

# BRAND SMALL BRANDS

The **small companies** should learn to understand this instrument in order to be better equipped to **govern and strenghten** their **credibility**.

But also to be able to understand the **strengths and weaknesses** of **greater brands**.

# Branding and small companies

Should a small company use branding as a part of its competitive strategy? I will point at some factors that imply that brands with a small geographic market have a good chance to steal market shares from the gigantic, global brands.

If I ask you to think about a brand, one which you consider to be a strong brand, the probability that this would be a global brand is pretty high. In rankings of the strongest, or the most valuable, brand's it is the same thing. It is the global brands we tend to measure. But the most important thing from a small brands perspective is to be strong in its own defined market. However, I will not define an exact size of this market to which these thoughts can be applied. My main implication is that a smaller brand has an opportunity to serve its customers in a more flexible and in a more creative way than its greater counterparts. Most of all that goes for small brands that live and breath closer to its customers than big, global brands.

My belief is that many of these small brands have a chance to get stronger if they stop having inferiority complex against the bigger brands and start to make their brands more clear and focused, and build their brand in a new and exiting way.

## **A definition of branding.**

My definition of branding comes from the idea that the winner in a competitive situation is the product, or service, that the customers experience as the best choice. The keyword is experience. When a customer is about to make a choice of buying something he weighs in several factors against each other which in the end sums up in what he experience to be his best choice. These factors are partly the capacity and performance of the product or service, in other words how

well it works in comparison to what the customer is expecting. But also the brand's ability to satisfy more of the customer's needs, may it be cultural, psychological, social etc. These intangible assets are what you through branding want to control and collect under one symbol so that it will be easy for the customer to identify the product which he feels satisfies his needs in the best and most exciting way.

## **Branding demands a lot of money**

Considering that the strongest and most valuable brands seem to be global it is easy to come to the conclusion that the only ones that are able to build strong brands are big, multinational companies. It seems like branding always have to cost a lot of money since it can only be done through advertising and media. And big investments in media takes a lot of money.

Yes, big investments in media do take a lot of money. But no, brand building is not done solely through advertising and media. This is a misconception that in many cases lead small brands to think that they have to focus on product and price. You can think of it this way, global brands are forced to invest heavily in media due to their lack of possibilities to be present locally everywhere, which simply would be even more expensive.

The paradoxical in this situation is that global brands may feel closer to its customers than the smaller brands, even though they are much closer physically. The big brands invest in for example TV-commercials and activities on the web which bring their brands into your homes. You can not get much closer than that. Or can you?

It is like David's fight against Goliath with the difference that most people no longer only want to see David as the winner. Even though it seems like it is a human characteristic to support the smaller and weaker, we now know Goliath so much better than David. We know what Goliath stands for, what he believes in and what he wants to accomplish.

### **What do the smaller brands do?**

Small companies with local and regional markets seem to have accepted the global brand's dominance over their customers and live by the convention that branding costs too much money and they are left to compete with product offerings and price. Even though they have realized their opportunity to offer personal service, it is seldom you come across companies that manage to do so in a unique or exiting way. Therefore they do not manage to overcross the hindrance which the credibility of the big brands put up. This seems to be a general phenomenon, no matter if it is consumer or B2B.

### **The small brand's opportunity**

Then what can the small brands do to increase their profitability, or even survive, in their struggle against the great brands?

I think they have a great opportunity to create a compelling experience with the customers which would insure them that the small brands are a better choice. After all, branding is nothing new, it has always been crucial for anyone who wants to sell something to gain credibility. But the small companies need to understand this instrument in order to control and strengthen their credibility, and also to better understand the strengths and weaknesses of the greater brands.

You do not build a strong brand only through advertising and media, it is the collected, over all experience that makes a strong brand. This experience is influenced by all encounters you have with a brand, how the salesperson act, how other personnel interact with you, service, packaging, public relations, contributions to the community etcetera. There may even be ways to interact with your customers that has yet to be invented. The bottom line is to which degree you manage to satisfy those needs that you have promised to satisfy. One of the problems big brands have to deal with, is how to deliver what their advertising has promised. It is difficult for big companies to have complete control over the whole experience all through the distribution channel. There are of course exceptions, but over all, most big brands are dependent upon subcontractors when it comes to the distribution channel. The consequences of this are that they have to deal with the channel as more of a distribution channel than a communications channel.

Apple computer is a good example of a strong, global brand which recently found themselves forced to expand their brand experience by opening Apple branded stores. Earlier they were dependent upon the good will of the computer to promote Macintosh, Apples computer brand. This move is probably expensive, and for the time being limited to the North American market.

