LITERATURE REVIEW

Entrepreneurship

Entrepreneurial Marketing

Brand Nature
Identity
Positioning
Equity
Awareness

Brand Building in general & for start-ups

This section provides an overall review of related theoretical topics, from general concepts of entrepreneurship and entrepreneurial marketing to specific frameworks in branding and branding for start-ups. This presentation of literature provides an understanding in the scope of the study and a foundation from which to determine how the research are designed and results are discussed.

Literature Review
Theoretical Framework

1. **Entrepreneurship**

- Blundel and Lockett (2011) define entrepreneurship as *"the phenomenon associated with entrepreneurial activity, which involves a complex pattern of social interactions that extend beyond individual entrepreneurs to incorporate teams, organizations, networks and institutions"*

- OECD (2009, p. 9) interpret it as the phenomenon associated with *"enterprising human action in pursuit of the generation of value through the creation or expansion of economic activity, by identifying and exploiting new products, processes, or markets"*

- Martin & Osberg (2007) distinguish between social and business entrepreneurship. The latter focuses on building a business and gaining a profit, the social entrepreneurship works towards creation of social change.

Literature Review
Theoretical Framework

1. Entrepreneurship | Definition of start-up

- Blank (2014) defines start-up as a newly formed organization, with an innovative business model, product or service and a start-up differs from a newly established or already established company in that start-ups search for a ˝repeatable and scalable business model˝, while company is ˝designed to execute a repeatable and scalable business model

- In the view of Robehmed (2013) and Katila et al (2012), a start-up is an entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing a viable business model around an innovative product, service, process or a platform and is usually designed to effectively develop and validate a scalable business model

- Many believe that start-ups look for an unknown or innovative business model in order to disrupt existing markets, when their essential idea is growth (Blank, 2013; Blank, 2014; Graham, 2012)

Literature Review
Theoretical Framework

1. Entrepreneurship | Differences between Entrepreneurship and Small Business Management

03 crucial components that characterise entrepreneurial venture from the small business:

Innovation, potential for growth and strategic objectives

| Components	Entrepreneurs	Small businesses
Innovation	Focus on new models, processes, products or services	Offer an already existing product or service
Potential for growth	Large	Limited
Strategic objectives	Economic &more likely to achieve	Non-economic (personal goals) & less likely to achieve
		(Wickham, 2006)

2. Entrepreneurial Marketing (EM)

- EM links two distinct disciplines of Entrepreneurship an Marketing together taking into account the dynamics in entrepreneurial creativity that Traditional Marketing fails to capture.

- Morris et al (2002) define EM as "*proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation*". This definition incorporates elements of entrepreneurship (proactivity, opportunity, risk taking and innovativeness) and marketing (customer focus, resource leveraging, and value creation)

- Philip Kotler (2003) claims that "most companies are started by individuals who live by their wits. They visualize an opportunity and knock on every door to gain attention. As small companies achieve success, they inevitably move toward more formulated marketing … *In-trepreneurial marketing*". This reflects the concept EM based on company lifecycle, implying that EM is a temporary approach in the face of many challenges of newly-formed businesses

2. Entrepreneurial Marketing (EM)

- Swenson et al (2012) devise a framework guiding entrepreneurs in recognizing market opportunities and then developing responsive marketing strategies
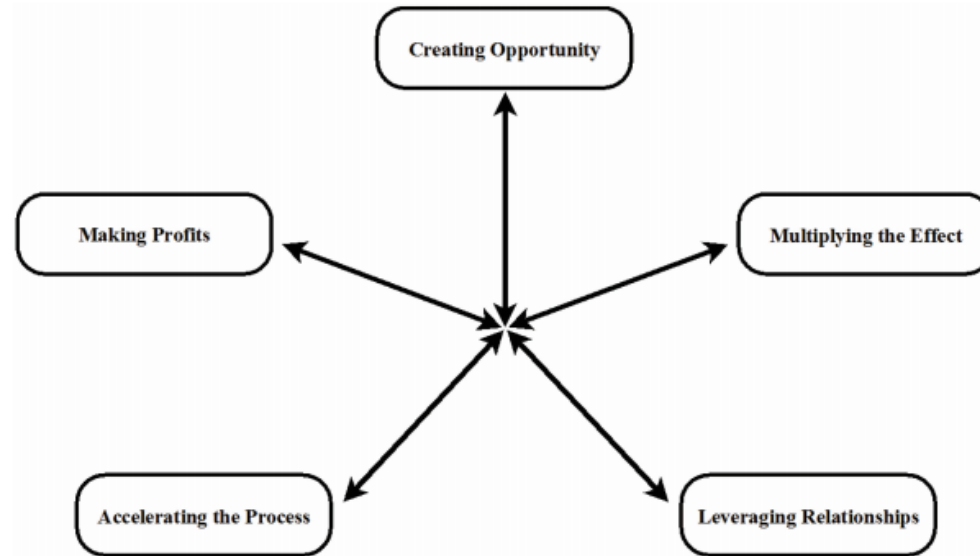
3. Brands | **What is a Brand?**

