

# EXPLORATION OF METHODS FOR SMALL BUSINESSES IN DETERMINING THE BRAND POSITIONING THROUGH MARKETING MIX CONCEPT

Irene Teresa Rebecca<sup>1</sup>; Anita Maharani<sup>2</sup>

<sup>1</sup>Binus Entrepreneurship Center, Management Department, Bina Nusantara University

<sup>2</sup>Business Management Program, Management Department,  
BINUS Business School Master Program, Bina Nusantara University  
Jl. Kebon Jeruk Raya No. 27, Kebon Jeruk, Jakarta 11530, Indonesia  
<sup>1</sup>irene.rebecca@binus.ac.id; <sup>2</sup>anita.maharani@binus.edu

## ABSTRACT

*The purpose of this research was to show how small business owner reconstructed brand for its products through the concept of 7Ps. The research method used was qualitative, with in-depth interviews with the owner of the brand Keona. The results show that Keona products keep producing an updated model that is able to compete, supported by price and after-sales service. Then, consumers can find the products through the variety of channels. Results of this study encourages managerial implications that the business owner of bag Keona should keep up the quality assurance of its products, referring to standard operational procedures for service. Moreover, the owner should also optimize the features of social media as a means of marketing, and produce product line for any segments.*

**Keywords:** *small business, brand positioning, marketing mix*

## INTRODUCTION

The brand is a representation of a business which, ideally, should be able to understand how important brand is within itself. A brand will give exposure and make it easier for consumers to recognize the business. In addition, the brand is very important in marketing for using the brand; a product can be distinguished from other products. The presence of brand will also enhance competitiveness and influence consumer behavior in purchasing a product. As mentioned in Forbes (2017) regarding the world brand that has high value, among others are Apple, Google, Microsoft, and Facebook as well as others. However, the brand is surely not only important for large-sized business. Bosari (2012) has mentioned that regardless of the medium, small business has the right to have the brand. This is because the brand is something that differentiates between a business and another. Thus, it can be concluded that the brand can be owned by either a small business or a large business.

Prior to understanding the brand, it is good to have the general understanding of the product. Kotler and Keller (2016) have mentioned that a product is any form that can be offered to the market, with the aim of satisfying the desires or needs, including products, services, experiences, activities, a person, a place, property, organizations, information, and ideas. Furthermore, according to the American Marketing Association (1995), the brand is the name, term, design, symbol or any feature that identifies one product or service to be different from other products or services. In other words, the brand will make a product or service have more value.

The brand is important for business, but in fact, it is not an easy task since there is a need for understanding brand considerations. On a large-sized business, there are positions that have the

responsibility to formulate brand, but it is different with small business. On the contrary, this will not happen to the small business, because they definitely have limited human resources, and often in practice, it is the founder or owner of the business that takes this responsibility. Stoltz (2017) has mentioned that small business owners will do the marketing practices of their business, and the whole issues are done by them as well. Therefore, it can be assumed that there are elements of establishing brand within marketing practices in small business, despite being not formal. In practice, there are many examples of small business that have perished because of their failure in introducing their brand rather than the product. In conclusion, small business needs to have a proper knowledge instead of doing marketing in practice, and that knowledge may relate to the brand.

There are some studies which discuss brands in the small business, one of which is Wong and Merrilees (2005) who have raised the question about the orientation of brand in the medium-small business. They go from getting as minimum as brand orientation, then deciding draft until it becomes fully integrated to brand orientation. Moreover, Wong and Merrilees (2005) have shown that specialty is a brand's invalid construct. There is a unique identity that is felt and seen from the products, services, and orientation. They are (1) directing the organization in regards of managing marketing performance for brands, (2) finding the superior performance and obstacles of a product that has a strong brand, (3) identifying barriers such as time, available resources, and knowledge that can potentially inhibit the success of brand activities. Furthermore, there is also Berthon, Ewing, and Napoli (2008) who have raised voices about how small business can manage its brand and has positive business performance, compared to small businesses that do not manage the brand well. Kim et al. (2014) have found that brands affect consumer loyalty, and proposed that small businesses get the support of the relevant agencies to encourage a positive brand performance. Thus, it can be seen that small businesses need to determine brand identity as well as a comparison with other products.

