Entrepreneurial Branding

The Strategic Role of Positioning and Storytelling

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Summary

Small and medium-sized enterprises (SMEs) are crucial to any economy as they drive innovation and economic progress, create job opportunities, diversify markets, and foster regional development. For small businesses, branding is of great importance because a strong brand attracts customers, partners and talent, ensures a long-term competitive advantage, and enables business growth. At the heart of branding is the strategic question of what the brand stands for and how this positioning can be communicated to a brand's target audience. Using stories and narratives are a promising way to build a strong brand, however, the strategic role of positioning and storytelling is largely unexplored in the context of entrepreneurial branding.

The present dissertation contributes to closing this research gap with three studies investigating: (1) how small businesses build their brands in a digital world, (2) which positioning strategies SME entrepreneurs apply, and (3) the role of storytelling in the branding of SMEs. The findings provide a deeper understanding of the entrepreneurial branding process, a systematic review of research advancements in the past decade, an empirically validated typology of four positioning strategies and a survey-based analysis of the relationships between storytelling, brand orientation, brand identity, brand communication and brand performance.

The first study was a systematic literature review of 63 empirical studies on SME branding published between 2012 and 2022 (including January 2023). This study highlighted key terms of SME branding and synthesized key findings based on a conceptual framework of the entrepreneurial branding process (i.e. becoming brand-oriented, developing brand identity, implementing brand marketing and measuring brand performance). The second study analyzed three focus group discussions with SME entrepeneurs and identified positioning strategies they typically applied: *Specilization*, *Differentiation*, *Conviction* and *Opposition*. Finally, the third study explored storytelling in SME branding with a unique data set of 217 German SMEs, including 107 responses from German Start-ups. The results showed significant relationships between brand storytelling and brand positioning as well as between strategic and tactical storytelling and other key elements of brand building in SMEs.

Chapter 1 of this dissertation outlines the theoretical and empirical foundations of entrepreneurial branding and explores the concepts of positioning and storytelling from three different research perspectives. Chapters 2, 3 and 4 contain the three studies conducted and Chapter 5 concludes with a general discussion of the overall research and provides implications for entrepreneurial practice and future research.

Zusammenfassung

Kleine und mittlere Unternehmen (KMU) sind für jede Volkswirtschaft von entscheidender Bedeutung. Sie sind Motor für Innovation und wirtschaftlichen Fortschritt, schaffen Arbeitsplätze, sorgen für Diversifizierung von Märkten und fördern die regionale Entwicklung. Besonders für kleine Unternehmen ist die Markenbildung von großer Bedeutung, denn eine starke Marke zieht Menschen an, sichert einen langfristigen Wettbewerbsvorteil und ermöglicht Unternehmenswachstum. Bei der Markenbildung geht es im Wesentlichen um die strategische Frage, wofür die Marke steht und wie diese Positionierung der Zielgruppe vermittelt werden kann. Der Einsatz von Geschichten und Narrativen ist ein vielversprechender Weg zum Aufbau einer starken Marke, jedoch ist die strategische Rolle der Positionierung und des Storytellings im Kontext des Markenaufbaus in KMU weitgehend unerforscht. Um diese Forschungslücke zu schließen, wurden in drei separaten Studien untersucht: (1) wie KMU ihre Marken in einer digitalen Welt aufbauen, (2) welche Positionierungsstrategien KMU-Unternehmerinnen und -Unternehmer anwenden und (3) welche Rolle das Storytelling in der Markenbildung von KMU spielt. Die Ergebnisse bieten ein tieferes Verständnis der Markenbildung in KMU, einen systematischen Überblick über den Stand der Forschung der letzten zehn Jahre, eine empirisch validierte Typologie von vier Positionierungsstrategien und eine umfragebasierte Analyse der Beziehungen zwischen Storytelling, Markenorientierung, Markenidentität, Markenkommunikation und Markenleistung.

Die erste Studie beinhaltete eine systematische Literaturübersicht von 63 empirischen Studien zur Markenbildung von KMU, die zwischen 2012 und 2022 (einschließlich Januar 2023) veröffentlicht wurden. In dieser Studie wurden Schlüsselbegriffe der Markenbildung von KMU herausgearbeitet und die wichtigsten Ergebnisse auf Grundlage eines konzeptionellen Rahmens des unternehmerischen Markenbildungsprozesses (Markenorientierung, Entwicklung der Markenidentität, Implementierung von Marketingmaßnahmen und Messung der Markenleistung) zusammengefasst. In der zweiten Studie wurden drei Fokusgruppendiskussionen mit KMU-Unternehmerinnen und Unternehmern analysiert und Positionierungsstrategien identifiziert, die sie typischerweise anwandten: *Spezialisierung, Differenzierung, Überzeugung und Opposition*. Die dritte Studie schließlich untersuchte das Storytelling in der Markenbildung von KMU anhand eines besonderen Datensatzes von 217 deutschen KMU,

darunter 107 Teilnahmen von deutschen Start-ups. Die Ergebnisse zeigten signifikante Beziehungen zwischen dem Brand Storytelling und der Markenpositionierung sowie zwischen strategischem und taktischem Storytelling und anderen Schlüsselelementen des Markenaufbaus in KMU.

Kapitel 1 dieser Dissertation skizziert die theoretischen und empirischen Grundlagen der Markenbildung in KMU und beleuchtet die Konzepte der Positionierung und des Storytellings aus drei verschiedenen Forschungsperspektiven. Kapitel 2, 3 und 4 beinhalten die die drei durchgeführten Studien. Kapitel 5 schließt mit einer Diskussion der gesamten Forschungsarbeit und Implikationen für die unternehmerische Praxis und die zukünftige Forschung.

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AMA	American Marketing Association
ANOVA	Analysis of Variance
B2B	Business-to-Business
B2C	Business-to-Consumer
B2D	Business-to-Distributor
BCO	Brand Communication
BML	Build Measure Learn
BO	Brand Orientation
BPE	Brand Performance
BPO	Brand Positioning
BVA	Brand Values
BVI	Brand Vision
CFA	Confirmatory Factor Analysis
CSR	Corporate Social Responsibility
EB	Entrepreneurial Branding
EM	Entrepreneurial Marketing
E-WOM	Eletrconic-Word-of-Mouth
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
OECD	Organisation for Economic Co-operation and Development
PRISMA	The Preferred Reporting Items for Systematic reviews and Meta-Analyses
RQ	Research Question
SLR	Systematic Literature Review
SME	Small and Medium-sized Enterprise
SST	Strategic Storytelling
STP	Segmentation, Targeting, Positioning
TST	Tactical Storytelling
USP	Unique Selling Propositions

1. Introduction and theoretical framework

Branding is of great importance for the competitive advantage of small and medium-sized enterprises (SMEs) because a strong brand attracts customers, partners, and talent (M'zungu et al., 2019; Keller & Swaminathan, 2020). At the heart of branding is the strategic question of what the brand stands for and how this positioning can be communicated to the brand's target groups (Aaker, 1996; Urde & Koch, 2014). One promising means of branding is the use of stories and narratives (Escalas, 2012; Aaker & Aaker, 2016; McDougal et al., 2021; Keller, 2023). However, the strategic role of positioning and storytelling is largely unexplored in the context of SMEs (Bocconcelli et al., 2018; Kim, 2021). This dissertation contributes to closing this research gap. Section 1.1 takes a closer look at the research topic and its relevance. Building on this, section 1.2 provides the theoretical background and perspectives that guided this research. Section 1.3 outlines the research objectives and presents an overview of the three studies that were conducted as the basis of this dissertation.

1.1 Relevance of the research topic

1.1.1 Branding in SMEs and new ventures

Only approximately 1% of all companies are classified as large enterprises with more than 250 employees. Most companies—99%—are considered SMEs, which are crucial to any economy. They employ the majority of the workforce, contribute a high proportion of a country's gross domestic product (GDP), and are a driving force behind innovation and entrepreneurship (OECD, 2023). In Germany, for example, SMEs account for a total of approximately 55% of employees and contribute 30% to the overall GDP (Statistisches Bundesamt, 2024). In 2021, there were a total of approximately three million SMEs in Germany (Statistisches Bundesamt, 2024), with 593,000 new ventures having been established in 2022 (Statista, 2024). These new enterprises included approximately 2,000 start-ups (Kollmann et al., 2022, 2023). Start-ups are often associated with an innovative and scalable product, service, or business model and thus a high potential for growth and economic progress (Vallaster & Kraus, 2011; Kollmann et al, 2022, 2023).

Germany has many SMEs that, despite their size, are world market leaders in their category, and, as they are often little known to the public, they are also referred to as "hidden champions" (Simon, 2007). While all of these companies compete in the open marketplace, there are certainly markets and niches in which competitive pressure is less noticeable. Nonetheless, every company is faced with the challenge of how to establish and maintain its offering. One strategic approach is to systematically build a strong brand as it enables the achievement of several objectives.

