

**THE NEXUS BETWEEN BRAND REPUTATION AND BUSINESS SUSTAINABILITY:
A STUDY OF SELECTED SMEs IN SOUTHERN NIGERIA**

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Abstract: *The Nexus between Brand Reputation And Business Sustainability: A Study of Selected SMEs in Southern Nigeria. Data for this study was collected from a primary source using a five point likert questionnaire. Its design followed a descriptive survey and the study covered a sample of 80 SME operators drawn from Portharcourt in Rivers State and Aba in Abia State. The t-test statistic was used to test the two hypotheses stated in this study with the aid of statistical software known as SPSS Software version 20.00. Findings from the study reveal that brand awareness and brand loyalty significantly relate with social and economic sustainability of SMEs. The study concludes that for SMEs in southern Nigeria to attain and remain sustainable, there is need to redefine their perception of branding as a mere marketing tool to embrace sustainability programme. Moreover, the engagement of marketing communication experts in their product branding activities can help SMEs in developing the right brand message that can create awareness sustain the loyalty of the customers to their brands*

Keywords: *Brand Awareness, Brand Loyalty, Brand Reputation, Business Sustainability, SMEs*

1. INTRODUCTION

One of the acclaimed strategic benefits small businesses enjoy is their close contact with customers. However, as the adoption of technology in marketing process is advancing, both the information and spatial gap between organizations and their customers are reducing. This has compelled organizations that are mindful of their sustainability to strive to carve a strategic niche in the market. One of the ways organizations are driving their products to this strategic market niche is the building of positive brand reputations through the offering of customer-centric services and the pursuit of brand stakeholder's inclusiveness. In Nigeria today, it is not uncommon to hear the news of corporate failures especially among small businesses. This may not be unconnected with the paucity of market information among the top level management of these SMEs. Moreover, competition is expanding the market space thereby exposing the

customers to alternative brands. Any organization that cannot live up to these competitive demands naturally comes to end of life.

To be sustainable requires that organizations must develop and adopt marketing models that can guarantee the long term loyalty of their customers. This however as the researchers observed is not often the case with most SMEs in the southern part of Nigeria. Rather most SMEs in the southern part of Nigeria are suffering from poor patronage and low market visibility due to customers' perception of their brands. While they struggle to overcome the high cost of operation in the Nigerian business environment, little attention is given to the public perception about their brands and this at the long run affects their ability to survive market dynamics.

The concept of brand has received diverse analogy as it affects its origin and meaning. According to Black (2003), originally brand was a mark burned on the hide of an animal to identify its owner, or on the person of a convicted criminal to warn the public of their character. In another narrative, Ritson (2006), posit that the origin of the term brand comes from *brandr*, the Norse word for fire. It means to burn the mark of the producer onto the product that they made. This however has gain wide acceptance and usability as a distinct mark of ownership associated with a particular organization. Because it represents an organization, its reputation therefore becomes significant. By placing their confidence in their brands which they promote in the market for acceptance, the organization stands the risk of misrepresentation through poor brand reputation. While branding is common among multinationals and bigger organizations, the researchers are doubtful if SMEs are very conscious of the relationship between their brand reputation and the sustainability of their business. In this study, the researchers will proxy brand reputation with brand awareness and brand loyalty while the business sustainability dimensions of interest to this study are economic and social sustainability.

Objectives of the study

The central objective of this study is to establish the relationship between brand reputation and business sustainability among SMEs in Southern Nigeria. Its specific objectives include;

- i. To examine the relationship between brand awareness and the social sustainability of SMEs in southern Nigeria
- ii. To examine the relationship between brand loyalty and the economic sustainability of SMEs in southern Nigeria

Research Questions

- i. What is the extent of the relationship between brand awareness and the social sustainability of SMEs in southern Nigeria?
- ii. To what extent does brand loyalty relate with the economic sustainability of SMEs in southern Nigeria

Hypotheses

H₀₁: there is no significant relationship between brand awareness and the social sustainability of SMEs in southern Nigeria

H₀₂: there is no significant relationship between brand loyalty and the economic sustainability of SMEs in southern Nigeria

2. REVIEW OF RELATED LITERATURES

The definition of what a brand is depends on how deep and from what perspective it is described. The Oxford Dictionary of Economics describes brand as “a name used to identify the maker or distributor of a good”. For the economists this simplified explanation is enough to understand what a brand is and it is sufficient for the perspective they look at a company. The American Marketing Association defines brand as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors (Kotler and Keller, 2006). From the marketing perspective brand consists of some specific elements and carries out some function. From the perspective of the branding consultancy - Interbrand – brand is “a mixture of tangible and intangible attributes symbolised in a trademark, which, if properly managed, creates influence and generates value” (Interbrand 2007). As it could be expected, consultancy firm is focused more on output, when explaining what a brand is. A brand is thus a dimension that differentiates products or services from products and services of the competition which are designed to satisfy the same needs. This dimension may contain differences that communicate what brand represents or may be related to the product or service performance.