The brand is inseparable from copyright. Small businesses have future potential to be big business and obtain the doubled net income compared to when it is first established. Nevertheless, problems experienced by small business do not necessarily occur in brands that may be subject to claim. As Arum (2015) has mentioned in an article about community coffee shop which is better known as Kopitiam in Hokkien. As adapted from the article, Kopitiam is no longer a free copyright brand since there is already an entrepreneur who has registered to trademark its copyright. In addition to the case of Kopitiam, there is also a case of the brand Maicih, as Herdiyan (2011) has mentioned along with many more in the news. This is one of many cases of separating small business partnership because of conflict, and the impact of separating is on the rights of trademarks ownership. That being said, small businesses that already have a place in the hearts of consumers may still need to pay attention to proprietary rights or copyrights. Regardless of whether or not that is meant as a brand, there is a relationship between the brand and its copyright. Moreover, small businesses that do not have a special section for brand formulation also have their own privileges. For example, when to decide what brand can make consumers feel confident and willing to use the products or services produced by small businesses. It is also experienced by the small business owner who trades bags made from cow-hide and establishes the brand Keona.

Based on those descriptions, this research is fundamentally aimed to explain about the brand in the small business, especially on how small business determines its brand. One of the challenges to reveal the basis of deciding brand products in small business is the thorough reconstruction of the way of thinking. The process of reframing described in the research methods is expected to explore meaningful information.

An earlier study conducted by Moorthi (2002) has combined the concepts of service marketing mix (product, price, place, promotion, physical evidence, process, and people), or known as 7Ps frame of brand identity that is discovered by Aaker (1996). He has mentioned the existence of four essential elements in the development of a brand as a product, as the organization brand, as a person, and as a symbol. Moorthi (2002) has referred to result from Lovelock in 1992, mentioning that brand is a

process. Thus, the concept of 7Ps can be used to explore brands associated with a series of processes owned by a business. Long before the concept of 7Ps appears, there is a concept of the marketing mix which is first introduced by Neil Borden to explain the decision taken by the manager in the context of business marketing (Kasabov, 2015). Then, McCarthy has modified the marketing mix concept which is later best known as 4Ps (consisting price, promotion, product, and distribution) (Kasabov, 2015). Following that, Booms and Bitner (1981) have also developed 4Ps and turn it into 7Ps, otherwise known as the service marketing mix.

The purpose of this study is to show how small business owners think before they discover and establish Keona that is using the concept of 7Ps. This concept is considered appropriate because it may be applied to businesses in any condition. Moreover, the advantage of using this concept is that it will provide systematic steps that can be done by the small business owner.

## **METHODS**

The approach of this research is inductive. Sekaran and Bougie (2016) have mentioned that this approach is aimed to find the patterns discovered from the interview and the development of concepts. The method used in this approach is qualitative with data acquired from open-ended questions and narrative description as the type of analysis. There will be some questions given to interviewee which are aimed to explore small business owner's way of thinking in determining the brand Keona. The interviewee herself is the owner of leather bag brand Keona and her initial is DS. The questioning method is 5W1H, also known as Kipling method, which may be useful to explore information by using some questions that address the process or acts in problem-solving. Questions for the interview begins with who, what, where, when, and how; these are useful to give detailed understanding. The interviewee will respond to these 5W1H questions built with the 7Ps framework (product, people, physical evidence, process, promotion, place, and price). Response from the interview will be analyzed by classifying words to meet research expectations. Interpretation is associated with the central theme as the goal of this research. Information is gathered on 2<sup>nd</sup> December 2017 with 60-minute long interview, not including the approach before the process of questioning.

