



UNDERSTANDING
INTERACTIVE
NETWORK
BRANDING
IN SME FIRMS

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Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2020

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-78973-978-7 (Print)

ISBN: 978-1-78973-977-0 (Online)

ISBN: 978-1-78973-979-4 (Epub)



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List of Abbreviations

AI	Artificial Intelligence
B2B	Business-to-Business
B2B2C	Business-to-Business-to-Consumer
B2C	Business-to-Consumer
BMM	Business Market Management
CEO	Chief Executive Officer
FAA	Federal Aviation Administration
H2H	Human-to-Human
IAG	International Airlines Group
IMP	Industrial Marketing and Purchasing
INA	Interaction and Network Approach
INB	Interactive Network Branding
J&J	Johnson & Johnson
MAN	Markets as Networks Approach
MNC	Multinational Corporation
MNE	Multinational Enterprise
NGO	Nongovernmental Organizations
SaP	Strategy as Practice
SME	Small and Medium-sized Enterprise
US	United States

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Introduction

I.1 Origins of the Interactive Network Branding

This book presents our current understanding of Interactive Network Branding (INB) and its conceptual framework. As a novel concept, INB has been developed over the years, with a first conference presentation in 2015. In the current authorship settings, we presented a paper at the IMP conference in Kolding. After this first introduction, we have been collaborating with professors from different European universities, in order to develop our ideas further and enrich our empirical findings. During that time, we have examined different aspects of INB, as well as various streams of literature that could be useful for the holistic representation of the INB framework. These collaborations were successful, resulting in conference proceedings, research visits, conference tracks, journal publications, and books. In 2017, Doctoral dissertation (Koporcic, 2017) was published, which served as an inspiration when writing this book.¹ And although we have come relatively far in exploring and developing the specifics of INB, we are aware that there is still plenty of work left to be done.

One of the main reasons for coming up with the INB concept was the lack of understanding about what is really going on in companies related to their corporate branding. Some of the companies we studied empirically have managed to create desired network positions on the market, without using large amounts of money for branding and advertising. Besides that, those companies were not obsessed with winning over their competitors on the market. Instead, they even embark in collaboration with them.

Another reason for this endeavor was to find a way to understand how small- and medium-sized enterprises (SMEs) can succeed in their markets, even when facing limited capabilities. We were interested to find out if SMEs need to have branding departments and brand managers to build strong corporate brands. Do they need all the resources in house, in order to become leaders in their fields? On which way can they use their most valuable resources – their humans – to achieve all the abovementioned goals?

As an outcome of our efforts, thus far, we have found a plausible solution to these issues.

¹Some chapters are taken from the thesis, updated, and modified.

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By combining relevant literature on branding and business networks, we have created a holistic understanding of the corporate branding phenomenon for SMEs acting in business markets. However, reaching that understanding was far from being an easy task. As it turns out, business network studies, the majority of which are based on the Industrial Marketing and Purchasing (IMP) Group² studies, have been neglecting the importance of corporate branding. One reason for this might be that branding research, traditionally, was understood as crucial for business-to-consumer (B2C) markets, where it was mainly used to differentiate one product from another. However, what business network researchers did not realize is the immense importance of branding for the firm's recognition and position in the business network where it is embedded. Unfortunately, a similar situation occurred on the side of branding research. Branding researchers have usually neglected the importance of business networks, where companies collaborate and create mutual benefits for each other. Instead, corporate brand researchers focused on examining competition between companies, and how can branding be used for those situations in particular.

Besides these noted differences, what these two streams of literature have in common is their negligence of SME companies. Actually, both branding and business networking studies have traditionally focused on large companies. The reason for that state of affairs most likely lies in large amounts of money that are involved in operations between those companies. However, what these researchers did not take into account is the prevalence of SMEs in most markets around the world. In fact, 99% of companies in most European markets are SMEs. Thus, SMEs are presenting the majority of businesses in a B2B context, and as such, are being a substantial part of economic growth. Moreover, one of the liabilities of SMEs is their small size. This influences the number of employees, financial capabilities, various resources, and finally reflects on the low survival rate on the market. However, we wonder if their small size and limited resources are just an excuse for neglecting branding activities? Could it be that the lack of academic research and interest, as well as a number of unknown factors that influence the success of SMEs, reflects on the low rate of their survival on the market?

