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Abstract

In a scenario characterized by the globalization of the markets, the competitiveness of firms across the industries and mainly in the agri-food sector is linked to their capability to make distinguishable their products and communicate their uniqueness. Branding can concretely answer to these needs allowing firms to compete by communicating the quality and all that set of factors that differentiate their own offer by the competitors.

Anyway, brand management in small and medium enterprises (SMEs) is a field of study in its infancy, and one in which real interest was shown only during the final decade of the previous century. Although considerable literature has been published about brand management in general, all theory and case studies are focused only on multinationals and big companies operating in the food sectors, such as Coca Cola, Unilever, Procter & Gamble.

This is however ignoring the fact that more than 95% of businesses in the European Union are small and medium enterprises (Eurostat 2004) and that this composition, confirmed in the agri-food sectors, contribute to make the European market extremely interesting and profitable.

The objective of this paper aims to contribute to already existing research in the field and shows the role and importance of brand management in food SMEs and all the key factors that supports it.

Our analysis will highlight as the term brand in agri-food SMEs is initiated and supported by an active role of the entrepreneur who is a fundamental actor in the achievement of brand recognition. Thus, directors and managers of small food companies should place brand management in a top position in their daily mind set, since achieving brand recognition starts inside the organization itself. Beside, the paper describes the real opportunity offered by new technologies (web, internet, B2B...) that allows small food companies to build their brand in a more effective way and reach a larger market in a low cost.

To meet these objectives a qualitative research methodology was carried based on case studies, since this latter allows to understand more in detail firm’s behaviours and strategies. The food small and medium enterprises that were selected are located in the South of Italy and all of them have a web-site.

These case studies were built based on structured questionnaires that have been firstly sent by mail, and was followed by face to face interviews with entrepreneurs and director of sales and marketing department.

The results obtained are extremely interesting and representative of the importance of brand management both for food SMEs, as key element to innovate, grow and to be distinguished as well as for the entrepreneur in building, through the use of new technologies, a successful brand management strategy of his own company.
Introduction

Brand management in small and medium enterprises (SMEs) is a field of study in its infancy, and one in which real interest was shown only during the final decade of the previous century. Although considerable literature has been published about brand management in general, all theory and case studies are based only on multinationals and big food companies of food such as Coca Cola, Unilever, Procter & Gamble. This is however ignoring the fact that more than 95% of businesses in the European Union are small and medium enterprises (Eurostat 2004). Also the fact that these big multinationals that we know today have started small one day and due to their entrepreneurs’ ambitions, they build their big brand worldwide.

Thus, the objective of this paper aims to contribute to already existing research in the field and shows the role and importance of brand management in food SMEs and all the key factors that supports it. In addition, the term brand in Agri-food SMEs is initiated and supported by an active role of the entrepreneur who is a fundamental actor in the achievement of brand recognition. Thus, directors and managers of small food companies should place brand management in a top position in their daily mind set, since achieving brand recognition starts inside the organization itself.

Beside, the paper highlights the opportunity offered by new technologies (web, internet, B2B...) that allow small food companies to build their brand and reach a larger market in a very low cost.

Through this research we intend to contribute at the debate about the brand management strategy in the agri-food sector with the presentation of three case studies that represent very well-known and successful companies operating in the Apulian region and that in their specific characteristics can be considered as interesting examples of success in the management of their own brand.

In particular, we aim to demonstrate how their performances and the adopted customers relationship strategies are positively conditioned by their well-known brand and by the adopted policies of branding.

Testing the self-perceptions of firms’ brands, we also intend to demonstrate in which way Internet and e-commerce can contribute at the firms’ brands promotions, and if this allows to reach unknown markets and, getting known worldwide, to capture new customers.

Relational Marketing and Brand Management: a Literature review

Branding was defined as "a name, term or logo or design or a combination among them aiming at identifying a product or a service from one vendor or manufacturer and differentiate it from competitors" (Kotler, 1998). For many years it has been seen only as logos and advertisements while, it is nowadays evident that, a brand is much more than it. Brand can be seen as the identity of a company as a whole and can be identified with the complex value system that the company presents to the world: the synthesis of company’s way of doing things (Hague 2006; Saviolo, 2002). This shift in meaning has caused also radical changes in the strategic and marketing practices. If in the past to realize a good branding policy could mean a well-designed logo, a clever campaign with glitzy commercials during television broadcasts, today management of the brand is far more encompassing, extending to customer
service, packaging and quality and other areas that go well beyond advertising (Vedpuriswar, 2005).