## **RESULTS AND DISCUSSIONS**

A successful brand must be able to create awareness for consumers to easily associate a product or service provided by a company through its brand. A unique and recognizable brand is the key to the success of any business. Keona, according to DS (its owner), is established in 2014 with four business philosophy that covers product being the priority, fast and responsive response to a complaint or consumer, production target that must be fulfilled every day, and lastly, safe and clean work environment.

The brand Keona is associated with a product that DS produces, which consist of two things; the main product and ancillary products. The main product is the bag that has to pass three steps; (1) paying attention to the development of trend and models from media, (2) conducting simple marketing research by launching picture of mock up product to social media, and (3) creating sale worthy design without replicating other product. On the other hand, the additional products or DS accessories products are manufactured to complement the main products, such as tussle or hanger bags, key chains, and a small wallet. Based on the information from interviewees, these additional products use the remains of the main product.

The technology used is a special manufacturing machine to make bags. There are four machines used to produce bags; they are leather skiving machine, sewing machine, cone machine, and embossing machine. Leather skiving machine is used to dilute ingredients for skin to be thick and has the same type of surface. Sewing machine, or collectively the 'walking foot' machine, is a machine that is able to sew properly even though the leather used is thick. Cone machine is used to sew the skin or very thick sections such as the handle of the bag, pouch bags as well as parts that require very hard or thick stitches. Lastly, the machines used to emboss printed brands are put directly on top of the skin. In order to guarantee the quality, samples can be taken from the best quality of leather. This is done through direct checking by business owners from getting basic materials to the final settlement of bag. The packaging used is produced on its own and customized with products aimed at a target market of women aged 18-40 years. Based on the results, the brand as associated with a product promises something explicit to the consumers, namely through the form or the form and quality.

The next thing to note is brand-related human resources. There are two employees hired to produce the main product and ancillary products, both of which are permanent workers. However, the company will hire temporary workers once there is an increase in demand. The interviewees have mentioned that he and his wife are the ones behind the managerial position, in charge of exploring and planning the purchase of raw materials to guarantee quality upon the completion of the product. Based on the results above, it can be concluded that the brand promises personalized service when associated with a person. This is because not many people are involved in the business with the owners working directly to serve the consumer.

Another thing that the brand is associated with is physical evidence. According to the respondent, there is a workshop owned by him to streamline business processes, and it comes along with parking facilities. Thus, customers can know that the business is an active one. In order to support its success, the business also involves a third party who helps the sales of products online. The business owner of Keona currently does this directly through the marketplace, Tokopedia with the store name of Keona Genuine Leather, which can be accessed via <https://www.tokopedia.com/keonaleather>. In addition, consumer complaints can be sent to an email address ([keona.leather@gmail.com](mailto:keona.leather@gmail.com)) dedicated to supporting a more business-oriented online service using social media. Furthermore, the respondent has also said the presence of the contact center is devoted to sales and customer service with apparent online network access that will not break up, in order to support the communication process. The business also owns transportation to support product delivery directly from the workshop to the consumer after getting orders and signs of booking form of money transfer from the consumer. However, even if you have your own transport, cooperation with several providers of shipping services are still maintained with the goal of following consumer demand. Based on the results, the brand promises reliability such as after-sales service, when associated with the physical evidence.

Aside from those, the brand is also associated with the manufacturing process, during which the production layout is tailored to function. The sewing machine is specially placed in one room, while the skiving and cone machines are placed on the other. The workflow required in producing a product begins with the first step, i.e., the selection of the mode or type of product to be made. After that, the employees will create the pattern using the mold and cut off the leather. When the pattern is done, the production process will begin, starting from skiving materials, tailoring, printing, finishing, placing brand, and finally the packaging.