(1) Attraction – A strong brand attracts people

A brand is an intangible asset for a company (Aaker, 2014). Marty Neumeier (2005), a recognized brand strategist and designer, stated that a brand is not a logo, but a "gut feeling" (p. 2) that people have about a product, service, or company. A strong brand provides added value to customers (DeChernatony et al., 2011; Kapferer, 2012; Keller & Swaminathan, 2020), and it is a promise to its stakeholders that involves not only functional but also emotional benefits (Aaker, 2014). Moreover, a strong brand can represent values and beliefs that resonate with people (Aaker, 1996); thus, "the power of a brand lies in the minds of consumers or customers" (Keller, 2003, p. 9). Indeed, consumers can feel connected to a brand that reflects their own identity or the identity to which they aspire (Escalas, 2004a,b). Brands can attract people by various associations, such as quality, innovation, prestige, exclusivity, creativity, and much more (Keller & Swaminathan, 2020). A strong brand stands out from its competitors, influences attitudes and decision-making behavior, and leads to it being preferred over competing brands (Esch, 2016). In this way, it can attract customers and non-customer stakeholders such as investors, partners, and employees.

(2) Protection – A strong brand secures a long-term competitive advantage

Strong brands often secure trademark protections, which legally safeguard their brand names, logos, patents, and other elements from unauthorized use by competitors (Wilson & Grammich, 2020; Agostini et al., 2015). They also secure a long-term competitive advantage by establishing a loyal customer base and reputation that leads to a stable market position, thereby making it difficult for new market entrants to compete (Keller, 2003; Kotler & Keller, 2016). Maintaining a price premium is another benefit of

having a strong brand, which contributes to higher profits and margins and financial sustainability (Agostini et al., 2015; DeChernatony et al., 2011; Kapferer, 2012).

(3) Expansion – A strong brand enables growth and the potential for new business

A strong brand increases a business's financial performance such as sales, profits, and market share (Wong & Merrilees, 2008; Baumgarth, 2010; Hirvonen & Laukkanen, 2013; Hirvonen et al., 2016). Over time, brand equity can be accumulated, which represents the value and strength of the brand in the marketplace. Strong brands can leverage their equity and customers' trust to introduce new products or services, thereby expanding their portfolios and diversifying their offerings (Keller & Swaminathan, 2020).

Considering that building a strong brand holds great potential for companies, it is surprising that research on branding in SMEs has long been neglected (Ahonen, 2008; Odoom et al., 2017). While it may be considered cliché to acknowledge that every big brand, such as Amazon, Google, or Apple once started as a small business, research on branding has long focused only on large companies and brands and not explored how small businesses can build a strong brand. While branding in SMEs was first explored in case studies (Abimbola, 2001; Boyle, 2003; Inskip, 2004; Krake, 2005), a number of quantitative studies have demonstrated its relevance and effects on SME growth and sales performance (Reijonen et al., 2012; Eggers et al., 2013; Agostini et al., 2015; Laukkanen et al., 2015; Muhonen et al., 2017; Tajeddini et al., 2017; Annes-ur-Rehman et al., 2018; Kusi et al., 2022). However, there remains a need to examine the process of SME branding in more depth (Odoom et al., 2017) and the strategic role of the entrepreneur in building a strong brand (Neuvonen, 2016; Laukkanen et al., 2015; Centeno et al., 2019).

1.1.2 The role of the entrepreneur

The creation and management of a business is a complex process, which leads to the question of what skills and competencies an entrepreneur needs to develop to achieve success (Mitchelmore & Rowley, 2010). In the field of entrepreneurship education, for example, entrepreneurs are often regarded as innovators (Bacigalupo et al. 2016; Lindner 2018). However, it is necessary to also take a closer look at entrepreneurs as marketers (Martin, 2009; Hills & Hultman, 2013) and how they strategically can build a strong brand for their businesses (Neuvonen, 2016; Laukkanen et al., 2015; Centeno et al., 2019). The

role of the entrepreneur is of crucial importance in this regard (Krake, 2005; Rode & Vallaster, 2005). For example, some African studies examined the relationship of entrepreneurs' marketing skills and its impact on business performance (Ayiku & Grant, 2021; Anderson et al., 2018; Cant, 2012; Van Sheers, 2011; Dauda et al., 2023) and argued that a lack of marketing skills in SMEs leads to business failure while an increase in marketing training leads to business success. While this relationship may be more evident in developing countries, where entrepreneurship is driven by economic necessity (Naudé, 2010) rather than formal education in economics, these studies nevertheless supported the general assumption that an entrepreneur's marketing skills influence business performance.

SMEs face several challenges when it comes to marketing and branding. Two main challenges are the so-called liability of newness (Stinchcombe, 1965) and the liability of smallness (Aldrich & Auster, 1986) that can lead to business failure. The liability of newness refers to the disadvantages that new firms encounter simply because they are new and lack an established reputation, legitimacy, and stability. The liability of smallness refers to the disadvantage that small firms encounter due to their size, such as their lack of financial and human resources (Guerrazzi et al., 2022). Therefore, small businesses need to focus on allocating their limited budgets to effective branding activities, and they also need to find new and creative ways of building their brands (Kotler & Keller, 2016, p. 315).

However, newness and smallness can also present opportunities for branding. Krake (2005) emphasized the speed and flexibility small businesses have due to their informal structures and close connections to customers. Eggers et al. (2016) found that newness might add to a positive brand image, for new "is often considered hip, trendy and innovative" (p. 439), but they also recommended signaling trustworthy information about the company's product, organization, and management to overcome the natural uncertainties of prospective customers.

Branding in small businesses is in most cases not the responsibility of a marketing department but is mainly driven by the entrepreneur (Boyle, 2003; Krake, 2005; Rode & Vallaster, 2005). Her or his vision and growth orientation, personality, values, and competencies are the basis for building a strong brand (Rode & Vallaster, 2005) and the competitiveness of a small business (Man et al., 2002, 2008). This tends to lead to the founder's personal brand being closely intertwined with the SME's brand (Centeno

et al., 2019). Accordingly, it is important to examine branding in small businesses from both an entrepreneurial and a strategic perspective.

1.1.3 The concepts of positioning and storytelling

While the concept of positioning has been part of marketing and branding research for many years (Urde & Koch, 2014), research into storytelling in branding began with a few studies in the early 1990s and has become more intensive only since 2013 (Park et al., 2021). Both concepts are considered central to marketing (Urde & Koch, 2014; Park et al., 2021). However, they have been little researched in the context of small businesses (Bocconcelli et al., 2018; Kim, 2021).

The concept of positioning is a fundamental element of a company's approach to a given market and its success in that market. Positioning can be driven by different strategic approaches: from a market-oriented view and from a brand-oriented view (Urde & Koch, 2014). On the one hand, positioning in marketing is one key strategic element of the segmentation, targeting, and positioning (STP) process that marketers use to reach and engage with their target group (Kotler & Keller, 2016). It refers to the process of creating a distinct and desirable image of products and services in the minds of customers by emphasizing their uniqueness and benefits based on the evaluation of how they are perceived by customers compared to the competitors' products and services (Armstrong et al., 2009; Hooley et al., 2012; Kotler & Keller, 2016). On the other hand, positioning in branding refers to the strategic process of defining a brand's identity and what the brand stands for as well as communicating this identity to the target audiences (Aaker, 1996; Kapferer, 2012; Esch, 2017). This involves focusing on a brand's core values and unique attributes to build a brand image and long-term competitive advantage. Hence, both perspectives, market and brand orientation, are appropriate pursuits for small business management (Laukkanen et al., 2015), but there remains a need to know more about how SME entrepreneurs perceive and apply positioning strategies in their businesses (Saqib, 2021, p. 11; Urde & Koch, 2014, p. 486; Bocconcelli et al., 2018, p. 243).

A key aspect of both positioning approaches is to communicate the positioning to the company's target audience (Urde & Koch, 2014). One promising way to do that is the use of narratives and stories (Escalas, 2012; Aaker & Aaker, 2016; McDougal et al., 2021; Keller, 2023). Storytelling goes beyond

conveying factual information about a brand; it also aims to create emotional connections with people (Escalas, 2012; Kühn & Boshoff, 2021). A brand's positioning can provide the framework for the stories it tells (Escalas, 2012; McDougal et al., 2021), and it forms the basis for an overarching narrative that the brand wants to convey to its audience through storytelling (Aaker & Aaker, 2016; Keller, 2023).

The Airbnb narrative around "belonging anywhere" is an example of this approach. It tells the story of making connections with local residents while traveling and the feeling of being at home anywhere in the world. Another example is Nike's "just do it" narrative, which tells the story that anyone can be an athlete who overcomes obstacles, pushes personal limits, and strives for greatness. Nike has been telling this story for decades and finding new ways to build on their strategic brand narrative in their campaigns (Aaker & Joachimsthaler, 2000; Eyada, 2020).