McDonald's is also a good example of a brand who tries hard to push the brand experience down to the local restaurants. But McDonald's is also an example of how difficult it is to manage the experience over time. How many times have you not waited a lot longer for your hamburger than what you have come to expect? How many times have you not felt that the young person behind the counter really would like to be somewhere else, and therefore not being able to perform the service you expect? Naturally,

McDonald's deals with these kinds of problems, and overall manage to handle them very well. But it shows how hard it is for a big company to be consistent, despite all control and internal education. It is after all a very simple product, a hamburger.

But if it is difficult for a big brand to be consistent, there is something that is even more difficult, namely to be flexible and creative. You do not easily change direction with a tanker that has gained speed.

Small companies and small brands have a great opportunity to take advantage of the giant's weaknesses. In small companies there is the opposite situation from the big companies. Small

companies have flat organisations, the decision making process should be a lot easier and they are physically close to the market they wish to attract. Yes, small companies may have less money to spend on large media, but due to their small sizes a possibility to create a near, unique and possibly also an exciting experience for their customers. In a small organisation it should be much easier to manage and perform a consistent branding strategy.

The possibility lays not in thinking big, but to think further. A small company has an opportunity to stop saying "if we only had money we would communicate in large media", and take better use of existing channels to create an expressive experience for its customers.

## **Creative Sales Promotion - an underestimated experience**

A concrete suggestion to small companies and small brands is to examine their sales promotion. When you are short on money the risk is that you focus too much on short term sales. When the battle against big brands already feels lost it all becomes a struggle of taking what you can, often by putting the focus on price. But due to the littleness of the small companies they seldom have the resources to create long term cost advantages, but are forced to a profitability way below the market leading brands. Sales risk to become a hunt for closures where your own short term interests are more important than the ambition to create satisfied and loyal customers. The internet does not make the situation any better where it is becoming increasingly easier to find undifferentiated, cheap products and brands. This is

naturally an attracting place for those who are always looking for the lowest price.

For those small companies and brands who wish to explore the possibility to use branding as a part of their competitive strength, I suggest that the sales channel, or the sales force, is a good place to start. This is where you already are in contact with your customers and the sales people are often in a crying need of better support. Since the big brands have to go through big trouble to "push down" the brand experience through the distribution channel, and may not be giving sales promotion top priority, this is the perfect place to create unique experiences. Also, among advertising agencies, sales promotion has not been as fancy to work with as TV-commercials or other large media.

## Why do we not see more of the small brands?

In business after business we see that they are dominated by a few market leaders, and these are often globally active brands. The smaller brands with a narrower geographic market are left to fight for the bits and pieces that are left over. Some even see a moral dilemma in the dominance of the big brands, not least after the release of the book *No Logo* by Naomi Klein.

But from a small brand's perspective this is more of a profitability problem. But why are there so few small brands that act with a clear differentiation strategy and make themselves heard and liked?

Surely, there are as many explanations as there are brands and there are differences from nation to nation. In Sweden for example we have something which is commonly referred to as "the law of Jante". This nationspread convention means "you shall not consider yourself to be somebody". Although this conception has lost its grip around the Swedish minds, it still sets its mark on the Swedish society. To differentiate yourself, to make a stand, is therefore something that probably feels awkward and strange. In a small organisation there are a few people who are to stand by the identity of the brand and communicate its aspiration. This makes it much more difficult to "hide" than if you are part of a bigger organisation.

Many small companies are founded and run by entrepreneurs who are often mainly focused on a product or a service in which they saw a poten-

tial in the first place. Unfortunately this makes it difficult for him to think that marketing could be something else than solely that product or service. When the big brand comes along and satisfies more of the customer's needs, other than the functional needs the product or service satisfies, the competitive strength of the small brand becomes rather weak.

The will to invest in a small brand may be connected to the small companies' will to grow at all. If that is the case, maybe we can learn something from a licentiate thesis written by Henrik Barth at Luleå university, Sweden. In order to write the thesis "Barriers to growth in small firms" Barth interviewed 1.240 small companies in Sweden, Finland, Belgium and Ireland about what they see as the main hindrances for innovation. Although the results differ between the countries the conclusion is that a company has problems to grow above the size where the CEO no longer can manage everything by himself. Lack of knowledge about organisational issues makes it hard to create an organisation that are able to grow. Also the lack of knowledge in other areas and the difficulty to attract competent employees makes it even more difficult.

Since an effective brand strategy in a small company depend upon its organisation this is a serious problem. To have a stiff hierarchy and other internal problems is of course not a good way to start if you want to stimulate your organisation to communicate certain common values ■

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