

The Role and Importance of Brand in the Marketing of Small and Medium-Sized Enterprises in Kosovo

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Abstract

Nowadays, every branch of economic activities is a subject of the various influences in which they cannot have an impact. The capabilities of an enterprise to have a significant impact on business environments can be done through the creation of their own brand. Hence, this has become a tool for the identification of its products and enterprises. Enterprises have exploited brand as a means by which businesses have improved their own turnover, competitive position in the market, and winning the loyalty of their consumers. In Kosovo, there is an increasing trend of enterprises in creating a brand for their own products. Thus, this gives them a higher possibility for identification by the consumers, fosters the development of marketing policies, and provides them the opportunity to break through new markets. The scope of this paper is to determine the importance and rationale for the creation of certain brands. It was able to achieve this through a research of perception for the brands by consumers, as well as finding out grounds and influential factors during their selection of certain brands. The data acquired have proved that there are some advantages of enterprises that have a well-known brand. Also, the various factors which influence customer's decision include physical product handling features, good experiences, packaging, warranty, etc. The data presented will help in the future for an increase in awareness on the importance of branding in the practice of enterprises. Therefore, this is with the aim of creating a good image for the products as well as enterprises.

Keywords: brand, consumer, SME, marketing, enterprises, product

1. Introduction

Consequently, the research and studying market activities, quality decision making, quantity and kinds of products, pricing, distribution, and communication with consumers are the main tasks of marketing. Therefore, “marketing is the social and managing process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others”(Kotler & Keller, 2012). Branding is used to attract and keep the consumers through the promotion of values, prestige, and life style. However, branding is a new notion. This notion is practiced in periods that can last for centuries. The word “brand” comes from the Old Norse brand, meaning to burn. As such, these origins made its way into Anglo-Saxon. It was through the use of the method of burning that the early man stamped ownership on his livestock. In addition, trade buyers would use brands as a means of distinguishing between the cattle of one farmer from another (Clifton et al., 2003). The brand was defined by Kotler as a “name, term, sign, symbol, 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 their competitor” (Kotler, 1994). In developing a brand, the value must be added to the product. Thus, the value includes a set of attributes and benefits that defines the entire brand. The added values of a product also differentiate the product from the competitors' products. In addition, it also fulfils the customer's needs and requirements and this is due to the fact that these attributes should be added according to their needs and requirements. The image, identity, and the brand position are very important components of branding. Therefore, “the identity is what it is, while the image means only what was presented to others” (Selame & Selame, 1988). Branding is a method used for building a substantial differential advantage by figuring out peoples' nature and psychology. More especially, it should be taken into consideration that consumer' needs and requirements are a dynamic and variable phenomenon. Therefore, they are not data which can be given once and last forever. Since branding in big companies is well organized, this research aims to focus on branding in Small and Medium

Enterprises (SMEs). It also focuses on the way they are used. Also, there is a big difference between the small and medium enterprises and big enterprises regarding their branding activities. This is because in SMEs, the owner plays a vital role in the decision-making of the business processes without taking into consideration the operational or managerial situation (Berthon et al., 2008). The principal aim of the paper is to gain new and deeper knowledge concerning branding problem. In addition, it also describes how medium companies can manage their brands. The research has an exploring and descriptive nature, because it is an initial study and a new issue that is unclear in Kosovo. Therefore, our research questions give us the possibility to better understand and analyse the idea on how the medium enterprises develop their brand. It also shows if they have profits with the support of the brand. The questions raised in this paper are: i) what are the possibilities that the SMEs have to develop a brand in the domestic market? ii) is there a certain model that could be used to develop a successful brand for SMEs? iii) is there a unique brand development that is always the main priority for any company. Due to the development of unique attributes and values, it will help the companies to create positive approach with the consumers using their products. The principal aim of the company is to produce the most valuable and reliable products and services. This company focuses on providing value to customers and in breaking through new strategic business segments. In achieving this, a company needs to combine basic values within the company. These values include: commitment to satisfy consumers' needs, respect, honesty, and integrity by employees and consumers, as well as promotion of open communication and team work.