In this new perspective, Brand Management has to be considered as a very sophisticated business process whose aim is to assemble and maintain over the time the unique mix of physical attributes and intangible values that distinguish one brand identity from other’s, in other words a very strategic asset that distinguish a company from another (Saviolo, 2002).

Much has been published on the subject of entrepreneurial brand building. It is understandable, therefore, the great role that the ownership and management are called to play in the definition of the strategic positioning and branding building process.

Brand Management becomes an integrative part of the corporate strategy, a new strategic approach that for its nature calls for a major top management and entrepreneurial involvement, a more diffused cross-functional approach, an emerging need of building trust and discharging social responsibility (Vedpuriswar, 2005).

As argued by some brand strategist (Aaker, 1991, Kapferer 1992) brands’ strengths is represented by their capabilities to recall clear associations in consumer mind: they talk about brand personality, a long term relationship with the consumer centered on emotional feelings more than on economic transactions (Pine et al., 1999).

The current scenario, so well characterized by the diffusion of ICTs and mainly by the last generation of Web 2.0 technologies, asks for a Branding that is becoming more a function of the relationship and the whole of experiences that the consumer has with the brand. Involving consumers in a marketing dialogue is a prerequisite for achieving brand involvement and loyalty, which, in turn, affects the prospects of establishing positive market relationships (Andersen, 2005).

Another important literature on Branding has been focused on the measurement of the Brand’s value. Aaker (1991) has devoted a significant activity of research to quantify the brand through a measure that is represented by the “brand equity”: a set of brand assets and liability linked to a brand, its name and symbol, that add or subtract from the value provided by a product or service to a firm and or to that firm’s customers. Brands with the greatest equity are also the most profitable because their customers are generally more loyal and willing to pay higher prices for the product, and have a closer relationship with the brand. For all these reasons building strong brands becomes one of the most important goals of product and brand management for realizing higher revenue streams (Esch et al., 2006; Aaker, 1996; Kapfer, 2004; Keller, 2003) and building a strong a relationship with the customers (Esch et al., 2006; Chernatony, et al., 2003; Feldwick, 1996; Aaker, 1991).

Anyway the focus of these studies are more on the consumer side than on the firm’s one. In this study we aim to analyze the branding process and its relational implication from a more corporate perspective, particularly concentrating on SMEs, that represent the main dynamic actors of the Italian economic market.

As argued by Krake (2005), in fact, literature seems to be exclusively focused on the discussion about brand management in the context of multinational and big companies. This represents a great limit for the literature, mainly if we consider the actual composition of the Italian and European economic and social contexts, that are composed for the largest percentage by small and medium sized enterprises.

The focus on SMEs can offer interesting and precious insights for the academic and empirical discussions about brand management.
Branding in the Agri-food Industry: SMEs in the South of Italy

The European economic scenario is largely characterized by the presence of Small and Medium enterprises at least 90% of European companies (Eurostat 2004). While the rate of SMEs in agrifood industry reaches 99% (Eurostat 2004). SMEs are considered the driver of growth in the European economy.

The Italian situation confirms the European industry trends; a research conducted by ISTAT and published on the last February, has highlighted that the number of Italian firms operating in the agri-food sector in 2005 was 1,728,528, and that even if the current situation of the sector is represented by the enlargement of the dimension of firms and by the death of the smallest ones, this number is still composed the most by SMEs (Drago, 2007).

Like in other industries, Brand Management is a theme of great importance for agri-food SMEs as well. Growing needs of safety, freshness and quality by the consumers make this traditional and old sector as one of the most dynamic and interesting; this interest seems reinforced also by the new global dimensions of the markets (in terms of competition and internationalization) in which also the local firms are now called to operate.

These global dimensions, in fact, actually request SMEs to reconfigure continually their strategies and to answer at the emerging needs of a larger scale market (Regmy et al., 2005). But if the ability of offering consumers new products with special attributes has just identified in literature as one of the most important source of competitive advantages (Russo et al, 2003), the role of brand in that sectors seems to be less considered. So to face these challenges, agri-businesses start changing their strategies of competition by innovating new product or new services, thus the possibility to build a brand name for this innovation.