Stories have the power to build a brand, increase brand awareness, and shape brand image (Aaker & Aaker, 2016). However, while the impact of storytelling on brand perception has been well researched from a consumer perspective, little work has examined brand storytelling strategically from a brand management perspective (Mills & John, 2021, p. 13). At the same time, the small business perspective is missing from this research (Kim, 2021). Moreover, the interplay between positioning and storytelling, as suggested by Escalas (2012), requires further investigation in the context of entrepreneurial practice (McDougal, 2021, p. 17).

1.2 Research perspectives and theorical background

The purpose of this section is to shed light on the theoretical background of the research topic. This involves clarifying key terms and underlying theories in their scientific context and creating a frame of reference that forms the basis for a general discussion of the study findings and the overall research results. Figure 1 shows the theoretical framework of this dissertation, which at its core includes the research topics with the two marketing concepts of positioning and storytelling. These research topics are explored through three research perspectives and underlying theories, which are presented in the following subsections.
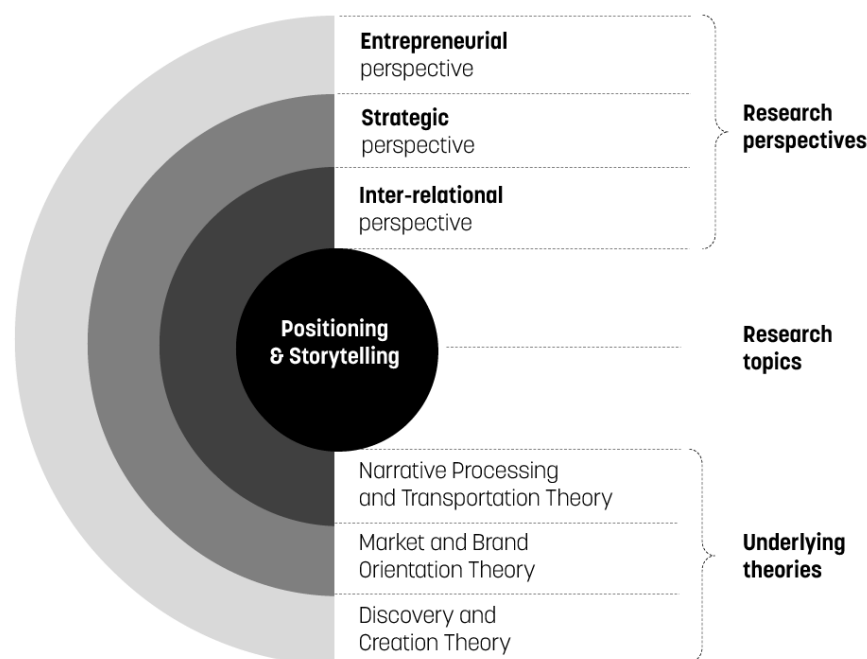
Figure 1. Theoretical frame of reference (own illustration).

1.2.1 The entrepreneurial perspective

First, this dissertation explores the two concepts of positioning and storytelling from an entrepreneurial perspective within the context of small business. Because entrepreneurship is not equivalent to managing a small business, the two terms need to be clarified and related to each other. Therefore, in the following sections, the concept of entrepreneurship with the underlying theories of opportunity discovery and opportunity creation are examined in more detail. Both theories serve as a basis to take up a broader perspective on entrepreneurship by focusing on entrepreneurial branding not only among start-ups and new ventures but also considering the management of small businesses.

1.2.1.1 Entrepreneurship theory: Discovering and creating opportunities

Since the early 2000s, entrepreneurship has enjoyed increasing attention and relevance as a field of research (Schmitz et al., 2017). Yet, thinking about entrepreneurship began much earlier. Some scholars trace it back to the Irish banker Richard Cantillon in the late 18th century, who associated entrepreneurship with the generation of income under uncertainty (Fueglistaller et al., 2019). However, it was the works of Joseph Schumpeter and Israel Kirzner, among others, that had a lasting impact on the academic

debate on entrepreneurship (Shockley & Frank, 2011). Both were representatives of the Austrian School with its focus on the individual in the economic process, but, regarding entrepreneurship, they held opposing viewpoints (Vaz-Curado & Müller, 2019).

While Schumpeter (1911, 1994) considered the entrepreneur an innovator who creates new market opportunities through creative destruction (creation theory), Kirzner (1978, 1997) considered the entrepreneur a discoverer of market deficiencies who seizes these opportunities and thus brings the market back into balance (discovery theory). Alvarez and Barney (2007) argued that despite their differences, both theories would have much in common as they "seek to explain the same dependent variable—actions that entrepreneurs take to form and exploit opportunities" (p. 12). In their paper, they discussed the implications of both theories for key entrepreneurial activities, such as marketing. They emphasized that "marketing is an important activity to exploit both discovery and creation opportunities" (p. 20). Further, they argued that entrepreneurs in a discovery context would adapt their marketing strategy (e.g., price and distribution) to take advantage of opportunities due to changes in the market, whereas entrepreneurs in a creation context would use the attributes of the marketing mix to explore new market opportunities.

Although both theories already progressed beyond the mere founding of a new venture, the entrepreneur was and still is often seen as the person who starts his or her own business. Gartner (1988), for example, defined the entrepreneur as a person who "creates organizations, while non-entrepreneurs do not" (p. 47). In contrast, Peter Drucker (1984) stated in his book *Innovation and Entrepreneurship* that "not every new small business is entrepreneurial or represents entrepreneurship" (p. 21). He argued that small business owners who, for example, just open another restaurant and do what has been done many times before are not to be considered entrepreneurs, whereas the McDonald brothers, for example, created new customers and a whole new market by applying management techniques and standardizing the production process as entrepreneurs.

However, Shane and Vekatamaran (2000) pointed out the problem of these different views on who is an entrepreneur and who is not by stating that "entrepreneurship researchers have created incomplete definitions by defining the field solely in terms of the person" (p. 172). They asserted that, for entrepreneurship, "you must first have entrepreneurial opportunities" (p. 175), meaning that entrepreneurship

needs both "the presence of lucrative opportunities and the presence of enterprising individuals" (p. 172). Their argument was thus based on the preliminary work of Schumpeter and Kirzner, who both considered entrepreneurial opportunities essential but looked at them from different perspectives.

The focus on entrepreneurial opportunities has also influenced more recent definitions of entrepreneurship. Timmons and Spinelli (2008), for example, stated that "Entrepreneurship is a way of thinking, reasoning and acting, that is opportunity obsessed . . . for the purpose of value creation" (p. 101), while Bacigalupo et al. (2016) held in their work on the European Commission's Entrepreneurship Competence Framework that "Entrepreneurship is when you act upon opportunities and ideas and transform them into value for others" (p. 12). Similar to Shane and Vekatamaran (2000), these definitions do "not require, but can include, the creation of new organizations" (p. 173). Following this line of reasoning, entrepreneurship also does not exclude managing a small business, but it can be an integral part of it, either by discovering and creating opportunities to start a new small business or by discovering and creating opportunities for new products, processes, and services within the management of an existing small business. "Thus entrepreneurship can occur—and fail to occur—in firms that are old and new; small and large; fast and slow-growing" (Timmons & Spinelli, 2007, p. 101). The following section examines and discusses this relationship between entrepreneurship and small business management more closely.

1.2.1.2 Entrepreneurship in small business management

In research on entrepreneurship and small businesses, the performance of an SME is often associated with the entrepreneur as a decisive factor (Man et al., 2002, 2008; Mitchelmore & Rowley, 2010). This may implicate that the term "entrepreneur" is equal with the SME owner-manager (Quaye & Acheampong, 2013). However, in entrepreneurship discourse, there has been a discussion about the differences and similarities of both terms (Chan & Lau, 1993; Stewart et al., 1999). For example, Stewart et al. (1999) distinguished in their study of more than 700 owner-managers of small and large companies between entrepreneurs and managers in terms of their achievement motivation (growth perspective), their risk-taking propensity, and their preference for innovation. If, as described above, entrepreneurship is understood less in terms of a specific individual and more in terms of the role and behavior of an

economic actor, it is important to examine "the link between small business and entrepreneurial behavior" and "to what degree owning and managing a small business naturally demands the exhibition of entrepreneurial behaviour" (Gibb, 1996, p. 313).

Following Schumpeter, Fueglistaller et al. (2019) argued that small business owners do not permanently perform the role of an entrepreneur but rather take on coordinating and administrative activities at some point after the realization of an entrepreneurial opportunity. Typically, this differentiation could be observed after the founding of a new business. As the company grows in size and gains a foothold in the market, the innovative momentum becomes less important and management becomes more important. However, Fueglistaller et al. (2019) also argued that the management of a small company includes its further development and thus entrepreneurial activities and new ideas. This means that SME owner-managers cannot simply assume that business will remain the same forever. Instead, they need to constantly seek and exploit new entrepreneurial opportunities.

