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Factors influencing the branding practices of SMEs in B2B markets in South Africa

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Factors influencing the branding practices of SMEs in B2B markets in South Africa

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2014

"Companies' very survival depend on effective corporate communication with key stakeholders, including investors, employees, suppliers and customers."

The Power of Corporate Communication,
Argenti and Forman (2002)

ABSTRACT

The development and growth of small and medium (SME) sized businesses is of national importance to the economic growth of South Africa as is evident in the attention the government places on growing this sector, culminating in the recent creation of a dedicated Small Business Ministry.

Given this importance, the sustainable growth of small businesses, from initial concept and start-up, through growth and into maturity is of critical importance. It is counterproductive if small businesses get started, and then collapse. This will be an economic drag – not a boost. Anything that can help small companies to grow sustainable should receive great attention. This research study is an attempt at doing just this.

Within the SME sector, many businesses focus on the individual end consumer. This Business to Consumer sector (B2C) is well known to most because it is the “front-end” of the economy. This is also the sector that has embraced modern marketing practices most openly in an effort to attract “shoppers”. But there is another, often less obvious segment to the economy: businesses focused on the needs of other businesses. This business-to-business (B2B) sector is notorious for being slower in embracing marketing as a key to sustainable growth and this becomes even more pronounced within the SME sector. Hence the primary research question of this study: What are the factors impacting the branding practices of B2B SMEs in South Africa?

A quantitative approach was followed using exploratory factor analysis to analyse the key contributing factors among a sample of 164 small businesses operating within South Africa and focused primarily on business markets.

Key findings of this study highlight the lack of modern marketing practices in B2B SME’s, firstly on a global scale, as indicated by the literature review, and then specifically in South Africa. Specifically, small companies neglect the development of their corporate brand. They are often still stuck in a mind-set of selling products instead of building deeper bonds between the company itself, its core offering and

its key stakeholders. Clearly many small companies suffer an early demise because they neglect their brand.

Ultimately, the development of a healthy SME sector in South Africa, especially within the B2B sector, require more than just prudent financial management, a good product or service, hard work and dedication. It also requires an ingredient – call it the secret ingredient because it is so widely neglected – of careful brand management from an early stage.

DECLARATION

I, **Bernard Jansen**, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Bernard Cornelius Jansen

Signed at ……

On the …….. day of …… 20…..

DEDICATION

To Sulet, my wife, your support made this possible.

To Liesl, the many hours spent together is the foundation on which all of this is built.

To my dad – I wanted to do this for you.

ACKNOWLEDGEMENTS

Firstly I would like to thank all the owners of small businesses who so graciously completed the questionnaire that forms the basis of this study. Through my research it is a recurring theme: small business owners are extremely busy people. They are often “one-person-shows”, swamped operationally and under extreme pressure. The fact that I received so many completed questionnaires is testimony to the character of these people – they are truly the foundation of our country’s economy.

Secondly I would like to thank Prof Anthony Stacey who helped me with the statistical analysis of the data. Prof Stacey’s help in generating the statistical reports and running the Exploratory Factor Analysis was invaluable.

I would also like to acknowledge the role of my supervisor, Laurence Beder. His guidance, support and understanding has been central to this project.

Finally I would like to thank my sister, Alida and business connection, Sandy Ramsay, who I regard as a friend and mentor, for pushing me to the finish line.

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1 CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to investigate the factors influencing the branding practices of small and medium sized companies (SMEs) within business to business (B2B) markets in South Africa.

The SME sector in South Africa is of critical importance to the development and growth of the economy. Not only does this sector allow for people to create their own work, but it also helps to reduce poverty by stimulating employment. In a country dominated by large corporates and joblessness, the development of a vibrant SME sector is of national importance and any advice that could potentially improve the wellbeing of this sector should be welcomed.

A major factor in the success of a new company is whether it can establish a brand presence in the market. The brand is the outward personification of the company's identity and helps to distinguish it from competitors. A successful brand presence will attract new customers and help to retain existing ones. For this reason, the establishment of a successful brand is fundamental to the survival of the business.

Despite its importance, the topic of branding has received little attention within the context of small companies. Traditionally the area of brands and branding fall within the scope of large, multinational companies who tend to employ dedicated brand managers to actively look after the companies' brands. Small companies do not have access to the same level of resources than large companies, leading many to neglect their brand management. This neglect is compounded by the lack of literature on the subject of small business branding.

Over and above the stated lack of brand focus within many small companies, a further distinction can be drawn between those that are focused on selling products and services to the end user in the form of the consumer, so called business-to-consumer (B2C) markets, and those that sell to other businesses: business-to-business (B2B) markets. Given that their target market is the consumer, B2C businesses tend to have a focus on marketing and branding due to the nature of attracting consumer attention.

To the contrary, companies focused on B2B markets often do not actively market themselves. These companies tend to rely solely on relationship marketing based on the contacts of the owner. The result is that these companies often neglect brand building activities.

This study focuses on the combination of SMEs and B2B driven companies – a sector that tends to grossly undervalue the power of the brand. The purpose of this study is to gain an understanding of the branding practices within SMEs in B2B sectors and develop a framework that can act as a guide for helping these companies achieve greater heights by taking brand building more seriously.

1.2 Context of the study

South Africa suffers from a very high unemployment rate and the development of entrepreneurship is a strategic imperative to the country. The governments' National Development Plan talks about the importance of developing "a robust, entrepreneurial and innovative economy" (National Development Plan: Vision for 2030, 2011). The same document also mentions the importance that entrepreneurship will play in helping to solve the unemployment crises faced in South Africa when it predicts a future where "up to 90 percent of jobs will be created in small and expanding firms".

Internationally the important role that SMEs play in the economy is well recognized, with Storey (1994) pointing out that at least 95% of all businesses in the European Union belong to the SME sector. A World Bank study found that SMEs play a particularly important part in creating jobs and employment in developing economies (Ayyagari, Demirgüç-Kunt, & Maksimovic, 2011). Clearly then, the development of small businesses are of national importance to South Africa and anything that can help improve the success of small businesses can potentially have a positive effect on the country's development.

However, many SMEs struggle to prosper and grow due to a lack of focus on their brand. This is partly due to a lack of specific guidelines for brand management within the context of small companies and partly because the entrepreneur is often swamped with operational issues. The consequences can be dire. Rode and Vallaster (2005) cite

Timmons (1999) when stating that if a new firm is unable to establish its corporate brand within a relatively short period of time, it will disappear. Kotler and Pfoertsch (2007) state that very few companies neglect the importance of branding in B2C. This contrast starkly with B2B markets where many managers are not convinced of the relevance of branding, believing that it is only relevant when dealing directly with consumers (Kotler & Pfoertsch, 2007). It is a common view that branding is only relevant in the often emotional world of consumer choice, not in the supposedly rational world of company decisions (Kotler & Pfoertsch, 2007). The same authors calls into question the view of many managers that brand loyalty equates to non-rational behaviour that only "applies to breakfast cereals and favourite jeans" but not to B2B markets. Kotler and Pfoertsch (2007) goes on to say: "Does anybody really believe that people can turn themselves into unemotional and utterly rational machines when at work? We don't think so." They highlight that many of the world's biggest brands are B2B, listing companies such as General Electric, Cisco, Oracle and SAP and then raise the question: "Why are so many B2B companies spurning their fortune by not investing in branding?"

The context of this study is thus a convergence of three issues:

1. The undeniable importance of developing SMEs for the greater good of the South African economy.
2. The tendency for many SMEs to underinvest in branding due to a lack of knowledge, which in turn contributes to sub-optimal businesses performance.
3. A tendency for B2B businesses to neglect branding.

By contributing to the knowledge pool of how SMEs that focus on B2B markets brand themselves, this study aims to contribute to the success of small business development in South Africa.

1.3 Problem statement

1.3.1 *Main problem*

The purpose of this research is to assess the factors that impact on the brand building practices of B2B SME companies in South Africa.

1.4 Significance of the study

Many small business owners, particularly within B2B sectors, have only a basic understanding of the brand concept. During a one informal discussion with a business owner about the potential benefits of building the company campaign, they stated: “Yes, but I do not want to become famous”. This statement – associating brand building with fame – provides a good example of how one dimensional the brand concept is understood among many small business owners.

As with large corporates, SMEs can roughly be split into two sectors: Those that market directly to end users – or consumers, referred to as B2C - and those that market to other businesses, so called B2B companies. It is commonly accepted that when marketing to consumers, a company should invest in a brand building campaign and use marketing efforts such as advertising to drive awareness. The result is that even within SMEs, those that sell to consumers tend to understand, even at a basic level, that they need to invest in branding and marketing. Interestingly though, even within these B2C segments, many SMEs are only reluctant participants of brand building efforts Bresciani and Eppler (2010). Ultimately, marketing efforts, including building their company brand, are seen as non-operational and non-critical, even in many B2C environments.

If brand building is neglected in B2C SMEs, the situation within B2B SMEs is even worse. These businesses really grapple with why they need to invest in any brand building efforts whatsoever. Anything marketing related is often viewed with a great amount of scepticism and it is not uncommon to hear the term “smoke and mirrors” being used to describe the general area of marketing and branding. This is understandable given that many B2B

businesses offer tangible products and services and are managed by people who have trained in scientific fields such as engineering, computer programming and accounting. For these businesses to understand the role of branding – an inherently intangible concept - is exceptionally difficult, not to mention the shortage of financial resource that all small businesses experience combined with a lack of small business marketing literature.

Despite this, small businesses – even in B2B sectors, are brands - whether the owner realises this or not. By researching what is being done and what the effect of this is on the businesses, this study can help owners of B2B SMEs gain a better understanding of why brand building is important and what the best methods are of achieving this.

1.5 Delimitations of the study

This study will only focus on the branding practices of companies classified as small to medium sized (SME) and focused on business markets (B2B). With this in mind, companies that sell directly to the end user; the individual consumer, were excluded. Furthermore, the focus of this study is on South African, i.e. B2B SME companies registered in South Africa and with their main head office in the country.

Finally, in order to gain an understanding of how these businesses engage in brand building, surveys were send to key decision makers in these businesses, i.e. owners and managers of B2B SMEs. All other employees, including mid-level management were excluded from participating in this study.

1.6 Definitions of terms

Business to business (B2B): According to P. Kotler and Keller (2012, p. 205), “The business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented or supplied to others.”

Small and medium enterprises (SME): The National Small Business Amendment Act provides a classification for micro, very small, small and medium sized enterprises by industry type, using the number of employees, total annual turnover and total gross asset value as measures of size. This report will use number of employees as an indication of size. Although different industries have different numbers, this study will use the most common number of employees across the various industry classifications as a standard definition for SME i.e. between 20 and 200 employees.

1.7 Assumptions

The most important assumption made for this research project was that the various decision makers in the identified companies would be willing to complete an electronic survey which will probe the company's approach to building the company brand. A secondary assumption is that enough completed questionnaires will be completed for a viable quantitative analysis to be performed. The assumptions proved true, with over 160 completed questionnaires submitted.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Extensive research exist on the topics of brands and branding however most of it is focused on large companies and multinationals (Krake, 2005). This is a concern given the importance of small and medium enterprises to the economy and the critical, yet largely unrecognized role that branding plays in their survival. Centeno, Hart, and Dinnie (2012) mention the particular importance of SMEs to a country's economy in that they are a source of employment, growth and competitiveness. Boyle (2003) talks about the importance of branding activities to the survival of the company since it helps businesses find customers – something a business cannot exist without. Merrilees (2007) states that even a small corner shop can be regarded as a brand.

The following literature review will focus on clarifying various concepts related to the study in order to gain a better understanding of the concepts of marketing, sales and branding and specifically in relation to SMEs and B2B markets.

2.2 Marketing, Sales & Branding

The following section provides definitions for the various broad marketing related terms, i.e. Marketing, Sales & Branding

2.2.1 *Marketing*

P. Kotler and Keller (2012, p. 27) define marketing as "identifying and meeting human and social needs". A related definition offered by the same author is: "meeting needs profitably". The formal definition offered by the American Marketing Association is:

"Marketing is the activity, set of institutions, and processes of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large."

2.2.2 ***Sales***

Managers often associate the term "marketing" with "the art of selling", but selling – or sales – is not the most important function of marketing. P. Kotler and Keller (2012) state that the act of selling is only the tip of what they refer to as "the marketing iceberg". They cite Peter Drucker, a leading management scholar, when he explains that there will always be some element of selling involved in marketing, but that the real aim of marketing is to make the act of selling almost unnecessary. This is done by getting to know the customer and their needs so well that one can offer a product that will meet these needs and basically "sell itself".

This is in stark contrast to a business that relies only on "selling". The selling concept assumes that if customers are left alone they will not buy a company's product and so they need to be actively persuaded to do so. Aggressive selling is risky because it can backfire when customers realise that the product does not meet their real needs or match the promises that have been made resulting in disappointment, possible bad publicity and even a lost customer (P. Kotler & Keller, 2012).

2.2.3 ***Brands & Branding***

Vast amounts of literature exists on the topic of branding. The area of corporate branding has received particular attention of late as it is seen to be a key factor in gaining competitive advantage (Balmer & Gray, 2003). According to Bresciani (2007), despite the many studies that exist about branding and its meaning, little consensus exists about what the term actually means. Some take a restrictive approach and view branding only as a logo or a name, whilst others view the brand as a company's biggest asset in the form of brand equity hence making it a core responsibility of the CEO.

Bresciani (2007) attempts to provide some clarity on the term “branding” by providing a short history of its origins, starting with how ancient Egyptians trademarked artefacts to indicate its origin and more modern examples of involving branding of cattle to indicate ownership.

a. *Brand*

Over the last two decades managers have recognized the brand as a key strategic asset. Most recently Kapferer (2004), as cited by Bresciani (2007) states the real value of a brand lies externally in the minds of potential customers. This leads Bresciani (2007) to conclude that the modern definition of a brand focusses on the promise it can deliver to customers and the mental associations that customers attach to the brand in order to help them define their own identity.

De Chernatony (2001) refer to brands as “multifaceted concepts” and uses the visual depiction of an iceberg to indicate what a brand is as well as the extent of most managers understanding of the concept. In this depiction, about 15% of the iceberg sticks out above the water level with the rest below, with the part sticking out reflecting what most managers understand when they refer to a brand – the logo and name. It is also this part that is mostly associated with the term “marketing”.

The part beneath the surface depicts the deeper meaning of brands. This is the part that is deeply rooted in the company’s culture and identity and offer the possibility of real competitive advantage. The part of a brand below the water surface goes beyond marketing issues and touches on aspects such as staff commitment, research and development capability, effective customer service and proper logistics processes.

By linking the visible part of the brand with the deeper, unseen part that is rooted inside the business operations itself, the definition of a brand becomes more holistic and more strategic.

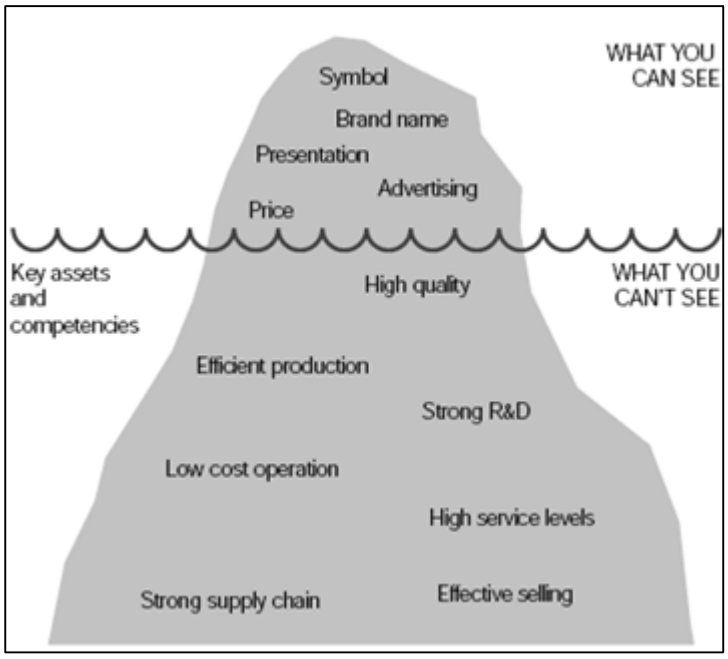


Figure 1: The Brand Iceberg (Davidson, 1997)

Using the metaphor of an iceberg, it is possible to categorise various definitions of the term "brand". Some authors only define the brand in terms that refer to the top section of the iceberg sticking out above the water level. P. Kotler and Keller (2012) defines a brand as:

> *"a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"*

However, Wood (2000) notes that this definition has been criticised for being too focused on the visual elements of the product as means for differentiation, with Anderson and Bennett (1988) including "any other feature" that helps to differentiate one sellers' goods from another; thus leaving the door open for less visible aspects to be included in defining a brand.

Bennett's definition is the one used by the American Marketing Association. However there are also a number of authors who define a brand by primarily focusing on the area of the iceberg underneath the water level. Bresciani (2007) highlights how certain authors take a shallow dive when attributing interaction between the customer and staff as part of the

brand whilst others dive deeper, linking the brand to a company's purpose, vision and values and calling this the foundation of the brand.

Examples of such definitions include Ambler (1992) who recognizes that the attributes making up a brand can be “real or illusory, rational or emotional, tangible or invisible” such as the promise of satisfaction that a brand offers the buyer.

De Chernatony and Riley (1998) highlights the role of “values and needs” in defining a successful brand as a product, service or place that is augmented in such a way as to provide the buyer with relevant, unique and sustainable added benefits.

Many other authors also recognize the role of both a visible and invisible component in defining a brand. Aaker and Joachimsthaler (2004) talk about the holistic nature of a company’s brand; that it is “planned, strategically focussed and fully integrated.” Rode and Vallaster (2005), highlight how a corporate brand is the sum of a company’s core values, the behaviour of its employees, how it visually represents itself through elements such as its logo and through all its corporate communication – both internally to employees and externally to stakeholders. Juntunen (2012) goes a step further by specifically defining corporate branding as “the process of creating and maintaining a favourable image for the company.”