But in order to reach this goal they have to invest in all the set of assets that can contribute to promote their products, working on the creation of a strong and trustable brand. The diffusion of IT, allowing to reach unknown and larger segments of markets, represents an incredible opportunity for the SMEs, also in the agri-food sector. Reinforcing their image and communicating the quality and the specifics of their own products, through the potentialities of Internet also the SMEs operating in this sector can try to reach more and profitable segments of market. Anyway, this requests new investments in changing the structure of their traditional business model and a large investment into their brands.

Concentrating their efforts in communication and in a more profitable management of the relationships, focusing on niches of market these firms can compete and success. Only in this way, they have the possibility to communicate the uniqueness of their products, that could be based on geographic brand names, natural resources, traditional process of production (Gehlhar, et al., 2005).

Through this research we intend to contribute at the debate about the brand management strategy in the agri-food sector with the presentation of some case studies that representing very well-known and successful companies operating in the Apulian region and that in their specific characteristics can be considered as interesting examples of success in the management of their own brand.

In particular, we aim to demonstrate how their performances and the adopted customers relationship strategies are positively conditioned by their well-known brand and by the adopted policies of branding.
Research Method

Our exploratory study about brand management strategy adopted by the firms is based on a qualitative analysis methodology realized by case studies. The article is based on a multiple case studies, consistent with the qualitative methodology described by Strauss et al. (1990) and Yin (1994). Case studies represent an effective tool and a practical means of understanding firm behavior and strategies. This approach has been used to overcome the lacks existing in marketing literature about the branding and relational marketing strategies adopted by SMEs. This approach is appropriate here because the aim is the extension and modification of an existing and well-developed body of theory on brand management and relationship marketing. Based on the case study guidelines set out by Yin (1994), we have focused on three affirmed and successful SMEs that operate in the agri-food sector, have a personal web-site and are localized in the Apulian Region (South of Italy).

For collecting the necessary information we have carried out interviews with the owners (director) of the company. This because as theorized in an interesting research about the successful brand management in SME (Krake, 2005), typically in these firms the strategic decisions and controls are directly managed by the owner or director, for this reason as in our previous contacts as in the phase of questionnaire submission, we always referred to the owner or director of marketing and sales activity, when possible. As argued by Gilmore et al. (1999) in case studies methodology, this approach can guarantee the highest degree of reliability. It is from this person that the required information needs to be obtained, in order to make effective the success of the investigations.

In the following paragraphs, we are going to present the results of the research focalizing mainly in providing a framework regarding the main attributes and factors that can constitute a good branding strategy for SME.

Some key elements to build industrial brands in SME: evidence from case studies

The case studies presented are representative of three interesting and successful firms operating in the market of the agri-food and localized in different areas of the Apulian Region (South of Italy). Firms’ products are representative of some of the most typical and famous foods of the Italian tradition (caffè, vegetables, oil). In order to allow a more effective reading and comparison of the cases, their more relevant and interesting characteristics have been systematized in the following table:
<table>
<thead>
<tr>
<th>Case</th>
<th>Quarta Caffè</th>
<th>Ortoreale</th>
<th>Sanoli</th>
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<tbody>
<tr>
<td></td>
<td>Quarta Caffè represents one of the most known and interesting economic reality of the Salento Area (South of Italy). Born in Lecce during the fifties of the last century, as a small handmade roasting with a tasting bar in the centre of the town, it is nowadays one of the most diffused coffee brand in the area.</td>
<td>Ortoreale Srl, is a young and innovative firm located in Ostuni, one of the most attractive areas of the Apulia region (south of Italy). Embedded in an uncontaminated landscape Ortoreale has access to freshest and highest quality raw materials., The most identifiable characteristic of Ortoreale offer is represented by the innovative production process to preserve the freshness and goodness of their products.</td>
<td>Born from an ancient familiar tradition, Sanoli by Michele Bisceglia is the result of the entrepreneurial vocation of the youngest generations of the family. Located in Mattinata, one of the most famous and known towns of Gargano area (north of Apulia region), Sanoli is the successful example of how it is possible to restyle an old activity as working olives to produce oil in an interesting and fashionable work.</td>
</tr>
<tr>
<td></td>
<td>Quarta Caffè is a solid company with more than 50 employees and is present with its products in the Food field (traditional, GD and GDO) and in the Ho.Re.Ca. field, supplying over 5.000 customers distributed in the whole Apulia and also in different areas of Italy. The firm presents a strong regional position. In the Salento area the share of market covered is almost the 75% of the market. The actual growing process tends towards a larger national and international position.</td>
<td>Ortoreale is a young but solid firm that engages less than 50 employees. Ortoreale's market is mainly represented by the country of the North of Europe (e.g. UK, France, Belgium)</td>
<td>Born in 2004, Sanoli is a young company with less than 10 employees but characterized by a strong web orientation that allows to firm to cover with great success also national and international markets.</td>
</tr>
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As can be seen from the table the cases analyzed are born as family owned business and has been able to be highly recognized in the local as well as the global market.

