**

24. How much is your annual turnover? And how does it relate to your marketing activities?

**Brand Recognition**

25. How do your customers consider your brand?

26. What the most important elements when you build and develop brand recognition?

*Thank you for your help!* 

Best regards,

Huakuai Huang and Ying Lai