- According to the American Marketing Association (AMA), a brand is *˝a name, term, sign, symbol, design, or a combination of them, intended to identify the goods or services of one or more sellers and to differentiate them from those of competitors"*

- A brand has dimensions that differentiate its products from other ones. These dimensions are either rational and tangible, related to product performance or symbolic, emotional and intangible, related to what the brand represents (Keller, 2008).

- Batey (2008) defines a brand as *"a cluster of association concerning attributes, benefits and values created or enhanced by every contact or experience the consumer has with the brand"*

3. Brands | What is a Brand?

- Kapferer (2004) explains brand as a comprehensive living system made up of three poles: (1) the name and other proprietary signs used to identify the brand and the actual product or service, without which the brand cannot exist; (2) the brand concept that differentiate the brand through a unique set of attributes (tangible and intangible) that (3) is delivered through experience with product or service.

- *"A brand is a name with the power to influence the market, its power increases as more people know it, are convinced by it, and trust it. Brand management is about gaining power, by making the brand concept more known, more bought, more shared … A brand is a shared desirable and exclusive idea embodied in products, services, places and/or experiences. The more this idea is shared by a larger number of people, the more power the brand has."*
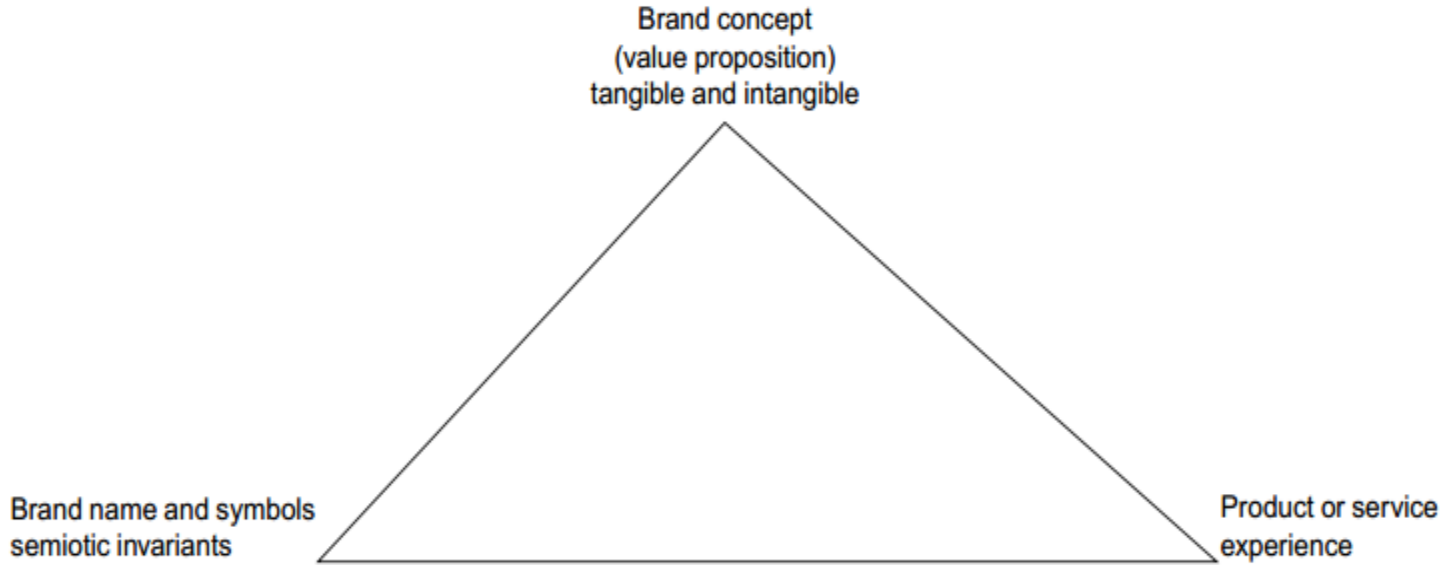
Figure 1.1   The brand system