Perhaps the most complete definition specifically of a corporate brand is provided by Rode and Vallaster (2005) who states that “the corporate brand conveys essence, culture, character and purpose of a company”. This definition is the most suitable for this research since it refers to all parts of the brand iceberg – the part above the water level, i.e. symbolic representations such as the logo design; and the part below the water level, i.e. values, employee behaviour etc.

b. *Branding*

As far as the word “branding” is concerned, Bresciani (2007) defines it as a management process aimed at maximising the value of the experiences associated with the brand to the benefit of the key stakeholders. Kotler and Pfoertsch (2007) cite Bedbury (2002) in defining branding as taking something common and then improving it in such a way that it

adds value and meaning. P. Kotler and Keller (2012) state that branding is the process of endowing the power of a brand onto a product or service.

These definitions point to the fact that branding is an action taken to build the brand using common threads through all the elements of the brand iceberg to add value to the product or service.

2.3 Brand related concepts

This section aims to define a range of concepts related to the concepts of brands and branding. The section will focus specifically on terms related to the brand iceberg, as per Figure 1. The first three terms, brand image, brand identity and brand reputation relate to the invisible part of the iceberg – the part below the waterline.

- **Brand image:** Harris and De Chernatony (2001): While image focuses on consumers' perceptions of brand differentiation
- **Brand identity:** according to Van Riel and Balmer (1997) and in keeping with the International Corporate Identity Group's definition, "corporate identity is interpreted as an organisation's ethos, aims and values that creates a sense of individuality which differentiates a brand"
- **Brand reputation:** Harris and De Chernatony (2001) provides the following definition, citing C. J. Fombrun and Rindova (1996): a brand's reputation is defined as: "a collective representation of a brand's past actions and results that describes the brand's ability to deliver valued outcomes to multiple stakeholders''.

The next section focuses on elements of the brand that fall within the visible part of the iceberg – the part above the waterline - which relates primarily to the physical appearance of the brand.

- **Trademark:** a crucial aspect of managing a brand is to protect the visible elements against competitor imitations through the process of trademark protection. According to the Companies and Intellectual Property Commission (CIPRO), a Trade Mark is a brand name, a slogan or a logo. It identifies the

services or goods of one person and distinguishes it from the goods and services of another. When a trademark is registered, a certificate is issued which allows the owner exclusive right to use the mark. Bresciani (2007) cites a number of criteria for strong brands as listed by Blackett (1998), including that a strong brand name must be distinctive, appropriate, appealing and legally protectable. Bresciani (2007) continues by also citing the opinion of Kapferer (2004) that when choosing a brand name one should look far into the future to what the brand may one day represent instead of purely focussing on the current product offering.

- **Logo:** According to Stahle (2002) a distinguishable logo is key to helping companies stand out amongst the crowd. This is especially important given that today's world has become increasingly visual and modern day consumers are relying increasingly on logos as a stamp of quality and differentiation (Stahle, 2002). According to Bresciani (2007) the logo is arguably the most important part of the brand since it is ultimately what stands for the brand in the consumer's eyes. The logo is quite literally the brand to many consumers, despite the fact that the brand encompasses many aspects of the company.
- **Tagline:** According to Bresciani (2007), a tagline (or claim or slogan) is a short phrase that manages to concisely capture the company's brand essence and assists in differentiating the company from its competitors.

2.4 Small and medium sized enterprises

There is no universally accepted definition of a small business. What might constitute small in one country may actually be quite big in another. Internationally a small business is classified by its size and in particular the number of employees. As far as number of employees are concerned, the European Union define SMEs as having more than 10 and less than 50 employees for small sized and 50 to less than 250 employees for mid-sized. A turnover bracket is also provided of between €10m – €50m for SMEs (Krake, 2005).

However the same classification cannot be applied to South Africa where just the minimum of €10m already equate to R135m – a large turnover given the size of the economy. According to the South African Governments' Department of Trade and Industry a number

of factors exist that constitute a small business as highlighted in its Annual Review of Small Businesses (Annual Review of Small Business in South Africa: 2005 – 2007):

1. An entrepreneurial dimension, meaning the founding of a new businesses. However, as the report correctly points out, many new businesses are created but never actually start to do business, resulting in a large number of "new" businesses that never actually develop to the stage of becoming a "small" businesses. The department also highlights that many small businesses have been around for a very long time, meaning that not all small businesses are actually new.
2. Ownership structures in the sense that, for small businesses, the owner is often also the manager. However this is also not an accurate measure since not all small businesses are owner managed and some that are, are actually too big to be classified as small.
3. Employee status, with many small businesses characterised by owners also being employees. One could argue that self-employed people are also small businesses.
4. A fourth factor, especially relevant in the context of South Africa, is the case of businesses that operate in the informal and semi-formal economies as compared to the formal, regulated economy. In South Africa the size of the informal sector is significant, employing the majority of working people.

The Department of Trade and Industry conclude that there is no single definition of what constitute a small business. It also states that the term "small business" includes various size descriptions such as "micro, very small, small or medium enterprises".

The National Small Business Act of 1996 defines the threshold of small businesses within most industrial sectors as between 50 (small) - 200 (medium) employees but with radically different turnover brackets ranging from between R6m – R13m in catering to between R13m – R51m in the manufacturing industry.

For the purposes of this study no turn-over basis will we used, instead focusing only on number of employees.

2.5 Business to business markets

B2B markets are also referred to as “industrial markets” with Mudambi, Doyle, and Wong (1997) defining industrial products as products used in the manufacturing of both goods and services and not sold to the general public.

According to P. Kotler and Keller (2012) the business market consist of all the organisations that acquire products and services for use in the manufacturing of their own products and services that are in turn sold or rented to others. In their textbook Marketing Management, P. Kotler and Keller (2012) highlight a number of characteristics differentiating business markets from consumer markets. These include:

- **Number of buyers:** Larger and fewer buyers compared to consumer markets.
- **Customer relationships:** A closer relationship between supplier and customer, with the supplier often customizing its offering to its largest customers.
- **Professional buyers**: Buyers are focused on securing the very best deal and require specific information from the supplier’s marketers before making a purchasing decision.
- **Multiple decision makers**: Multiple people are often involved in making the customer’s final purchasing decision which in turn require a highly skilled marketing department to answer all the various questions from the customer.
- **Number of sales visits**: Multiple sales visits are often required before a final purchase decision is made.
- **Derived demand**: Demand within business markets are dependent on the wider economy and specifically on the end consumer demand.
- **Inelastic demand**: Business markets tend to be less price sensitive than consumer markets – as prices of input costs move up or down, demand remains relatively stable.
- **Fluctuating demand**: As consumer demand moves up and down, it has an exponentially larger (http://www.gautengonline.gov.za/, 2013)effect on business

markets which need to make larger changes to accommodate a relatively small increase in consumer demand.

- **Geographically concentrated markets**: As an example, in the case of South Africa, most business buyers will be located in the Gauteng province which is responsible for around 33% of the country's economic output despite only making up a fraction of the country's land area (http://www.gautengonline.gov.za/, 2013).

- **Direct purchasing**: Business customers often buy direct from the manufacturer instead of working through an intermediary.

2.6 Brand building and SMEs

This research study aims to investigate the area of overlap between branding, as defined previously, with the particular business environment of SMEs operating in a B2B environment in the context of South Africa.

Traditionally the area of branding has been the domain of established, often multinational, companies and covers areas such as corporate reputation management (C. Fombrun & Shanley, 1990), corporate identity management (Balmer & Gray, 1999), brand loyalty and revitalizations (D. Aaker, 1991) and maintaining brand equity (Keller, 1999). However, these topics have little relevance to entrepreneurs managing small businesses. According to Geissler and Will (2001) "*Contemporary management literature on entrepreneurship neglects corporate communication to a great extent.*" Daniels and De Chernatony (1994), as cited by Rode and Vallaster (2005), mention how the current discussion of brand management issues relate primarily to established companies and Rode and Vallaster (2005) proposes that the first development phases of a corporate brand have only received limited attention. Merrilees (2007) points out that, although there is substantial academic literature on the general topic of small- to medium-sized enterprises (SME), very little covers the topic of branding and that "surprisingly little explicit research" is available on a theory for small business branding.

The challenge is that existing literature does not take account of the unique branding needs of young companies such as their lack of resources in the form of a dedicated marketing department and money (Abimbola & Vallaster, 2007), absence of internal processes and structures (Rode & Vallaster, 2005) and a need to build reputation among key stakeholders and interest groups (Petkova, Rindova, & Gupta, 2008).

All of this paints a concerning picture given how crucial the establishment of a brand presence is to the survival of a new company. It is especially concerning given that SMEs are increasingly competing in a globalized, information rich, environment that is customer led, requiring even the smallest entrepreneur to proactively manage firm reputation (Abimbola & Vallaster, 2007). Bresciani and Eppler (2010) quote Timmons (1999) who directly links the ability to establish brand presence with a company's chances of survival when he says: *"if start-ups or new ventures are not able to establish their corporate brand in the market within a relatively short time frame, they disappear from the market"*.

According to Abimbola and Vallaster (2007) the concepts of brand, organizational identity and reputation are ways to provide meaning to a business and its customers and should be used by both large, established companies and SMEs.

Adding to the shortage of research on the topic, SMEs also lack resources to implement traditional big budget campaigns. The result is that many young businesses neglect their brand – partly due to the lack of available knowledge and partly due to a lack of resource.

One of the first and most relevant articles to discuss the development of a corporate brand in the early phases of a business is a paper by Rode and Vallaster (2005) with the title: "Corporate Branding for Start-ups". Their study highlight the fundamental role that a strong corporate brand play in finding financiers, quality staff and customers. With such a crucial role, one can understand the potential long term harm to a company if the corporate brand is not properly developed. Rode and Vallaster (2005) also conclude that any model aiming to assist in the process of corporate brand development, particularly for young companies, should focus on the entrepreneur as the founder of the company. It is the entrepreneur "who lays the foundation stone for developing a corporate identity" by following their own views and feelings on how the business should be promoted (Rode & Vallaster, 2005). In a sense, the personality of the business reflects the personality of the entrepreneur.

Argenti and Forman (2002), as cited by Bresciani (2007), highlight in their book, *The power of Corporate Communication*, that companies' very survival depend on effective corporate communication with key stakeholders, including investors, employees, suppliers and customers.

Entrepreneurs commonly do not pay much attention to branding activities because they believe it is something that only big businesses have to do. What these small businesses fail to realise is that they inadvertently are branding themselves but not actively taking any interest in the process nor managing the outcome. The result is often reflected in less than ideal customer satisfaction (Bresciani, 2007).

Bresciani (2007) provides an overview of a commonly held view by many authors that entrepreneurs often do not think big enough about their business idea. They are short sighted in only focussing on the particular product or service for which they see a market gap, neglecting the incremental effect that marketing can have on boosting the opportunity. The result then is often a bigger player coming into the market with a well-executed marketing strategy and quickly pushing the smaller player to the side-lines because it has never invested in its brand presence.

Abimbola and Vallaster (2007) argue that small companies have a unique advantage in aligning the brand with its organisational identify and reputation due to less bureaucracy and the central role the entrepreneur plays in giving the business its identity. Juntunen (2012) talk about how the brand is the entrepreneur personified.

On the potential reasons as to why SME's neglect their corporate brand, Inskip (2004) found in her research amongst CEO's of SME's the following reasons:

- A general lack of knowledge, with the idea of corporate branding being a "radically new concept".

- Compounding the situation is the leadership structure in most SME's which depend on a single founder manager with little functional support in the form of a marketing department. Put simply, the owner is overwhelmed with operational issues and unable to attend to matters that are not directly related, such as branding.

- Another matter, closely related to the above, is limited time which is often the key commodity lacking. The leadership in many small companies simply do not have the time to implement longer term plans. They are swamped on a day to day basis.

- A lack in acknowledging the role of customers as key stakeholders is another factor. Most small businesses have a rather limited view of important stakeholders as only the top management team and employees with only a distant recognition of customers.

- Serious difficulty for owners of SME's in deciding what they want to communicate about their businesses and in framing the message.

- A view that the term "brand" refers only to the products a business sells and not the organization itself.

2.7 Brand building in B2B markets

Kotler and Pfoertsch (2007) state that many managers of B2B companies are convinced that branding is only meant to be relevant amongst consumer focused companies. This perception is driven by the view that business consumers often take a rational, fact based approach to purchasing. However, they argue that proof of the importance of branding within B2B markets is evident when one considers that some of the biggest brands in the world are B2B brands, such as Boeing, GE, Siemens and Oracle. Clifton (2009) state that *"even brands that focus purely on business customers can make a significant contribution to shareholder value"*, listing IBM as an example.

Kotler and Pfoertsch (2006) list two crucial "moments of truth" for any brand: the moment that the brand gets selected based on the promise that it will deliver, and the moment the brand gets used and actually experienced. The key being the alignment of the brand promise with the brand experience. They continue by noting how some industrial brands have learned that they must go beyond focusing on purely the engineering and usage requirements of a product but also on the brand expectations. In short, *"some industrial brands focus intensely on winning these moments of truth"*.

Ultimately, the role of the brand is fundamentally the same in both consumer and business markets – it helps the consumer identify and select a relevant product amongst an often large competitive set (Kotler & Pfoertsch, 2007). Aaker and Joachimsthaler (2004), state that brand image is a strategic asset that can assist in ensuring long term competitive advantage and that the brand is a tangible reflection of the business strategy.

Kotler and Pfoertsch (2007) make the point that strong brands boost companies' financial returns. The same authors also state what amounts to the clearest reason why even B2B focused companies should invest in their brand: a vibrant brand holds a promise of quality to customers which in turn allows the supplier to charge a premium price which, in turn, has a positive effect on the value of the business.

Mudambi et al. (1997) conclude that branding may well play an important part in industrial markets where it is pure product differentiation is increasingly difficult. Kotler and Pfoertsch (2007) make the following statement: *"Does anybody really believe that people can turn themselves into unemotional and utterly rational machines when at work? We don't think so".*

Kim, Reid, Plank, and Dahlstrom (1999), recommend that business marketing managers need to consider aspects of branding in order to flourish in the market and avoid competing on price.

Michell, King, and Reast (2001) state that brand names are used extensively in industrial markets and that businesses operating in these markets derive real benefits from brands in the form of intangible differentiating assets, quality assurance, credibility and recognizable image.

2.8 Brand building and B2B SMEs

Inskip (2004) acknowledges in her research on United Kingdom based businesses that large consumer focused organizations tend to pay attention to the ongoing development of their corporate brand but that such examples are harder to come by amongst B2B focused companies and in particular SME's. The author argues that there exist only a

patchy understanding of the benefits for differentiation that corporate branding offers these businesses. Ultimately corporate branding goes beyond the design and consistent application of a nice logo. It is concerned with capturing an organizations unique personality and projecting a clear sense of what it stands for to the outside world. In doing so, the corporate brand helps to differentiate a company from its competitors and becomes a tool for organizational change (Inskip, 2004).

However, despite being such a powerful tool, there is "*an almost absolute silence"* on the topic of corporate branding for B2B SME's (Inskip, 2004). Traditionally B2B companies rely on the characteristics of the product they sell to market itself, however to have a unique product is becoming increasingly difficult, making the development of the corporate brand especially important Inskip (2004). Merrilees, Rundle-Thiele, and Lye (2011) highlight the importance for B2B SMEs to develop two key marketing capabilities: branding and innovation – both of which were found to be major contributing factors in the success of companies.

In her research Inskip (2004) found a number of specific issues that impacted the state of corporate branding in SME's with a B2B focus. These are:

- An overriding focus by the senior team to focus on the product or service they sold and the prevailing perception that if the product is good, it will sell itself.
- A focus on nurturing existing customer relations and neglecting finding new customers.
- A focus on price.
- Difficulty for the owners to identify a central message that they want to communicate about their business due to the complex nature of the customers they serve.
- A shortage in external help to those owners who have shown an interest in developing the corporate brand of their business.
- General lack of support for CEOs of small businesses, specifically in B2B markets, in educating and assisting to build their business' corporate brand.

Furthermore, in research focused on the corporate brand creating process in B2B software start-ups in Finland, Juntunen (2012) found the following:

- The brand associated with the product that the B2B focused company sells is often dominant, with the SME itself taking on the name of the product. Put differently, the product brand tend to be more important than the corporate brand.

- A variety of stakeholders are involved in the development of the corporate brand. It is often not just the owner. The entire network in which the business operates forms part of a so called brand co-creation process which is highly interactive, dynamic and leads to the brand developing incrementally over time with regular updates.

- The owners of the businesses interviewed considered a corporate brand as a soft issue dealing with aspects such as image and awareness which are regarded as immaterial in the B2B setting. It was only after more thought that the owners realised that more concrete reasons exist such as building trust, credibility and understanding with customers.

2.9 Research question

The purpose of this study was to gain a better understanding of how SMEs in B2B markets in South African build their corporate brand. Bryman (2012) strongly recommends formulating a research question to help focus the research. This study was guided by the following question:

> *What are the main factors and how do they impact the branding activities of SMEs in B2B markets in South Africa?*

2.10 Conclusion of literature review

The purpose of this literature review was to understand the concept of corporate brand building and how it relates to SMEs operating in B2B markets. The review found a substantial amount of literature on the topic of branding and especially how it relates to large, consumer focused, corporations. However, little information covering either brand building of SMEs or brand building within B2B markets was found, highlighting a substantial knowledge gap - even in international markets - where these two areas overlap, i.e. SMEs competing in B2B markets. It is with this gap in mind that this study will investigate the main factors impacting the branding practices of B2B SMEs in South Africa.

3 CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research methodology / paradigm

This research took the form of a quantitative study to analyse the factors impacting the branding practices of B2B SMEs in South Africa. According to Bryman (2012) a quantitative method of research focuses on the collection and analysis of data. Creswell (2013) states that a quantitative approach uses strategies such as the survey to collect numerical data on a set of predetermined questions and then analyse statistically. According to Creswell (2013), if a study is focused on addressing a research problem involving the identification of factors that influence an outcome, the use of a quantitative approach is best.

3.2 Research Design

This study used a cross sectional design in the form of a survey to interact with respondents. Bryman (2012) defines cross-sectional research design as containing the following key elements:

- The study of more than one case (in the case of this study, people) in search for variation in attitudes on a theme.
- The study takes place more or less at the same time – or at a single point in time.
- The quantification of the data.
- Drawing associations between the variables.

