

THE ESSENCE OF BRAND ORIENTATION

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ABSTRACT

This essay discusses the brand orientation standing in order to solve the lack of resources in Small Medium Enterprises (SMEs). Brand orientation concept is generally rooted in market orientation studies, but it focussed on the company's brand. Therefore, there are similarities and differences between brand orientation and market orientation. Both concepts give priority to the customers and company growth, but the ways they create, develop and evaluate the brand are different. Market orientation focuses on the market as a resource, whereas brand orientation focuses on the brand. The information gained from the brand identity of the company is not from the brand image like market orientation. Thus, brand orientation leads to the exploitation of internal resources in the company. Brand development comes from the internal resources as a mirror of the company for customers. The brands coming from internal resources are much stronger and they create a meaningful relationship with customers rather than brands that come from external resources which are fragile and always change. The previous studies viewed brand orientation as a new approach to solving resource barriers in doing branding especially SMEs. This is because brand orientation focuses on internal resources which belong to SMEs.

Key words: Brand orientation and Small medium enterprises

Introduction

Branding as a competitive strategy for SMEs (Abimbola, 2001). Many SMEs believed that branding is an important factor to their business success (Dulyathip, 2014). However, branding strategies were quite an unpopular subject among SMEs. Resource are the main barriers that hinder SMEs in carry out the business strategies based on brand especially financial resources (Horan et al., 2011). The lack of branding awareness had failed SMEs to see other potential resources that can be utilized in branding. According to Berthon et al (2008), SME can creatively manage their brand with the modest budgets by leveraging the full potential of their brands. Furthermore, the recent studies have shown that SMEs are capable of doing branding by analyzing their brand strength and weaknesses. Firms should perceive their brands as strategic resources in order for them to explore their brand potential. This approach has been referred to as brand orientation.

The concept of brand orientation is one of the strategic orientations of a holding company in achieving its goals (Park and Kim, 2013). Various approaches to the strategic orientation adopted by the company in order to obtain synergy competitiveness. One of them is the brand orientation approach. The concept of brand orientation was given attention in the early 1990s (Gromark and Melin, 2011). Brand orientation is a business approach (Laukkanen et al., 2013) and was much discussed in business orientation studies (Bridson and Evans, 2004). It is part of the market orientation but focuses on brand advantages compared to customers in the brand building (Urde et al., 2013). Both concepts have been proved that it is able to contribute to brand performance.

The recent research seeks to address the brand as a strategic resource in a brand-oriented company without further discussion about the brand orientation significance to SMEs in order for them to see the brand as a resource. However, little has been written about brand orientation in SMEs (Huang and Tsai, 2013). Thus, the purpose of this discussion is to address the benefits of brand orientation in SMEs.

The rest of the paper is organized as follow. In the next section discusses the concept of market orientation dan brand orientation. Both concepts are defined and elaborated in the specific comparison issues. In addition, the benefits of brand orientation in the SMEs context is briefly discussed. Finally, conclusions of the discussion were drawn and future research agendas proposed.

The Differentiation of Brand Orientation

At first, brand orientation is discussed in the study of market orientation (Wong and Merrilees, 2007). So there are similarities and differences between these two approaches which can be explored in the brand-oriented companies in developing the brand relative to its market-oriented companies. Urde (1999) refers to the brand orientation as the role of 'plus' in the market orientation activities that focus on the brand. This means that the company's product development must be in line with its brand. Therefore, brand orientation lead companies to focus on their brand advantages to achieve sustainable development.

Likewise, market orientation is a market research on the needs of the current and future customers. The customer's knowledge is disseminated to staff and subsequently carry out a marketing strategy (Kohli and Jaworski, 1990). It involves three components, namely the behavior of customer orientation, competitor orientation and inter-functional (Narver and Slater, 1993). Companies gain information from customers and competitors and then process them to produce a brand value to the buyer. The concept of

market orientation is considered as decisive to the brand development. Please refer to Table 1 for the comparison approach of market orientation and brand orientation.

Table 1: Comparison between market orientation and brand orientation.

Issues	Market Orientation	Brand Orientation
Definition	Market leads to the company development.	Brand leads to the company development.
Customer relationship	Priority to market information from the customers and competitors. The market as a resource to gain knowledge.	Priority to the brand advantages. Brand as a resource.
Detail process	Outside-in process.	Inside-out process.
Market adaptation	Difficult to adapt to the volatile market.	Transparent and consistent facing the market change.
Brand measurement	Brand capabilities to create value to the customers.	A meaningful relationship between brand and customers in the market.

This is in contrast with the brand-oriented companies. Brand orientation is an approach used in the process of organization related to the creation, development and protection of brand identity and involves constant interaction with target customers with the goal to achieve sustainable competitiveness (Urde, 1999). It involves a process of brand management in the market for superior performance. In this case, the brand will be the decisive and lead process of brand development. The purpose of both orientation is the same, which is to develop the company and build a sustainable relationship with customers.

The goal of brand orientation and market orientation is to build a brand relationship with customers. Jaworki and Kohli (1990) stated that customer preferences are the market orientation priority. This is based on the close relationship between the company and customers. The market becomes the main source in shaping the brand identity. A brand orientation satisfies customer as a priority. However, the difference is the company who determines what is going to offer to customers (Urde et al., 2013) and does not based fully on market information. Hence, brand-oriented companies emphasize the advantages of the brand before offering it to the customers. The uniqueness of internal resources offer distinctive features to the brand which makes brand as one of the strategic resources in the company which can attract customers' attention in the market. By focusing on the customer, market orientation, and brand orientation tune the same focus even the details of the process are different.