Finally, both streams of literature have traditionally focused on organizational levels of analysis, not acknowledging the relevance of individuals. These individuals act on behalf of their companies and interact with each other; they initiate and end business relationships and influence corporate brands of each firm. In SME firms, the role of individuals for networking and branding processes is oftentimes a decisive issue to take into account. This concerns especially the interactive role of these frontline persons, like founders and managers, in the first place.

With this book, we aim to cover all of the abovementioned gaps within these two streams of literature, while striving to create a perspective on branding in business networks labeled INB. INB refers to business interactions between SMEs that develop their corporate brands, while firms are acting in their roles and

²IMP is a leading school of thought in B2B marketing (<https://www.impgroup.org/>).

aiming toward the creation of desired network positions. This socially constructed and interactive network approach to corporate branding presents a hybrid approach to both theoretical lenses being used. As Abimbola (2001, pp. 99–100) argues: “*Brand, therefore, represents an important determinant both of the effectiveness and ability of the firm to link its internal and external environment successfully.*”

The main goal of this book is twofold. First, we aim to construct a new theoretical perspective on corporate branding in B2B SMEs, which will contribute to existing knowledge in the field of business marketing. We, thus, aim to create an understanding of how corporate branding unfolds in business networks in which SMEs are embedded. This connects two distinct but important research paradigms of marketing: branding and business networks. We argue that the development of a strong corporate brand of each company is intrinsically dependent on interactions with the firm’s closest business partners. The second goal is to provide implications for managers, i.e., practical tips to managers of SMEs, especially those who are responsible for B2B markets. In order to accomplish this, we provide, at the end of each chapter, insights for managers and other firm representatives (founders, owners, brand executives, sales personnel, and all other individuals who represent an SME in its business interactions). In this manner, we are able to reach those individuals who are interested in developing their corporate brands, as well as business relationships. The main question that is dealt within this book is: What can SME managers do to build strong corporate brands and create the desired position in their business networks?

As a solution to these issues, the book offers a different perspective on branding endeavors of SMEs. We argue that SMEs do not need to (neither afford to) have branding departments or well-planned branding strategies taken from textbooks on large companies. Instead, through business networking and interactions with partners, SMEs can create a business network position and prolong their longevity with key business partners by sustaining and developing a positive reputation and strong corporate identity. This is the key reason behind the relevance of the concept of INB. This can serve furthermore as a stepping-stone toward a better understanding of the networking and corporate branding processes of SME firms. We believe that every individual in an SME is a brand representative of the company where they act, without the need of having the title of a brand manager. Especially those people who communicate externally, i.e., representatives of firms who interact with other representatives, can, directly and indirectly, influence how others will perceive their company. These interactions and perceptions thus create a core of INB processes.

I.2 Target Audience

This book is written for people who want to develop an understanding of INB in the context of SMEs.

It can be used as a textbook for undergraduate or graduate students attending courses in B2B marketing, corporate branding, or brand communication courses, and for courses on business relationships and networks. Students can use this

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book for reflecting on theoretical parts of INB, as well as when preparing for interviews with SMEs, for case study data collection. Similarly, students can use the book when planning their future careers in industry, especially for understanding the business reality of SMEs, with its specific challenges and potential benefits.

Finally, we hope that our book will be read and correctly understood, interpreted, and used by consultants, as well as business people, who are interested in the development and survival of SMEs in the currently fast-changing business environment.

1.3 Introduction to the Chapters

This book consists of five main parts, complemented with introduction and conclusion chapters. Part I consists of three chapters with a specific focus on business network theory. Part II also consists of three chapters, and these focus on the corporate branding stream of literature. Together, Parts I and II represent the theoretical background on which the concept of INB is built upon.

Part III moves further to present the INB construct, through additional three chapters. After these parts, we move to address methodological aspects of the INB perspective, by presenting three chapters in Part IV. Finally, Part V presents empirical case examples of INB through two chapters, focusing on both successful as well as negative branding and networking cases.

As noted, we present insights for managers, at the end of each chapter, together with specific questions that can help SME actors to understand the INB perspective taken to the fore in each chapter more closely. Thus, all chapters provide a contribution to both theory and practice. Next, we move to describe each chapter in more details.

