SMEs and Branding Strategies

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ABSTRACT

SMEs, in a competitive world, have been realizing that they are not just selling products or services but a mass of branded products, services and people to sustain in the business. Therefore, movement is captivating in the SMEs to introduce competency through branding for obtaining and enhancing market share. Auto-Component is a great feeder industry in the Automobiles Sector that has put India on Global map. Therefore, studying branding in this industry brings reveals that marketing policies especially branding strategies are significantly helping Pune SMEs become competitive and gain highest market share in the world. The focus of this paper though grounded theory and in-depth literature review, secondary data and close observation is to understand the branding strategies and further understand how core and complimentary instruments are used to improve effectiveness of marketing in SMEs.

KEYWORDS
Auto-Component, Brands, Economy, India, Marketing, Policies, SMEs

INTRODUCTION

Marketing is an act of expertise, which mainstream enterprises find hard to play. Research has however revealed that any great competition could be successfully dealt with innovation (Baporikar, 2017). As a result, firms need to take initiatives to deal with this growing global competition. It is hard to believe that movement to branding has been spreading in the SMEs as a result of enhancing payback that has been proven. Apart from worldwide prominence of SMEs, they face challenges in marketing in most of the countries, owing to changing business environment (Baporikar, 2014; Baporikar, 2016a). Insufficient marketing ideas and weak attitude in leveraging complex marketing situations form operational blockages in selling the products. As a result, the need persistently arises to improve the market setting which makes up an excellent branding policy. Close observation of the marketing challenges reveals that they could be conveniently addressed by identifying suitable approaches. There is no question that branding is extremely important to large corporations, but it is something that many small and medium sized businesses often don’t pay much attention to. This frequently leads to problems for the firms because customers have a hard time distinguishing between one’s brand and one’s competitors. Moreover, building a brand driven culture is a lifelong commitment to a mind-set and a way of life that takes time, planning and perseverance that produces intangible outputs which include greater customer satisfaction, reduced price sensitivity, fewer customer defections, a greater share of customers’ wallets, more referrals, and a higher percentage of repeat business (Knapp, 2000). Customers value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand (Alexander, Schouten, and Koenig, 2002). The brand identity needs to focus on points of differentiation that offer sustainable competitive advantage to the firm. Brand identity is based on a thorough understanding of the firm’s customers, competitors, and business environment. The brand identity needs to reflect the business
strategy and the firm’s willingness to invest in the programs needed for the brand to live up to its promise to customers (Aaker and Joachimsthaler, 2000). Strong brands enjoy customer loyalty, the potential to charge premium prices, and considerable brand power to support new product and service launches. Companies need to have thorough understanding of customer beliefs, behaviors, product or service attributes, and competitors (Baporikar, 2016b; 2016c). Therefore, study of branding reveals that marketing policies especially branding strategies are significantly helping Pune SMEs become competitive and gain highest market share in the world. The focus of this paper is auto-component which is a great feeder industry in the automobiles sector that has put India on global map. Through grounded theory and in-depth literature review, secondary data and close observation is to understand the branding strategies and further understand how core and complimentary instruments are used to improve effectiveness of marketing in SMEs.

BACKGROUND

The AMA (2007) defines a brand as a “name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers. Therefore, it makes sense to understand that branding is not about getting target market to choose over the competition, but it is about getting the prospects to see the SMEs as the only one that provides a solution to their problem. IIFT 2009 has revealed in its study that the SMEs have a narrow interpretation of what branding is. It has further exposed that branding is meant for big firm due to their access to ample resources. The views of SMEs on branding are limited to advertising plus brand name and/or logo. Advertising activities were seen as important to branding but not critical for SME business. Personal selling and face-to-face communication is a critical part of marketing communications. Quality of their work can’t be projected because of budget constraint. SMEs can think about branding if business picks up and if time allows doing so.

A brand is a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Aaker, 1991). Brands provide the basis upon which consumers can identify and bond with a product or service or a group of products or services (Weilbacher, 1995). From the customer’s point of view, a brand can be defined as the total accumulation of all his/her experiences, and is built at all points of contact with the customer (Kapferer, 2004). A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely (Chernatony and McDonald, 1998). The brand, in a sense, acts as a credible guarantee for that product or service, allowing the consumer clearly to identify and specify products which genuinely offer added value (Murphy, 1998). Powerful brands provide long-term security and growth, higher sustainable profits, and increased asset value because they achieve competitive differentiation, premium prices, higher sales volumes, economies of scale and reduced costs, and greater security of demand (Temporal, 2000). The Brand “promise” is the essence of the benefits (both functional and emotional) that customers can expect to receive from experiencing a brand’s products/services, which reflects the heart, soul, and spirit of the brand (Knapp, 2000). To be effective, a brand identity needs to resonate with customers, differentiate the brand from competitors, and represent what the organization can and will do over time (Aaker and Joachimsthaler, 2000). To excel, a brand image must be well planned, nurtured, supported, and vigilantly guarded (Knapp, 2000). One key to successful brand-building is to understand how to develop a brand identity – to know what the brand stands for and to effectively express that identity (Aaker, 1996).

Hampf and Lindberg (2011) explain that, branding, as any other concept, has evolved over time to the current era when everything, from water and flowers to clothes and food, is branded. Throughout
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