Bryman (2012) states that a typical form of cross sectional study is the structured survey of a sample at a single point in time. Lietz (2010) define a survey as “a complex communication process” that results in the creation of meaning through the interaction between researcher and respondents. The survey method was used in this study. The questionnaire was self-administered in that respondents answered the questions

themselves. A link to the questionnaire was emailed to respondents and it was then completed via Qualtrics, a web based questionnaire interface.

3.3 Population and sample

3.3.1 *Population*

The population in this study were key decision makers (owners and managers) of SMEs registered in South Africa and that operate primarily in B2B markets.

3.3.2 *Sample and sampling method*

This research focuses on a very specific type of small business. The population is not purely SMEs but rather SMEs operating primarily in business markets. The total number of these business in South Africa is unknown.

The sample frame consisted of 55,000 SMEs that were voluntarily registered on a business database kept by the research company Database360. The sample of businesses that participated consisted of a pseudo random sample due to respondents self-selecting to participate in the online survey.

Convenience sampling was used in conjunction with pseudo random sampling, as it was evident that the online survey, being self-selecting, ran the risk that the response rate would be low, making comparison of groups within the research problematic. In order to boost the number of responses, additional responses were gathered by actively recruiting responders.

The sample consisted of businesses with email access, as per the Database 360 database as well as the email addresses that was made available to the author and that forms part of the convenience sample.

The results were filtered to include:

1. Only the owners and managers of the business.
2. Only businesses that are registered in South Africa.
3. Only businesses that fit the categorization of Small-to-Medium sized.
4. Only businesses that operate predominantly in business markets.

The required sample size for the factor analysis was to achieve at least 150 valid responses. This was exceeded with an eventual sample of 164 obtained. Respondents were encouraged to participate by promising them a one page summary of the research results should they request this. The questionnaire had a cover page, which ensured confidentiality and the right not to participate (Appendix A).

3.4 The research instrument

This study uses a questionnaire as the research instrument as detailed in Appendix B. A structured survey was used as it had a predetermined set of questions, such that closed ended questions ensure standardisation (Kalof, Dan, & Dietz, 2008). All the questions asked in the questionnaire were based on the literature review. The questions consisted of two parts:

1. Filter questions: this section asked questions to ensure only owners and managers of SMEs operating in B2B markets, and that are registered in South Africa, complete the questionnaire.

2. Quantitative questions: this section asked the respondent to answer questions relating to the branding practices in their business. A five point Likert response format was used which consisted of 38 questions. The questions were randomly rotated for each questionnaire and no open ended questions were asked. The questions can broadly be split into two:

    a. Questions relating to the respondent's general knowledge and attitude to marketing and brand related topics.

b. Questions relating to the respondents actions in their respective businesses pertaining marketing and branding.

3.5 Procedure for data collection

The research company send out an email containing a link to the questionnaire to a database of 55,000 small business owners. Data was further collected by the researcher by proactively encouraging responders to make contact through the promise of receiving a one page summary of the research. As respondents made contact they were asked to send contact details of potential additional responders from their own network. This was found to be a highly effective method as most small businesses operate in tight networks. The researcher also used social media channels such as Facebook and Twitter to actively promote a link to the survey.

Due to the built in filter in the questionnaire, it did not matter who participated as the questionnaire automatically filtered out unwanted respondents. Given this, an approach was taken to get as many responders as possible and relying on the built in filter to screen for relevance. The questionnaire cover letter (Addendum B) did however clearly state who the questionnaire was targeted at.

3.6 Data analysis and interpretation

The data collected from the survey was predominantly ordinal and analysed using the normal distribution fitting algorithm approach as suggested by Stacey (2005). The technique fits a normal distribution to the data in order to produce descriptive statistics using means and standard deviations which is then used to describe the data. This approach was chosen because (Stacey, 2005):

- The assumption of normality is automatically fulfilled through the normal distribution fitting algorithm:

- The method is appropriate in cases where the target sample is large but the response rate low; and
- The data is analysed in its original format and not assumed to be interval scaled.

The outcome of this approach was a Microsoft Excel sheet with item means and standard deviations for each of the 38 statements under section 2 of the questionnaire (Addendum 2). These item means were then ranked in order of importance.

Furthermore, since the questionnaire was never used before and prepared specifically for this study, is had to be tested for reliability. Exploratory factor analysis was then used to analyse the data.

3.7 Limitations of the study

The study takes a broad view of SMEs, including both very small one man businesses as well as large business with nearly 200 full time employees. These businesses are very different in their approach to branding.

3.8 Validity and reliability

3.8.1 *External validity*

Poor external validity is related to poor sample selection according to Coghlan et al. (2009). Poor sample selection involves sample “non-representativeness” and small sample size. A challenge with the convenience sampling method is that it may result in low population representativeness. Although convenience sampling was used it was only a small percentage (less than 20%) of the respondents with the rest of the data collected using random sampling

3.8.2 *Internal validity*

According to Bryman (2012) internal validity deals with whether a causal relationship between two or more variables are factually true. Exploratory factor analysis was used to test the measurement model.

3.8.3 *Reliability*

Bryman (2012) explains that reliability deals with the question of whether the results of a research study is consistent and can be repeated. As a minimum, a study should have face validity, i.e. that the outcome of the study at least appears viable given the focus of the study (Bryman, 2012). In the case of this study the research does have a high degree of face validity based on the underlying factors highlighted in the literature review.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results of the study and contains a summary of the statistical analysis that was performed in order to address the research question. The findings of the research are analysed and the major outcomes then presented. The analysis of the research is based on data outputs from Microsoft Excel and Statistical Package for Social Scientists (SPSS) – the statistical package used to analyse the data.

The research conducted aimed to find the underlying factors impacting the branding practices of B2B SMEs in South Africa. As far as can be determined, this is the first time a quantitative approach is followed in an attempt to determine the underlying reasons for how small businesses build their corporate brand. Previous studies have focused on a qualitative approach due to the novelty of the research area. This study takes the view that, by combining the outcomes of various general and specific research into small business branding, enough information is available to attempt a quantitative study.

4.2 Profile of businesses

This section provides an overview of the businesses that completed the survey. The survey was undertaken by 328 respondents. The questionnaire started with a series of five filter questions to ensure that only the following people actually complete the full questionnaire: key decision makers of B2B SMEs in South Africa.

The first question of the survey asked respondents if they wanted to participate. Of the 328 that answered this question, six stated that they do not want to participate, leaving a total of 322 respondents.

4.2.1 *Business size*

Of the 322 respondents that were willing to participate, five did not proceed any further, leaving 317 businesses of various sizes to answer question two – a question filtering respondents on business size. The sizes of the business is determined by the number of full time employees. Overall the sample was heavily skewed towards small, as opposed to medium sized business. 46% of respondents were categorised as Micro sized and 32% as Very Small, resulting in a total of 78% of respondents having less than 20 employees. A further 11% were categorised as "Small", with less than 50 employees. 4% of the respondents fell outside the scope of this study as they were too large to be categorized as SMEs. A built in filter in the questionnaire prohibited these business from continuing with the questionnaire, leaving only 305 respondents eligible to continue.

Table 1: Size of businesses that responded to the questionnaire

Enterprise category	# Staff	Count	Percent
Micro	1 – 4	147	46%
Very small	5 – 19	103	32%
Small	20 - 49	35	11%
Medium	50 - 199	20	6%
Total SMME		**305**	
Large		12	4%
Total Respondents		**317**	

By adding up the various sizes of the businesses that responded, it is possible to create three broad segments: Small businesses; Medium sized and Disqualify (too large). A percentage breakdown of this split is provided in Figure 2.

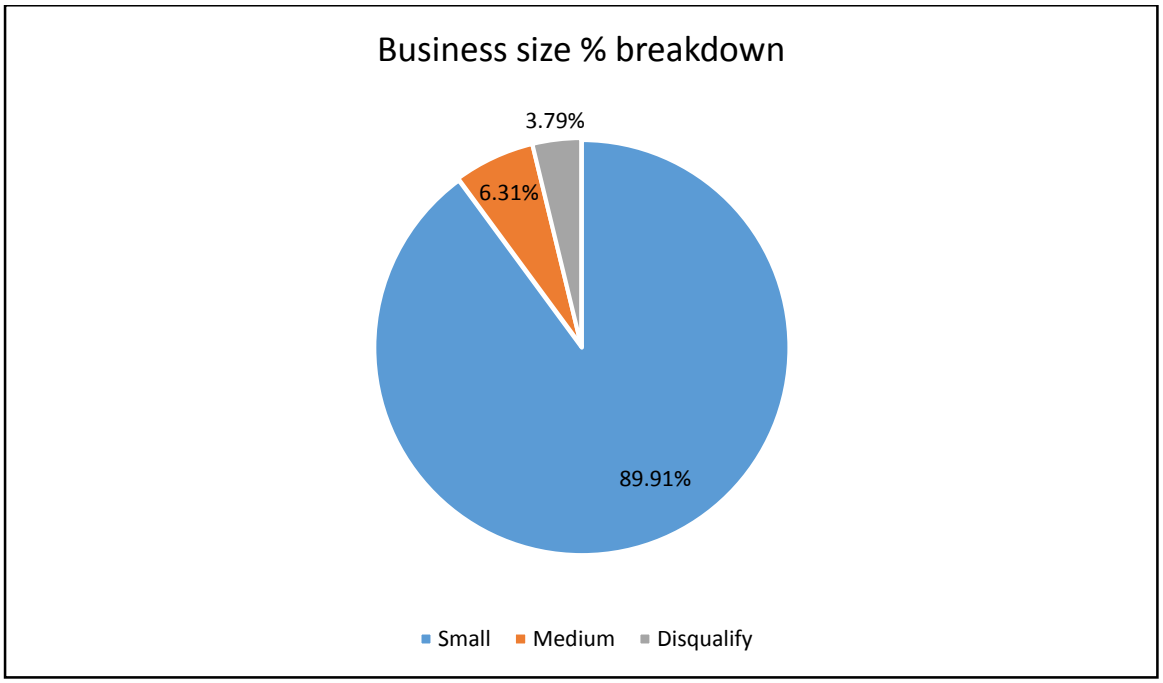


Figure 2: Percentage breakdown of business size

4.2.2 *Responsibility of the person answering the questionnaire*

The second question filtered respondents by their responsibility in the business. Given the focus of this study on the factors that impact on the branding practices of business, it was crucial that the person completing the survey should be closely associated with the business, its direction and resource allocation within the business. In short, it should be someone with executive powers. Of the 305 respondents that qualified to proceed with the questionnaire after question one, 304 completed question two with one person quitting for reasons other than the built in filter. Of those that completed question two, 95% (289 respondents) can be regarded as having executive power and were allowed to continue to question three. The other 5% (15 respondents) were blocked from continuing based on them answering “no” to the question on executive power. Figure 3 provides an overview of executive power of the respondents.

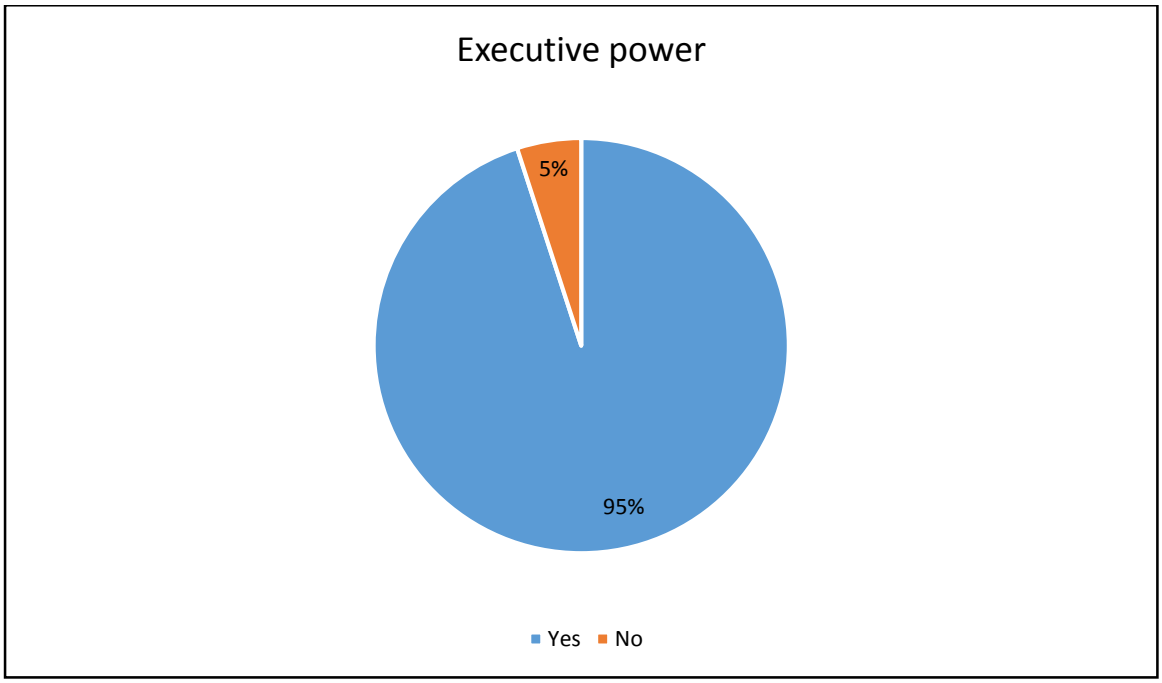


Figure 3: Percentage breakdown of executive power

4.2.3 *Type of business*

After filtering responders by executive power, the next question, Question 3, filtered them by core customer orientation: business-to-business (B2B) vs. business-to-consumer (B2C). This study is only focused on businesses that derive the majority of profit from B2B markets. Of the 289 respondents that were eligible to answer this question, 286 participated with three respondents dropping out for reasons other than the filter.

Of the 286 respondents, 61% (174) were B2B and 39% (112) B2C. The questionnaire prohibited the B2C businesses from continuing with the questionnaire through a built in filter. A breakdown of the customer orientation is provided in Figure 4.

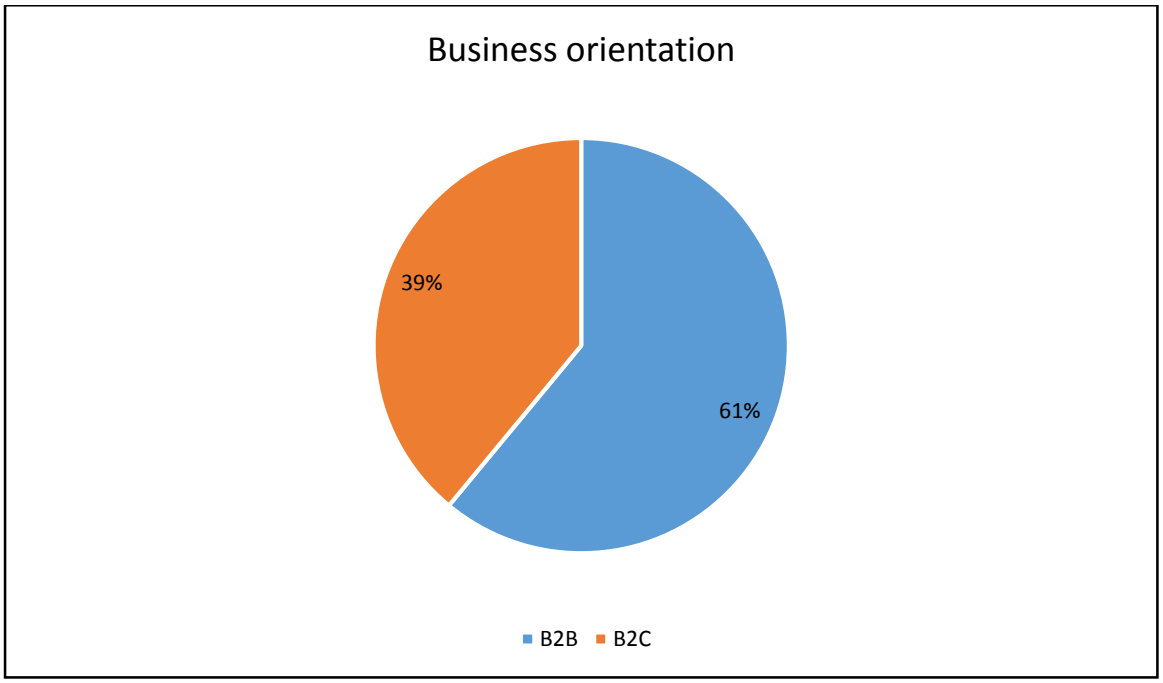


Figure 4: Percentage breakdown of business orientation

4.2.4 *Location of business*

The fourth question filtered business based on where they were registered. This study specifically focused on South African businesses. From the 174 B2B businesses that passed the third filter question, 171 indicated that they were registered in South Africa, two were registered abroad and subsequently eliminated and one dropped out on their own account. Figure 5 provides an overview of business location.