Chapter 1 presents the “Background of the Interaction and Network Approach.” This approach diverts from a dominating single-firm centric-approach and the managerial based marketing mix idea, by focusing on interaction and relationships between firms in the network. As such, it offers a relevant framework for examining a firm and its connections in business markets. This gives the first conceptual background for looking at corporate branding through networking of SMEs.

Chapter 2 elaborates on “Strategizing in SME Networks” by examining the literature on SMEs in B2B markets. These firms are acting and interacting in a business environment where they seek business opportunities and long-term presence on the market. In order to reach these goals, SMEs are actively developing and maintaining relationships with existing and potential business partners. In this chapter, we focus on the strategy as practice perspective, which focuses on firms, their activities, and events that they encounter while interacting with their business partners. SMEs, according to these viewpoints are acting, first and foremost, through their managers and owners.

Chapter 3 presents “Market Management in Business Relationships” as a broader perspective on business markets than that of classical business marketing. Classical business marketing only focuses on the single firm and its downstream

sales activities, which are aimed at reaching buyers. In this chapter, we use a broader concept of “business market management,” which is extended by including suppliers and other market actors, who act and interact on business markets together with buyers. By taking this perspective, we denote that a firm is *embedded* in a relational web of connected business actors. Thus, in this chapter, we describe what characterizes “the actual market,” where business firms operate. A specific SME perspective is taken to the core at the end of the chapter, including the role of corporate branding as a topical issue to be forefronted for further inquiry.

Chapter 4 presents the “Development of Corporate Branding Research in Business Markets,” while analyzing it from a B2B perspective. The key findings of this chapter consist of a novel understanding of the B2B field, where corporate brands are the result of social and dynamic processes, interacted and mutually created between business partners. Branding, as such, needs to be handled accordingly, taking into account different and evolving perspectives. In order to bring these perspectives closer to practitioners, we devoted a special section to closer insights for managers.

Chapter 5 is dedicated to the “Corporate Identity of SMEs” as the internal aspect of corporate branding. We first present the literature review on the topic at hand, while keeping in mind that branding is inherently created through the firm’s employees and representatives. If constructed in a rightful manner, it will serve as a base for the development of a corporate reputation. In the long run, this will enable the firm’s competitive advantage and positioning on its business market. After presenting general viewpoints on corporate identity, we move into specifics of corporate identity in B2B SMEs. Finally, we highlight some insights for practitioners supplemented with questions for the real-life understanding of the internal aspect of corporate branding in more depth.

Chapter 6 deals with the “Corporate Reputation of SMEs,” as a concept that has existed since the fourteenth century. Over the years, reputation has become part of academic research, widespread among different disciplines. This multidisciplinary aspect has resulted in various ways of interpreting corporate reputation, leading to debates and challenges in creating managerially relevant studies. In this chapter, we start by presenting antecedents of the corporate reputation construct, supplemented with corporate reputation versus image debate. Next, we focus on the benefits of corporate reputation, after which we move to the specific challenges that SMEs face regarding their reputation. Finally, insights for managers are presented at the end of the chapter.

Chapter 7 elaborates on “The Main Constituents of Interactive Network Branding.” The chapter starts by presenting three central dimensions of the INB concept. The first one is an internal INB dimension, which corresponds to the corporate identity construct. The second one presents an external INB dimension, which corresponds to the corporate reputation construct. Finally, the third INB dimension presents the core of INB, which can be found in the intersection between the internal and external dimensions. This in-between space is conceptualized as the mutual INB dimension and presents, thus far, the insufficiently understood part of the socially constructed branding process that evolves as a part

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of business networking. In order to illustrate the phenomenon through INB concept more clearly, we move into presenting what we define as the pyramid of INB. At the end of this chapter, we elaborate on specific insights for managers and set a list of questions that can help them understand the constituents of INB at more depth.