In summary, this implies that entrepreneurship and managing a small business are closely linked but should not be seen as one and the same. Entrepreneurship can take place within existing SMEs, but entrepreneurial behavior can also lead to larger ventures and is often associated with a potential for growth. Entrepreneurs like Bill Gates, Steve Jobs, and Elon Musk all started out with a small business but grew their ventures into global companies and world-leading brands due to the innovative potential of their ideas and products. However, such a development is not the rule but the exception. The reality of many entrepreneurial initiatives is the world of small and medium-sized enterprises (Global Entrepreneurship Monitor (GEM), 2023).

1.2.1.3 Entrepreneurial marketing and branding

In her review of academic articles addressing branding in SMEs, Ahonen (2008) suggested that SME branding and entrepreneurial branding (EB) may differ but noted that entrepreneurial branding lacks conceptualization such as exists in the field of entrepreneurial marketing (EM). Therefore, this section first outlines the development of entrepreneurial marketing and SME branding research. This outline is followed by a discussion of the entrepreneurial branding perspective adopted in this dissertation.

Entrepreneurship and marketing are two important business disciplines for any company (Drucker, 1954; Hills & Hultman, 2013). However, entrepreneurship and marketing are also two academic disciplines whose relationship and interaction has been increasingly researched since the 1990s and led to the concept of entrepreneurial marketing (Jones & Rowley, 2011; Kraus et al., 2011; Hills & Hultman, 2013; Sadiku-Dushi et al., 2019; Lopes et al., 2021). Since the early stages of this line of research, the understanding and definition of EM has evolved (Sadiku-Dushi et al., 2019; Lopes et al., 2021). Initially, EM was researched in the SME context because of the limited resources that small businesses and new ventures often face (Lopes et al., 2021) such that traditional marketing (i.e., with intensive market research, segmentation, and targeting) could not fully be applied. Thus, SMEs were forced to rely on creative ideas, personal networks, and sometimes unsophisticated marketing activities (Morris et al., 2002).

However, scholars also recognized that marketing in small businesses was not merely an unsophisticated type of marketing as it is done in large companies, but it could also be very progressive, growth-oriented, and innovative in highly competitive environments if entrepreneurs leveraged their unique benefits of smallness to be customer-centric, interactive, and effective (Hills & Hultman, 2013). In this regard, EM was understood more as a mindset (Hills & Hultman, 2013) and as "visionary marketing actions of the entrepreneur" (Morris et al., 2002, p. 4) that were not limited to small businesses and growth-oriented new ventures but also extended to entrepreneurial marketing activities in larger organizations. This research stream is reflected in the various definitions of EM. For example, Hills et al. (2010) defined EM as "a spirit, an orientation as well as a process of pursuing opportunities and launching and growing ventures that create perceived customer value through relationships, especially by employing innovativeness, creativity, selling, market immersion, networking or flexibility" (Hills et al., 2010, p. 6).

In their qualitative study of growth-oriented SMEs that were market innovators in their industries, Renton et al. (2015) found that these SMEs also pursued a brand-oriented approach, which suggested that entrepreneurial marketing and branding in SMEs can be closely related. However, compared to research studies in EM, the number of studies on branding in SMEs is relatively small (Centeno et al., 2013). In their systematic review of studies on SME branding, Odoom et al. (2017) found 44 related research

articles. While branding in SMEs was first explored in case studies (Abimbola, 2001; Boyle, 2003; Krake, 2005; Rode & Vallaster, 2005), a number of quantitative studies now demonstrate its relevance and effects on SME growth and sales performance (Reijonen et al., 2012; Eggers et al., 2013; Agostini et al., 2015; Laukkanen et al., 2015; Muhonen et al., 2017; Tajeddini et al., 2017; Annes-ur-Rehman et al., 2018; Kusi et al., 2022). This research has demonstrated that branding in SMEs depends strongly on the strategic orientation of SME entrepreneurs as key players in the branding process (Rode & Vallaster, 2005). In many SMEs, however, building a strong brand may not be a top priority of the owner-managers (Krake, 2005). They often focus on day-to-day operations to keep the business running and, in terms of branding, they focus on basic brand elements that every business needs (e.g., brand name, logo, and colors) instead of focusing on building a strong brand with a long-term competitive advantage (Inskip, 2004; Krake, 2005; Wong & Merrilees, 2005; Hodge et al., 2018; M'zungu et al., 2019).

However, it has been found that SME entrepreneurs who pursue a brand-oriented business strategy can increase their brand and business performance (Hirvonen & Laukkanen, 2013; Hirvonen et al., 2016; Anees-ur-Rehman & Johnston, 2018; Annes-ur-Rehman et al., 2018). Some studies have suggested that branding is especially important in the early stages of new ventures (Juntunen et al., 2010; Bresciani & Eppler, 2010; Neuvonen, 2016; Eggers et al., 2016). Establishing a new brand is a challenge for entrepreneurs as the brand is still unknown and often lacks credibility and trust, which leads to higher customer uncertainty (Eggers et al., 2016). Based on this line of research, at least three forms of branding in SMEs can be distinguished, as follows.

First is branding in small firms, which is limited to basic brand elements such as a logo, a company name, and a simple visual identity without strategic priority. Second, branding in new ventures that need to establish a new brand in the market focuses on differentiating the company from its competitors and attracting initial customers through targeted branding measures. Third, branding in growth-oriented SMEs aims to strategically build a strong brand as a competitive advantage, which requires significant investment in brand marketing programs to increase brand equity and customer loyalty.

Branding in start-ups can be viewed as a combination of the second and third forms, although it is sometimes considered equivalent to branding in new ventures (Rode & Vallaster, 2005; Bresciani &

Eppler, 2010; Wündsch, 2023). However, not every start-up is a new venture. Kollmann et al. (2023) described a start-up as a company that has been in the market for up to ten years. Thus, not every new venture can be labeled as a start-up due to the latter's growth orientation and innovative characteristics.

A clear definition and conceptualization of entrepreneurial branding is still pending (Ahonen, 2008). Eggers et al. (2016), for example, associated EB with the branding in new ventures, whereas Peters et al. (2010) considered EB "corporate branding for entrepreneurial, i.e., innovation- or growth-oriented, small enterprises" (p. 27). Accordingly, Eggers et al.'s association of EB referred to the second form, and Peters et al.'s definition referred to the third form of branding in SMEs as described above.

This dissertation aimed to contribute to the emerging research field of entrepreneurial branding by examining the branding of SMEs from an entrepreneurial perspective. However, it must be determined whether a narrow or broad entrepreneurial perspective should be taken. Building on the arguments in this chapter, this research adopted a broader perspective on entrepreneurship. It focused on entrepreneurial branding not only in start-ups and new ventures but also considered the management of small businesses, where growth-oriented and innovative behavior also can play an important role, which is in line with entrepreneurship theory. From this broader perspective, entrepreneurial branding can be understood as the process by which SME entrepreneurs discover, create, and exploit opportunities to strategically build a new brand or reposition an existing one.

At this point, it is important to disclose the author's personal and professional experience as a marketing practitioner, which supports this broader view, with two examples.

(1) Entrepreneurial branding in a small carpentry business

One day, the owner of a small carpentry business in the Black Forest (Germany) came to the marketing agency where I had been working for many years. His intention at the time was to create a more appealing brand identity for his company. The company claim was "Wir sind Natur" ("we are nature") because they specialized in the construction of wooden houses. It became clear that the ambition of the owner and the strength of the company did not reflect the positioning of the brand. His carpentry did not simply construct wooden buildings but designed high-quality and aesthetically

unique houses. After repositioning the brand with "Design zieht ein" ("design moves in") as its core identity and promise, the small carpentry shop developed into an award-winning premium brand for designer timber houses and attracted a new and affluent customer segment. While the carpentry firm used to rely on commissions from architects, it was now able to employ its own architects due to increasing demand. Yet, it remained a medium-sized business.

(2) Entrepreneurial branding in a small retail business

In the 1980s, my parents ran a small retail business in the suburbs of a large city and offered a wide range of textile products, from buttons to haute couture. At that time, the large textile chains were beginning to expand and people were increasingly going into the city center to shop. The small business reacted to this trend and opened new outlets, one of which was in the city center. My father additionally decided to focus on clothing for a younger target group under a new label called "Young Generation." However, the competitive and cost pressures were too severe; the business had to close before it developed into a stronger brand.

These two examples show how entrepreneurial branding can take place within small business management. It can include opportunities to create new business units and brands as well as the refocusing of the existing product portfolio or the repositioning of a brand's identity.