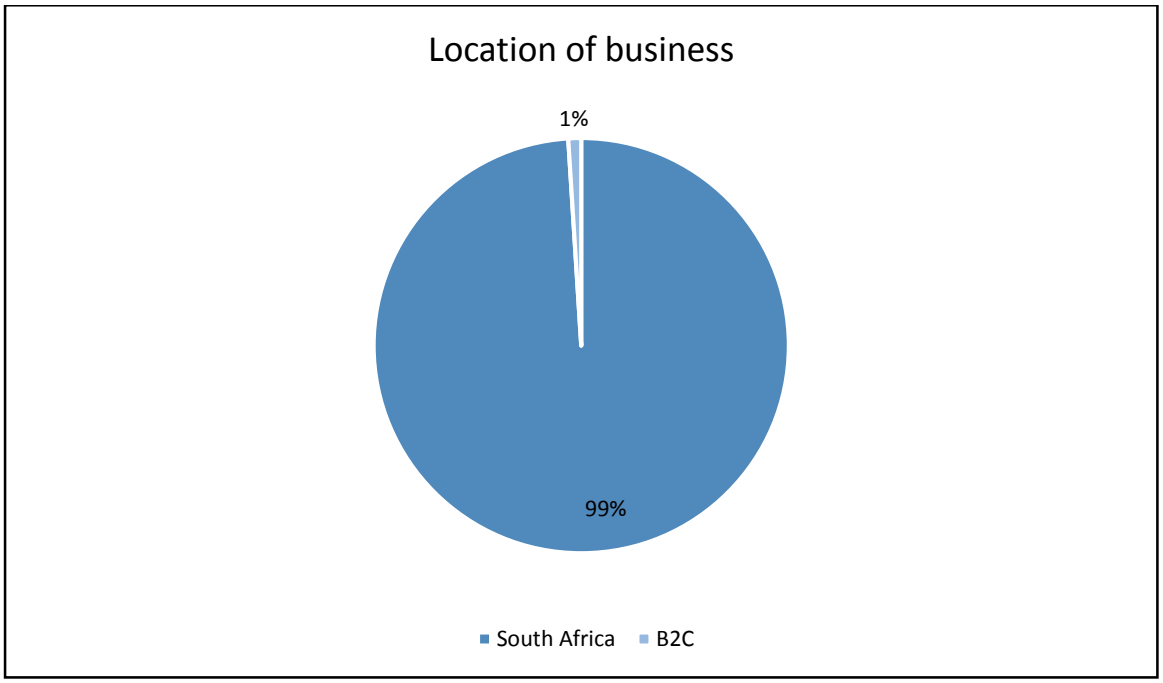


Figure 5: Percentage breakdown of primary business location

4.2.5 *Summary of the filter stage*

After the filter stage of the questionnaire, seven respondents did not proceed further, resulting in 164 respondents that progressed to section two of the questionnaire – the section dealing with the factors impacting branding practices. A summary of the filter stage of the questionnaire is provided in Table 2.

Table 2: Summary of respondents

	Reason	#
	# Respondents starting questionnaire	**328**
Filter 1: Willingness to participate	# Respondents stating they do not want to participate	(6)
		322
	# Respondents quitting	(5)
Filter 2: Business size	# Respondents disqualified due to being too large	(12)
		305
	# Respondents quitting	(1)
Filter 3: Executive power	# Respondents disqualified due to lack of executive power	(15)
		289
	# Respondents quitting	(3)
Filter 4: Business type	# Respondents disqualified because they are B2C	(112)
		174
	# Respondents quitting	(1)
Filter 5: Location of business	# Respondents disqualified because they are registered abroad	(2)
		171
	# Respondents quitting	(7)
		164

4.3 Descriptive Statistics

The number of responses by variable ranged from 160 to 164 indicating that a minimum of 160 respondents completed all the questions. The data was copied into a Microsoft Excel spread sheet with the constructs as headings. This was done by translating the five point scale answers into numbers as follows:

- Strongly Agree (5)
- Agree (4)
- Neither agree nor disagree (3)
- Disagree (2)
- Strongly disagree (1)

A mean and standard deviation was then calculated using the distribution-fitting algorithmic approach by Stacey (2005). Table 3 provides an overview of the means for

each statement, ranked in descending order. In cases where the calculated mean value is negative, it indicates the question was interpreted in the reverse, or opposite direction, by the majority of respondents. For example, in Table 3, question 8: “Our customers only by on price. Nothing else matter” – here the mean is negative i.e. -0.9865, indicating a strong disagreement with the statement. Put otherwise, respondents believe directly the opposite, i.e. “Our customers DO NOT only by on price and other things DO matter”

In summary, the data in Table 3 indicate that the mean agreement ranges from negative 1.3716 to positive 1.0459, with positive scores indicating agreement with the statement and negative scores indicate disagreement with the statement. The significance of each mean score is also provided. A highly significant score ($P < 0.05$) indicates that the mean agreement of a particular statement is significantly more or less than the overall mean for the survey as a whole, making the statement particularly important in the context of the study.

Table 3: Summary of means by question

Code	Variable	n =	Mean	Sig
Q1	A company's image has a direct effect on its market value	161	0.7876	0.0000
Q2	A strong company image attracts investors and quality staff	161	0.7791	0.0000
Q3	Having a strong image lends credibility to a small company	161	0.9053	0.0000
Q4	There is lots of relevant information available on how to build a company's image	161	0.1536	0.0015
Q5	If the product we sell is well known, there is no need to also build the company image	161	-0.9184	0.0000
Q6	It takes too long for an investment in marketing to show returns	164	-0.4249	0.0000
Q7	I can summarise what this company does in a single sentence	164	0.5455	0.0000
Q8	Our customers only buy on price. Nothing else matters	164	-0.9865	0.0000
Q9	The way my company's logo / business card / website looks is extremely important	164	0.8333	0.0000
Q10	I know where to find people that can help me with marketing this company	164	0.2638	0.0000
Q11	Our company's culture matters to our customers	161	0.6725	0.0000
Q12	A strong company image will help us avoid fighting only on price	161	0.7265	0.0000
Q13	I can clearly see the benefits of pro-actively marketing this company	161	0.7263	0.0000
Q14	We are too busy with daily operational issues to focus on marketing	161	-0.2130	0.0014
Q15	Continuously building this company's image is key to its survival	161	0.6977	0.0000
Q16	It is enough to rely only on personal contacts to promote this company	160	-0.8742	0.0000
Q17	I know how to market this company	160	0.1308	0.0160
Q18	I can differentiate this company from competitors using marketing	160	0.4147	0.0000
Q19	This company is too small for it to spend money on marketing	160	-0.6334	0.0000
Q20	We only focus on our existing customers and spend too little time winning new ones	160	-0.3454	0.0000
Q21	Our customers' let their emotions play a role in how they make purchasing decisions	160	0.0051	0.9262
Q22	It is important for a company to have a separate identity to that of its owner / founder	160	0.0549	0.3881
Q23	Marketing is only important for Business-to-Consumer (B2C) companies	160	-1.0810	0.0000
Q24	There is a positive link between a company's image and profitability	160	0.5673	0.0000
Q25	A company's name and image is important in Business-to-Business (B2B) markets	160	0.8787	0.0000
Q26	A company's image can be a strategic asset	162	1.0459	0.0000
Q27	Differentiating the product or service we sell from that of our competitors is extremely difficult	162	-0.0629	0.3230
Q28	There is a single message of who we are that we tell outsiders	162	0.3523	0.0000
Q29	We know exactly how to market our company	162	-0.0473	0.3934
Q30	Only big companies need to invest in marketing	162	-1.3716	0.0000
Q31	I spend enough time thinking about how we market this company	164	-0.1882	0.0014
Q32	The image of a B2B company is only important in 1st world countries e.g. USA, Germany	164	-1.2722	0.0000
Q33	Our company is changing too fast to have a single marketing message	164	-0.7614	0.0000
Q34	I spend enough time considering the long term future of this company	164	-0.0528	0.3202
Q35	A large group of people is involved in deciding the future direction of this company	161	-1.0242	0.0000
Q36	Our company has a clear vision	161	0.4736	0.0000
Q37	Our staff and management are much more important than our customers	161	-0.5033	0.0000
Q38	I receive enough help in marketing this company	161	-0.2536	0.0000

4.4 Statistics pertaining to the research question

After the initial five filter questions, the remaining respondents were presented with 38 statements exploring their opinion to branding in general and specifically related to the business they represent. Each question was answered using a five point Likert response format, with answers ranging from Strongly Disagree (rated one) to Strongly Agree (rated five). It was decided to use a five point scale instead of a seven point scale due to the length of the questionnaire and the fact that, as small business owners, respondents were exceptionally busy. The responses were factor analysed using exploratory factor analysis.

According to Malhotra (1996) factor analysis is a technique used to for data reduction and summarization and is often used in marketing research to reduce a large number of variables to a manageable level focused on a few underlying factors. Malhotra continues by explaining that factor analysis is an interdependence technique: it does not characterise between dependent and independent variables but rather tests the interdependence between the variables. Using factor analysis, a four factor solution resulted.

4.4.1 *Conducting the factor analysis*

Factor analysis was deemed an appropriate method of analysis. According to Malhotra (1996), formal statistics exist to determine this appropriateness:

- Bartlett's test of sphericity, which tests whether the variables are uncorrelated and as such, that the null hypothesis can be rejected, which assumes that there is only a single variable in the model – an identity matrix.
- Kaiser-Meyer-Olkin (KMO) measure which tests whether the sample size was adequate. A large number (>0.5) indicates that the sample is adequate.

Table 4 provides an overview of the test statistics. The Bartlett's test score is high and significant (Sig. 0.00) and so too the KMO measure of .750 indicating the appropriateness of factor analysis for this study.

Table 4: Descriptive statistics related to factor analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.750
Bartlett's Test of Sphericity	Approx. Chi-Square	2082.025
	df	703
	Sig.	.000

The number of factors selected were determined using a scree plot of the Eigen values (Figure 6). Malhotra (1996) explains that the Eigenvalue represents the total variance that each factor explains and the scree plot is a plot of the Eigen values of the various factors.

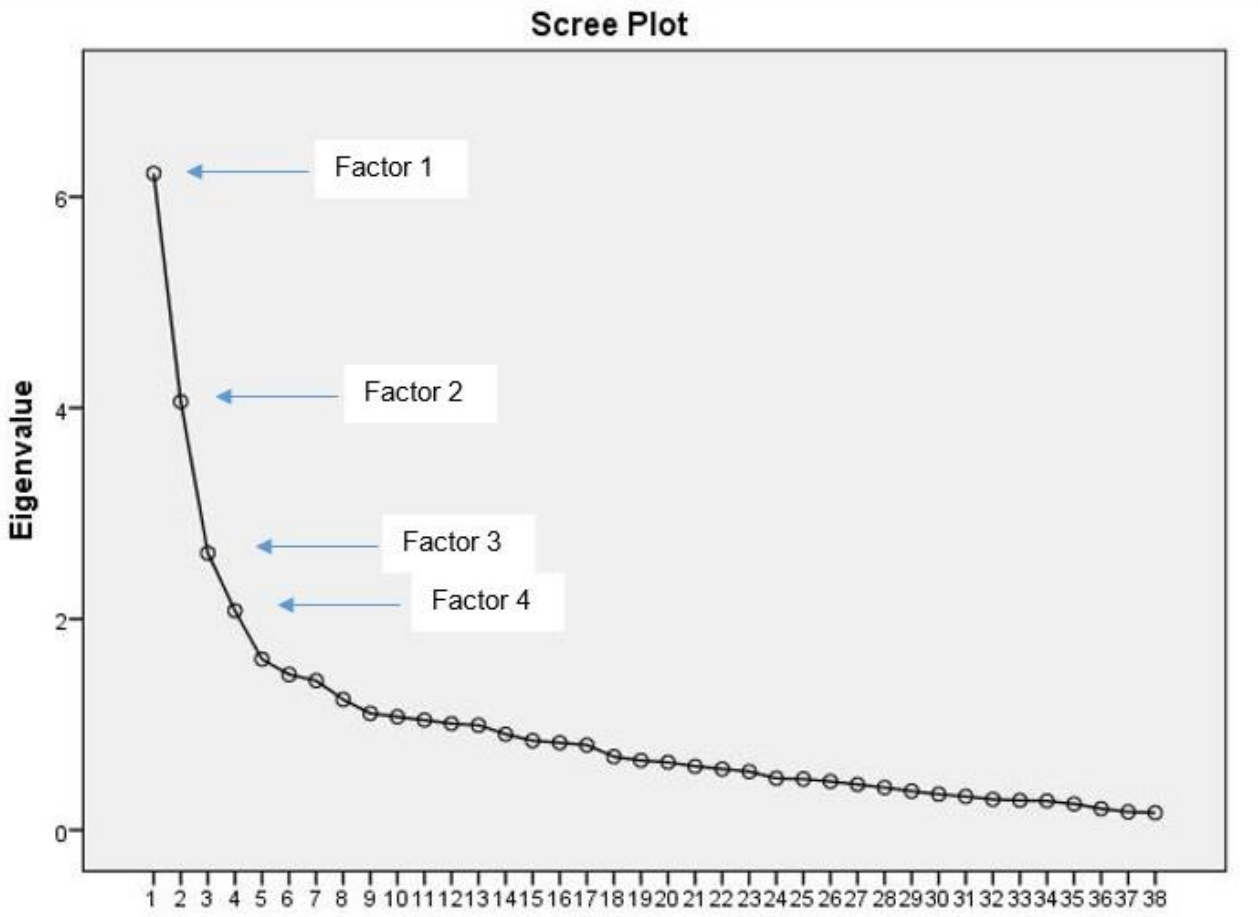


Figure 6: Scree plot

The factor outputs of SPSS showing the identified factors appear in Appendix D. A cut-off point of 0.30 was used to decide on whether a particular variable loaded to a particular factor. In eight cases variables had high scores against more than one factor but were ultimately assigned to the factor against which it has the highest loading. All variables had at least a .30 loading against a factor. This is a very low factor loading, even for social sciences, however the decision was taken to include these factors based on the clear four

factor outcome presented in the scree plot. Costello (2009) state that common magnitudes to include in the social sciences range from .40 (low communality) to .70 (moderate communality). In total, the four factors explain 32.79% of the total variance, leaving almost 70% of the variance unexplained, suggesting a weak factor structure. The weak factor structure may be the result that an un-validated survey was used for this study, prepared solely by the researcher using the literature review as guideline. Given this, it should be noted that there may well be factors that were not incorporate into the survey or that there are simply many independent or interdependent factors, each accounting for a very small percentage of the total variance, at play.

4.4.2 *The four factors*

The first factor set, describing a total of 10.85% of the variance, is made up of eleven questions dealing predominantly with the overarching issue of Marketing Knowledge and the underlying issue of Time. Table 5 shows a list of the questions that loaded onto factor 1 with their factor loadings. Although one can argue that Knowledge and Time are two separate factors, the fact that both loaded onto a single factor is a clear indication that a strong relationship exist between what owners “know” about marketing and secondly the amount of “time” they have available, therefore, factor one will be called “Marketing Knowledge”.

Table 5: Factor 1 - Marketing Knowledge

#	Question	Factor
Q29	We know exactly how to market our company	0.770
Q38	I receive enough help in marketing this company	0.727
Q17	I know how to market this company	0.680
Q31	I spend enough time thinking about how we market this company	0.633
Q14	We are too busy with daily operational issues to focus on marketing	-0.566
Q34	I spend enough time considering the long term future of this company	0.557
Q36	Our company has a clear vision	0.525
Q20	We only focus on our existing customers and spend too little time winning new ones	-0.523
Q10	I know where to find people that can help me with marketing this company	0.434
Q18	I can differentiate this company from competitors using marketing	0.404
Q4	There is lots of relevant information available on how to build a company's image	0.404

The second factor, describing 10.36% of the total variance, comprises 12 questions which deal with the single issue of how the company projects itself to outsiders, or “Image”. Table 6 provides a breakdown of each question and its factor loading. Based on the questions with high (>0.60) loadings to this factor, it is clear that business owners believe that a healthy business image is important (Q25), it attracts investors and quality staff (Q2), lends credibility to the company (Q3) and, crucially, has a direct effect on the company’s market value. Factor two will be called “Business Image”.

Table 6: Factor 2 - Business Image

#	Question	Factor
Q25	A company's name and image is important in Business-to-Business (B2B) markets	0.654
Q2	A strong company image attracts investors and quality staff	0.644
Q3	Having a strong image lends credibility to a small company	0.631
Q1	A company's image has a direct effect on its market value	0.617
Q24	There is a positive link between a company's image and profitability	0.554
Q11	Our company's culture matters to our customers	0.544
Q26	A company's image can be a strategic asset	0.490
Q15	Continuously building this company's image is key to its survival	0.476
Q12	A strong company image will help us avoid fighting only on price	0.436
Q28	There is a single message of who we are that we tell outsiders	0.436
Q7	I can summarise what this company does in a single sentence	0.436
Q22	It is important for a company to have a separate identity to that of its owner / founder	0.436

The third factor explains 6.98% of the variance and deals with issues specifically related to the type of company, namely B2B SMEs. Table 7 provides a breakdown of each question and its factor loading. Questions that load high (factor loading above 0.5) on this factor refer specifically to issues that are characteristic of industrial markets such as relying heavily on personal contacts (Q25) and product branding (Q5) as well as the small size of the business, impacting on budget availability. This factor will be called “Type of Business”.

Table 7: Factor 3 - Type of Business

#	Question	Factor
Q16	It is enough to rely only on personal contacts to promote this company	0.663
Q5	If the product we sell is well known, there is no need to also build the company image	0.606
Q19	This company is too small for it to spend money on marketing	0.516
Q13	I can clearly see the benefits of pro-actively marketing this company	-0.492
Q30	Only big companies need to invest in marketing	0.484
Q23	Marketing is only important for Business-to-Consumer (B2C) companies	0.452
Q32	The image of a B2B company is only important in 1st world countries e.g. USA, Germany	0.335
Q37	Our staff and management are much more important than our customers	0.335

The fourth factor explains only 4.60% of the variance. Table 8 provides a breakdown of each question and its factor loading. Overall the factor loading of the questions relating to this factor is low – the highest loadings being 0.386 for Questions 33 and 8 respectively. In general, there is however an overall theme that emerges around the general topic of Competitive Dynamics which covers areas such as:

- Speed of company change and management structure
- How customers make purchase decisions
- Differentiation from competitors

Factor one will be called “Competitive Dynamics”.

Table 8: Factor 4 - Competitive Dynamics

#	Question	Factor
Q33	Our company is changing too fast to have a single marketing message	0.386
Q8	Our customers only buy on price. Nothing else matters	0.386
Q27	Differentiating the product or service we sell from that of our competitors is extremely difficult	0.353
Q9	The way my company's logo / business card / website looks is extremely important	0.353
Q35	A large group of people is involved in deciding the future direction of this company	0.349
Q21	Our customers' let their emotions play a role in how they make purchasing decisions	0.308
Q6	It takes too long for an investment in marketing to show returns	0.304

4.5 Summary of results

The factor analysis has resulted in four factors being identified that play a key role in how B2B SMEs brand themselves. The four factors are:

1. Marketing Knowledge: The level of marketing knowledge of the company leadership with a closely related sub-theme of time available to senior executives for learning and implement marketing strategies.
2. Business Image: the perceived importance of company image to business success.
3. Type of Business: the unique characteristics associated with B2B SMEs.
4. Competitive Dynamics: the often highly competitive environment in which small companies operate.