A holistic view is adopted in the current study, in which brand reputation is defined as: *stakeholders' overall assessment of the brand* (Suomi 2015). It is widely argued that (brand) reputation cannot be managed as such because it relates to stakeholders' perceptions and assessments (Rayner 2003). It would therefore be useful to identify possible predictors with a view to maintaining control and consistency (Vidaver-Cohen 2007). In the business-school context, Vidaver-Cohen identified eight quality dimensions, building on Reputation Institute's RepTrak (Reputation Institute 2014), that could be considered predictors of reputation: *performance, service, products, leadership, governance, workplace climate, citizenship and innovation*. Emphasizing the importance of brand reputation to business, Nwakanma states that reputation is a driver of business value. Citing the 2013 RepTrack 100 Report, he acknowledges that reputation helps business to

- Increase customer retention
- Increase in sales/revenue
- Increase in market share
- Reduce cost of hiring/retention
- Increase in share price
- Increase in profitability
- Lower cost of doing business.

Role of the Brand

In the past the idea of branding was used mostly in terms of marking property or people. The function was to inform about the ownership, assign workmanship to the producer or signal the reputation of the individual. In today's world many diversified products or services are branded. But why do companies decide to brand them? Is it because of the pressure the competitors put on branding and because everybody do it? What is the reason of branding and what is the purpose? We simply may say because there are valuable functions which brand performs for a company as well as for customers. This chapter will explain main functions of branding by dividing it into two destination groups. For contractors the three important roles will be presented, and after that the implications for the consumers and benefits of branding will be explained. The brand plays significant role in a performance of a company. From the marketer perspective the main advantages of branding are legal protection, identity and loyalty.

The first role is legal protection. Having a brand helps in protecting the unique features or quality of the product, process or any other aspect of the company. Kotler and Keller explain how each type of intellectual property rights can be used, by distinguishing into parts, "the brand name can be protected through registered trademarks; manufacturing process can be protected through patents; and packaging can be protected through copyrights and proprietary designs"(Kotler 2006). Legal protection has many implications. It ensures that no one beside the company will have the benefits and it guarantees that money can be safely invested in brand building process. Large amounts of money spend on advertising campaigns prove a success only if the company can reap benefits from them.

Identity is the second vital role the individual brand performs for a company. The important feature of having a brand is being identified by consumers. Having identity allows customers to differentiate the company from the competition. It helps them assign past experiences, like the consequences of using the product, to specific manufacturer or distributor. What is more, by using brand building the consumer evaluation process of identical items may be influenced by brand awareness. For a company having identity means having image which can be managed. Even though once it is established it is difficult to change, it is worth an effort since consumers often perceive image as representation of quality and performance. Image together with reputation are important issue in brand building process.

Another function that brand performs is loyalty. Brands signal a certain level of quality so that satisfied buyers can easily choose the product again.(Erdem 1998) The certain level of satisfaction that is signalled by a brand like quality has major impact on loyalty. Repeatable choosing of the same product has advantages for both a seller and a buyer. Brand loyalty assures also the tendency for consumers to prefer familiar names (Black 2003). Having certain number of customers helps sellers to plan the investment and development of the company. It is a predisposition that every marketer wishes to achieve. In other words having loyal customers results in better earnings, which allow to invest money in brand building and in result having a strong brand and better product behind it.