Literature Review
Theoretical Framework

3. Brands | **Brand Identity**

- According to Kapferer (2004), a brand is a vision that drives the company to create products and services under the name of the brand. The brand's vision and mission, the promise and its core values compose what is called brand identity.

- Brand identity should be the starting point of the creation for any brand and, before communicating to prospective customers, a brand should know exactly who they are and what they want to project to the public. It is brand identity that specifies the brand's meaning, aim and self-image, and, therefore, it is essential that it is shaped before brand communications. Also, it is meant to guide all corporate brand decisions, and bring coherence throughout all marketing activities.

Literature Review
Theoretical Framework

3. Brands | **Brand Identity**

- According to Kapferer (2004), brand identity should be represented by a hexagonal prism of 06 facets: Physique, Personality, Relationship, Culture, Reflection and Self Image. Each facet represents something distinct however the model was also created in a way where the combination of two facets indicates a certain aspect (p.183)

  - <u>Physique and Personality:</u> portray the picture of the sender since they imply the physical attributes of the brand, plus its human characteristics.

  - <u>Reflection and Self Image:</u> depict the receiver's side, since they entail the image of the brand's target audience and the way the brand is perceived by the consumers.

  - <u>Culture and Relationship</u>: indicate the values and the code of conduct of the brand, and, thus, the connection between the sender and the receiver
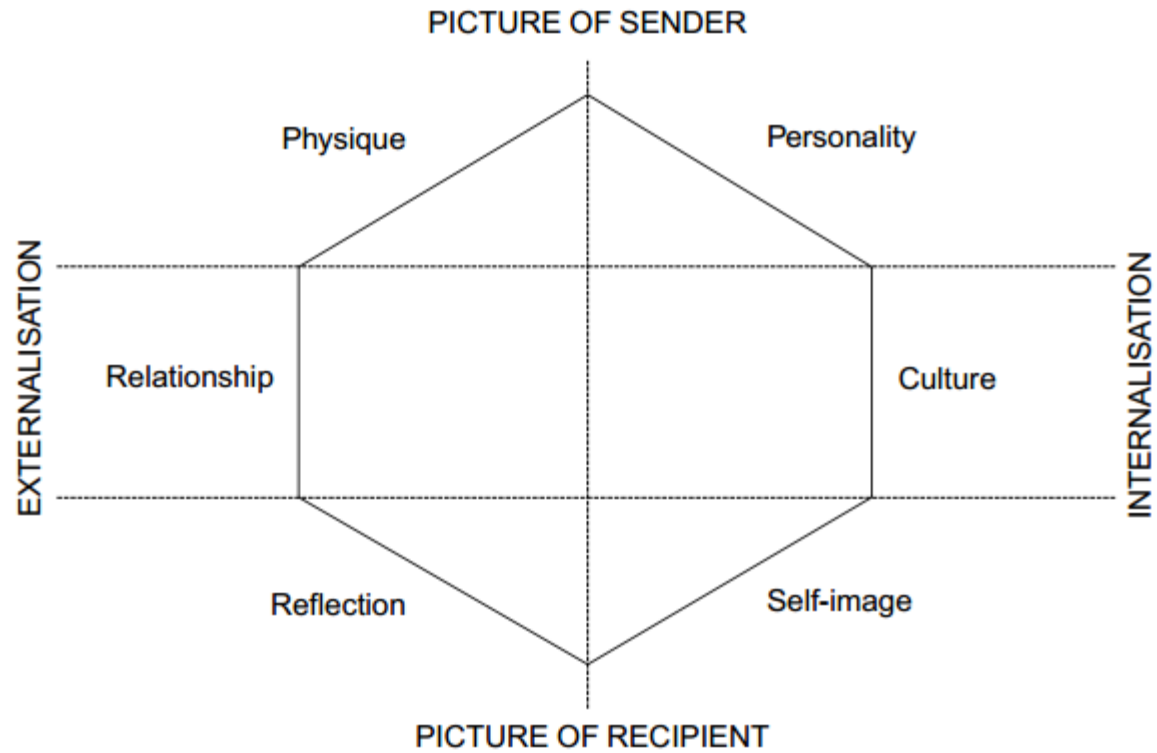
Figure 7.4 Brand identity prism