5 CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses the results obtained from the research and how it relates to the literature review. The chapter starts with a discussion of the profile of the companies that participated. It then moves on to discuss the research question. The section discussing the particular outcomes related to the research question is broken down into two sections:

- A section discussing the outcomes of the factor analysis.
- A section focusing specifically on key variables as highlighted by either a very high or low mean score.

5.2 Profile of companies surveyed

The profile of the companies surveyed will be discussed under the following three headings: Size and Country of Origen

5.2.1 *Size*

Almost half (46%) of the companies that participated are classified as micro enterprises consisting of only 1 – 4 permanently employed staff. Another 32% were very small businesses with between 5 – 19 full time employees. The combined effect is that a very large (78%) majority of the businesses that participated were small and not medium sized, meaning the “S” in SME was very well represented but the “M” severely under represented.

Referring back to the research question, it is worth cautioning that the findings in this study should not be viewed as fully representative of SME’s but rather only of Small companies. In this sense the study failed to address the full scope of the research question. This was an unintended outcome of the research given the use of an unverified questionnaire and the chosen research methodology which required a large sample of businesses to

complete the questionnaire in a short space of time, resulting in a skew towards smaller businesses which are more plentiful and more accessible to the researcher.

5.2.2 *Country of registration*

An important difference to the literature review is the fact that this study focused specifically on B2B SMEs in South Africa whereas most studies in the literature review focused on developed European and American markets and none focused on South Africa. Little fundamental differences were picked up due to this change. For example, to the statement: "*The image of a B2B company is only important in 1st world countries e.g. USA, Germany*" respondents generally disagreed very strongly with this statement, indicating that respondents actually saw little difference between local and international markets, as is indicated by the large and negative mean of -1.27.

It is worth pointing out that the sample of businesses that were targeted for this study were formal businesses, as opposed to informal traders, and so it could be expected that these formalised businesses show strong similarities to similar, formalised businesses in first world markets.

5.3 Discussion pertaining to the research question

This section will discuss the results specifically related to the research question. The question was:

What are the main factors and how do they impact the branding activities of SMEs in B2B markets in South Africa?

What has come out of this study is 4 distinctive factors, however these factors account for only 32% of the variance, as is indicated by Figure 7, raising the question: why did the factor analysis not produce a better fit? As mentioned in Chapter 4, the weak fit could be due to how the research has been structured, due to the use of an un-validated survey. It

could also be that there are simply many independent or interdependent factors and that no clear, stand-out factors exist in answer to the research question. However, in discussing the research results, a third option is also explored – that there appears to be a severe lack of knowledge around the topic of corporate brand building for B2B SMEs in South Africa. This explanation proposes that the area of corporate branding is still too new and undeveloped for clear factors to emerge in how corporate brand building in this sector is practiced. It leads to what this study describes as a branding void.

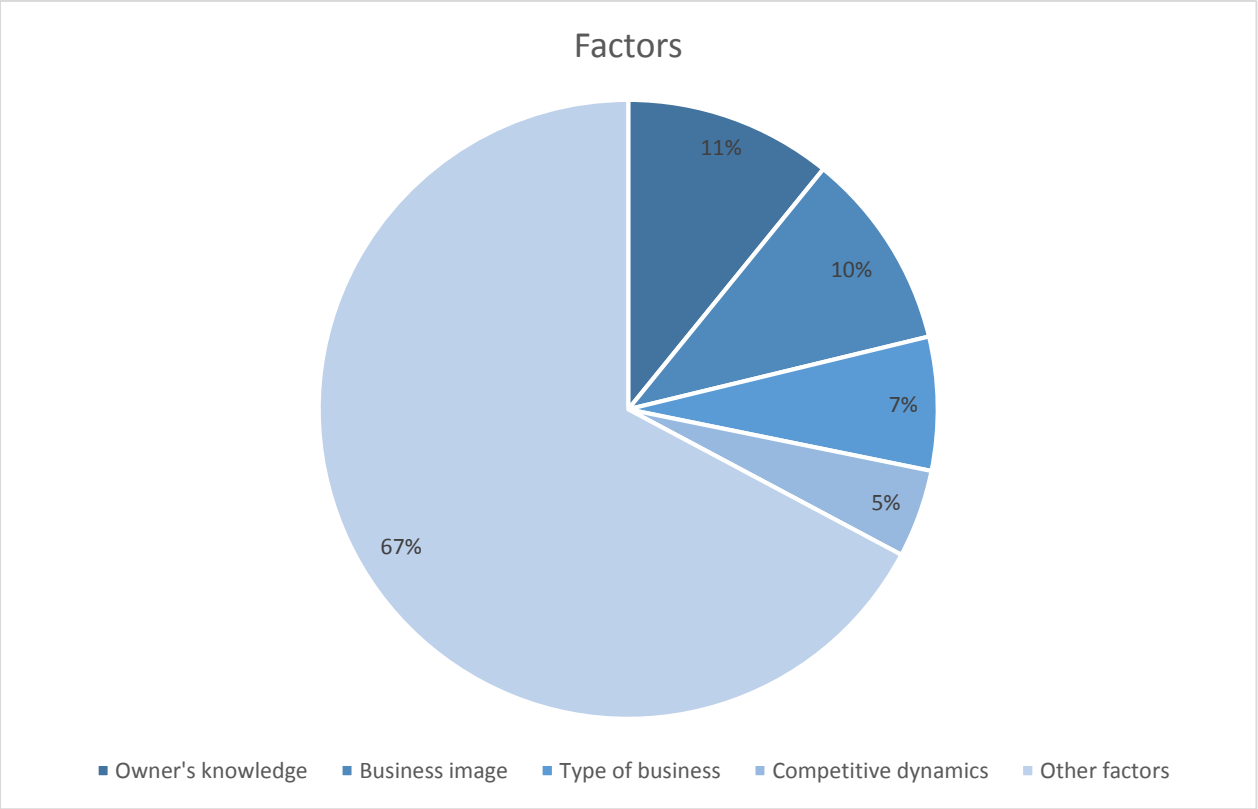


Figure 7: Factors impacting the branding practices of B2B SMEs

5.3.1 *A "Branding Void" among South African B2B SMEs*

A key theme that emerged from the literature is the severe lack of understanding among small businesses of the need to build their corporate brand. This becomes even more pronounced when the focus is within B2B markets. It appears as if one enters almost a

"branding void" concerning corporate brand building within B2B SMEs. Inskip (2004) talks about an almost absolute silence on the topic of corporate branding for B2B SMEs. Kotler and Pfoertsch (2007) highlight how managers of B2B companies are convinced that branding is only meant to be relevant amongst B2C companies. Merrilees (2007) points to a lack of literature that covers the topic of SME branding and that "surprisingly little explicit research" is available on a theory for small business branding.

Figure 8 provides a visual representation of this so called branding void.

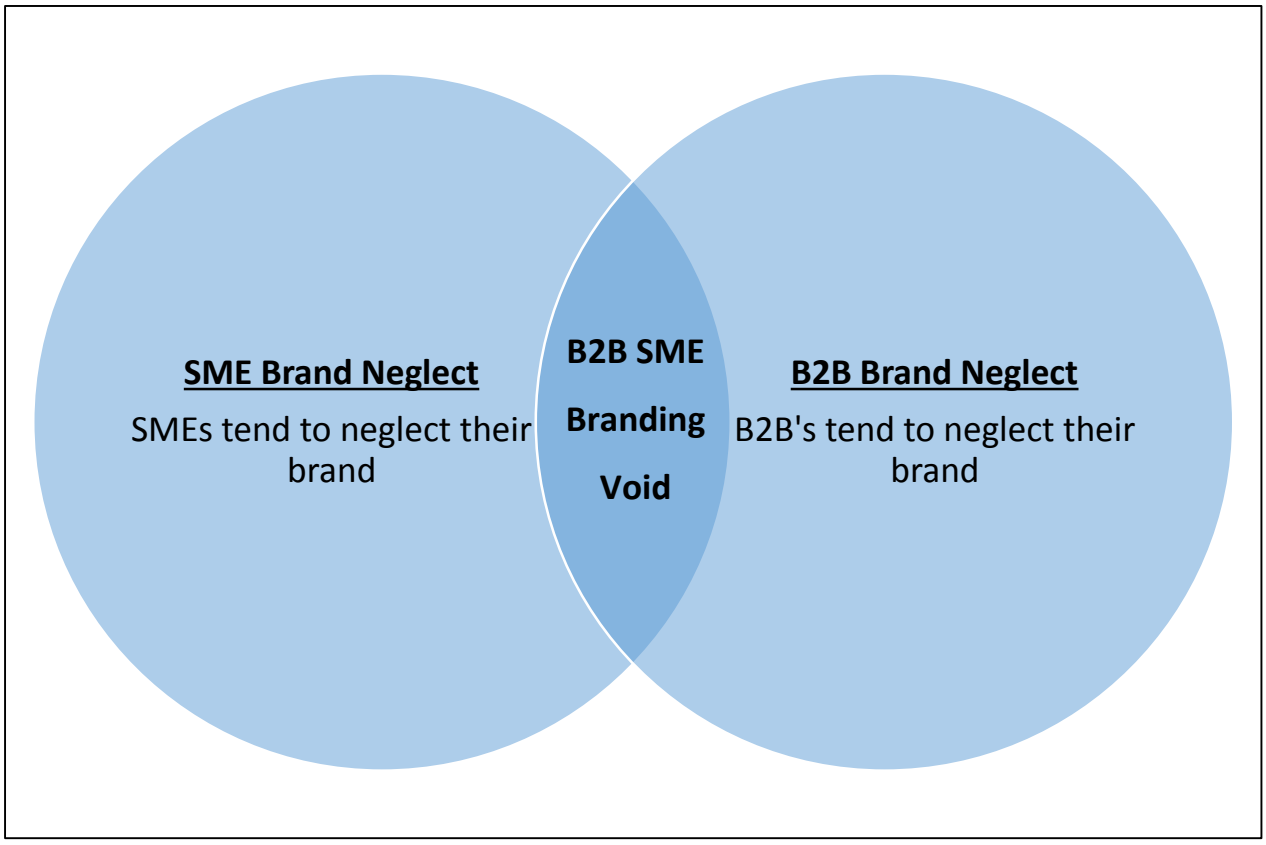


Figure 8: A B2B SME brand void

Given the weak fit of the factor analysis performed, it certainly seems fair to conclude that the area of B2B SME brand building is not yet well defined, is poorly understood by both company owners and academia and that the dimensions of B2B SME brand building are still too poorly defined to provide grounds for better analysis of the underlying determining

factors of corporate brand building among B2B SMEs. The literature review shows that there is a definite lack of knowledge and study on the topic of corporate brand building among both SMEs and also B2Bs in highly developed markets, such as Western Europe and North America. This, despite the areas of marketing and branding having evolved in these markets to have reached pervasive and highly developed levels. It should then not be a surprise that the particular subject is still in its infancy in South Africa to the point where it can almost be referred to as a total void – a branding void. It seems as if this is truly frontier territory.

With this in mind this research report should be regarded as a first attempt at quantifying the factors impacting how small South African companies in business markets approach their corporate brand.

The following section will discuss each of the 4 factors that have been identified in relation to the literature review.

5.4 What are the factors impacting the branding practices of South African B2B SMEs?

It was found that four factors explains in total 32% of the variance relating to the research question. These four factors, ranked in order of importance, are:

1. Marketing Knowledge
2. Business Image
3. Type of Business
4. Competitive Dynamics

These four factors will now be discussed.

5.4.1 *Marketing Knowledge*

The number one factor impacting the branding practices of B2B SMEs in South Africa is the level of marketing knowledge of the key decision makers in the business.

Fundamentally, it determines how marketing focused the company is, resulting in the first of six findings that can be drawn from this research report:

Finding 1: The more marketing knowledge the company owner / manager has, the more brand focused it will be.

There is undeniably a relationship between Marketing and Branding. P. Kotler and Keller (2012) state that brand creation is driven through marketing programmes. Referring back to Davidson's brand iceberg, marketing efforts concern the top of the brand iceberg, covering elements such as price, advertising and presentation and, referring to P. Kotler and Keller (2012), the sales function right at the top.

Apart from the theoretical relation between branding and marketing (and sales), it is no surprise that a similar relationship is evident in practice. In fact, given the lack of literature on small business branding and the overall newness of the field it is even possible to assume that the terms branding and marketing are seen as one and the same thing among this group of respondents. What becomes clear is an evolving picture of overall marketing sophistication within business in general, split across the terms sales,

The data shows that there are two underlying determinants of marketing skills: Knowledge and time. The next section will look at each of these aspects individually.

Knowledge

Variables that specifically focus on the role of knowledge and that loaded on factor 1 hare given in Table 9.

Table 9: Summary of "knowledge" related questions

#	Question	Mean	Sig	Factor
Q29	We **know** exactly how to market our company	-0.0473	0.3934	0.770
Q17	I **know** how to market this company	0.1308	0.0160	0.680
Q10	I **know** where to find people that can help me with marketing this company	0.2638	0.0000	0.434
Q4	There is lots of relevant **information** available on how to build a company's image	0.1536	0.0015	0.404

It makes sense that the more business owners know about marketing the more they will be inclined to promote brand building practices in the company. Interestingly, most business owners in this study disagreed with the statement:

Q29: *We know exactly how to market our company*

Although the significance score is weak, it does point to an overall lack of marketing knowledge that would also impact the effectiveness of branding practices. This is in line with international findings such as those by Geissler and Will (2001) that contemporary management literature on entrepreneurship neglects corporate communication to a great extent. The high factor loading of this statement – the highest of all the variables, also points to the critical importance of marketing knowledge in building the company brand. However, the question has a very low mean of -0.0473, indicating a lack in confidence in owners' own view of their ability to market their business. Clearly owners believe that having knowledge of marketing is absolutely critical, however, they do not feel that they actually have this knowledge.

Time

A contributing factor to knowledge is the issue of time. A number of variables that load high on factor 1 directly relate to the role time plays in business branding (Table 10). An interesting take-out is that it appears as if business owners do not spend enough time contemplating the long term future of their company, but that this is not driven by being overly focused on the short term. The data indicates that long term thinking and short term preoccupation are mutually exclusive, leaving the question: "why do business owners not

spend more time contemplating the longer term future?" Bresciani (2007) offers insight when stating that entrepreneurs often do not think big enough about their business idea. It is not a case of time, but rather perspective, limiting long term thinking and in turn impacting how the company develops its brand.

Table 10: Summary of "time" related questions

#	Question	Mean	Sig	Factor
Q31	I spend enough **time** thinking about how we market this company	-0.1882	0.0014	0.633
Q14	We are **too busy** with daily operational issues to focus on marketing	-0.2130	0.0014	-0.566
Q34	I spend enough **time** considering the long term future of this company	-0.0528	0.3202	0.557
Q20	We only focus on our existing customers and spend too little **time** winning new ones	-0.3454	0.0000	-0.523

It seems as if company owners understand the importance of allocating time to marketing the company and, contradictory to the literature review, there appears to be enough time to market the company. In short, business owners will make time for marketing. The problem becomes when time should be spend on the strategic future of the company and how this impacts marketing. This makes sense given how important marketing is viewed by company owners. Owners will make time to market the company, it's just that they don't always know how to do it – a so called knowledge gap. One way of solving the knowledge gap is by employing specialist marketing skills. The important role of receiving help is highlighted in the very high factor loading of the statement:

Q 38: "I receive enough help in marketing this company"

This statement has the second highest factor loading in the study. But do business decision makers receive enough help? The answer appears to be "not really". This is evident in the slightly negative and very low mean score for statement Q38. Clearly business owners know that they should invest in marketing, they also know that they don't necessarily know how to do this and that the answer can be found with external help. The challenge then is to find this external help. It brings up the next finding of this study:

Finding 2: Business owners need help in marketing their business but don't know where to find this help.

This ties in with the findings of the literature review which highlighted that there is not enough marketing material that specifically relate to small business branding. Owners of small business feel ill equipped to market their business. They don't know how to practically go about building their brand. They rely on help – and even this is difficult to find.

5.4.2 *Company Image*

The second factor that emerged strongly as impacting branding practices is the role of business image to a small business. According to the findings of this research, business image is important to B2B SMEs in South Africa. The statement that loaded highest to factor 2 is:

Q25: "A company's name and image is important in Business-to-Business (B2B) markets"

Apart from the high factor loading, the mean for this question was one of the highest and positive (0.8787) indicating that respondents agreed strongly that image is indeed very important to their businesses. This leads to the third finding:

Finding 3: The more important the company image is to the key business decision maker, the more brand focused the business will be.

But why is image so important? Delving into the variables that loaded high on factor 2 provides a clue to five key reasons:

1. **It helps to attract quality staff**

Having a strong business image helps business attract quality staff. South Africa is known to have a skills shortage and businesses are competing for a handful of capable staff. A major challenge for a small business is to attract quality staff and not be seen as too small

to provide a career and benefits for prospective employees. For this reason small businesses must invest in their image as a crucial part of their recruitment and HR strategy.

2. It boosts market value

Respondents agree that the company image has an effect on its perceived market value. This ties in with another highly rated variable: the statement that a strong company image helps to attract investors. Bresciani (2007) states that the brand is a company's biggest asset and what the research indicates is that, even though there may be a poor understanding of branding, business owners definitely recognize the positive role that company image plays in driving business value.

3. It boosts business credibility

This is one of the most important aspects that came out of the image factor. There was strong agreement (mean .91) that a strong company image lends credibility to the company and that risk reduction is one of the most important functions of a brand (Clay, 2013). Building credibility ties in with reducing risk and is a key reason why companies should build their brand.

4. It helps to grow profitability

According to Clay (2013) "Strong brands drive profitability" because decision makers are willing to pay a premium for a strong brand since it eliminates risk and provides information about what to expect. Kotler and Pfoertsch (2007) state that strong brands boost companies' financial returns. It is clear that respondents to this study recognise the company image can play an important part in driving profit. This is demonstrated by the high mean and high factor loading to the question:

Q24: "There is a positive link between a company's image and profitability".

5. **It showcases the business culture**

An interesting observation is how culture is recognized to impact on business image. Through bringing the issue of business culture and business image together, business owners are probably without realising it talking about the business brand. There is no doubt that a strong company image play a significant part in corporate brand building. Rode and Vallaster (2005) indicate how the corporate brand is the sum total of the corporate image and corporate identity. In fact, one can argue that by focusing on image building business owners take care of one half of the brand building process; the other half being an internal focus on business culture.