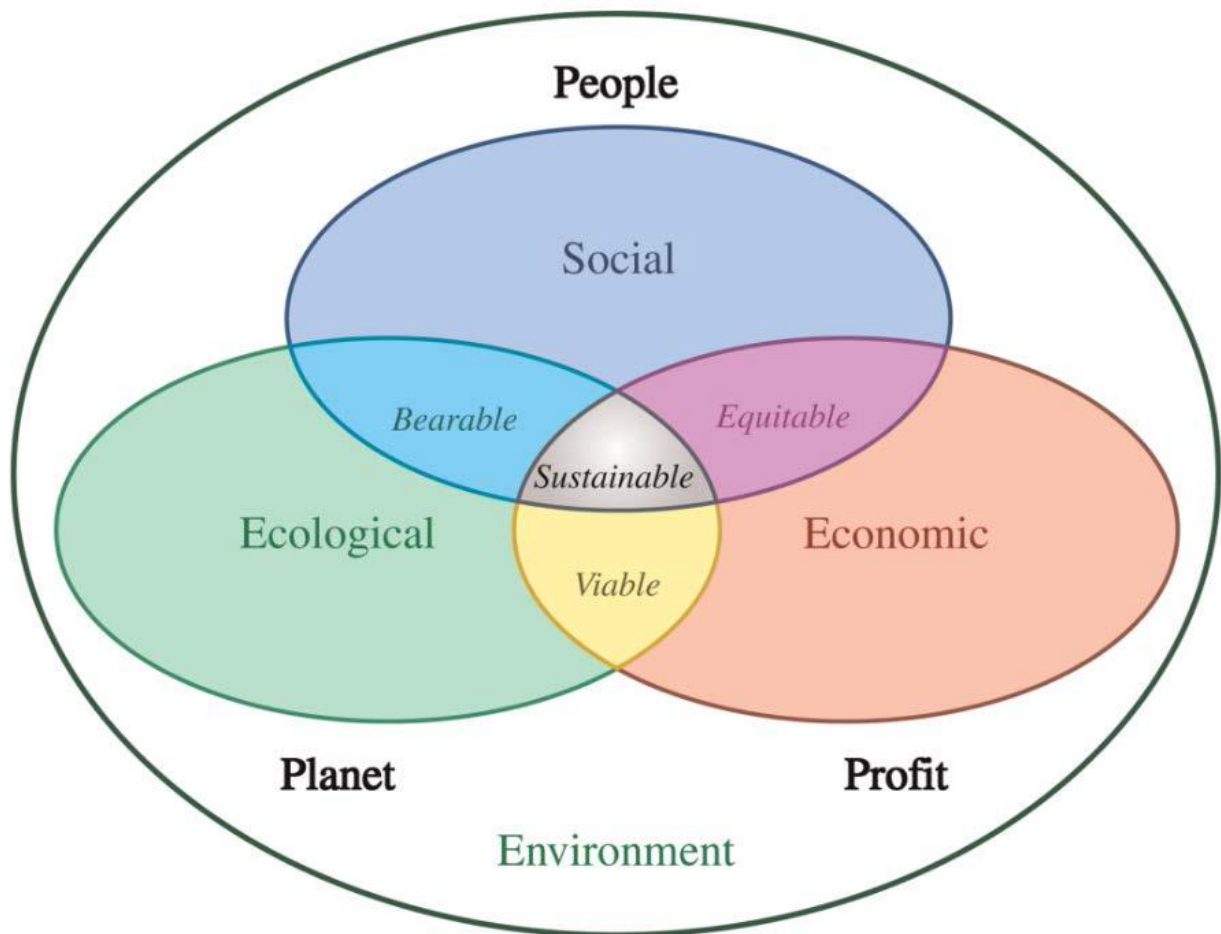
Definition of Sustainable Business

In the view of Landrum and Edwards (2009) define a sustainable business as ‘one that operates in the interest of all current and future stakeholders in a manner that ensures the long-term health and survival of the business and its associated economic, social, and environmental systems’. Businesses solely focusing on reducing their environmental impact are referred to as ‘green businesses’ whereas a sustainable business would focus on all three dimensions of sustainability, which have often been referred to as ‘triple bottom line’. The realms are intimately intertwined and their interdependencies need to be understood (Hitchcock and Willard, 2009). The limitation to the environmental dimension has been criticized by several authors about the attempt of the tourism industry, in particular the accommodation industry, to become ‘sustainable’ (Roberts and Tribe, 2008). However, taking environmental initiatives can be the first step towards sustainability according to the four-step model for sustainable development in tourism enterprises by Kernel (2005). The first steps are mainly concerned with developing environmentally cleaner processes and environmental management practices. The consequent and final steps challenge organizations to go further and include social and ethical aspects as well as integration in the community (Kernel, 2005). Similarly, Dunphy, Griffiths and Benn’s (2007) sustainability phase model defines distinct steps organizations can take to reach sustainability. The final phase is called ‘The sustaining corporation’ where the ideology of sustainability is internalized with a fundamental commitment to facilitate ecological viability of the planet and contribute to equitable social practices and human fulfillment. According to Dunphy et al. (2007) this stage has not been reached by any organization for the time being. Many businesses appear to be in the initial phase and need to continue their efforts to combine the ecologic, environmental and socio-cultural dimension of sustainability.

