Small Businesses: Strategies and Initiatives for Positioning and Branding

Pratap Chandra Mandal, Indian Institute of Management, Shillong, India

ABSTRACT

Positioning and branding in the minds of the target market are imperative for any company. Small businesses find it challenging because of limited resources and budgets. Small businesses adopt a number of innovative ideas and initiatives to develop and build their brands. They focus on finding a compelling product and improving its performance, establishing brands with limited associations, and providing product and service trials for customers. They use the internet optimally to do digital communication and depend on word of mouth and buzz marketing to do cost-effective communications. They develop an integrated set of brand elements and leverage secondary brand associations. They utilize their scarce resources optimally, conduct cost-effective marketing research to analyze their customers, and focus on concentrated marketing. All these strategies and initiatives help small businesses to position and establish their brands in the minds of the target market.

KEYWORDS

Brand Association, Buzz Marketing, Concentrated Marketing, Digital Communications, Limited Resources, Marketing Research, Optimal Utilization, Word of Mouth Marketing

1. INTRODUCTION

A company cannot establish its products and services in the market if its offerings are not differentiated from that of its competitors (Ma & Wooton, 2020). The products and services offered should satisfy the requirements and preferences of target markets. A company or a brand should occupy a unique position in the minds of the target market and in the marketplace (Kostelijk & Alsem, 2020). To occupy a unique brand position, companies should understand their customers well. Companies should be aware of customer needs, wants, and values. They should also be aware of their own capabilities and competitor actions. A unique brand positioning is created only when company capabilities match with customer requirements (Klein, Völckner, Bruno, Sattler, & Bruno, 2019). This requires disciplined but creative thinking.

Small businesses are defined by U.S. Small Business Administration as those businesses which employee less than 500 individuals (SBA, 2014). Small businesses are characterized with limited resources and budgets. Limited resources and budgets are the two major constraints which restrict small businesses from building and establishing their brands (Odoom & Agyeman, 2019).
Nevertheless, small businesses develop strategies to build their businesses especially from scratch to become powerhouse brands. Small businesses focus on the specific requirements and daily lifestyles of customers so that their offerings may fit into customer’s everyday lives (Vance, 2012). Small businesses have limited resources and should utilize those limited resources optimally (Etim, 2020). They also need to be focused and consistent in designing and implementing marketing programs. Small businesses also require to be creative. Small businesses require implementing new and innovative ideas to market their offerings to customers (Mazzarol & Reoud, 2020). Small businesses play an important role in the present-day business environment. So, it is important to study the various aspects of small businesses.

The broad objectives of the study are to discuss the unique characteristics of small businesses that identify these types of businesses from other businesses and to identify the strategies and initiatives adopted by small businesses to build and develop their brands.

The methodology adopted is the qualitative analysis of the latest and the relevant literature related to small businesses. The study tries to identify the unique characteristics of small businesses and the analysis of the various strategies and initiatives of small businesses for positioning and branding.

The contribution and novelty of the study lie in the fact that a detailed qualitative and conceptual study of the characteristics of small businesses and the specific strategies adopted by small businesses to achieve business excellence was discussed. The study provides a critical review of the literature on the topic. Both marketers and researchers will benefit from the discussions. The benefits to marketers and researchers are highlighted in sub-section 12.1 which focuses on managerial implications of the study.

The paper is structured as follows:

Section 2 focuses on the offerings of small businesses and their performances. Small businesses require establishing brands with limited brand associations and this aspect is discussed in section 3. Small businesses offer trials for products and services by customers and it is discussed in section 4. Section 5 discusses about the usage of the internet in digital communications. Section 6 focuses on the effectiveness of word of mouth marketing and buzz marketing in promotions of offerings. Small businesses should have an integrated set of brand elements and this aspect is discussed in section 7. Small businesses should leverage secondary brand associations which is discussed in section 8. Section 9 focuses on the important aspect of scarcity of resources and the need for optimal utilization of resources. Small businesses conduct cost-effective marketing research to generate customer insights and perform concentrated marketing and these aspects are discussed in sections 10 and 11 respectively. Section 12 discusses the global reflections of the study with sub-section 12.1 focusing on managerial implications of the study and sub-section 12.2 focusing on the limitations of the study and avenues of future research.