5.4.3 *Type of Business*

The third major factor impacting the branding practices of B2B SMEs is the particular characteristics of the type of businesses: Small and business-to-business focused.

This finding is no surprise. The very reason for this research project is because of the unique circumstances affecting brand building in B2B SMEs. As has been pointed out, a potential brand void exists with these companies and the factor analysis indicate that because these companies are small, and because they are primarily focused on business clients, it affects the way they approach brand building.

Bresciani (2007) notes how the area of branding has traditionally been the domain of established, often multinational, companies. Kotler and Pfoertsch (2007) point to the fact that B2B companies often believe that branding is only meant to be relevant amongst consumer focused companies. The result is no doubt that branding suffers in these businesses because of their size and because of their market focus, leading to a fourth finding of this research:

Finding 4: A company's characteristics, especially its size and type of customer, plays a fundamental role in its brand building approach.

Despite this, by focusing on some of the individual variables some interesting take-outs are also clear. Firstly, the companies are small, and in this study, as has been pointed out, most respondents fall within the micro and very small brackets. This means that the companies are often owner managed. Inskip (2004) talks about the leadership structure in most SME's which depend on a single founder manager. This dependence often extends to how the business markets itself, with the owner's personal network playing an important part. This research shows that the owners' personal network is seen as very important, but interestingly not enough to rely solely on. The response to the statement: "*It is enough to rely only on personal contacts to promote this company*" saw respondents disagree strongly.

A second interesting finding relate to the commonly held belief within business markets that as long as the product being sold is well known, it is not necessary to also invest in the brand of the company. This is however not the perception of the respondents in this study, with strong disagreement to the following statement: "*If the product we sell is well known, there is no need to also build the company image*". Clearly, owners of small companies in South Africa understand that they cannot purely rely on product branding to succeed. Three potential reasons exist for this view:

1. It is possible that many of the businesses represented by this study do not sell products with strong, well known brands.
2. Another potential reason may be that most of the businesses are service driven and not product focused.
3. A third option is that, in the case where the business is selling strongly branded products, its competitors have access to the exact same product range.

The result is that many of the companies are forced to go beyond only relying on a product brand to secure sufficient competitive advantage.

Based on the feedback to the variables loading to Factor three, it is clear that respondents know that they should invest in their company brand but results can be difficult to see. This is a sad reality in terms of marketing investments in general, and brand building in particular: Small businesses understand it is crucial and try their best, but they just do not seem to get it right and in cases where they try, they struggle to measure a return on investment. The result is that the little money allocated to marketing is often going to waste.

5.4.4 *Competitive Dynamics*

The final factor that emerged has to do with the competitive dynamics of the market in which the businesses operates in. South Africa is a small market with few large companies but many more smaller and mid-sized businesses, making this segment of the local economy more competitive. This research report has found a surprising awareness of brand related issues, such as business image, among SMEs and without doubt the competitive nature of the economy that they operate in play a key role in stimulating this awareness.

Ultimately in competitive markets, it is about being different and no doubt building the corporate brand can play a substantial role in standing out from the competition, which leads to finding five:

Finding 5: SMEs in South Africa understand that the way they market their business can help them gain competitive advantage, and this in turn becomes a key driver of corporate branding practices.

It is increasingly difficult for businesses to differentiate only on product. This is demonstrated by the relatively high factor loading of the following statement relating to factor 4: "*Differentiating the product or service we sell from that of our competitors is extremely difficult*". This point is also reaffirmed by Mudambi et al. (1997) who states that pure product differentiation is difficult in business markets.

Another underlying factor to competitive dynamics is the issue of price. It is clear that customers' price consciousness play a significant part in the competitiveness factor as can be seen by the strong response (second highest factor loading) to the statement: "*Our customers buy on price, nothing else matters.*"

Ultimately branding plays a key role in differentiating a company which in turn provides competitive advantage. Aspects that tie in with differentiation relate to areas that touch on customer appeal and stand-out value such as how the company presents itself through its logo, business card and tag-line. This leads to the sixth proposition of this study.

Finding 6: The more competitive a market, the greater the need to build the company brand.

5.5 Individual variables

Despite the four factors emerging from this study, it is acknowledged that it only explains 33% of the variance. By drilling into the mean scores of the individual questions provide valuable additional information regarding what impacts on how these companies develop their corporate brand.

The four questions that received the strongest response, based on mean scores, are provided in Table 11 with numbers in red are being negative.

Table 11: Analysis of mean variance - the top 4 questions

Code	Variable	n =	Mean	Sig
Q26	A company's image can be a strategic asset	162	1.0459	0.0000
Q23	Marketing is only important for Business-to-Consumer (B2C) companies	160	1.0810	0.0000
Q32	The image of a B2B company is only important in 1st world countries e.g. USA, Germany	164	1.2722	0.0000
Q30	Only big companies need to invest in marketing	162	1.3716	0.0000

The following section provides a brief review of the responses to the questions in Table 11 with three key findings:

1. Small B2B's believe in marketing

Respondents disagreed strongly with the statement that marketing is only important for large companies. In fact, this question had attracted the strongest response (largest mean difference). Also, the third strongest response was in the form of a strong disagreement with the statement: "marketing is only important for B2C companies". Clearly respondents feel strongly that even small B2B companies need to invest in marketing.

2. **The company image is important**

The statement that attracted the third strongest response, again in terms of disagreeing with the statement, is: "*The image of a B2B company is only important to B2B companies in 1st world countries such, e.g. USA, Germany*". The strong disagreement to this statement shows that owners of B2B companies in South Africa believe that it is in fact crucial for them to invest in their companies' image, even though South Africa is still a developing country.

3. **The company brand is a potential strategic asset**

The statement that drew the fourth strongest response was a strong agreement with the statement: that a company's image can be a strategic asset. This reaffirms the need for B2B companies to differentiate themselves in a competitive market through focusing on how stakeholders – especially customers – perceive the company.

In conclusion, it is clear from the strong responses that these questions received that there is a definite recognition of the power of certain key elements to brand building among B2B SMEs in South Africa.

5.6 The dynamics of B2B

Going beyond the importance of marketing, this research study provides important insights into the specific dynamics of B2B markets in South Africa, especially pertaining the SME environment. The following section looks at a few interesting findings:

1. **Customers don't just buy on price**

This point is evident when one looks at the strong disagreement that the following statement produced: "*Our customers only buy on price. Nothing else matters*". Clearly, this contradicts the commonly held believe that price is the only factor that matters in B2B markets. What is surprising is the evident sophistication with which small business owners

in South Africa view the role price plays. It is not the sole determinant – just a contributing factor to marketing their products and services. The findings in this study highlights that, among other factors, company image and culture also play a substantial role in customer decision making and, consequently, receive some attention in addition to price from suppliers.

2. Image is important in B2B markets

The literature review highlighted a commonly held belief that image is not as important in business markets as in consumer markets. One would expect this to reflect in respondents' views when they answered the question: "*A company's name and image is important in Business-to-Business (B2B) markets*", however this was not the case. Respondents agreed strongly with this statement, pointing to a clear understanding that business image is important even in business markets. This apparent contradiction with the literature shows a surprising sophistication in how small, South African B2Bs view their corporate brand.

3. Credibility is critical

Arguably one of the most important factors for young businesses trying to establish themselves in the market is the issue of credibility and the reaction to a number of statements underscore this crucial element. Put simply, having a strong image lends credibility to a small company. This is apparent in the strong agreement that the following statement drew: "*Having a strong image lends credibility to a small company*". One can argue that business image plays a key role in growing business credibility and that this is further supported when the product or service being sold is a well-known brand as well. Figure 9 provides a visual summary of how overall business credibility can be improved through strong product and business branding.

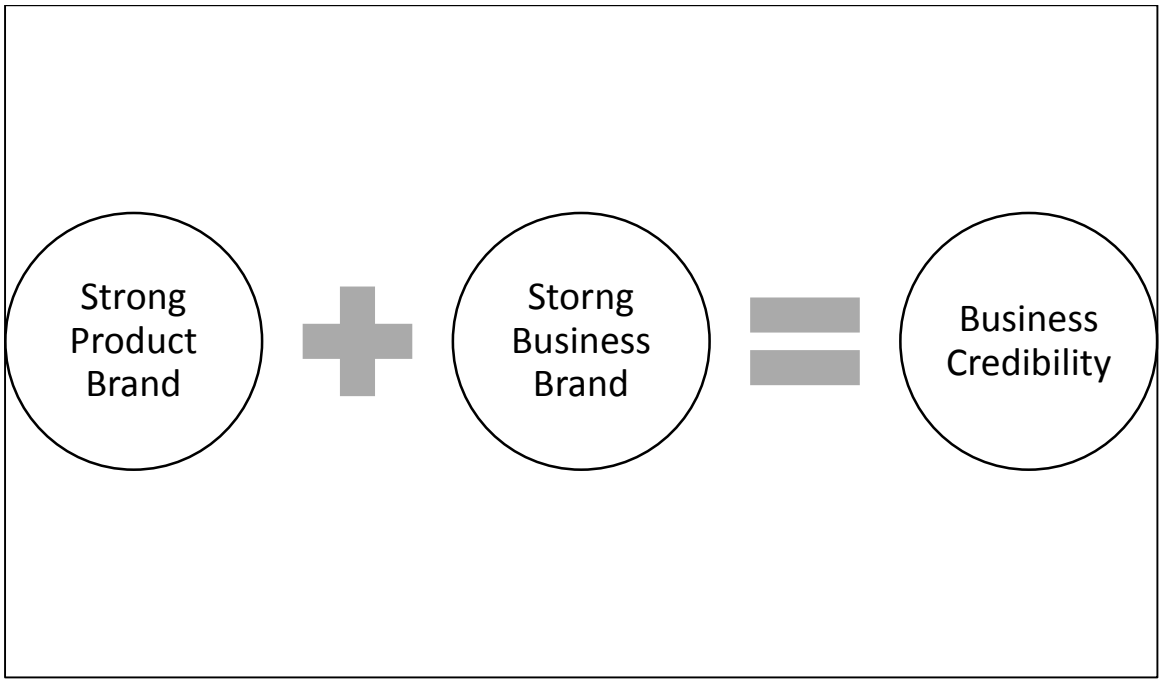


Figure 9: Proposed role of branding in building business credibility

4. Invest in marketing material / collateral

There was strong agreement with the following statement: "*The way my company's logo / business card / website looks is extremely important*". However, it is one thing acknowledging this but another thing acting on it. Small businesses are notorious for underinvesting in their brand collateral such as the logo, website, business card and even internal decoration of office space. This is evident in the lacklustre response to statements such as "*I know how to market this company*"; "*I receive enough help in marketing this company*" and "*There is lots of relevant information available on how to build a company's image*" Evidently, business owners know how important it is to look good, but do not necessarily spend the necessary resources to improve the outward appearance of the business.

5.7 Conclusion

A surprising outcome of this study is that despite there being a significant lack of knowledge around brand development, small businesses do recognise the importance of doing more than purely relying on the product they sell. Looking at individual questions, it is clear that the building blocks of branding are present – what is needed is to pull this together into a single, cohesive brand building plan. No doubt, South African SME B2Bs want the benefits that go hand in hand with a strong corporate brand, even if they don't explicitly recognise this or know how to achieve this.

The issue, ultimately, is one of "lack of knowledge". Do decision makers of SME B2B's in South Africa have the knowledge to build strong brands? Based on this study, it appears as if the answer reflects the global response: "no". With this in mind, the question should be asked: do owners of small companies receive enough help in building their brand? The answer is, again, "no". Clearly, these businesses need help in building their company brands.

6 CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter draws conclusions from the research as well as provide recommendations to improve the branding practices of B2B SMEs in South Africa. The final section of this chapter discusses suggestions for further research.

6.2 Conclusions of the study

It would not be wrong to ask the question: Was this research premature? Should it have even been attempted? The role of the corporate brand within B2B markets is only now starting to be understood within large multi nationals such as General Electric, IBM, Boeing, Siemens and SAP leading the way. No doubt, within many smaller B2Bs the role of branding is still unclear. A strong belief remains that branding is only important for large and predominantly consumer focused companies. Add to this the fact that the area of corporate branding within small companies is still in its infancy, and one can rightly ask: Was it too soon to conduct a quantitative study on the topic of B2B SME brand building in South Africa?

This author argues that the answers is “no”. At some point the various qualitative studies that have already been conducted should be used to test, quantitatively, the information and this was a humble attempt at that. The author took an approach of: “why not do a quantitative study and see what happens?”

There is no doubt that within the context of South Africa, the future lies in the growth and success of small businesses – more so than big business. Whatever can help the growth and sustainability of small businesses should receive maximum attention. This study aims to add to the body of knowledge around venture creation, small business development and entrepreneurship.

Clearly, based on the findings of this study as well as many others, there is no doubt that small companies should actively build their corporate brand. It is not an issue of choice. It is an issue of survival and long term sustainability. Timmons (1999) makes a strong point when he says:

"If start-ups or new ventures are not able to establish their corporate brand in the market within a relatively short time frame, they disappear from the market".

At the end of the day, a company's brand ties directly into the sustainability of the business. A strong, well defined and differentiated brand image allows a company the opportunity to live longer. It allows the company to fight less on price, to attract better staff, to have a better chance at attracting new business.

The issue of sustainability ties in with long term competitive advantage. A key finding from this study is that a well-developed corporate brand can provide strategic advantage. This finding is in line with the literature review that shows that companies in business markets cannot rely only on the strength of the product they sell. Increasingly, the product or service a company sells is table stakes - it is becoming very difficult to differentiate only on product. This is acknowledged by the companies in this study. Companies need to go beyond the branding of their merchandise and start to brand the business itself in order to achieve competitive advantage.

Brand confusion

Despite the benefits of branding, it is evident from this research that a complex situation exist in how small businesses view brand building in South Africa. Based on the literature review it would have been easy to believe the situation in South Africa is pretty un-refined – even archaic – and that little is known about building company brands. This is however surprisingly not true. The situation proves to be far more complex than originally believed.

There is a complex dynamic between what businesses believe about brand building, what they know about it and what they actually do – a sort of interplay that is underpinned, or connected, by a general sense of confusion. It is as if everybody knows there is "something" (i.e. a brand) out there that exist, or should exist, but very few know how to

make it tangible and build it up. Brand building in B2B SMEs become a hit and miss affair. The question then is, how B2B SMEs start to hit the target more regularly.

This study concludes that they need help!

6.3 Recommendations

The development and growth of the SME sector in South Africa is a national priority and is receiving significant attention from the South African Government. What is clear from this study is the critical importance of teaching businesses how to grow and build their brand as part of any entrepreneurship / enterprise development plan. Small businesses are vulnerable. They often lack clear strategic direction and focus. They also neglect the longer term questions, focusing almost exclusively on the short term operational issues.

The company brand provides a single focal point – a lens of sorts - that can help address many issues related to small business development. Taking a brand led approach to the business, forces the key decision makers – the owners and managers – to proactively consider the following:

1. The purpose of their company.
2. The long term vision.
3. The company culture.
4. The target market.
5. The competitive set.

With this in mind there is no doubt that more education should be done around branding as key component of establishing and building a business. Put simply, branding, as opposed to marketing and sales, deserve more attention in marketing curricula aimed at entrepreneurs.

It is also clear that there is a definitive need for small businesses to receive help in building their brand. There is a need for more professional brand management services focused on smaller businesses. Herein lies a business opportunity. Business owners do not have

the time or the knowledge to grow their own company's corporate brand, leaving a significant opportunity for dedicated consultants to help fill this gap. The key here is that the consultant should be able to have a thorough understanding of both businesses and marketing in order to help the business owner bridge the gap between often qualitative marketing discussions and very real business issues involving financial metrics.

This leads to a third point: there is definite need for more marketing people that understand brand theory and business theory. Too many marketing people are either overly sales focused or trained in large corporate marketing departments in the field of classical marketing where the marketing function is removed from practical business decisions. This leaves a gap: there are not enough marketing people that understand both marketing theory – including brand theory – and that have a solid understanding of business. This gap could be addressed through encouraging more marketers to take post graduate courses in business and also more cross functional experience within their companies to expose them to the conversations and problems experienced on a business level.

6.4 Suggestions for future research

A number of potential research areas can be identified following this study. This section will briefly highlighted these.

During the literature review phase of this study it was apparent the lack of quantitate studies that exist around the issue of small business branding. There are a fair amount of literature, spanning over a decade, on the general topic of small business branding. There is also research covering brand building in B2B environments, but it is as if very few have taken the leap to connect these two fields and do a thorough, quantitative, study linking spanning both topics. With this in mind the author suggests the following:

1. This study can in itself be refined and done again. Areas that can be targeted for refinement and improvement are:
    a. Taking the questionnaire used and improving it based on the statistical findings of this study. For example, various questions were mistakenly phrased as negative, leading to answers with negative means variance.

This can be fixed in a follow up study using a verified form of the questionnaire used in this survey.

b. A more targeted approach could be followed in determining which size business to target for this type of research. As mentioned, this study focused on the broad SME type business, however the results were skewed towards a large number of responses from micro and small businesses. Future studies should be more focused from the outset on a specific size business within the broader classification of SME.
c. Thirdly, a greater focus between product oriented vs service oriented companies could also help to improve this study – which covered both types of orientation. Interesting differences may become evident when a study is done only on the branding practices of B2B SMEs in the services industry versus product driven businesses.

Finally, it will be interesting to do a study in among SMEs in South Africa to gauge the understanding among small company owners and entrepreneurs of their understanding of the various terms: “Sales”, “Marketing” and “Branding”

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APPENDIX A: COVER PAGE TO QUESTIONNAIRE

Dear Business Owner / Managing Director

As part of the requirements of Wits Business School to complete my MBA degree I am researching the **factors impacting the marketing of Small and Medium sized Enterprises (SMEs)** that are focused primarily at offering their products / services to other businesses **(Business-to-Business)**.

This email includes a link to a marketing questionnaire aimed at **Owners and Managing Directors of SMEs in B2B markets**. Completing this questionnaire will help me tremendously in achieving this goal of graduating in 2014.