3. Brands | Brand Positioning

- In a particular segment of the market it targets, the company must decide on a <u>value proposition</u> - how it will create differentiated value for targeted segments and what positions it wants to occupy in those segments. A <u>product position</u> is the way a product is defined by consumers on important attributes - the place the product occupies in consumers' minds relative to competing products (Kolter & Amstrong, 2014).

- Kapferer (2004) suggests that ˝positioning a brand means emphasizing the distinctive characteristics that make it different from its competitors and appealing to the public˝. There are four questions that help position the new product or brand

  • A brand for what benefit? - The brand promise and consumer benefit aspect

  • A brand for whom? – The target aspect

  • Reason? - The elements, factual or subjective, that support the claimed benefit

  • A brand against whom? – The main competitor(s)

Literature Review
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3. Brands | Brand Positioning

- Product or brand positioning has two alternatives namely physical and perceptual. Each has its own merits and limits. Perceptual product positioning involves marketers creating some perception or idea for a target market, while physical positioning entails using a product's physical attributes to market the product to a target market (De Pelsmacker et al, 2006).

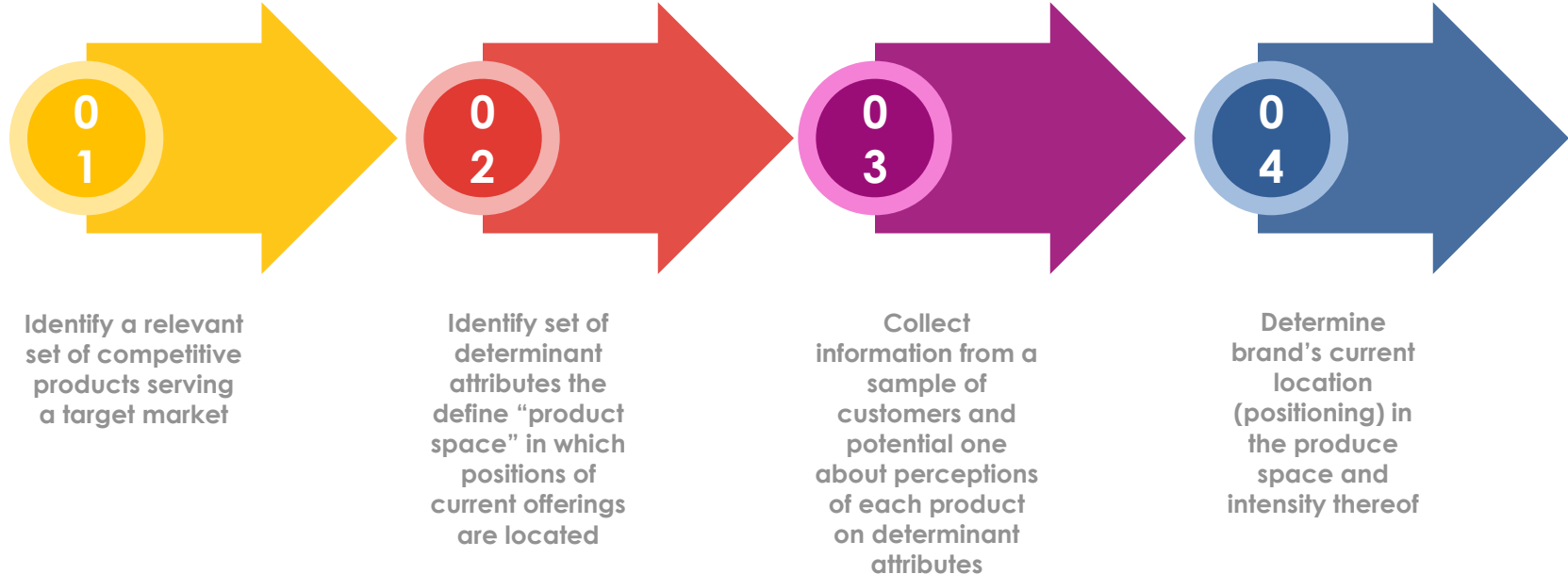**TABLE SHOWING COMPARISION BETWEEN PHYSICAL AND PERCEPTUAL POSITIONING ANALYSIS**