2. OFFERINGS OF SMALL BUSINESSES AND THEIR PERFORMANCES

Small businesses focus on developing a product which satisfies the requirements of their customers. They also focus on excelling in providing superior services. Small businesses differentiate their brands by providing demonstrable and meaningful differences in product and service performances (Echehogoyen, Ramírez, & López, 2020). Companies require implementing differentiation in their offerings to establish their brands successfully. Dropbox.com offers customers to store enormous amounts of documents, photos, videos and other files. The company differentiates itself from its competitors. It is able to compete with established players like Microsoft and small players like Box by providing a convenient single-folder approach. Any user can save and store files of different types in a single folder. The plan works because users find it easier and convenient when data are arranged systematically in a single folder (Vance, 2012).
3. ESTABLISHING BRANDS WITH LIMITED BRAND ASSOCIATIONS

Small businesses should be aware of their limited capabilities and should plan their activities as per the capabilities. So, they focus on building one or few brands. The brands are developed on one or two key associations. Small businesses are able to focus on and address customer requirements better because they concentrate on a lesser number of brands and their associations (Okanga, 2018). The key associations form points-of-difference for the brands. Small businesses emphasize and reinforce the associations at all customer touch points and across all communications and marketing programs. Volcom is a small business which focuses on music, jewelry, and athletic apparel. Volcom focuses on a “Youth against Establishment” credo which is rooted in the snowboarding and surfing cultures. Volcom was able to generate a steady rise in the sales of its music, apparel, and music by following this approach (Barret, 2013).

4. PROVISION OF PRODUCT AND SERVICE TRIALS

Small businesses are characterized with the availability of limited resources. So, differentiation becomes important for small businesses. Small businesses require differentiating their offerings from that of their competitors based on services offered and customer experiences. They also encourage customers to learn about the products and services based on their experiences. Customers can do product trials through sampling, demonstrations, or any other means to engage with the brand (Kangley, Barrans, & Newton, 2019). For example, See’s Candies provides free samples to customers who walk-in the stores for the candies they choose. One senior executive of See’s Candies commented, “That’s the best marketing we have, if people try it, they love it” (Roberts, 2012). See’s Candies differentiates itself by using fresh ingredients and no added preservatives to create its unique and enticing flavors.

5. USAGE OF DIGITAL COMMUNICATIONS

The widespread usage of the internet is changing the manner in which companies communicate about their offerings to the target market. Companies apply digital communications strategically and extensively to make the brand bigger and better. Availability and wide usage of digital media allow small firms to communicate about their brands and to develop a larger profile which would not be possible without the internet (Shokhnekh, 2019). For example, Urbane Apartments is a property investment and management company from Royal Oak, Michigan. The internet and the presence of social media allow the company to have a virtual prominence that far exceeds its real-world scope (Yu, 2013). The company has a resident-penned blog touting favorite Royal Oak destinations, its own Urbane Lobby social networking site for tenants, and active YouTube, Facebook, and Twitter profiles (Walker, 2013). The company uses the social media to the maximum extent possible to communicate its brands with the target market. It utilized the wide usage of Facebook by users and its Promoted Post service feature to communicate and connect with Facebook users (Graham, 2013). Sales for Rider Shack surf in Los Angeles also increased as a result of such initiatives. Now-a-days, individuals access internet on their smartphones. They prefer to remain connected with the outside world through internet while they are ‘on the go’. Consequently, mobile marketing is gaining in importance and is becoming the preferred mode of communication with target markets for small businesses (Cole, DeNardin, & Clow, 2017).

6. WORD OF MOUTH MARKETING AND BUZZ MARKETING

Word of mouth marketing and buzz marketing are the most effective ways of communications and establishing the brands in the minds of target markets (O’Leary & Sheehan, 2018). Positive word of mouth and buzz are generated and propagated by delighted and loyal customers. This implies that
small businesses should understand customer requirements and preferences well and should keep them satisfied and delighted. Small businesses employ all those communications which are free or cheap. They employ public relations, social networking, and low-cost promotions and sponsorships to be inexpensive alternatives (Adeola, Hinson, & Evans, 2020). Delighted and loyal customers are most effective and act as ambassadors to create a vibrant community among current and prospective customers. Such customers are also the most passionate ones about the brands and influence others positively. They help spread the word to new prospects. For example, Evernote has several loyal customers who serve as passionate ambassadors. These customers spread the word about personal-organization application brand touted by the online company as the everything-in-place “external brain” for its customers (Graham, 2013).