The characteristics of the firms respect to the number of employees are different, only one of them has more than 50 employees (Quarta Caffé), and in this aspect are perfectly aligned with the regional average of dimensions.

Although, each firm presented in the case differs by products they supply in the different markets. The offer of products is composed by different trademarks: QuartaCaffé, Mokaffé, Decaffeinato Sereno, Moka/2. The large offer of this more traditional products is completed by some other innovative solutions, as for example, the “ice-coffee”, one of the most diffused and well-known way to drink coffee during the summer time.

Through a patented process, in fact, Ortoreale offers to the customers, the “Frescopronti” an innovative, fresh and original product vegetable based.

The offer of products is very large, from the most traditional Mediterranean oil to the most aromatic ones, from the “pathè” to other traditional local sweets. These products can be request also in a fashionable and gift solution.

**Product innovation and differentiation** is guaranteed by a strong quality policy based on several certifications and on a continuous monitoring process, as well as through a rigorous selection of the best green coffee species. This has allowed to enrich the traditional but always appreciated gamma of products with new and different kind of coffees.

The firm presents an almost local activity of mainly through local media and newspapers, while through the web-site there is a large possibility to purchase Quarta Caffè products from other different national and international areas. The activity of e-commerce is managed in outsourcing.

The web site is very friendly usable and even if actually there isn’t the possibility to buy on-line Frescopronti products. The firm is engaged in a planned policy of after-sales activities, that regards promotional offers and incentives to buy, with a frequency of almost three times for year.

Sanoli presents clearly in the name all the values and ethics of this long and familiar oil’s tradition. Highest quality, Italian taste, wellness, and design are, according to the interviewed, the key factors and strengths points of Sanoli’s offer.

This young brand is growing in popularity; the web site and the participation at fairs and sectors’ events are the main products’ and brand promotional channels choose. According to the owner, the knowledge and satisfaction of customers is a fundamental issue, and it is for these reasons, that several promotional and customers’ satisfaction initiatives are realized during the year. The web site presents in a very appeal way the main phases of the oil’s production, as well as all the guarantees and legal conditions about the production process and a list of all the quality and safety certifications obtained.

Innovation, highest quality, freshness of the products offered and convenient price are, according to the marketing responsible of the firm, the strengths factors of Frescopronti by Ortoreale.

The main promotional channels adopted are represented by fairs and sectors’ events. The web site is very friendly usable and even if actually there isn’t the possibility to buy on-line Frescopronti products. The firm is engaged in a planned policy of after-sales activities, that regards promotional offers and incentives to buy, with a frequency of almost three times for year.
kets, they present several and interesting common aspects. First of all, each firm is sure to offer in the scenarios of agri-food market a product of highest quality, resulted by a long tradition that in some case it has been reinterpreted by innovative production processes but that represents the real differentiation factor from own competitors. The challenge being faced by these companies is how to develop a product desired by both the distributors and customers, but to include all the other desired services at a price that would allow them to make a profit and to build brand awareness. The cases studies results shows that the strategy followed by the firms analyzed are mainly based on 5 key components:

1. **Product Innovation**
2. **Product Differentiation**
3. **Shared Company Value**
4. **Brand Image and Reputation**
5. **Strong correlation of Brand strategy with business Performance**