The flow of bag or product sales is divided into two types; direct sales and through the marketplace. In the direct sales, the consumer comes directly to the workshop, selects, and pays for the product directly to the respondent who is also in charge of the cash register. Furthermore, the products are sold according to the order regardless of the type of sales, in other words, there is no stock of products. In fact, consumers are required to pay a down payment of 50% of the price of the goods prior to the production and pay it off, along with the transportation fee, when the goods arrive at the

consumers' place. According to the interviewees, this is deemed effective in avoiding fraudulent booking, and if any of the products ordered is void, the cash advance is not paid back. If the ordered product reaches the stage of completion, but the consumer fails to finalize the payment, then the product put on sale in the marketplace. Based on the results above, there is a gradual process for business owners when associated with the process which starts from drafting ideas until delivering product to consumers. Consumers are involved and have ownership of the booking since they have paid a deposit.

The brand is associated with the promotion (Promotion). According to the interviewees, there are some mechanisms that special for promotion; special discount day, special discount during the holiday season, special exhibition discount, and bonus products on consumers who buy products in the certain amount or value. Moreover, the platforms used to support the promotion are; social media such as Facebook and Instagram; marketplace such as Bukalapak, Tokopedia, and Lazada; endorsement with campaign to give souvenir to consumers such as uploading a photo and displaying products in social media while mentioning 'hashtag' of products and souvenirs; prize to be awarded to consumers who purchase three or more products simultaneously, or for consumers who accumulatively do transaction worth Rp5,000,000.00 (applies in multiple purchases). Promotion method is chosen by the respondent based on the behavior of competitors. Although Keona products' competing products are produced by small businesses, the respondent still considers their products to be on par with high-end brands, namely, Fossil, Gobellini, Braun Buffer, and others in terms of quality and not price. As a conclusion when associated with the promotion, the mechanism of communication is done for the promotion through social media or online network in the marketplace.

The brand is associated with a place (Place). According to interviewees, the places chosen to sell the products of Keona are the online network, multiple channels (multi-channel), and direct sales. The online network is done through the marketplace, direct sales through word of mouth, and multiple channels through the exhibition at various levels. In conclusion, they use both the traditional model, i.e., direct sales, and the conventional model through the online network and multiple channels. The selected channels simplify consumers' process to achieve products that are offered.

The brand is associated with the price (Price). According to interviewees, the price is determined by taking the margin of production costs and doing pin guessing with a competitor that has the same product category. In addition, the price set is in the middle price and upward standard because the segment of product and target product is active and women aged 18-40 years. Based on the results above, it can be concluded that the brand promises quality that corresponds with the price.

Findings show how a product from the small business can deliver its value through its brand. The method used here is quite familiar and even easy to replicate by other small businesses as it starts with the product, people, physical evidence, process, promotion, place, and price. That being said, the small business might still need further knowledge and sources on finding friendly business method.

## CONCLUSIONS

The purpose of this research is to reframe small business owners' way of thinking and determining the brand through the concept of 7Ps. Keona's brand concept as seen from 7Ps are as follows (1) an explicit promise to consumers through its product and quality. (2) Personalized service promise from the owner directly to consumers. (3) Reliability promise, e.g., the after-sales service. (4) The promise of gradual process and involvement in the intervention of the owners, and even consumers, on the bag. (5) The promise of promotion through online networks, either social media or marketplace. (6) Promise to consumers of easily reachable products, offered with direct sales model as

well as conventional sales models such as multiple channels and online network. (7) The promise of quality that corresponds to the price.

This research describes how small business determines its brand through the concept of the marketing mix, 7Ps. The managerial implications of this research are (1) implementation a quality assurance program as an effort to ensure improved quality of service. (2) Undertakings in order to personalize the services already provided by the business owner, referring to a standard operational procedure which will also have an impact on the context of after-sales service. (3) Undertakings to utilize features that enable optimization of social media use as a means of marketing. (4) In addition to the product line, it is necessary to bring up the product to any levels to reach wider market segments.

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