It will only take about 7 minutes to complete and is totally confidential.

Please click on this link to be directed to the questionnaire:
http://wits.eu.qualtrics.com/SE/?SID=SV_6urjDnsyWkRaROR

If you are interested in a 1-page summary of my findings, please e-mail me at bernard@firejuice.co.za

You have the opportunity to respond until Friday, 28 February 2014.

Thanking you in anticipation.

Kind regards

APPENDIX B: RESEARCH INSTRUMENT

Questionnaire

Question 1: Are you willing to participate in this survey?

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

Please note that in this survey the word "company" is used generically and means "any business of any size"

Question 2: What is the approximate total number of full-time employees in your company?

- ❍ 1 - 4 (1)
- ❍ 5 - 19 (2)
- ❍ 20 - 49 (3)
- ❍ 50 - 199 (4)
- ❍ 200 or more (5)

If 200 or more Is Selected, Then Skip To End of Survey

Question 3: For the company you represent, do you regard yourself as one of the following, or a combination thereof: Founder; Owner; Managing Director; Chief Executive

- ❍ Yes (3)
- ❍ No (8)

If No Is Selected, Then Skip To End of Survey

Question 4: Please indicate whether your company's customers are predominantly other businesses (Business-to-Business) or individuals (Business-to-Consumer)?

- ❍ Business-to-Business (B2B) (1)
- ❍ Business-to-Consumer (B2C) (2)

If Business -to-Consumer (B2C) Is Selected, Then Skip To End of Survey

Question 5: Where is your company registered?

- ❍ South Africa (1)
- ❍ Abroad (2)

If Abroad Is Selected, Then Skip To End of Survey

The next section of this questionnaire contains 8 blocks each with either 4 or 5 questions. The questionnaire is complete once these 8 blocks have been filled in.

Question 6: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
A company's image has a direct effect on its market value (1)	❍	❍	❍	❍	❍
A strong company image attracts investors and quality staff (2)	❍	❍	❍	❍	❍
Having a strong image lends credibility to a small company (3)	❍	❍	❍	❍	❍
There is lots of relevant information available on how to build a company's image (4)	❍	❍	❍	❍	❍
If the product we sell is well known, there is no need to also build the company image (5)	❍	❍	❍	❍	❍

Question 7: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
It takes too long for an investment in marketing to show returns (1)	❍	❍	❍	❍	❍
I can summarise what this company does in a single sentence (2)	❍	❍	❍	❍	❍
Our customers only buy on price. Nothing else matters (5)	❍	❍	❍	❍	❍
The way my company's logo / business card / website looks is extremely important (6)	❍	❍	❍	❍	❍
I know where to find people that can help me with marketing this company (7)	❍	❍	❍	❍	❍

Question 8: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
Our company's culture matters to our customers (2)	❍	❍	❍	❍	❍
A strong company image will help us avoid fighting only on price (3)	❍	❍	❍	❍	❍
I can clearly see the benefits of pro-actively marketing this company (4)	❍	❍	❍	❍	❍
We are too busy with daily operational issues to focus on marketing (5)	❍	❍	❍	❍	❍
Continuously building this company's image is key to its survival (6)	❍	❍	❍	❍	❍

Question 9: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
It is enough to rely only on personal contacts to promote this company (1)	❍	❍	❍	❍	❍
I know how to market this company (2)	❍	❍	❍	❍	❍
I can differentiate this company from competitors using marketing (3)	❍	❍	❍	❍	❍
This company is too small for it to spend money on marketing (4)	❍	❍	❍	❍	❍
We only focus on our existing customers and spend too little time winning new ones (6)	❍	❍	❍	❍	❍

Question 10: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
Our customers' let their emotions play a role in how they make purchasing decisions (3)	❍	❍	❍	❍	❍
It is important for a company to have a separate identity to that of its owner / founder (4)	❍	❍	❍	❍	❍
Marketing is only important for Business-to-Consumer (B2C) companies (5)	❍	❍	❍	❍	❍
There is a positive link between a company's image and profitability (7)	❍	❍	❍	❍	❍
A company's name and image is important in Business-to-Business (B2B) markets (8)	❍	❍	❍	❍	❍

Question 11: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
A company's image can be a strategic asset (1)	❍	❍	❍	❍	❍
Differentiating the product or service we sell from that of our competitors is extremely difficult (2)	❍	❍	❍	❍	❍
There is a single message of who we are that we tell outsiders (4)	❍	❍	❍	❍	❍
We know exactly how to market our company (5)	❍	❍	❍	❍	❍
Only big companies need to invest in marketing (6)	❍	❍	❍	❍	❍

Question 12: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
I spend enough time thinking about how we market this company (2)	❍	❍	❍	❍	❍
The image of a B2B company is only important in 1st world countries e.g. USA, Germany (3)	❍	❍	❍	❍	❍
Our company is changing too fast to have a single marketing message (4)	❍	❍	❍	❍	❍
I spend enough time considering the long term future of this company (5)	❍	❍	❍	❍	❍

Question 13: Using the scale below please indicate to which degree you either Disagree or Agree.

	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
A large group of people is involved in deciding the future direction of this company (1)	❍	❍	❍	❍	❍
Our company has a clear vision (2)	❍	❍	❍	❍	❍
Our staff and management are much more important than our customers (3)	❍	❍	❍	❍	❍
I receive enough help in marketing this company (4)	❍	❍	❍	❍	❍

APPENDIX C: DESCRIPTIVE STATISTICS

	A company's image has a direct effect on its market value	A strong company image attracts investors and quality staff	Having a strong image lends credibility to a small company	There is lots of relevant information available on how to build a company's image	If the product we sell is well known, there is no need to also build the company image	It takes too long for an investment in marketing to show returns	I can summarise what this company does in a single sentence	Our customers only buy on price. Nothing else matters
Observed frequencies								
Strongly disagree	0	0	0	0	36	10	3	48
Disagree	2	1	1	24	106	74	18	77
Neutral	8	13	5	56	11	44	6	26
Agree	102	96	92	65	5	34	95	12
Strongly agree	49	51	63	16	3	2	42	1
n =	161	161	161	161	161	164	164	164
Distribution parameters								
μ =	**0.7876**	**0.7791**	**0.9053**	**0.1536**	**-0.9184**	**-0.4249**	**0.5455**	**-0.9865**
σ^2 =	**0.2483**	**0.2857**	**0.2437**	**0.3630**	**0.5779**	**0.4062**	**0.6624**	**0.6287**
Expected frequencies								
Strongly disagree	0.0	0.0	0.0	0.7	39.7	9.1	1.2	46.5
Disagree	1.5	2.4	0.7	29.7	82.9	77.6	19.8	81.1
Neutral	9.2	10.9	5.6	38.0	21.7	39.0	22.8	20.3
Agree	101.1	97.3	91.5	81.3	15.9	36.5	75.7	15.2
Strongly agree	49.2	50.3	63.1	11.3	0.8	1.8	44.5	0.9
χ^2 contributions								
Strongly disagree	0.0006	0.0027	0.0002	0.6581	0.3390	0.0838	2.6661	0.0462
Disagree	0.1330	0.8442	0.0853	1.0859	6.4612	0.1669	0.1617	0.2073
Neutral	0.1468	0.3880	0.0721	8.4858	5.3047	0.6362	12.3547	1.5969
Agree	0.0089	0.0182	0.0028	3.2625	7.4994	0.1708	4.9198	0.6710
Strongly agree	0.0012	0.0100	0.0002	1.9092	6.0152	0.0324	0.1436	0.0204
254.9460	0.2904	1.2630	0.1606	15.4015	25.6196	1.0902	20.2460	2.5418
Solver parameters	τ_1	τ_2	τ_3	τ_4				
Thresholds	-1.4399	-0.3789	0.0391	1.0406				
Means	0.6174	0.6108	0.7097	0.1204	-0.7199	-0.3331	0.4277	-0.7733
Variances	0.1526	0.1755	0.1498	0.2231	0.3552	0.2496	0.4071	0.3863
To prevent division by zero:		0						
Hypothesis tests								
t-value	**20.0584**	**18.4972**	**23.2688**	**3.2340**	**-15.3285**	**-8.5386**	**8.5838**	**-15.9331**
p-value	**0.0000**	**0.0000**	**0.0000**	**0.0015**	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Rescaled values								
Strongly disagree	**-1.9262**	**-1.9035**	**-1.9694**	**-1.7792**	**-1.9746**	**-1.8150**	**-1.8837**	**-2.0162**
Disagree	**-0.7665**	**-0.7674**	**-0.7890**	**-0.7615**	**-0.9101**	**-0.8408**	**-0.8289**	**-0.9144**
Neutral	**-0.2663**	**-0.2580**	**-0.2906**	**-0.1838**	**-0.1260**	**-0.1590**	**-0.2093**	**-0.1186**
Agree	**0.5827**	**0.5751**	**0.5998**	**0.4863**	**0.4668**	**0.4347**	**0.5401**	**0.4810**
Strongly agree	**1.4531**	**1.4747**	**1.4751**	**1.4062**	**1.4691**	**1.3945**	**1.6174**	**1.4924**

	The way my company's logo / business card / website looks is extremely important	I know where to find people that can help me with marketing this company	Our company's culture matters to our customers	A strong company image will help us avoid fighting only on price	I can clearly see the benefits of pro-actively marketing this company	We are too busy with daily operational issues to focus on marketing	Continuously building this company's image is key to its survival	It is enough to rely only on personal contacts to promote this company
Observed frequencies								
Strongly disagree	1	3	0	1	1	11	1	33
Disagree	5	18	7	7	2	59	5	99
Neutral	10	36	20	13	15	27	15	16
Agree	85	87	88	88	91	54	91	9
Strongly agree	63	20	46	52	52	10	49	3
n =	164	164	161	161	161	161	161	160
Distribution parameters								
μ =	**0.8333**	**0.2638**	**0.6725**	**0.7265**	**0.7263**	**-0.2130**	**0.6977**	**-0.8742**
σ^2 =	**0.5780**	**0.4920**	**0.4069**	**0.5373**	**0.5130**	**0.6930**	**0.5088**	**0.5824**
Expected frequencies								
Strongly disagree	0.2	1.2	0.1	0.3	0.2	11.3	0.2	36.7
Disagree	8.9	28.2	7.9	10.3	9.7	56.5	10.3	82.0
Neutral	15.2	31.9	17.8	17.5	17.3	31.9	18.1	22.8
Agree	75.3	80.6	89.8	79.2	80.7	50.7	81.6	17.5
Strongly agree	64.4	22.0	45.4	53.8	53.2	10.6	50.8	1.0
χ^2 contributions								
Strongly disagree	2.5989	2.4898	0.0747	2.2282	3.1858	0.0088	2.7720	0.3698
Disagree	1.6825	3.7123	0.1070	1.0791	6.1000	0.1131	2.7601	3.5189
Neutral	1.7785	0.5238	0.2655	1.1362	0.2978	0.7443	0.5248	2.0242
Agree	1.2401	0.5041	0.0355	0.9877	1.3279	0.2139	1.0876	4.1609
Strongly agree	0.0294	0.1789	0.0081	0.0600	0.0268	0.0378	0.0621	4.2629
254.9460	7.3295	7.4089	0.4908	5.4912	10.9383	1.1179	7.2067	14.3367
Solver parameters								
Thresholds								
Means	0.6532	0.2068	0.5272	0.5695	0.5693	-0.1670	0.5470	-0.6853
Variances	0.3552	0.3023	0.2501	0.3302	0.3152	0.4259	0.3127	0.3579
To prevent division by zero:								
Hypothesis tests								
t-value	**14.0358**	**4.8165**	**13.3763**	**12.5750**	**12.8665**	**-3.2471**	**12.4115**	**-14.4900**
p -value	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0014**	**0.0000**	**0.0000**
Rescaled values								
Strongly disagree	**-1.9335**	**-1.8125**	**-1.8556**	**-1.8897**	**-1.8847**	**-1.8962**	**-1.8760**	**-1.9661**
Disagree	**-0.8460**	**-0.7911**	**-0.7785**	**-0.8182**	**-0.8121**	**-0.8551**	**-0.8075**	**-0.9065**
Neutral	**-0.2543**	**-0.1881**	**-0.2291**	**-0.2342**	**-0.2345**	**-0.1685**	**-0.2299**	**-0.1308**
Agree	**0.5514**	**0.5133**	**0.5532**	**0.5509**	**0.5520**	**0.4916**	**0.5507**	**0.4651**
Strongly agree	**1.6608**	**1.4772**	**1.5198**	**1.6055**	**1.5924**	**1.4942**	**1.5820**	**1.4639**

	I know how to market this company	I can differentiate this company from competitors using marketing	This company is too small for it to spend money on marketing	We only focus on our existing customers and spend too little time winning new ones	Our customers' let their emotions play a role in how they make purchasing decisions	It is important for a company to have a separate identity to that of its owner / founder	Marketing is only important for Business-to-Consumer (B2C) companies	There is a positive link between a company's image and profitability
Observed frequencies								
Strongly disagree	3	0	25	18	5	6	52	0
Disagree	32	10	83	63	37	37	90	10
Neutral	30	30	29	22	36	38	10	19
Agree	84	100	15	47	75	61	5	97
Strongly agree	11	20	8	10	7	18	3	34
n =	160	160	160	160	160	160	160	160
Distribution parameters								
μ =	**0.1308**	**0.4147**	**-0.6334**	**-0.3454**	**0.0051**	**0.0549**	**-1.0810**	**0.5673**
σ^2 =	**0.4614**	**0.2864**	**0.7519**	**0.8400**	**0.4783**	**0.6431**	**0.7168**	**0.3593**
Expected frequencies								
Strongly disagree	1.7	0.0	28.2	18.6	2.9	5.0	53.7	0.1
Disagree	34.6	11.0	70.3	59.1	43.4	42.1	73.7	9.1
Neutral	35.2	27.6	26.5	28.3	36.8	31.7	17.7	21.1
Agree	74.2	102.0	30.8	43.5	66.1	63.7	13.9	95.4
Strongly agree	14.4	19.4	4.3	10.4	10.7	17.5	1.0	34.4
χ^2 contributions								
Strongly disagree	1.0805	0.0424	0.3602	0.0190	1.4550	0.2056	0.0559	0.0650
Disagree	0.1926	0.0919	2.3009	0.2606	0.9347	0.6180	3.5997	0.0912
Neutral	0.7584	0.2137	0.2380	1.4199	0.0190	1.2712	3.3414	0.2089
Agree	1.3061	0.0394	8.0733	0.2735	1.1933	0.1173	5.6908	0.0281
Strongly agree	0.8180	0.0201	3.2252	0.0183	1.3049	0.0131	4.1860	0.0043
254.9460	4.1556	0.4075	14.1977	1.9914	4.9068	2.2253	16.8737	0.3974
Solver parameters								
Thresholds								
Means	0.1026	0.3251	-0.4965	-0.2708	0.0040	0.0430	-0.8474	0.4447
Variances	0.2835	0.1760	0.4620	0.5162	0.2939	0.3952	0.4405	0.2208
To prevent division by zero:								
Hypothesis tests								
t-value	**2.4363**	**9.8019**	**-9.2398**	**-4.7673**	**0.0928**	**0.8654**	**-16.1501**	**11.9720**
p -value	**0.0160**	**0.0000**	**0.0000**	**0.0000**	**0.9262**	**0.3881**	**0.0000**	**0.0000**
Rescaled values								
Strongly disagree	**-1.8012**	**-1.8156**	**-1.9862**	**-1.9681**	**-1.8074**	**-1.8580**	**-2.0852**	**-1.8316**
Disagree	**-0.7909**	**-0.7351**	**-0.8917**	**-0.8759**	**-0.8047**	**-0.8305**	**-0.9168**	**-0.7583**
Neutral	**-0.1816**	**-0.2082**	**-0.1507**	**-0.1639**	**-0.1763**	**-0.1777**	**-0.1057**	**-0.2180**
Agree	**0.4964**	**0.5187**	**0.4846**	**0.4984**	**0.4851**	**0.5055**	**0.5064**	**0.5433**
Strongly agree	**1.4442**	**1.4118**	**1.4951**	**1.5341**	**1.4361**	**1.5079**	**1.5345**	**1.4709**

	A company's name and image is important in Business-to-Business (B2B) markets	A company's image can be a strategic asset	Differentiating the product or service we sell from that of our competitors is extremely difficult	There is a single message of who we are that we tell outsiders	We know exactly how to market our company	Only big companies need to invest in marketing	I spend enough time thinking about how we market this company	The image of a B2B company is only important in 1st world countries e.g. USA, Germany
Observed frequencies								
Strongly disagree	0	1	5	1	6	76	8	68
Disagree	2	0	58	18	38	74	57	79
Neutral	4	3	21	28	45	6	35	13
Agree	94	75	64	94	64	4	57	3
Strongly agree	60	83	14	21	9	2	7	1
n =	160	162	162	162	162	162	164	164
Distribution parameters								
μ =	**0.8787**	**1.0459**	**-0.0629**	**0.3523**	**-0.0473**	**-1.3716**	**-0.1882**	**-1.2722**
σ^2 =	**0.2639**	**0.6699**	**0.6528**	**0.4057**	**0.4953**	**0.8298**	**0.5483**	**0.6314**
Expected frequencies								
Strongly disagree	0.0	0.2	7.2	0.4	3.9	76.2	7.5	68.3
Disagree	1.1	6.4	49.2	19.9	47.8	63.5	57.9	74.3
Neutral	7.0	11.1	32.8	30.1	37.3	12.5	36.4	13.3
Agree	91.6	62.9	58.9	88.9	63.2	9.2	54.3	7.8
Strongly agree	60.2	81.4	13.9	22.7	9.9	0.7	8.0	0.3
χ^2 contributions								
Strongly disagree	0.0005	3.3605	0.6498	0.9167	1.1630	0.0004	0.0391	0.0013
Disagree	0.6321	6.4260	1.5737	0.1877	1.9968	1.7376	0.0133	0.2964
Neutral	1.3018	5.9026	4.2340	0.1498	1.6023	3.3802	0.0565	0.0062
Agree	0.0619	2.3423	0.4365	0.2959	0.0104	2.9250	0.1372	2.9664
Strongly agree	0.0007	0.0305	0.0003	0.1234	0.0810	2.7563	0.1150	1.6752
254.9460	1.9970	18.0619	6.8944	1.6734	4.8535	10.7994	0.3611	4.9456
Solver parameters								
Thresholds								
Means	0.6888	0.8199	-0.0493	0.2762	-0.0371	-1.0752	-0.1475	-0.9973
Variances	0.1621	0.4117	0.4012	0.2493	0.3044	0.5099	0.3370	0.3880
To prevent division by zero:								
Hypothesis tests								
t-value	**21.6373**	**16.2647**	**-0.9913**	**7.0399**	**-0.8558**	**-19.1653**	**-3.2550**	**-20.5024**
p -value	**0.0000**	**0.0000**	**0.3230**	**0.0000**	**0.3934**	**0.0000**	**0.0014**	**0.0000**
Rescaled values								
Strongly disagree	**-1.9486**	**-2.0552**	**-1.8681**	**-1.8013**	**-1.8147**	**-2.2393**	**-1.8421**	**-2.1055**
Disagree	**-0.7843**	**-0.9269**	**-0.8395**	**-0.7664**	**-0.8129**	**-0.9071**	**-0.8355**	**-0.9226**
Neutral	**-0.2815**	**-0.3130**	**-0.1735**	**-0.1953**	**-0.1743**	**-0.0420**	**-0.1693**	**-0.0663**
Agree	**0.5911**	**0.5359**	**0.4976**	**0.5176**	**0.4822**	**0.5877**	**0.4773**	**0.5284**
Strongly agree	**1.4833**	**1.7879**	**1.4957**	**1.4532**	**1.4374**	**1.6623**	**1.4447**	**1.5740**