The Dimensions of Business Sustainability

Ever since the UN report “*Our common future*” was released in 1987, sustainable development has been a widely accepted concept and a generally strived for state for society. One of the most long-lived accomplishments of the Brundtland report was defining that *sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs* (United Nations, 1987).

In an economic definition, Stavins *et al.* (2003) propose that dynamic efficiency and intergenerational equity are two demanding yet necessary conditions for policy guidance. Brundtland definition of sustainability, a socially desirable level of consumption (broadly interpreted) would be one in which the economy is at the Pareto frontier. At this point of dynamic efficiency, the economy is maximizing social utility by exerting “non-wastefulness” and thus has the *potential* of becoming sustainable. To assure that the economy is actually made sustainable, inter-generational transfers can fulfill the intergenerational equity condition that the total welfare function is non-declining over time. Today, the understanding of the concept of sustainability in policy and academia is multidimensional; not only does it encompass environmental sustainability but also at least economic and social sustainability. Other dimensions that have been considered include cultural, historical and institutional sustainability (Botta, 2005). Figure 1 below illustrates the three dimensions of sustainability recognized as “the three pillars” (Lehtonen, 2004). The interfaces show how the dimensions interact and the interpretation of an acceptable balance between each of the dimensions.



Source: Thomsen & van der Flier 2009

The three pillars model is widely familiar but is not the only way to illustrate how different sustainability dimensions need to be taken into account. Within the international policy framework, Raworth (2012) has suggested an analytical framework in which the planet's natural resources set the environmental boundaries, a ceiling for all human activity to take place within. This *includes* the pursuit of a just space, free from critical human deprivation. Sustainable development requires living within ecological as well as social boundaries to avoid ecological and social crisis. These boundaries are based on norms and guided by research, but it must be remembered that local as well as global scale matters, for all systems are interconnected.

3. MATERIALS AND METHODS

Data for this study was collected from a primary source using a five point likert questionnaire. Its design followed a descriptive survey and the study covered a sample of 80 SME operators drawn from Portharcourt in Rivers State and Aba in Abia State. The t-test statistic was used to test the three hypotheses stated in this study with the aid of statistical software known as the SPSS Software version 20.00.

4. RESULTS

Hypotheses One

H₀₁: there is no significant relationship between brand awareness and the social sustainability of SMEs in southern Nigeria

SPSS Output 1

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Brand Awareness	49.8200	80	8.61395	2.17676
Social Sustainability	55.5400	80	5.22810	.76496

Paired Samples Correlations

	N	Correlation	Sig.
Brand Awareness & Social Sustainability	80	.280	.302

	Paired Differences	t	df	Sig. (2-tailed)					
					Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference	
								Lower	Upper
Brand Awareness – Social Sustainability	-9.51000	9.92812	1.64688	-12.62858	-7.41142	-6.801	79	.001	

From the SPSS output above, the p-value is 0.001, which is significant; hence the null hypothesis is rejected. It is therefore concluded that there is significant relationship between brand awareness and the social sustainability of SMEs in southern Nigeria

Hypotheses Two

H₀₂: there is no significant relationship between brand loyalty and the economic sustainability of SMEs in southern Nigeria

SPSS Output 2

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Brand loyalty	49.8200	80	8.61395	2.17676

	Economic Sustainability	58.1600	80	7.89705	1.25823
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Paired Samples Correlations				
		N	Correlation	Sig.
	Brand Loyalty & Economic Sustainability	80	-.211	.542

Paired Samples Test									
		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
	Brand Loyalty – Economic Sustainability	-8.24000	13.88372	1.86345	-13.18572	-5.29469	-4.197	49	.002

From the SPSS output above, the p-value is 0.002, which is significant; hence the null hypothesis was rejected. It was therefore concluded that there is significant relationship between brand loyalty and the economic sustainability of SMEs in southern Nigeria.

5. CONCLUSION

What becomes of an organization is influenced largely by the self-image they project and this is manifest in the market worth of their brand. This study therefore concludes that for SMEs in southern Nigeria to attain and remain sustainable, there is need to redefine their perception of branding as a mere marketing tool to embrace sustainability programme. It is therefore recommended that the engagement of marketing communication experts by SMEs in product branding activities can help SMEs in developing the right brand message that can create awareness sustain the loyalty of the customers to their brands

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