1.2.1.4 The entrepreneurial perspective of positioning and storytelling

Branding holds great potential for all businesses, from new ventures to established SMEs. While new ventures may start with branding as a key objective (Juntunen et al., 2010), established SMEs can also find and create opportunities to strategically build a strong brand (M'zungu et al., 2019). Positioning and storytelling can play an important role in this regard (Kim, 2021). In line with the broader view of entrepreneurial branding outlined above, positioning and storytelling are examined in this dissertation not only in the context of new ventures but also from the perspective of small business management (Figure 2), which includes but is not limited to new ventures.
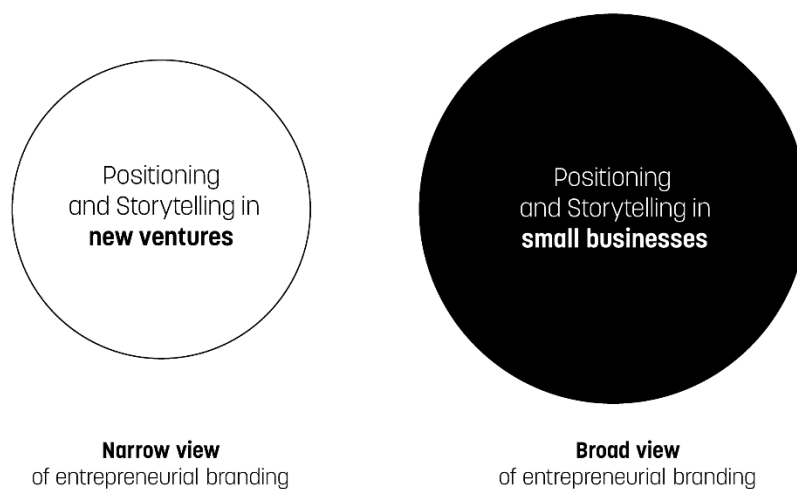
Figure 2. The entrepreneurial perspective of positioning and storytelling (own illustration).

Given the theoretical background of this subsection, it is important to examine how SME entrepreneurs master their strategic roles as marketers and brand managers within small business management and the strategic roles that positioning and storytelling can play in this context. Therefore, in the following sections, the strategic perspectives of positioning and storytelling are explored in more depth.

1.2.2 The strategic perspective

Positioning and storytelling can be viewed from two strategic perspectives: market orientation and brand orientation. Market orientation is about constantly understanding and meeting the needs and preferences of customers in the target market (Narver & Slater, 1990; Jaworski & Kohli, 1993). Brand orientation is about building and managing a strong brand identity that resonates with customers and differentiates the brand from the competition (Urde, 1999). Market orientation and brand orientation are considered distinct antecedents of business performance not only in large companies but also in the context of SMEs (Laukkanen et al., 2015). To examine the differences between these strategic perspectives and apply them to positioning and storytelling, there is a need to first clarify how marketing and branding relate to each other and how strategic brand management has developed within the marketing domain.

1.2.2.1 The evolution of marketing and branding as scientific disciplines

The marketing and branding of products are not new phenomena in human history. It is fair to say that whenever there was a market and products were offered, marketing and branding were elements of business activities. For example, archaeologists found an ancient commodity label in an Egyptian tomb from approximately 3000BC with the inscription "the finest oil of Tjehenu" and a description of a special oil press, which could have been an expression of product quality (Wengrow, 2008). This example indicates that the manufacturers of this oil may have tried to market and position it as a premium brand.

Although marketing and branding are not new phenomena, they only first became academic disciplines in the 20th century (Shaw & Jones, 2005; Meffert et al., 2024). Over recent decades, the role of branding in the marketing discipline has evolved. The following example illustrates this development: Heribert Meffert headed the first university chair for marketing in Germany at the beginning of the 1970s. In his first textbook *Marketing. Eine Einführung in die Absatzpolitik* (*Marketing. An Introduction to Sales Policy*), there was not a single chapter on branding or brand strategy (Meffert, 1977). However, in the 13th edition of his textbook *Marketing. Grundlagen marktorientierter Unternehmensführung* (*Marketing. Fundamentals of Market-Oriented Management*), he and his co-authors stated that brand management had been a central task of strategic marketing for many years (Meffert et al., 2019, p. 264). This example is an indication that branding has grown in importance within the marketing discipline since the 1980s. In this vein, Armstrong et al. (2009) stated, "building and managing brands is perhaps the marketer's most important task" (p. 239). Although this assertion emphasized the relevance of branding and brand strategy, it is not yet reflected in many marketing textbooks, in which branding is regarded as a tactical instrument of product policy within the marketing mix (Armstrong et al., 2023) or as one form of strategic marketing planning, among others (Meffert et al., 2024). Indeed, branding is only covered on a few pages of Meffert et al.'s (2024) 14th edition, in which the section on brand management comprises only 6 of 855 pages.

To better understand the evolution of marketing and branding in academia, it is helpful to first take a non-academic perspective, for "many people think of marketing only as selling and advertising" (Armstrong et al., 2023, p. 29) and of branding in terms of creating a name, logo, or design for a new product

or business (Keller and Swaminathan, 2020). These understandings of marketing as distribution and branding as creation of a trademark can also be found in earlier academic definitions, but the academic understanding of what marketing and branding entail has advanced over the years (Bastos & Levy, 2012; Brunswick, 2014).

In the marketing domain, scholars often view the period after the Second World War as a turning point in the perception of marketing (Shaw & Jones, 2005; Bastory & Levy, 2012; Edwards et al., 2020). Increasing market saturation and intensified global competition led to a shift in marketing focus from sales to customer needs in the 1950s and to customer relations in the 1980s (Edwards et al., 2020). With the broader view of fulfilling customer needs, the self-conception of marketing has also expanded by moving away from the mere business function of selling and advertising toward a more holistic business approach, which is reflected in a famous statement of Peter Drucker: "Because it is its purpose to create a customer, any business enterprise has two—and only these two—basic functions: marketing and in-novation. . . . They are the entrepreneurial functions" (Drucker, 1954, p. 37-38).

In today's definitions of marketing, the focus is even broader and no longer only on satisfying needs and creating value for customers but also for people and society in general. For example, the American Marketing Association (AMA) defines marketing as ". . . the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (AMA, 2017). Kotler and Keller (2016) summarized this broader per-spective in a shorter definition: "Marketing is about identifying and meeting human and social needs" (p. 27). Modern marketing has a stronger focus on social responsibility (Meffert et al., 2024). In this sense, Meffert et al. (2024) supplemented the above definition by the AMA with the phrase, "without compromising the ability of future generations to meet their own needs" (p. 18). Alongside the focus on social responsibility, increasing digitalization is also shaping today's marketing landscape (Kotler et al., 2017).

Similar to marketing, economic development and increasing market competition in the 1950s also had an impact on the understanding of branding. Consumers had been exposed to a wide range of products and services, which led to issues of brand image, such as consumer perception of products and brands,

consumer decision-making, and consumer behavior (Bastos & Levy, 2012). In their work *The Product and the Brand*, Gardner and Levy (1955) outlined this shift as follows: "Basic to many of the problems of advertising and selling is the question of the consumers' attitude toward the product and particularly their conception of the brand" (p. 37). They argued that the brand is more than simply a label or trademark but a symbol that signals to consumers and conveys different ideas, meanings, and associations that are formed over time and influence consumer decisions. Bastos and Levy (2012) linked the root of all branding activities to the human desire to be a person who, on one hand, stands out from others (to become someone special) and, on the other hand, is similar to others (to belong to someone else) (p. 349). The image of a brand and its symbolic meaning can therefore serve these human aspirations. People buy products and brands not only for their functional benefits but also for their emotional, social, and self-expressive benefits (Aaker, 2014).

Following the concept of brand image, the strategic relevance of branding significantly increased in the 1980s with the concept of brand equity and the management view of brands as valuable assets of a company (Oh et al., 2020), which led to independent work such as by Keller (1993), Urde (1994, 1999), Aaker (1991, 1996) and Kapferer (1997) on brand orientation, brand identity, brand equity, and strategic brand management. Accordingly, the value of a company was measured not only on the basis of revenue and tangible assets, but also in the financial value of the brand as an intangible asset. In particular, brand equity was measured as the value of a brand in the marketplace. It explained, for example, the added value a brand brings to a product, which is reflected in consumers' positive responses and willingness to pay more for a branded product compared to an unbranded one (Kotler & Keller, 2016; Keller & Swaminathan, 2020). Aaker, for example, measured brand equity in terms of four major categories: (1) brand name awareness, (2) brand loyalty, (3) perceived quality, and (4) brand associations (Aaker, 1996). Today, the Interbrand agency regularly publishes financial brand values of large companies, such as Apple, Microsoft, and Amazon, with Apple ranking number 1 in 2023 with a brand value of approximately 500 billion dollars (which corresponds to approximately 20% of the total company value) (Interbrand, 2023). With the concept of brand equity, the motivation for managers to build a brand was therefore not only to enhance brand image and influence customers in their perception and purchase

intentions but also to build a strong brand identity and brand equity, thus increasing the long-term value of the brand and the company (Aaker, 1996; ; Keller & Swaminathan, 2020).

In this line of thinking, Aaker (2014) understood a brand as a strategic asset that, at its core, represented "an organization's promise to a customer to deliver what the brand stands for not only in terms of functional benefits but also emotional, self-expressive, and social benefits" (p. 1). Building a strong brand involves developing a robust and inspirational brand identity that resonates with customers and leads to their preference over competing brands, loyalty to the brand, and becoming its advocates (Keller & Swaminathan, 2020). According to these same authors, this included various brand marketing activities and programs to establish brand equity in the market. Hence, from a strategic brand management perspective, marketing is viewed as an instrument to implement a brand's identity and strategy, whereas from a strategic marketing perspective, branding is viewed as an instrument to implement the marketing mix (Armstrong et al., 2023) or as one form of strategic marketing planning (Meffert et al., 2024).

