BRANDING IN SMALL BUSINESS

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

Key words: branding, small business, brand strategy

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

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

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

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

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

Branding strategy for the small business

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

**What is marketing?**

In a broader definition, marketing is a set of activities that creates value, on the long-run, both for the business and for the client. From this perspective, the marketing effort should be considered as a long-term investment, in order to generate a bond between the client and the enterprise, for the benefices of both parties (figure no. 1).

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

Considering the two perspectives, the marketing that a small business manager is practicing is focused on the short run and devoted to commercial objectives. This is not the only difference. Marketing in small business is based on networking (Gilmore et al., 2001); it is a combination of transaction, relationship, interaction and network marketing (Brodie et. al., 1997); it uses intensively the Internet and the e-commerce (Chaffey et al, 2000; Rayport and Jaworski, 2001).

Small business need sales (in any conditions) and the marketing techniques focuses on this. This optic can be reflected by the fact that, in most small businesses there is a person (sometimes a department) that is focusing exclusively on sales and rarely a person (or even more rarely a department) focusing on marketing. Building long-term relationship with the client is left in the second plan by the manager or he is not convinced by its importance.

**Branding in SME**

In the light of the aspects mentioned above, branding is neglected in small businesses, because it does not produce immediate effects (and therefore can be considered as an investment). We appreciate that the role of branding is not necessarily to stimulate the purchasing of products, behavioral loyalty, but to determine the creation of a favorable images alongside clients.
### Table 1 (bold, center)

**Evolution of branding in small business**

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

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

a) the business ceases its activity so all its assets including the brand disappear;
b) the business manages to remain on the market but its brand is still latent, not activated. The business is facing success by the quality of product and services and act on a market in which the purchasing frequency is reduced and, as a consequence the clients don’t remember the name of the companies. The need is manifested rarely and it is satisfied, usually, by a single transaction. For example: repairs to installations, companies that moves the furniture, etc.;
c) the business has success and its brand is recognized. In this way there is a strong connection between the consumers and the brand that goes beyond the framework of the commercial relationships.

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