7. INTEGRATED SET OF BRAND ELEMENTS

Companies should have an integrated set of brand elements which should be evident in their communications. Since small businesses have a constraint on resources, they require maximizing the contribution of all types of brand equity drivers. Small businesses should develop a distinctive and well-integrated set of brand elements to maximize the performance of each brand (Widiastuti, 2019). They should focus on the basic brand elements like brand names, logos, and packaging. Such elements help in enhancing both brand awareness and brand image. The brand elements will not create an impression on customers unless those elements are memorable and meaningful to them. They should also have as much creative potential as possible (Bravo, Cambra, Centeno, & Melero, 2017).

The packaging should be such that it is attractive. Buyers should be attracted towards buying the product at the point of purchase. Effective packaging also acts as a communication tool for small businesses. There are instances when products were launched without any advertising. SMARTFOOD relied on a unique packaging and an extensive sampling program to introduce its first product (Ankeny, 2010). The target market received a strong visual message because of the packaging of SMARTFOOD. The initiative also motivated customers to go for trial with the product. Many small businesses have family names as brand names. Family names offer distinctiveness to the brands and act as a shield to protect the brands. Assigning family names as brand names also has disadvantages. Family names may suffer in terms of pronunciation, meaningfulness, memorability, or other handling considerations. One family name may not be applicable to and relevant for all the brands. Small businesses should evaluate whether the deficiencies are too great to handle. Otherwise, companies should think of exploring alternative brand elements (Maldonado-Guzmán, Marín-Aguilar, & Gutiérrez-Quijano, 2019).

8. LEVERAGING SECONDARY BRAND ASSOCIATIONS

Small businesses focus on leveraging as many secondary brand associations as possible. Secondary brand associations include all those associations which are not linked directly with the brand. These associations may include personal places or things with potentially relevant associations. Brand equity may be built in a cost-effective way with the help of secondary associations (Turker & Konakli, 2016). Small businesses may utilize those secondary associations that help to indicate quality and credibility. Smartwater, an electrolyte-enhanced line of bottled water was launched by J. Darrius Bickoff in 1996. He used secondary brand associations to establish the brand. Two years later, he introduced Vitaminwater, a vitamin-enabled and flavored alternative which acted as a substitute for plain bottled water. Another two years later, Fruitwater was launched (Sorkin and Martin, 2007). The company made maximum utilization of secondary brand associations to launch and market all the products. The company also understood the importance of celebrity endorsement and signed deals with celebrities like football star Tom Brady, actress Jennifer Aniston, and singer Kelly Clarkson (Sorkin and Martin, 2007). This also helped the brand achieve success. All such initiatives helped
Bickoff’s Energy Brand company, also known as Glacéau, to sell itself to the Coca-Cola company less than ten years after its launch for $4.2 billion in cash (Sorkin and Martin, 2007).

9. SCARCITY OF RESOURCES AND OPTIMAL UTILIZATION

Resources are scarce for small businesses. So, small businesses require proper planning to do optimum utilization of resources. They cannot afford to make mistakes. They should be careful in designing and implementing marketing programs and other initiatives. One of the prominent examples is UNIQLO. UNIQLO (short for Unique Clothing Warehouse) was founded by Tadashi Yanai, now the wealthiest person of Japan. It has a strong mission statement with a clear focus. It emphasizes the credo of “Made for All” and reads like the following (Dishman, 2012).

9.1. Uniqlo: Made for All

*It doesn’t matter who you are or where you live, UNIQLO makes clothes that transcend all categories and social groups. Our clothes are made for all, going beyond age, gender, occupation, ethnicity and all the other ways that define people. Our clothes are simple and essential and yet universal, so people can freely combine them with their own unique styles, in any way they choose, every day of the year. Everything we do is rooted deeply in our Japanese origin, always inspiring to excellence in quality, design and technology. However, we will always ensure that our clothes are affordable and accessible to everyone. UNIQLO is a way of thinking that's about constant change, diversity, and challenging conventional wisdom. At UNIQLO, we believe that everyone can benefit from simple, well-designed clothes. Because if all people can look and feel better every day, then maybe the world can be a little better too.*

UNIQLO aims to reach a sales figure of $50 billion by the end of 2020 and thus becoming the largest retailer in the world (Huysveld, 2020). UNIQLO draws its inspiration from the U.S. retailer Gap and its one-time president, Mickey Drexler. The company maintains a strong and clear focus on what it wants to achieve. It does not follow all the ever-changing trends blindly. It also has a strong focus on technology. UNIQLO is able to incorporate innovation in its new product development. It also tries to perform continuous improvement. Its product mix consists of fleece, down jackets, jeans, and synthetic thermal underwear (Aparicio & Rigobon, 2020). Each of the products has a clear brand essence. UNIQLO has acquired a brand image where customers believe that receive perfect clothes for everyday lives. The clothes also help customers to showcase their true selves. The company is aware of its limited resources and focuses on active social media campaigns combined with aggressive in-store activities to connect with its customers and invite them to the stores (Liu & Xu, 2020).