In summary, the growing importance of branding within the marketing domain is evident in a more brand-oriented perspective of business strategy, which was conceptualized in the 1990s to the prevailing market-oriented perspective. In the following sections, both perspectives are examined in more detail as theoretical foundations of the strategic perspective of this research.

1.2.2.2 The theory of market and brand orientation

Market orientation and brand orientation are considered distinct antecedents of business performance not only in large companies but also in the context of SMEs (Laukkanen et al., 2015). In this vein, Urde et al. (2013) stated that the "discussion about market orientation and brand orientation is in essence concerned with a company's or organization's approach to brands and the market" (p. 13). They asserted that market orientation represents an outside-in approach that focuses on the needs and demands of the target market, while brand orientation is an inside-out approach that focuses on brand identity to achieve competitive advantage.

Market orientation was the underlying concept of marketing for decades (Narver & Slater, 1990). Blankson and Cheng (2005) noted that the term "market orientation" was preferred to "marketing orientation"

because the former emphasizes a company-wide application, while the latter term tends to describe activities that are specific to a marketing department. A market-oriented company was therefore a company that successfully applied the marketing concept (Kohli & Jaworski, 1990).

However, it was Narver and Slater (1990) who empirically confirmed the long-held proposition by marketing scholars and practitioners that market orientation improves business performance. They introduced for the first time a measurement scale of market orientation including what they called "three behavioral components—customer orientation, competitor orientation, and interfunctional coordination" (p. 21). Customer and competitor orientation involved obtaining relevant market information about customers and competitors, while the third behavioral component involved the organization's culture and efforts to create superior value for customers and thus achieve a sustainable competitive advantage.

While Narver and Slater (1990) emphasized the cultural aspect of market orientation, Jaworski and Kohli (1993) highlighted the process and activities of market orientation. For them, market orientation meant recognizing and tracking changing customer needs and expectations over time to respond as a company by offering superior products and services. They operationalized market orientation in three behavioral activities: (1) generation of market intelligence, (2) dissemination of the intelligence across departments, and (3) organization-wide responsiveness to the intelligence. In their study on the antecedents and consequences of market orientation, Jaworski and Kohli (1993) confirmed the relationship between market orientation and business performance across environmental factors, such as market turbulence or competitive intensity. They found that market orientation depends on the emphasis of the top management and their risk taking, i.e., the willingness to accept occasional failures of new products and services. In addition, they found a negative relationship between centralization and market orientation and suggested empowering employees to take on more responsibility rather than concentrating decision making at the top of the organization. They argued that the emphasis on rules usually makes an organization less adaptable to external changes.

In fact, being adaptable and responsive to customers' needs is a main characteristic of many SMEs due to their informal structures, rapid dissemination of customer information, and fast decision making (Reijonen et al., 2012). Reijonen et al. (2012) even concluded that "market orientation gives small enterprises

a potential competitive advantage over their larger counterparts" (p. 701). Meanwhile, several empirical studies have confirmed the positive relationship between the market orientation of SMEs and their business performance (Kara et al., 2005; Armario et al., 2008; Li et al., 2008; Megicks & Warnaby, 2008; Reijonen et al. 2012; Laukkanen et al., 2015).

Shortly after the first empirical works on market orientation appeared (Narver & Slater, 1990; Jaworski & Kohli, 1993), Urde (1994) introduced the concept of brand orientation in marketing as a complement to mere market orientation. In a subsequent publication, he defined brand orientation as "an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands" (Urde, 1999, p. 117). He argued that from a market-oriented (outside-in) perspective, which is focused on satisfying customer wants and needs, the brand is merely "an unconditional response" (p. 120) to the market.

However, a long-term competitive advantage could also be achieved from an inside-out perspective by creating and protecting brands as strategic resources. In his conceptual framework for a brand-oriented company, Urde (1999) considered branding not as an instrument of marketing strategy but as a business strategy and a company's approach to markets that incorporated several concepts that developed around the discussion of brand equity and brand identity, such as core values and brand positioning, brand vision and mission, and brand awareness and loyalty. Similarly, Wong and Merrilees (2008) considered brand orientation the first strategic step for a company to gain a competitive advantage in the markets. They argued that brand orientation is a mindset that forms the strategic framework for a company's marketing efforts. In their study on the performance benefits of brand orientation, they found a strong positive correlation between a company's brand orientation and its brand and financial performance, which had not previously been empirically confirmed.

Subsequent studies have confirmed the positive relationship between brand orientation and business performance (Annes-ur-Rehman et al., 2016), for example in the business-to-business (B2B) sector (Baumgarth, 2010; Hirvonen et al., 2016) and in the SME context (Reijonen et al., 2012; Hirvonen & Laukkanen, 2013; Laukkanen et al., 2015; Muhonen et al., 2017; Anees-ur-Rehman & Johnston 2018;

Annes-ur-Rehman et al., 2018). However, regarding SMEs, Hirvonen and Laukkanen (2013) found in their study of Finnish SMEs that the relationship between brand orientation and brand performance was fully mediated by the development of brand identity. They argued that a brand-oriented mindset is not enough; it needs to be transformed into brand identity as a strategic frame of reference that guides strategic and operational decisions. They stated, "as long as small firms remain unaware of whether brand orientation contributes to their brand performance, and what it requires from them, the probability that they keep emphasizing a short-term business focus remains high" (p. 41).

Although market orientation and brand orientation represent two different strategic perspectives, there is also an argument for adopting a hybrid strategic perspective. Urde et al. (2013) emphasized that in business practice, it is sometimes difficult to draw a clear line between market and brand orientation. Using four case studies (Amazon, Amnesty International, Volvo Cars, and Electrolux), they proposed a more dynamic view by combining the outside-in approach of market orientation and the inside-out approach of brand orientation with two different forms of branding (identity-driven branding and image-driven branding) in a matrix. In doing so, they identified four strategic approaches: brand orientation, market orientation, and the two hybrid versions of brand/market orientation and market/brand orientation.

Based on this work, M'zungu et al. (2015) investigated both hybrid types in the context of SMEs. In their qualitative study of Australian SMEs, they found evidence that their strategic orientation was not exclusively market- or brand-oriented but that both approaches occurred in practice, with one dominant and one less dominant orientation in each case. However, there is also an argument for a sequential approach to market and brand orientation. In a quantitative study of Finnish SMEs, Laukkanen et al. (2015) found that market orientation only improved the financial performance of small businesses when it was implemented through brand orientation. They argued that knowledge of customer preferences is not enough to build a competitive advantage in the market if this information is not transformed into a distinctive brand (p. 687).

1.2.2.3 The strategic perspective of positioning and storytelling

Given this background, the distinction between market orientation (outside-in) and brand orientation (inside-out) can help shed light on the strategic perspective of positioning and storytelling in SMEs. That is, do entrepreneurs pursue a more market-oriented or brand-oriented or even a hybrid approach to positioning and storytelling?

In their study on market- and brand-oriented positioning approaches, Urde and Koch (2014) illustrated both strategies as different frames of reference (Figure 3). While in market-oriented positioning (arrow from external to internal), the brand image as perceived by customer and non-customer stakeholders is in focus as a frame of reference (outside-in), while in brand-oriented positioning (arrow from internal to external), the brand identity—its values, mission, and vision—is in focus as a frame of reference (inside-out). Both approaches may be appropriate to claim what the brand stands for (i.e., the brand promise) (Urde et al., 2013).
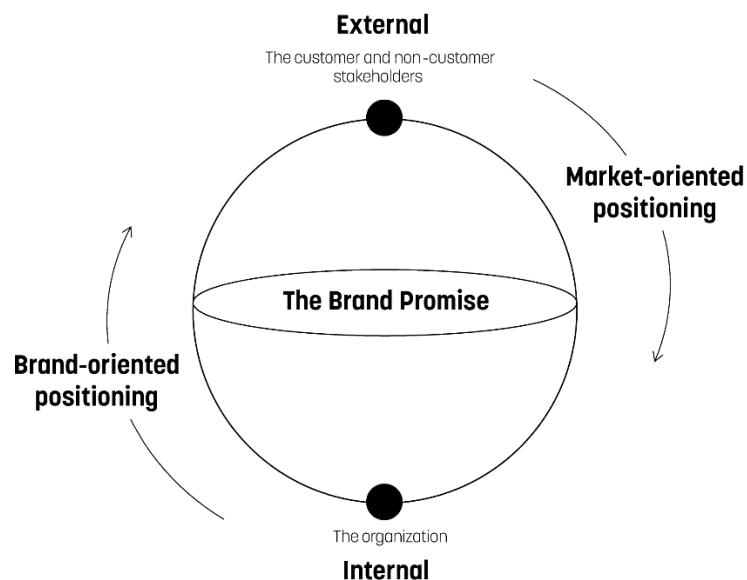
Figure 3. Market and brand-oriented approaches of positioning (own illustration based on Urde & Koch, 2014 and Urde et al., 2013).