Chapter 8 presents “Human-to-Human (H2H) Interactions in Business Networks” as an extant core of INB. Interactions, as an essential activity of branding and relationships building, have been often neglected in the literature, with the belief that companies interact with each other on an organizational level, i.e., an organization with the organization. In these settings, humans are not acknowledged as relevant. In order to change this misconception, we first present the importance of individuals as human actors in business markets. After analyzing their roles in business network exchanges, we move to present three different types of H2H interaction in INB, as imperative for branding processes of SMEs. In the end, we focus on practicalities by presenting managerial insights on the topic, supplemented with questions that will help them understand the importance of H2H interactions in business network settings of SMEs.

Chapter 9 develops the “Interactive Network Branding Model.” Although theoretical, this model is created for an easier understanding of the corporate branding phenomena in SMEs, both from conceptual and practical perspectives. The INB model presents a holistic representation of branding as a part of business networking. At the end of this chapter, we specifically focus on managerially relevant issues in relation to the newly presented model. Finally, we present a set of questions that can lead SME practitioners toward the more profound understanding of the presented holistic INB process.

Chapter 10 calls for a specific scientific approach to “Understanding Basic Methodological Issues of Interactive Network Branding.” A waypoint to address this issue is to choose a suitable philosophical perspective for studying corporate branding processes in business networks. In this chapter, and based on the conceptual perspective, we offer a qualitative research perspective based on a social constructivist standpoint. First, a short presentation is made concerning this philosophical school of thought, chosen to study INB in business markets. The main tenets of the social constructivist methodology are presented next, together with motivations for the chosen background for INB research. Finally, some insights for managers are dealt with.

Chapter 11 elaborates on “Qualitative Case Studies,” as a research approach that predominantly use words and stories as the basic data. These narrative stories are collected through relevant informants from SMEs that are familiar with the problem at hand. These stories are interpreted by the researchers in order to condense the data in a trustworthy manner, after which they are also checked as authentic descriptions by the informants. Qualitative research can also add other types of data that can deepen and tighten the interpretative analysis, e.g., statistical data and printed documents. In this chapter, we focus on designing and using case research. We also deal with the concept of abduction in qualitative inquiry. The final sections present the witness approach to enhance qualitative data collection and analysis, as well as managerial implications concerning the topic at hand.

Chapter 12 examines the “Interactive Network Branding Process Research” that deals explicitly with how business relationships undergo constant change and development. Thus, how actors perceive each other and the companies they are dealing with over time is taken into consideration. Process research as a specific method that studies how the corporate brand evolves and unfolds over time is a matter of interest that can be studied through an interpretivist and social constructivist approach. This chapter starts by presenting a process research methodology. Thereafter, we represent process research applicability for corporate branding and network studies. Finally, managerial insights are discussed, together with questions that can help practitioners to understand and use INB as a process.

Chapter 13 focuses on “Successful Cases of Interactive Network Branding” by presenting illustrative case examples of two SMEs. We first present each case by tackling the specific issue that appears in each of the companies, after which we present possible solutions. The case examples serve two purposes. Firstly, they are illustrating contemporary issues that are applicable to SMEs, especially related to their fast growth in current markets. As such, the cases are relevant for practitioners who are working in the SME or having business relationships with SME firms. Second, the case examples are relevant for students, especially on advanced levels of studies in business schools, who are interested in having their own company or working in an SME in the future.

Chapter 14 presents illustrative cases on the topic “When Branding Goes Wrong in B2B Markets. Guidelines for SMEs.” Corporate branding is not always what a company is planning it to be. Instead, it is built up of associations, expectations, experiences, and promises toward buyers. This makes the corporate brand influenced by perceptions of people outside of the firm itself. As a result, corporate identity (as internal perceptions of a brand) can end in a mismatch with its reputation (i.e., external perceptions). There are many examples from practice, which are related to mismanagement of a brand, or critical events and other causes that have had serious consequences for corporate brands. Thus, in this chapter, we present negative case illustrations of both small and larger firms and relate them to INB in SMEs. Finally, we present guidelines for SMEs that can help practitioners deal with their INB processes in a successful manner.

The final chapter of the book, the “Conclusions,” summarizes all of the aspects of INB development. We start by presenting the idea generation and gaps that we aimed to cover with this book. We then move on presenting major strengths of the INB as well as the critical issues in the current literature. Thereafter, we present key contributions of our book, summarizing it under theoretical, methodological, and managerial implications. Finally, at the end of a chapter, we present some of the directions for further research on INB.

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