	PHYSICAL POSITIONING		PERCEPTUAL POSITIONING
1.	Technical Orientation	1.	Consumer Orientation
2.	Physical Characteristics	2.	Perceptual attributes
3.	Objective measures	3.	Perceptual measures
4.	Date readily available	4.	Needs marketing research
5.	Physical brand properties	5.	Perceptual brand positions and positioning intensities
6.	Large number of dimensions	6.	Limited number of dimensions
7.	Represents impact of product specification	7.	Represents impact of product specifications and communications
8.	Direct Research and Development Implication	8.	Research and development implications need to be interpreted.

Literature Review

3. Brands | **Brand Positioning**

- De Pelsmacker, Maggie Geuens and Joeri Van Den Bergh (2006) suggests a series of steps to position a new brand or reposition a current brand in prospects' minds.

01 Identify a relevant set of competitive products serving a target market

02 Identify set of determinant attributes the define "product space" in which positions of current offerings are located

03 Collect information from a sample of customers and potential one about perceptions of each product on determinant attributes

04 Determine brand's current location (positioning) in the produce space and intensity thereof

3. Brands | **Brand Positioning**

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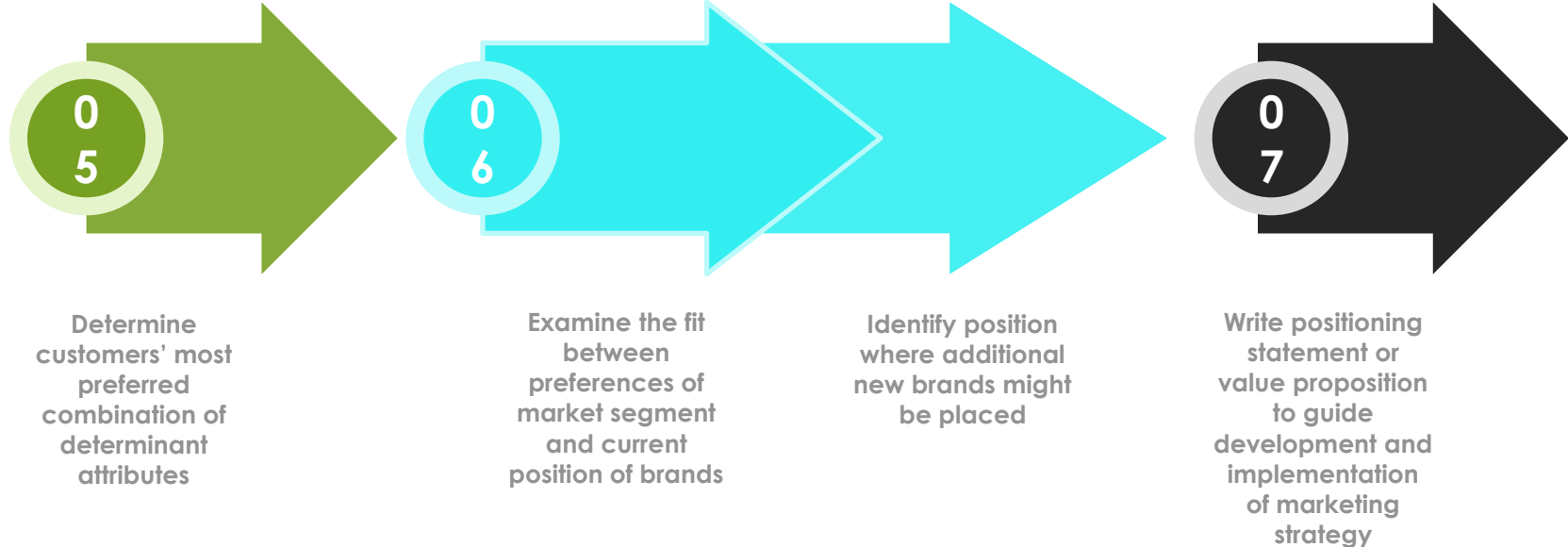
05

06

07

Determine customers' most preferred combination of determinant attributes

Examine the fit between preferences of market segment and current position of brands

Identify position where additional new brands might be placed

Write positioning statement or value proposition to guide development and implementation of marketing strategy

Literature Review

3. Brands | Brand Positioning

- Kapferer (2004) proposes 11 questions used to evaluate and choose a brand positioning

**Table 7.1   How to evaluate and choose a brand positioning**

▌ Are the product's current looks and ingredients compatible with this positioning?