2. The Importance of Branding and Building a Brand

There are many definitions of the word "brand" in English Language. Small to Medium-Sized Enterprises, or a combination of these, create an image that identifies a product and differentiates it from that of its competitors (BD, 2015). Brand represents a modern feature of the product and contemporary characteristics of the product. It is the characteristic of the XXI century. Modern product could not be imagined without the brand. However, brand represents the consumers' perceptions and the sentiments about a product and its performance (Kotler & Armstrong, 2013). Most of the time, there is a meddling of concepts between brand and trademark. Therefore, brand is a wider concept that will be elaborated below. It is a trademark which is used to exclusively identify a product or service with a specific company. Under the trademark implies products which are sold under the trade mark of the trading company (Lovreta & Petković, 2002). Trademark transfers its image to consumers and its characteristics are used as a means of differentiating a product from its competitors. The brand image is considered to be a very important and a very powerful asset for a company. Therefore, it is fundamental for the companies' position which leads to maximum achievements. The image may influence consumers' choices in developing a brand and adding value in the mind of the audience. Peter Drucker has clearly emphasized the role of marketing for a company's success. Even presently, his concept regarding marketing has undisputed values and viability. Consequently, "if we want to know what our job is, then we should start with the mission. There is only one correct definition of the mission of the enterprise: customer satisfaction. What the company intends to produce is not of primary importance - especially not for the future or its success. This is crucial because the customer intends to buy what represents value. Thus, this defines what your enterprise is all about, what they produce, and whether or not it will prosper" (Drucker, 1954). In our case, it involves the consumers' perception, and how they think and feel concerning the brand. Brand positioning decides the marketing activities and programs that the company should do or not do regarding its marketing process. Brand positioning includes fixing the brand or mark into the mind or memory of the consumers. This is aimed to differentiate the brand and to create competitive advantages" (Keller, 2002a). When a consumer becomes familiar with a well known brand, he does not want to accept substitutes. Therefore, this means that through the development of a brand, the image and the identity of the brand have an important role to the consumers (Rooney, 1995). Branding is usually considered as a field of big businesses. The brands and big businesses names, banks, fashion houses and cosmetics, as well as the auto-industry are common names and words that are well-known and familiar to people. Furthermore, a study on the quality of trademarks was conducted in a 2009 blind study. Consumers were blindfolded and they were asked to assess the quality of producer's brands and trademarks. In 23 out of the 29 categories, the consumers evaluated the trademarks to be of the same quality level or better compared to the brands of the producers (Miller et al., 2010).

2.1 Brand Management

In the case of producer's marks, brand management is entirely left to the producers. On the other hand, the case of the trademarks of retailers involves the development and the design of a brand name. In addition, it also involves finding producers to produce goods which will be assigned to this trademark, develop awareness of the trademark among consumers, and build a favourable image of the brands. The owner/manager of SMEs, very often, is the key decision-maker. He is responsible for managing and participating in many functions performed

within the organization. Thus, the use of specialist like advertising or recruitment agencies is very rare. Branding may also be used as a strategy for SMEs. This is related to the industry in which these companies operate. Also, this is more achievable in the field of tourism, fashion, food, and professional services. The SMEs have a potential to create the brand. However, this may be a careful effort by the owner, as well as by the management and other employees. The limited resources in the case of SMEs is a problem which can be solved through good planning on how the company can use its limited resources to succeed in creating the brand. Developing a brand from the beginning is different from the branding strategy of an existing brand. Hence, it is more focused, expanded, or extended. During the development of the brand, it is very important to have a strategic management to be successful in relation with the mission of the company (Keller, 2002a). While creating merchandise assortment, retailers are faced with a strategic decision as to what extent, in addition to the well-known brands of producers, to include or offer its own trade mark. The manufacturing brands known as national brands, unlike trademarks, are easily available for a large number of retailers. Both alternatives have certain advantages and disadvantages. Furthermore, there are various factors that retailer considers when making decisions (Levy, 2009). The consumers require an added value for products that fulfill their needs and requirements. This is without thinking in terms of quantity and price. However, because of the intensive competition, the producers conduct researches to develop the branding of new products. Also, they develop the innovations for those existing in order to bring new innovations into the market. Subsequently, branding is present in every aspect of our life: production and consumption; food and clothing; personality and life style; and from pop culture to politics. Branding is not only an added value of a product; however, it also represents and advertises life styles and various kinds of culture. The brands have now become a part of consumers' life, their values, beliefs, policies, and their souls. The products that "mostly fit with their needs (consumers' need), became brands" (Boyle, 2007). The consumers are looking, more and more, for the quality and for the product that fits into their needs and requirements. Thus, the brand should present the image of company, the personality, the characteristics, and the fundamental competences of the company. Brand objectives can be better achieved if one is emotionally related with the aimed group, clearly transmit the message, confirm your credibility, motivate the consumers, and concentrate on the consumers' loyalty. Variety of factors affects the consumer's choice of a particular brand. There are multiple models assumed when it comes to buying a particular brand, which is based on the socio-psychological factors. Therefore, the principal aim of branding within a company is to materialize the company's value and to help in promoting the growth of the company. It can be argued that there is a connection between the value of the brand and the company's culture and its mission statement. Product differentiation is very important when rivalry is growing. However, the companies are not able to differentiate their products from the competitors and by this way, they fail. As a result, it is crucial to develop the product with some unique attributes or with some differences. According to Wood, the strong brands usually provide high profit margins and better access to distribution channels, as well as a higher possibility to expand their products' line (Wood, 2000). A strong brand or a good created brand enables the owner to present new and innovative products with good possibilities to succeed. Consequently, a strong brand provides considerable benefits like greater revenues with fewer costs. An excellent characteristic of the brand is the loyalty of the brand which has a vital importance to the company. If the consumers are loyal to a certain brand, they do not take into consideration the price. However, this guarantees profit for the company because the consumer will continue to buy the product from the same company. The company can increase its revenues by giving the distinguishing mark of a brand and by creating a connection with other products of the company. Thus, this will result in an increase in revenues and an increase in the credibility of the consumers. Another advantage of a strong brand is the possibility to enter into a new market (Keller, 2002b).