**Product Innovation strategy** aimed to realize new and **Differentiated Products** for competing in the saturated and competitive markets. In the case of Ortoreale for e.g the product innovation is remarkable and is reflected in the patents holds by the company. The patented process of production is the clear result of a firm’s philosophy that has tried with success to combine quality, freshness and innovation. The same philosophy reigns in the two other cases too. These companies followed a product differentiation strategy to create their Brand image. In the Quarta Caffè this has been reached through a strong quality policy based on several certifications and on a continuous monitoring process, but also through a rigorous selection of the best green coffee species. Moreover, adding value to these various coffee species and enlarging the segments of their consumers in local as well as global markets. The same effort is extremely evident in the Sanoli case where the respect of an old tradition in the production of oil is well combined with a more sophisticated and pleasant mix of image, tastes (oil with lemon, oil with paprika…) and packaging.

Another important factor that is important in building industrial branding is the **Company Value**. Organizational members must realize that their customers may define the value of the product by the way a company representative responds to their specific need at a specific point in time. Thus, a pervasive strategy throughout the organization should be that all members of the organization must respond to customers in a reliable, timely, and efficient manner, enhancing the promise of the brand’s value in the customer’s mind and endeavoring to deliver this value in key interactions with the customer. (McQuiston, 2003).

Characterized by a strong identity, and by an evident entrepreneurial vocation of the owners (that are in each case personally involved in the management of the business), each of three brands has been clearly defined and synthesized by the declarations of firms’ mission and values. In this way all organizational members can work toward the enhancement of the brand’s value in the customer’s. They see clearly impersonated in the brand their own set of values, that represents a key factor in building their own relational strategy.

The measurement of overall **Reputation** of the brand among customers is important for the brand success. For that two of companies taken in consideration used to use panel tests, interviews and market tests to get knowledge regarding the perceived value by the customers, if their needs and requests are represented in the brand etc. Also, some promotional initiatives are annually organized by all firms.

Another key component of brand success of the cases considered is the fact that the companies consider as very interrelated the **Business Performance of the firm with the branding**. The
same factors that influence firm’s branding are considered to influence in the same way and di-
rection the business performance (see graph 1 and 2).
This is an important issues meaning that this companies consider the efforts putted in the bran-
ding as essential for increasing the business performance.

![Key Factors Impacting on Branding](image1)

**Figure 1. Factors Impacting Branding**

![Key Factors Impacting on Business Performance](image2)

**Figure 2. Factors Impacting the Business Performance**

Components like quality, image, the feel of sureness and a strong personality affect, according
to the interviews, are considered to be highly representative of the brand and at the same time
they influence in a significant way the business performance of the firms.

**Conclusions**

In this paper, we studied the role of brand management in food SMEs and through the analysis
of some case studies we examined the main factors that contribute in the creation of a strong
brand in these companies.
The results obtained have offered interesting evidences about the positive consequences that
firms may have in business performances and customers relationships through a good brand ma-
nagement policy.
The research findings have important implications for SME managers:

- The research showed that intangible assets such as – the ability of firms to realize innovative products, to differentiate them, to share its values inside the firm - are the most important factors to take in consideration for a brand policy.

- Branding is an active and continuous process fed by innovations and product differentiation. It needs ongoing management. Internet and e-commerce can help the SMEs to grow and build a brand globally.

- Branding is a valuable intangible asset for the company depending on product quality, image, the feel of sureness etc. However, its continuity should be realized in strong collaboration with firms’ customers and employees. Co-branding with customers is becoming more common, as suppliers and customers recognize its potential advantages (Capon et al., 2001).

- The role of the entrepreneur is decisive in the process of making distinguishable its own products from the others and to present to the market all the values that are behind the firm’s activity. They, also, have the possibility to see the bigger picture and to provide the motivational support.

- Managers should realize a careful planning of the branding being that it is tightly related with business performance. They should think very carefully the branding and the factors that need to be putted together for a successful brand policy. Properly managed brands are essential to creating good business performance; It is important to take in mind that brands have long-term value, yet what may take many years to develop can be quickly lost through inappropriate managerial decisions (Capon et al., 2001).

References


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www.quartacaffe.com
www.ortoreale.it
www.sanoli.it
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