10. CONDUCTING COST-EFFECTIVE MARKETING RESEARCH PROGRAMS

It is imperative for companies to understand the market and the requirements and preferences of customers. Small businesses require conducting marketing research on low budgets (Riswanto, Rasto, Hendrayati, Sapaarudin, Abidin, & Eka, 2020). The variety of marketing research campaigns allow small businesses to connect with customers and to study and analyze competitors. Students at local colleges and universities may be offered projects as a part of their curriculum. Such projects are conducted at minimal cost. The projects allow small businesses to make the maximum utilization of the expertise of both professors and students. Small businesses may also reduce cost by conducting research online and collect relevant data from individuals for analysis.

Customer insights are required for the success of any company. Small businesses generate customer insights by conducting marketing research. Collection of relevant marketing information forms the basis for the generation of customer insights. Marketing information is analyzed to generate
effective customer insights. Managers of small businesses have a misconception that marketing research is time-consuming, requires big research budgets, and can be conducted only by experts (Amjad, Rani, & Sa’atar, 2020). It may be true that conducting in-depth marketing research on a large scale requires substantial budgets. However, there are several techniques in marketing research which are inexpensive and can be conducted by small businesses in a less formal manner and at little or no expenses (Riswanto et al., 2020).

There are instances when small businesses conducted successful marketing research with limited resources and less budget (Entrepreneur, 2012). Robert Byerley had a number of instances when he was not satisfied with the services provided by his local dry cleaner. After getting frustrated, he decided to open his own laundry business. However, he was prudent enough to conduct an extensive marketing research (Entrepreneur, 2012). He focused his research based on understanding a key customer insight: “How would he make his business stand out from the others?” His marketing research was focused on studying in the library and collecting responses online. He understood the importance of getting familiar with the industry and aimed at gaining an in-depth understanding about the dry-cleaning industry. To understand the requirements of potential customers, Byerley conducted focus groups and received inputs on the store’s name, look, and brochure. He invited different competing dry cleaners to critique his work. He conducted a number of focus groups to understand their viewpoints. Based on this background research, Byerley finalized on a list of features for his new business. He realized that maintaining and providing high quality is absolutely essential for success. He decided not to compromise on price for superior quality. He realized that superior quality cannot be provided at discounted prices.

Robert Byerley opened Bibbentuckers with a focus on superior quality, convenience, and competitive prices (Tozzi, 2008). The features which Byerley introduced, included a bank-like drive-through area with curbside delivery and a computerized barcode system. The barcode system recorded customer requirements and preferences for cleaning and allowed the company to provide customized services. It also helped Bibbentuckers to track clothes all the way through the cleaning process. Bibbentuckers differentiates itself from its competitors by creating an attractive ambience with decorative awnings, television screens, and refreshments. Byerley comments, “I wanted a place…that paired five-star service and quality with an establishment that didn’t look like a dry cleaner.” All these initiatives resulted because of conducting extensive marketing research that generated relevant customer insights. The company thrived and managed a six-store operation (Zimmerman, 2005).

The above example illustrates the effectiveness of conducting marketing research on a low-cost budget and generating customer insights and of informal surveys using small convenience samples. Many associations, local media, and government agencies extend their support towards small businesses. For example, the U.S. Small Business Administration offers free publications and a website (www.sba.gov) to small businesses. The publications and the website provide free advice on topics ranging from starting, financing, and expanding a small business to ordering business cards. Several other agencies like the U.S. Census Bureau (www.census.gov) and the Bureau of Economic Analysis (www.bea.gov) also provide information to small businesses (Entrepreneur, 2012). Online collection of data can be done by small businesses at a negligible cost. They can collect real-time data from competitor websites, consumer blogs, and forums. They can also use the internet search engines to conduct research on specific companies and issues (Entrepreneur, 2012).

Small businesses can employ marketing research through secondary data collection within strict budget constraints. The research methods are less costly, less complex, and generate sufficient customer insights. However, researchers should apply the research methods carefully. They should be clear about their research objectives, should formulate research questions in advance, recognize the biases introduced by smaller samples, and conduct research systematically (Riswanto et al., 2020).
11. CONCENTRATED MARKETING

Smaller businesses concentrate their limited resources on serving niches. They choose to serve those niches which may seem to be unimportant to their competitors or overlooked by larger companies (Rajagopal, 2020). Developing and maintaining set-ups on the internet require low costs. Low costs make it possible to serve seemingly minuscule niches (Rajagopal, 2019). Small businesses understand the importance of serving small niches on the internet.