3. SMEs and Their Place in the Market Economy

The small and medium enterprises (SMEs) are among the powerful forces to develop the economy within a country. They usually represent the majority of enterprises in the country, and are often regarded as the motor force of entrepreneurship in the country. SME development in Kosovo is at the permanent development phase. As such, they constitute the main force for economic development, oppositely from the strategies before the 80', when large enterprises were treated as the main factor of economic development (Ukaj, 2016). Furthermore, it has been noticed that in most developing countries, the SMEs represent more than 70% of the total number of enterprises. Thus, they employ more than half of the workforce in the country. As such, they must be analysed and researched in order to identify their advantages and disadvantages during their development stage. Consequently, this paper is related to the aspect of creating the brand from the aspect of using marketing. The classification of these companies is done in different aspects starting from the workforce employed and the capital they have. In these companies, it can be seen that the development forces are related to their initiatives, inventions, and the entrepreneurial spirit of the owners, managers, and the employees. The European Charter for

Small Enterprises was adopted in June 2008. Charter reflects the political will of the European Commission, which recognizes the role of SMEs sector in the economy of the EU and member states. Therefore, for the first time, it establishes a framework for its comprehensive SME policy (Commission of the European Communities, 2008: 3). It can be noted that they are specifics that enable them to be more flexible, rapid, and adaptive to changes in the surrounding environment compared to their competitors. Also in Kosovo, SMEs are important when one take into consideration the underdevelopment of the economy during the last two decades, and the change of the domestic structure of the economy. Ownership transition and the need for reforms are obstacles for SMEs to be profitable, develop production, and commercial and servicing activities. Here, export is related even though at the moment, it is too low. Other authors also discussed how the small companies are under the significant influence of the owner/managers, and how their marketing activities are also under his great influence (Zontanos & Anderson, 2004). This in fact is the basis for the economic development of a country. For this reason, attention should be given on the importance of SMEs development. Also, the obstacles often faced should be identified. Without the support of the governmental or non-governmental organizations, they cannot overcome the barriers in all their developmental phases. In this paper, the main concern is concentrated in the issue of creating a brand by the SMEs. However, the analysis has identified a series of issues that affect and prevent the companies towards growth and development. Therefore, what have been identified as problems in this study include: lack of financial means, lack of advanced technology, the problem of quality and standards, lack of knowledge for the market, and issues of legal regulative. Based on this, it can be seen that SMEs are faced with problems that are often out of their reach and possibilities. Thus, it can be concluded that in most cases, the companies are facing a number of vital issues that are solved very often. This is solved by the will and the availability of skilled entrepreneurs.