▌ How strong is the assumed consumer motivation behind this positioning? (what insight?)

▌ What size of market is involved by such a positioning?

▌ Is this positioning credible?

▌ Does it capitalise on a competitor's actual or latent durable weakness?

▌ What financial means are required by such a positioning?

▌ Is this positioning specific and distinctive?

▌ Is this a sustainable positioning which cannot be imitated by competitors?

▌ Does this positioning leave any possibility for an alternative solution in case of failure?

▌ Does this positioning justify a price premium?

▌ Is there a growth potential under this positioning?

3. Brands | **Brand Equity and Brand Awareness**

- Brand equity is a concept used to indicate the value of a brand. Consumer brand equity refers to the "marketing" value of a brand (vs. financial value) examined through marketing or consumer-related components as such
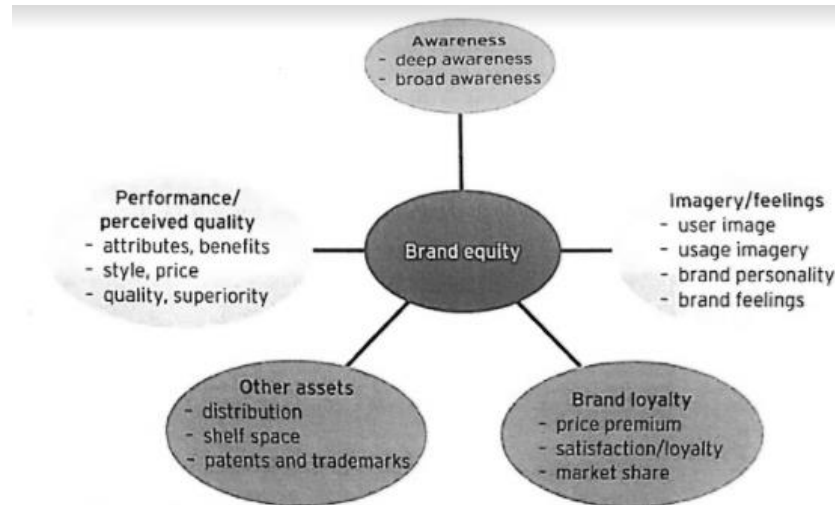
Based on: Aaker, D.A. (1996), *Building Strong Brands*. New York: Free Press.

Literature Review
Theoretical Framework

3. Brands | **Brand Equity and Brand Awareness**

- Kotler and Amstrong (2014) view <u>brand equity</u> as *"the differential effect that knowing the brand name has on customer response to the product or its marketing. It's a measure of the brand's ability to capture consumer preference and loyalty."*

- Having established a solid brand identity and having selected the most appropriate positioning strategy, the first step for building a brand is to create <u>brand awareness</u> (Kapferer, 2012).

- According to Keller (2008), ˝<u>brand awareness</u> is related to the strength of the brand node or trace in an individual's memory, which we can measure as the consumer's ability to identify the brand under different conditions˝.

- <u>Brand awareness</u> consists of two stages; brand recognition and brand recall (Kotler & Keller, 2011).
    - <u>Brand recognition:</u> consumer's ability to recognize a brand once they have been exposed to it
    - <u>Brand recall:</u> ability to retrieve a brand from his/her memory when called to make, or exposed to a purchase decision of the brand's category

4. Brand Building

- According to Kotler and Pfoertsch (2006), there are 05 stages in brand building for B2B companies

4. Brand Building

- Kapferer (2004) proposed the two models of building brands over time holding the conception that brands are two-legged value creating system.

  1) The first model concerns brands that started as a name for a product. Through time, brand differentiates and endows the product/service with its unique values (the top-down dotted arrow). It is the brand that determines which new products match its desired image. Brand associations typically move up a ladder (the vertical axis), from ingredient to attribute, to benefit, to brand personality, brand values and even mission at the very top intangible end.