Concentrated marketing should be applied properly and after a careful analysis to generate profits. However, it involves higher-than-normal risks. Small businesses will suffer if they depend on one or two segments only. Businesses will be affected when those segments are no longer interested in the offerings. A larger threat occurs when bigger companies decide to target the same segments with greater resources.

12. GLOBAL REFLECTIONS OF THE STUDY

Small businesses should follow many of the branding and positioning principles larger companies apply. Apart from that, small businesses should have an extra emphasis on their brand elements and secondary brand associations. They have limited resources and should be more focused and create buzz for their brands. Small businesses need to conduct marketing research with limited budgets. They should plan accordingly to make low-cost marketing research campaigns effective.

Small businesses should make optimum utilization of limited resources and budgets. They should offer compelling products or services and excel in providing superior services to customers. Small businesses should be aware of their own capabilities and should offer brands with limited associations. They should offer superior services and customer experiences which will differentiate themselves from their competitors. They plan and implement cost-effective digital communication campaigns to make the brand bigger and better. Word of mouth marketing and buzz marketing are other cost-effective ways for small businesses to position themselves in the minds of the target market. Small businesses require maximizing the contributions of all types of brand equity drivers. Development of a distinctive and well-integrated set of brand elements is imperative for success. Small businesses should focus on forming secondary brand associations. Small businesses require conducting marketing research in a cost-effective manner within the resource constraints. Sometimes, such low-cost marketing research programs help in generating valuable customer insights. Small businesses go for concentrated marketing which allows them to focus on serving niches with their limited resources. Such niches may be unimportant to or overlooked by larger companies.

The study discussed the various aspects of small businesses and the strategies and initiatives which they adopt to develop and build their brands. The study aimed to achieve the objectives of the study identified in the beginning of the manuscript by doing a qualitative and conceptual analysis of the latest and the relevant literature. Small businesses focus on performance of products and services, building brands with limited associations, and providing product and service trails with limited resources. Small businesses develop and implement digital communications to promote their offerings to the target market. They also employ word of mouth marketing and buzz marketing for promoting their brands. They employ a well-integrated set of brand elements with a limited amount of resources and leverage secondary brand associations. They focus on conducting low-cost marketing research and on concentrated marketing to make maximum utilization of resources.

12.1. Managerial Implications

Practitioners and marketers may understand the benefits and shortcomings of the various strategies small businesses adopt. They may also evaluate which other strategies small businesses may adopt in future to delight their customers. Practicing managers should be aware of scarcity of resources for small businesses. They will be sensitized about the importance of the optimal utilization of resources.
in a cost-effective manner, should understand the importance of conducting low-cost marketing research effectively and develop and implement strategies accordingly.

12.2. Limitations and Future Research

The study conducted a conceptual and qualitative analysis of the latest and the relevant literature on small businesses. The study did not conduct research based on empirical data. Researchers in future may collect primary data and conduct empirical research.

Academicians may study the changing and dynamic aspects of small businesses. They may also analyze the various strategies which small businesses adopt to generate customer insights and to delight their customers. Based on the analysis, they might suggest better and effective strategies which might be implemented given the resource constraints. Based on the discussions presented, academicians may aim at understanding small businesses at a greater depth, conduct a further review of the different strategies, and suggest improved strategies. Efforts were made to include the latest and the relevant literature related to small businesses. Researchers and managers may utilize the discussions to delve deeper into understanding the changing requirements and preferences of customers of small businesses. They require keeping themselves updated about the latest trends and developments in small businesses to delight their customers, succeed in the competition, and achieve business excellence.
REFERENCES


Pratap Chandra Mandal is an Assistant Professor (Marketing) at Indian Institute of Management, Shillong, India. He has completed graduate degree from the reputed Indian Institute of Technology, Kharagpur (IIT Kharagpur), India (Bachelor of Technology in Mechanical Engineering), post-graduate degree from Vinod Gupta School of Management, IIT Kharagpur (Masters in Business Administration), PhD (Marketing) from Vinod Gupta School of Management, IIT Kharagpur. His research concerns customer relationship management, customer satisfaction, services marketing, marketing intelligence, and qualitative methods in management. He is the editor-in-chief of two international journals and is on the editorial board of journals like Journal of Global Marketing. Pratap has won several prestigious scholarships and awards throughout his academic career.