4. Analysis and Discussion of the Study Findings

Brands and branding has a strong impact on marketing and advertisement. Branding is considered a process, which is the same as an economic process. The process of branding is oriented as a means by which a company can differentiate the goods and services from its competitors. Nowadays, the brands are known for offering a set of unique benefits that are not found in other products. Therefore, these benefits simplify the decision-making process when the consumers buy and create the basis for consumers to be loyal.. Furthermore, the principal aim of this research is to analyse and explain the factors that influence the consumers when choosing a certain brand. In addition, this study presents the importance of these factors in the case of decision-making to buy a product from a well-known brand. The research has been done through questionnaires with closed questions. Subsequently, the data collection has been done in the big cities of the Republic of Kosovo. The conceptual model of the research is divided into three basic concepts: Perception, dimensions, and the choosing factors. In the concept of the perception, the issues of quality, prices, place of origin, social, and value perception have been analyzed. Also, the dimensions are divided into three groups: emotional dimension, symbolic, and functional. The choosing factors are: physical characteristics, experience of using the product, packaging, price, guarantee, customs, friend's recommendations, and expert's recommendations. The collected data from the questionnaire are elaborated with excel program and statistical analyses. Thus, these data are used for the analysis of the variables reliability, factorial analyses, and the variables correlation that have been done with the selected variables. From the data collection regarding the place of the data, the age of the respondents, civil status, education, profession, and the incomes have been useful to prove or not prove the hypothesis regarding the brand. Based on the abovementioned conceptual model, the data has been obtained to prove or not prove the hypothesis. This is done through the factorial analyse and variables reliability regarding the perception, the dimensions, and the choosing factors of a brand. However, specific attention is given to the weight of the factors which in our case is more than 0.4. This attention is regarded as a limit to continue the analysis or to be excluded from the analyses. According to Hairer et al, if the acceptance limit of the factor is higher than 0.4, all the factors or questions which have a lower weight than 0.4, will be excluded from the analyses (Hairer et al., 2009). The next step was the variables analyses with independent sample t-test to test the perception. Also, the paired simple t – test is used to test the dimensions and ANOVA test for the selected factors testing. Therefore, the accepted hypothesis clearly shows the statistical importance that brand dimensions have in choosing factors. The P-values are smaller compared with the coefficient α (0.05), which is statistically given as $P\text{-value} = (0.00) < (\alpha) 0.05$. Based on the data of ANOVA test, it can be seen that the factors that are important in choosing the brand concretely are: physical characteristics, experiences in using the product, packaging, guarantee, customs, and recommendations from friends, recommendations from experts, distribution services, advertising/publicity, main producer characteristics, innovations, chances, and availability. Also, non-important factors in our findings include: distribution services, main producer characteristics, and the chances. According to the rule of accepting the hypothesis, its results show that the price is the most important factor in choosing the global brand. From the

results achieved in this study, it bring us to a conclusion that can serve for further studies or that can be a guide for managers and companies regarding the branding process within a company. It is important to state that the model presented, provides a clear guidance regarding the branding of the products of Kosovo companies. Thus, this starts from how the consumers perceive the brand and its identification. The findings of the study regarding the aspect of certain brand perception, respectively, show the quality perception, price, and value. Therefore, these are considered to be very important from the consumer's point of view in their decision to buy a product.

5. Conclusion

In the case of marketing research, all operative activities should be based on the consumers' analysis. This is because the collection of information from the consumers is the principal task of marketing within a company. In other words, the consumers are the main element of the market and all the efforts and attention should be given to them. They are the reference point to formulate the objectives of marketing, the strategies, plans, and activities. Due to this reason, it is necessary to know their needs, desires, behaviours, motivations, experiences during consumption, and the environmental factors that influence social groups. To predict the consumers' behaviour, the managers must start by fulfilling their needs. Also, they should seek appropriate incentives for stimulation. The consumers should be given the right and necessary information regarding the products of the company that will fulfill their needs and requirements. Initially, the consumers will be convinced about their perception regarding the product and they can declare that the product matches their needs. After this step, the consumers will decide to buy the product. Therefore, the manager should not ignore the consumer's satisfaction after purchasing the product. This is because it will affect the subsequent repetitive purchase. Also, consumers' impressions will be transferred to other potential customers. In this process, the importance of the role that the brand plays was described, even if it is a brand of certain product or a company. Consequently, this was the issue of this paper, as elaboration was done on how to create a brand, how the brand influences the consumers, and the brand's importance in decision – making of buying the product. Among others, it can be concluded that the decision of the consumer to buy or not buy the product is dependent on the brand. Thus, the companies should pay attention to the branding. It has been proven that the consumers without distinction of civil status, education, gender etc, should appreciate the brand of the product before they buy it. In addition, there is no significant distinction in this direction. The consumers during the purchase process evaluate the brand of the product by linking it to the value of perception, price, and quality. Furthermore, some very important factors during the purchasing process are: packaging, guarantee, availability, etc. Moreover, it has been proven that an important way of convincing the consumers about the brand and that the products fulfill their needs is through promotion, friends recommendations, and experts recommendations. Also, managers need to be aware of various essential steps that the company should follow if they want to develop their own unique brand. The companies regardless of their size should do all they can for a unique brand of their products. Also, they should develop activities that are useful for the positive image of the brand. If the brand image is positive, then the consumers will buy the product and will be loyal to the company. Thus, this means creating profitability for the company is the main objective of doing business. Usually, the small businesses are focused in creating profit and do not think about things like experts services, strategic planning, finances, human resources, etc. They use different agencies and consultants that have experience in branding and in building a brand image. From the findings of this study, it is hereby recommended that businesses can use as a practical contribution of this paper in the field of branding.

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