The detail process between market orientation and brand orientation makes the brand development process different. The market-oriented companies develop their brands based on outside-in angle and brand image is the key in customer information (Urde, 1999). External information obtained from the market is used to develop the brand and the results are presented to the customers in the hope that it meets the customers' preferences (Urde, 1999; Narver and Slater, 1990). Meanwhile, brand-oriented companies develop brands from the point where the inside-out information is developed to establish the brand. Before the brand is positioned to the customers, the company studies the advantages and disadvantages that can be developed to represent an accurate presentation of the company's brand. These two concepts are different based on continuous references to gain brand information.

The different focus of the process influences the brand presentation in the market. Market orientation determines brand presentation based on volatile market information and it's hard for the brand to adapt to the market changes. While brand orientation allows the brand to be more transparent and consistent in the market due to the collective brand unique presentation (Laukkanen et al., 2013). It has been shown that companies who develop their brand from internal resources, shape a solid presentation of the company and the brand (Hatch and Schultz, 2003). The brand-oriented companies are aware of the brand potential as a strategic internal resource which must be developed to create a brand that is difficult to imitate by competitors.

Although the detail process is different, but these two concepts contribute to the company's growth (Reijonen et al., 2014). According to Urde et al. (2013) the principle of market orientation, which emphasizes on market information makes it difficult for brands to meet consumer preferences. Thus, brand orientation is more strategic because brand orientation principles exploit its own brand identity to develop their brand. It creates its own identity when the brand is in the market. Furthermore, brand strategies in the company will be expanded due to the exploration of the tangible and intangible resources. Strategies developed from internal resources are more competitive in the market and helps improve brand performance.

The major company goal is to sustain brand competitiveness in the market. The brand performance in market orientation depends on the market completely. The brand's success is measured by the value creation for customers. Customer's performance focuses on measuring the success of the company. Therefore the company measurement for performance mainly are based on sales and finance (Reijonen et al., 2014). But brand performance measurement in brand-oriented companies are based on a meaningful relationship with customers in the market. It is a strategic brand performance measurement because it measures the success of the brand in the market (Wong and Merrilees, 2007).

Brand-oriented companies are in line with market-oriented companies. The goal is the same, namely to meet customer preferences, but the process is different. Brand-oriented companies' priority is to focus on the brand role in improving the company performance. It leads the company to the internal process in order to develop their brand. This process means the company can create added value for the brand development. As internal assets, brand offerings from brand-oriented companies

can adapt the change in the market (Urde, 1999). The main focus on internal resources and process show that brand orientation is capable of solving the resource barriers, especially in the context of SME.

The Benefits of Brand Orientation in SMEs

Brand orientation principle with the use of internal resources give the option to SMEs to run branding activities. This leads to the reason why SMEs should implement the brand orientation approach in the company's internal processes. There are three main benefits of brand orientation in the process of brand development in SMEs.

First is due to the constantly changing market environment (Simeos and Dibb, 2001). Urde (1994) lists the factors that drive the company's focus on the development of their brand. Among them is the reduction of product differentiation, increasing the cost of media and market integration. For SMEs that are unable to adapt to the changing market needs, they can devote their resources to continue their business (Wong and Merrilees, 2005). By adopting the brand as a strategic asset, SMEs can avoid the threat of a future market and can also exploit the opportunities available in the market to develop the business.

Secondly, brand orientation also makes management more systematic (Baumgarth, 2010). Brand orientation is an intensive process of developing a brand where SMEs should look at the weaknesses and strengths of their previous brands positioned in the market. SMEs also need to assess the potential uniqueness of their brands in order to develop their strategy. Moreover, SMEs need to align their skills in developing all the company's commitment, efforts and resources to address threats to their brand (Urde, 1994). It helps SMEs brand development process to be more structured, especially when it is supported with attitudes, practices in branding and brand acceptance as a source.

Thirdly, brand orientation is a strategic process that can improve brand performance (Osakwe et al., 2015). According to Wong and Merrilees (2007), when elements in the market mixes in line with the brand, it will integrate with each other and compatibility can be more consistent with strategy so as to build a strong performance by SMEs. Moreover, companies that focus on the development of internal resources, have a positive impact on brand position (Reid et al., 2005) and further increase the business performance (Baumgarth, 2010).

Thus, brand orientation provides an option for SMEs to capture opportunities in the market with more consistency and reducing barriers faced by source. The priority on internal resources provide focus to the SMEs to identify the advantages and disadvantages of the resource that can be developed into a competitive strategy. It has been shown that companies that develop their brand from internal resources shape a solid presentation of the company and the brand (Hatch and Schultz, 2003). The brand-oriented companies are aware of the potential of the brand as a strategic internal resource which must be developed to create a brand that is difficult to imitate by competitors (Urde, 1999).

Conclusion

Resource constraints are the main problems regarding branding awareness in SMEs. Brand orientation can be one of the solutions for SMEs to identify their potential resources. Brand-oriented companies regard brand as a strategic resource and hub in the organization's processes (Gromark and Melin, 2011). From here, SMEs will identify the strengths and weaknesses of their brand before they develop a branding strategy. However, only a few studies has focuses on the brand resources. Therefore further research need to be studied in order to identify potential brand resources that can be utilized for branding.

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