The entrepreneurial branding examples of the small carpentry and the small retail store (described in section 1.3.1.2) showed how positioning decisions in SMEs can be driven by these two approaches. While the example of the retail store reflected more the classic market-oriented view with market segmentation and targeting of customers ("Young Generation") as a strategic frame of reference, the approach of the carpentry firm can be better assigned to the brand-oriented view, with a strong brand identity ("design moves in") as a strategic frame of reference.

In the same way, both approaches may also serve to take on a strategic perspective on storytelling. Hence, market-oriented storytelling would focus on brand image by telling stories about the brand to influence customers' perceptions and purchase intentions through highlighting what the brand stood for in the eyes of its target groups. Brand-oriented storytelling, on the other hand, would focus on brand identity by telling stories about the brand to communicate its core values, mission, and vision to foster deeper connections with its target groups.

Table 1 summarizes the strategic perspectives of positioning and storytelling regarding a market-oriented and a brand-oriented approach. This summary is not intended to formulate new definitions of positioning and storytelling but to contribute to a better understanding of the two concepts from different strategic points of view. Based on the strategic perspectives of positioning and storytelling, the following sections explore the relationship between the two concepts in more depth.

Table 1

Summary of the strategic perspectives on positioning and storytelling.

	Market-oriented view	**Brand-oriented view**
Positioning	A strategic approach to claim a brand's unique offering and image "to occupy a distinct place in the minds of the target market" (Kotler & Keller, 2016, p. 297)	A strategic approach to claim a brand's identity, what the brand stands for, its vision, mission, and values, and to build a long-term competitive advantage (Aaker, 1996).
Storytelling	A strategic means of communicating a brand's image by utilizing the power of stories to influence customers' perceptions and purchase intentions.	A strategic means of communicating a brand's identity by utilizing the power of stories to build deeper connections between the brand and its stakeholders.

1.2.3 The inter-relational perspective

Positioning and storytelling are interrelated constructs. On the on hand, a brand's positioning can provide the strategic and communicative framework for the stories a brand tells. On the other hand, positioning in the minds of customers can be viewed as the result of the stories they encounter and the narratives they themselves construct (Escalas, 2004a, 2012). Examining the interrelationship between positioning and storytelling requires a deeper understanding of the nature and persuasive power of stories as well as the underlying theory of narrative processing and transportation. This theory has been increasingly applied to marketing and branding research in recent years (e.g., Adaval & Wyer, 1998; Escalas 2004a, 2004b, 2007; Chang, 2009, 2012; Brechman & Purvis, 2015; Dessart & Pitardi, 2019; van Laer et al., 2014, 2019; Kang et al., 2020; Kühn & Boshoff, 2021; Houghton, 2021).

1.2.3.1 Communicating a brand's positioning

From a brand perspective, positioning can be described as a two-part process: the development of a positioning strategy and its communication to the company's target groups (Urde & Koch, 2014). At its core, positioning is about identifying and emphasizing specific benefits and values that differentiate a product or brand from competitors (Aaker, 1996; Armstrong et al., 2009; Kotler & Keller, 2016; Hooley et al., 2020). For example, Kotler and Keller (2016) highlighted that strong positioning involves important points of difference (benefits that customers perceive as superior to those of competitive brands) as well as points of parity (benefits that are not unique to a brand but are essential for customers) (p. 302ff). They argue that a brand does not necessarily have to be perceived as superior in all respects or benefits compared to its competitors. However, customers should be able to find certain points of comparison sufficiently satisfactory. In such cases, customers then tend to pay more attention to the differentiating characteristics in their evaluations and decisions.

Although a positioning strategy can encompass multiple benefits and values, Ries and Trout (2001) argued that it is most effective when brand communication is focused on a few key points of what the brand stands for, ideally even just one benefit or core value. Apple, for example, has positioned its brand at its core with design and usability, while Volvo focuses on the core value of safety. This clarity helps to ensure that the message resonates well with consumers and is remembered (Ries & Trout, 2001). By

consistently emphasizing these key points across various marketing channels and touchpoints, marketers seek to establish a strong and differentiated position for their product or brand in the minds of the target audience, thereby ultimately leading to preferences and purchase decisions (Kotler & Keller, 2016). In their textbook *Marketing Management*, Kotler and Keller (2016) considered brand narratives and storytelling as an alternative and less structured approach to positioning a brand (p. 313) without discussing the relationship between positioning and storytelling in depth. They distinguished between either positioning as outlining specific benefits *or* positioning as telling a narrative or story (Kotler & Keller, 2016, p. 313). However, from an inter-relational perspective, brand narratives and storytelling are not necessarily an alternative approach to positioning a brand but can be an effective means of communicating its key benefits and core values.

1.2.3.2 Stories and narratives as cultural and psychological phenomena

Storytelling has always been humanity's most fundamental method of communicating values and beliefs (Bruner 1991; Fog et al., 2010; Wiessner, 2014; Abbott, 2020). Storytelling is at the heart of human culture; it is how people create meaning in their lives and make sense of their world (Bruner 1991; Fog et al., 2010). In her study of fire talks among African Bushmen, for example, Wiesser (2014) found that daytime conversations were mainly about legal (complaints) and economic issues, while at night around the campfire, 81% of conversations were devoted to stories that "conveyed unifying cosmologies and charters for rules and rites governing behavior" (Wiessner, 2014, p. 14033). However, people have not always told stories only to communicate values and beliefs—our minds appear to be made for stories (Schank, 1999; Abbott, 2020). People by nature think and process information in "story-like" ways (Abbott, 2020), and human memory is considered "story-based" (Schank, 1999, p. 12).

In an interview with the Journal of Neuroscience, psychologist Uri Hasson summarized the results of his studies, which suggested that the neural (cognitive and emotional) responses to a story in the minds of listeners are similar among people regardless of their cultural or linguistic backgrounds (Suzuki et al., 2018). In recent years, the psychological and neurobiological foundations of storytelling have been researched in more depth (e.g., Lerner et al., 2011; Barraza et al., 2015; Suzuki et al., 2018; Regev et al., 2019; Martinez-Conde et al., 2019; Armstrong, 2019) and applied to the field of marketing and

branding (e.g., Adaval & Wyer, 1998; Escalas 2004a, 2004b, 2007; Chang, 2009, 2012; Brechman & Purvis, 2015; Dessart & Pitardi, 2019; van Laer et al., 2014, 2019; Kang et al., 2020; Kühn & Boshoff, 2021; Houghton, 2021).

Yet, in defining storytelling, there exists a tension between the terms "story" and "narrative" (Moin, 2020; van Laer et al., 2014). According to Moin (2022), there are different schools of thought that view the two terms as either very similar or very distinct. For example, Aaker and Aaker (2016) defined a story as a "narrative with a beginning, middle and an end" (p. 50). Similarly, McKee and Gerace (2018) stated that "all stories are narratives, but not all narratives are stories" (p. 48). In these definitions, the term "narrative" was chosen to define a story more precisely on the basis of its chronology. But there are also perspectives that view narratives without a specific order. McKee and Gerace (2018) argued that narratives would tend to be just a simple recitation of events ("and then I did this, and then I did that" (p. 49)), whereas stories transmit values and meaning. A story typically refers to a sequence of events, real or fictional, that are presented in a structured format (Stern, 1993). It often involves characters, a plot, setting, conflict, and resolution (Mills & John, 2021; Kühn & Boshoff, 2021). McKee and Gerace (2018) summarized the core event common to all great stories as "conflict changes life" (p. 48). Similarly, Woodside (2010) defined a key principle of a well-told story as expressing "how and why life changes" (p. 535). In this regard, a story aims to engage, entertain, or convince the audience (McKee & Gerace, 2018).

However, the term "narrative" can also be viewed as a broader term that encompasses the storytelling process as a whole (Green & Bock, 2000) by referring to the way a story is told, the meaning it conveys, and how it is perceived by people (van Laer et al., 2014). For example, in their study on public narratives, Green and Bock (2000) asserted that a narrative requires "a story that raises unanswered questions, presents unresolved conflicts" and in doing so transports recipients "into the world of the narrative" (p. 701). Narratives such as "bitcoin is the new gold" (Shiller, 2019) are not a story with a beginning, middle and an end, but they transport a message that people may believe and act upon. According to Shiller (2019), the bitcoin narrative involves multiple stories "about inspired cosmopolitan young people, contrasting with uninspired bureaucrats; a story of riches, inequality, advanced information technology, and

involving mysterious impenetrable jargon" (p. 4). In his remarkable work, Nobel Prize winner Robert Shiller focused on the epidemiology of narratives relevant to economic fluctuations and how narratives can "go viral and spread far" (Shiller, 2017, p. 967). Regarding public narratives, Green and Bock (2000) stated that "the power of narratives to change beliefs has never been doubted and has always been feared" (p. 701).