	Our company is changing too fast to have a single marketing message	I spend enough time considering the long term future of this company	A large group of people is involved in deciding the future direction of this company	Our company has a clear vision	Our staff and management are much more important than our customers	I receive enough help in marketing this company
Observed frequencies						
Strongly disagree	25	3	53	0	18	10
Disagree	96	51	76	12	74	55
Neutral	27	34	9	29	48	39
Agree	14	68	18	90	15	54
Strongly agree	2	8	5	30	6	3
n =	164	164	161	161	161	161
Distribution parameters						
μ =	**-0.7614**	**-0.0528**	**-1.0242**	**0.4736**	**-0.5033**	**-0.2536**
σ^2 =	**0.4831**	**0.4598**	**1.0013**	**0.3832**	**0.5585**	**0.5111**
Expected frequencies						
Strongly disagree	27.0	3.3	54.6	0.2	16.9	7.8
Disagree	89.3	48.4	64.7	13.4	74.2	61.5
Neutral	27.3	39.1	18.6	25.3	32.2	36.8
Agree	19.7	64.4	20.0	93.2	34.5	49.3
Strongly agree	0.8	8.8	3.1	29.0	3.1	5.7
χ^2 contributions						
Strongly disagree	0.1456	0.0356	0.0449	0.1605	0.0696	0.6118
Disagree	0.5044	0.1439	1.9909	0.1467	0.0007	0.6850
Neutral	0.0028	0.6729	4.9534	0.5413	7.7723	0.1343
Agree	1.6360	0.2013	0.2069	0.1089	11.0579	0.4554
Strongly agree	1.9014	0.0662	1.0939	0.0379	2.6418	1.2468
254.9460	4.1901	1.1198	8.2901	0.9954	21.5424	3.1333
Solver parameters						
Thresholds						
Means	-0.5969	-0.0414	-0.8029	0.3712	-0.3945	-0.1988
Variances	0.2969	0.2825	0.6153	0.2355	0.3432	0.3141
To prevent division by zero:						
Hypothesis tests						
t-value	**-14.0288**	**-0.9971**	**-12.9871**	**9.7070**	**-8.5457**	**-4.5013**
p -value	**0.0000**	**0.3202**	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Rescaled values						
Strongly disagree	**-1.8970**	**-1.8037**	**-2.1924**	**-1.8147**	**-1.8842**	**-1.8350**
Disagree	**-0.8932**	**-0.8059**	**-0.9112**	**-0.7606**	**-0.8692**	**-0.8366**
Neutral	**-0.1387**	**-0.1742**	**-0.1136**	**-0.2065**	**-0.1567**	**-0.1669**
Agree	**0.4435**	**0.4766**	**0.5357**	**0.5318**	**0.4606**	**0.4671**
Strongly agree	**1.4307**	**1.4233**	**1.6050**	**1.4644**	**1.4360**	**1.4277**

APPENDIX D: SPSS OUTPUT TO FACTOR ANALYSIS

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.750
Bartlett's Test of Sphericity	Approx. Chi-Square	2082.025
	df	703
	Sig.	.000

Communalities

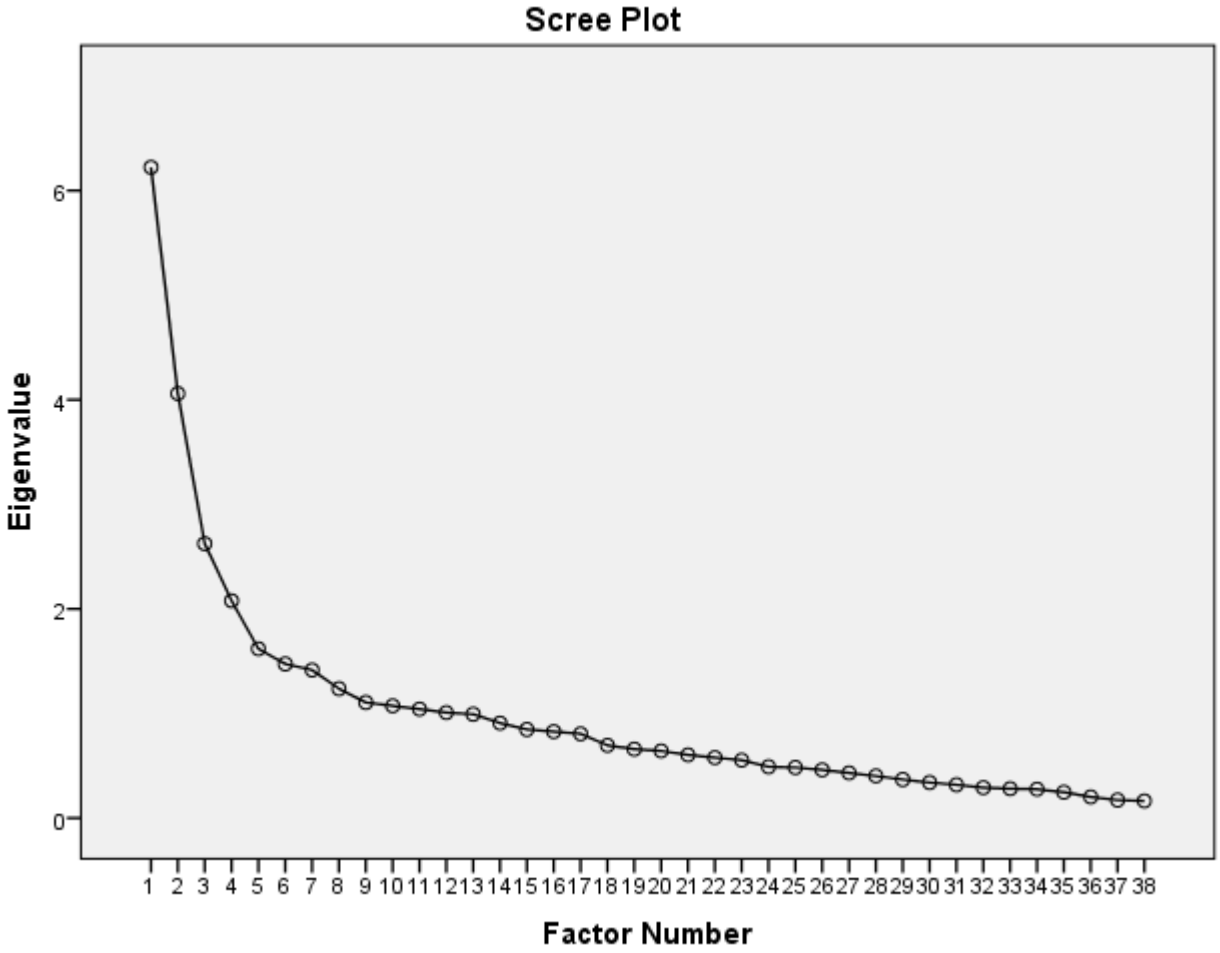
	Initial	Extraction
Q6: A company's image has a direct effect on its market value	.560	.389
Q6: A strong company image attracts investors and quality staff	.695	.473
Q6: Having a strong image lends credibility to a small company	.671	.422
Q6: There is lots of relevant information available on how to build a company's image	.381	.129
Q6: If the product we sell is well known, there is no need to also build the company image	.582	.478
Q9: It takes too long for an investment in marketing to show returns	.346	.219
Q9: I can summarise what this company does in a single sentence	.423	.215
Q9: Our customers only buy on price. Nothing else matters	.322	.213
Q9: The way my company's logo / business card / website looks is extremely important	.480	.257
Q9: I know where to find people that can help me with marketing this company	.457	.206
Q7: Our company's culture matters to our customers	.503	.359
Q7: A strong company image will help us avoid fighting only on price	.497	.325
Q7: I can clearly see the benefits of pro-actively marketing this company	.462	.396
Q7: We are too busy with daily operational issues to focus on marketing	.483	.445
Q7: Continuously building this company's image is key to its survival	.593	.584
Q10: It is enough to rely only on personal contacts to promote this company	.525	.446
Q10: I know how to market this company	.659	.523
Q10: I can differentiate this company from competitors using marketing	.394	.262
Q10: This company is too small for it to spend money on marketing	.475	.397
Q10: We only focus on our existing customers and spend too little time winning new ones	.463	.332
Q8: Our customers' let their emotions play a role in how they make purchasing decisions	.415	.189
Q8: It is important for a company to have a separate identity to that of its owner / founder	.206	.057
Q8: Marketing is only important for Business-to-Consumer (B2C) companies	.401	.338
Q8: There is a positive link between a company's image and profitability	.494	.335
Q8: A company's name and image is important in Business-to-Business (B2B) markets	.510	.481
Q11: A company's image can be a strategic asset	.353	.288
Q11: Differentiating the product or service we sell from that of our competitors is extremely difficult	.338	.217
Q11: There is a single message of who we are that we tell outsiders	.361	.151
Q11: We know exactly how to market our company	.653	.659
Q11: Only big companies need to invest in marketing	.356	.259
Q12: I spend enough time thinking about how we market this company	.619	.483
Q12: The image of a B2B company is only important in 1st world countries e.g. USA, Germany	.376	.225
Q12: Our company is changing too fast to have a single marketing message	.269	.167
Q12: I spend enough time considering the long term future of this company	.578	.363
Q13: A large group of people is involved in deciding the future direction of this company	.365	.197
Q13: Our company has a clear vision	.471	.341
Q13: Our staff and management are much more important than our customers	.228	.098
Q13: I receive enough help in marketing this company	.592	.542

Extraction Method: Principal Axis Factoring.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.223	16.376	16.376	5.610	14.763	14.763	4.124	10.854	10.854
2	4.059	10.681	27.057	3.492	9.189	23.951	3.938	10.363	21.217
3	2.624	6.906	33.962	1.922	5.059	29.010	2.650	6.975	28.191
4	2.078	5.469	39.431	1.436	3.779	32.789	1.747	4.598	32.789
5	1.619	4.262	43.693						
6	1.474	3.878	47.572						
7	1.416	3.726	51.298						
8	1.237	3.255	54.553						
9	1.105	2.909	57.462						
10	1.073	2.823	60.284						
11	1.042	2.743	63.027						
12	1.009	2.654	65.682						
13	.993	2.612	68.294						
14	.908	2.391	70.684						
15	.847	2.229	72.913						
16	.827	2.177	75.090						
17	.806	2.121	77.211						
18	.695	1.830	79.041						
19	.659	1.734	80.774						
20	.642	1.689	82.463						
21	.604	1.590	84.053						
22	.578	1.521	85.574						
23	.554	1.457	87.031						
24	.491	1.291	88.322						
25	.483	1.271	89.593						
26	.461	1.214	90.807						
27	.431	1.135	91.942						
28	.402	1.059	93.001						
29	.369	.970	93.971						
30	.339	.893	94.864						
31	.318	.837	95.701						
32	.291	.765	96.467						
33	.281	.739	97.206						
34	.276	.726	97.931						
35	.247	.651	98.582						
36	.202	.532	99.114						
37	.172	.453	99.567						
38	.165	.433	100.000						

Extraction Method: Principal Axis Factoring.


Scree Plot
Eigenvalue
0
2
4
6
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38
Factor Number

Factor Matrix[a]

	Factor			
	1	2	3	4
Q6: A strong company image attracts investors and quality staff	.610			
Q7: Continuously building this company's image is key to its survival	.605	-.311		
Q6: Having a strong image lends credibility to a small company	.535			
Q8: A company's name and image is important in Business-to-Business (B2B) markets	.496	-.398		
Q7: I can clearly see the benefits of pro-actively marketing this company	.489			
Q6: If the product we sell is well known, there is no need to also build the company image	-.488	.357		
Q6: A company's image has a direct effect on its market value	.481			
Q10: I can differentiate this company from competitors using marketing	.480			
Q7: Our company's culture matters to our customers	.473		.314	
Q8: There is a positive link between a company's image and profitability	.470			
Q13: Our company has a clear vision	.467	.326		
Q10: This company is too small for it to spend money on marketing	-.467		.387	
Q7: A strong company image will help us avoid fighting only on price	.441			
Q11: A company's image can be a strategic asset	.408			.301
Q9: The way my company's logo / business card / website looks is extremely important	.391			
Q11: Only big companies need to invest in marketing	-.348			
Q12: The image of a B2B company is only important in 1st world countries e.g. USA, Germany	-.336			
Q9: I can summarise what this company does in a single sentence	.334		.316	
Q9: I know where to find people that can help me with marketing this company	.324	.308		
Q11: There is a single message of who we are that we tell outsiders	.313			
Q8: Our customers' let their emotions play a role in how they make purchasing decisions				
Q6: There is lots of relevant information available on how to build a company's image				
Q13: I receive enough help in marketing this company	.370	.631		
Q11: We know exactly how to market our company	.472	.622		
Q12: I spend enough time thinking about how we market this company		.552		
Q12: I spend enough time considering the long term future of this company		.500		
Q10: I know how to market this company	.494	.498		
Q7: We are too busy with daily operational issues to focus on marketing	-.331	-.452	.323	
Q10: We only focus on our existing customers and spend too little time winning new ones		-.422		
Q11: Differentiating the product or service we sell from that of our competitors is extremely difficult		-.327		
Q8: It is important for a company to have a separate identity to that of its owner / founder				
Q8: Marketing is only important for Business-to-Consumer (B2C) companies			.464	
Q10: It is enough to rely only on personal contacts to promote this company	-.313		.389	.349
Q9: It takes too long for an investment in marketing to show returns			.354	
Q9: Our customers only buy on price. Nothing else matters			.352	
Q12: Our company is changing too fast to have a single marketing message			.346	
Q13: Our staff and management are much more important than our customers				
Q13: A large group of people is involved in deciding the future direction of this company				

Extraction Method: Principal Axis Factoring.

a. 4 factors extracted. 5 iterations required.

Rotated Factor Matrix[a]

	Factor			
	1	2	3	4
Q11: We know exactly how to market our company	.770			
Q13: I receive enough help in marketing this company	.727			
Q10: I know how to market this company	.680			
Q12: I spend enough time thinking about how we market this company	.633			
Q7: We are too busy with daily operational issues to focus on marketing	-.566		.301	
Q12: I spend enough time considering the long term future of this company	.557			
Q13: Our company has a clear vision	.525			
Q10: We only focus on our existing customers and spend too little time winning new ones	-.523			
Q9: I know where to find people that can help me with marketing this company	.434			
Q10: I can differentiate this company from competitors using marketing	.404			
Q6: There is lots of relevant information available on how to build a company's image				
Q8: A company's name and image is important in Business-to-Business (B2B) markets		.654		
Q6: A strong company image attracts investors and quality staff		.644		
Q6: Having a strong image lends credibility to a small company		.631		
Q6: A company's image has a direct effect on its market value		.617		
Q8: There is a positive link between a company's image and profitability		.554		
Q7: Our company's culture matters to our customers		.544		
Q11: A company's image can be a strategic asset		.490		
Q7: Continuously building this company's image is key to its survival		.476	-.409	.428
Q7: A strong company image will help us avoid fighting only on price		.436		.338
Q11: There is a single message of who we are that we tell outsiders				
Q9: I can summarise what this company does in a single sentence				
Q8: It is important for a company to have a separate identity to that of its owner / founder				
Q10: It is enough to rely only on personal contacts to promote this company			.663	
Q6: If the product we sell is well known, there is no need to also build the company image		-.332	.606	
Q10: This company is too small for it to spend money on marketing	-.320		.516	
Q7: I can clearly see the benefits of pro-actively marketing this company			-.492	
Q11: Only big companies need to invest in marketing			.484	
Q8: Marketing is only important for Business-to-Consumer (B2C) companies			.452	.318
Q12: The image of a B2B company is only important in 1st world countries e.g. USA, Germany		-.307	.335	
Q13: Our staff and management are much more important than our customers				
Q12: Our company is changing too fast to have a single marketing message				.386
Q9: Our customers only buy on price. Nothing else matters				.386
Q11: Differentiating the product or service we sell from that of our competitors is extremely difficult				.353
Q9: The way my company's logo / business card / website looks is extremely important		.301		.353
Q13: A large group of people is involved in deciding the future direction of this company				.349
Q8: Our customers' let their emotions play a role in how they make purchasing decisions				.308
Q9: It takes too long for an investment in marketing to show returns				.304

Extraction Method: Principal Axis Factoring.
Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 7 iterations.

Factor Transformation Matrix

Factor	1	2	3	4
1	.548	.703	-.441	.107
2	.836	-.440	.313	-.099
3	-.001	.296	.642	.707
4	-.036	.474	.544	-.692

Extraction Method: Principal Axis Factoring.
Rotation Method: Varimax with Kaiser Normalization.