  2) The second route is to build brands from concepts or ideas, then specifying associations all the way down tangible values . This model reminds that even when launching a product brand, it is important to incorporate from the start the higher levels of meaning intended to attach to the brand in the longer term.

4. Brand Building

- As is illustrated by the two dotted arrows of the graph, brand management consists of a permanent coming and going between tangible and intangible values.
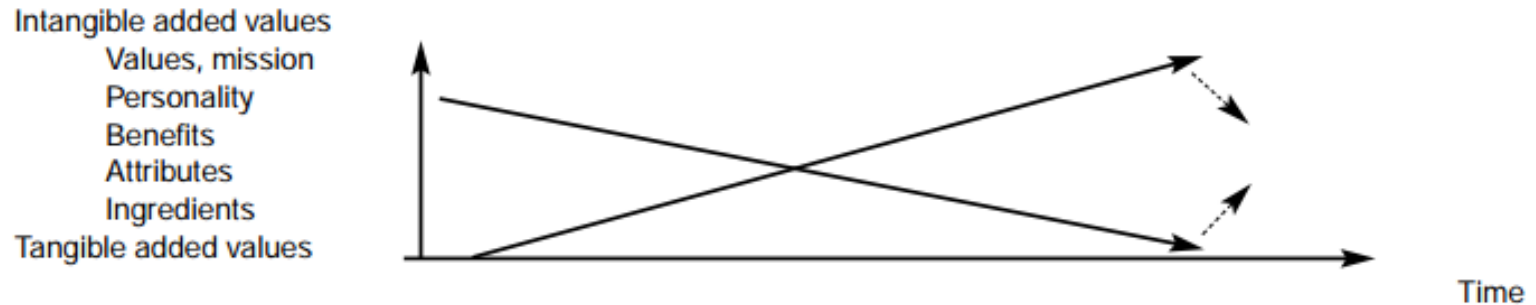

Intangible added values
Values, mission
Personality
Benefits
Attributes
Ingredients
Tangible added values

Time

Figure 3.1   The two models of brand building through time

4. Brand Building | For start-ups

- Rode & Vallaster (2005) studied on corporate branding for start-ups and the role of entrepreneurs. To apply the model of corporate branding under the connection between corporate identity and corporate image, the entrepreneurs need to become the centre of all decisions on corporate culture, corporate behaviour, corporate design and corporate communication

- Via the theory model built upon 08 propositions, Merrilees (2007) suggested that branding not only can help start-ups as an integrated tool for the entire development process, sharpens the business model, increases access to suppliers and new venture capital, but also increases customer acquisition.

4. Brand Building | For start-ups

- Bresciani and Eppler (2010), focusing on new ventures in Switzerland, propose a two-step framework that can support entrepreneurs in branding decision making:
  - a <u>brand creation sequence</u> with the core elements of brand creation that all start-ups should consider

Phase 1 — Define brand strategy → Phase 2 — Brand design → Phase 3 — Brand building activities plan

Figure 2. Brand Creation Sequence

4. Brand Building | For start-ups

- Bresciani and Eppler (2010), focusing on new ventures in Switzerland, propose a two-step framework that can support entrepreneurs in branding decision making:
  - a <u>branding orientation classification</u> which portraits the major options for branding activities based on the specific industry expectation and the strategy of the company
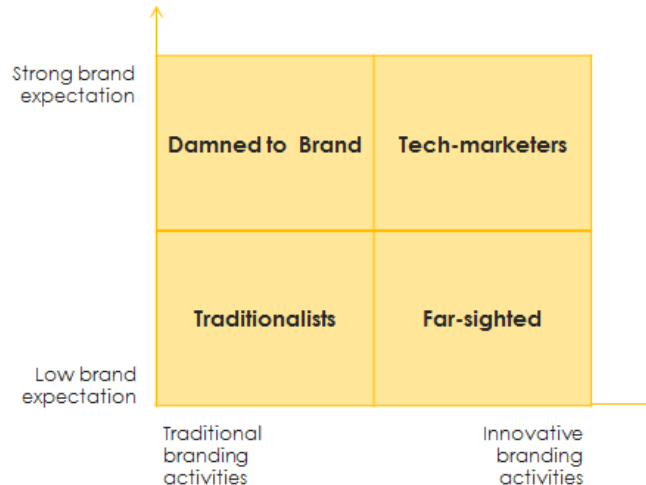
THANK YOU !

The key is always you

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