1.2.3.3 Storytelling in marketing and branding

In marketing and branding, stories have been used to engage with customers on a personal and emotional level (Escalas, 2004a; Kühn & Boshoff, 2021) by influencing customers' attitudes and decision making (Chiu et al., 2012; Aaker & Aaker, 2016), using their imaginations (Lin & Chen, 2015), or sparking word-of-mouth promotion and conversation about the brand (Singh & Sonnenburg, 2012; Gensler et al., 2013). Brand storytelling can be viewed as a brand's activities of constructing and telling a story (Hong et al., 2018; Moin, 2020; Kim, 2021) and conveying the identity and meaning of the brand (Escalas, 2004a; Lundqvist et al., 2013; Aaker, 2018). Firm-generated brand stories can be, for example, stories about the founder, the history of the company, the brand values, or about employees and the process of production (Lundqvist et al., 2013; Delgado-Ballester & Fernández-Sabiote, 2016; Hong et al., 2018; Lin & Chen, 2015).

However, powerful brand storytelling also involves customers as heroes of the story and brands as a guide that helps customers overcome their challenges and achieve their goals (Miller, 2017; Moin, 2020). McKee and Gerace (2018) emphasized that crafting and telling a compelling brand story is not an easy task by stating, "many assume that because they've seen and heard a lifetime of stories, they could easily create one. But that's like thinking you can compose music because you've been to con-certs" (p. 29). Brand stories can be strategic assets for companies (Aaker & Aaker, 2016), especially in the digital age (Moin, 2020) as they are shared and retold by customers over time.

Storytelling in marketing and branding is not a new phenomenon, but, with the advent of social media, it has gained importance in recent years (Singh & Sonnenburg, 2012; Gensler et al., 2013; Hong et al., 2018; Moin, 2020). Moreover, brands are not the only authors of their stories because customers

themselves create and tell stories about brands (Singh & Sonnenburg, 2012; Park et al., 2021; Hong et al., 2022). Thus, the construction of brand meaning can be interpreted "as a collective, co-creational process involving several brand authors who all contribute their stories" (Gensler et al., p. 244). Escalas (2004a) noted that brand storytelling is not just about communicating the meaning of the brand but that the meaning of a brand is often the result of the narratives customers themselves construct (p. 176). She argued that people naturally construct stories to make sense of their world and by this "narrative meaning-making process, some brands become more important and valuable than others for consumers" (p. 176). Her explanation referred to the theory of narrative processing and transportation, which has been well researched in the field of marketing and branding (e.g., Adaval & Wyer, 1998; Escalas 2004a, 2004b, 2007; Chang, 2009, 2012; Brechman & Purvis, 2015; Dessart & Pitardi, 2019; van Laer et al., 2014, 2019; Kang et al., 2020; Kühn & Boshoff, 2021; Houghton, 2021). The next section highlights important findings from this line of research as the theoretical foundation of the relationship between a brand's positioning and its storytelling.

1.2.3.4 Narrative processing and transportation theory in marketing and branding

Narrative processing and transportation are psychological concepts that help explain how consumers engage with and are influenced by storytelling in brand communication. Narrative processing refers to how people process and make sense of brand stories (Escalas, 2004a). It involves consumers' attention and emotional connection (Kühn & Boshoff, 2021), their cognitive reaction (Chang, 2009; Brechman & Purvis, 2015), preferences (Ardelet et al., 2015; Granitz & Forman, 2015), and judgments (Adaval & Wyer; 1998; Escalas, 2004a). Narrative transportation refers to the extent to which people are immersed in a narrative and the feeling of getting lost in a story (Green & Brock, 2000; Green & Appel, 2024) According to Green and Brock (2000), narrative transportation promotes persuasion by evoking imagery, attention, and emotion and making people feel connected to the story's protagonists. They argued that "to the extent that individuals are absorbed into a story or transported into a narrative world, they may show effects of the story on their real-world beliefs" (p. 701). This cognitive state of engagement can lead to greater persuasion and reduced critical thinking (Adaval & Wyer, 1998; Escalas, 2004b,

2007) and influence decision making and purchase intentions (Escalas, 2004a; Brechman & Purvis, 2015).

Drawing from this line of research, it can be summarized that narrative processing and transportation are closely linked and work together by encompassing two important dimensions: the inception (how stories are mentally processed and constructed) and the intensity (the depth of engagement and immersion) of stories in people's minds. The following sections highlight important empirical findings on narrative processing and transportation in brand communication (Appendix 1).

In their study of narratives in consumer information processing, Adaval and Wyer (1998) explored study participants' judgments of vacations presented in travel brochures. While the travel features in one brochure were presented in a narrative form as a sequence of events that people would experience, the features in the other brochure were presented as a list of information. The results provided evidence that "information has more impact on judgments and decisions when it is conveyed in the form of a narrative than when it is conveyed in a list" (p. 238). Adaval and Wyer argued that the difference is rooted in the information processing strategies that these forms evoke. That is, people who receive information in narrative form tend to adopt a holistic processing strategy by evaluating the information as a whole, whereas people who receive information in the form of a list of features tend to process it piecemeal by looking at each feature individually. This also means that negative information (such as dangers or warnings) was given more weight in the overall assessment (Adaval & Wyer, 1998, p. 239).

Similarly, in her experimental study using storyboards of television commercials from brands such as Kodak and American Express, Escalas (2004a) found that a storified structure was superior to an unstoried structure and positively related to brand attitudes and behavioral intentions (e.g., willingness to purchase). She argued that narrative processing maps the incoming stories to the stories in customers' memories such that people interpreted the meaning of a brand by linking the narrated information to their personal stories. In this way, the meaning of a brand to consumers would be partly based on the narratives they themselves constructed. Thus, narrative processing would establish the connection between the meaning of a brand and the consumer's self-concept.

In a later study, Escalas (2007) found that narrative processing and self-referencing persuade consumers as a result of narrative transportation. In her study, she compared narrative transportation with the analytical elaboration of advertisements and found that the effect of narrative transportation could persuade people and distract them from weak arguments, which would diminish persuasion if viewed analytically. According to Escalas, narrative self-referencing leads to a positive evaluation of the advertised product, regardless of how strong the arguments are. In contrast, analytical self-referencing is based on the cognitive processing of information and personal experiences, which leads to a different persuasive effect of strong and weak arguments.

While all of the listed studies generally emphasized the impact of storified brand communication on consumers, narrative processing and transportation are also subject to some limitations. For example, Escalas (2007) found that factors such as ad skepticism (tendency of consumers not to believe advertising claims (Obermiller et al., 2005)) can weaken the effect of narrative self-reference and reduce the likelihood of narrative transportation. In their study of viewers of Super Bowl commercials, Brechman and Purvis (2015) found that the persuasive impact of narrative advertising (purchase intentions, ratings, and liking) was higher for individuals who were more receptive to narrative transportation and more likely to be transported by narrative advertising. Also, Chang (2009) emphasized that the effectiveness of narrative transportation depends on the cognitive load and the context in which narrative advertising is presented. In her experimental study on narrative advertising and editorial content in magazines, she found that narrative advertising, in contrast to argumentative advertising, lost effectiveness when consumers were already confronted with narrative content, thereby making readers less likely to be transported. Furthermore, according to Lin and Chen (2015), the adoption of narrative thinking and brand valuation does not apply to every brand story per se; rather, it also depends on the type of brand story and the regulatory focus (personal motivations).

Houghton (2021), for example, emphasized incongruity as a key element of narrative transportation and argued that it would challenge consumers' expectations of brand stories, increase attention to the story, and encourage more complex cognitive processing. In a longitudinal study of consumers' in-store and post-purchase perfume preferences, Ardelet et al. (2015) found that the effect of narrative self-

referencing on consumer preferences was greater for strong heritage brands than for brands with a weak heritage. Also, Kang et al. (2020), in their research on storytelling within radio advertising, identified distinctions related to the brand story's nature: stories triggered a more favorable emotional response and affected the intention to spread information via word of mouth, especially when people heard the founder's story.

Despite its limitations, the research on narrative processing and transportation supports the proposition that storytelling can be an effective means of communicating a brand's positioning. However, it also supports the notion that a brand's positioning is not only the result of what a brand communicates and how people receive it but also what stories people themselves create about the brand and what stories they share with others. From their meta-analysis of research articles on narrative processing and transportation, van Laer et al. (2019) concluded that this effect appeared even stronger in a digital environment due to, for example, user-generated content and the number of simultaneous story-receivers. Dessart and Pitardi (2019) also found in their ethnographic study of social media comments about the Dove brand that story-based engagement tended to be interactive and to trigger discussions and electronic word of mouth. Thus, the significance of storytelling as a means of brand communication has increased in the digital age.

1.2.3.5 The inter-relational perspective of positioning and storytelling

In this subsection, the interrelated perspectives of the two constructs of positioning and storytelling are examined as a third perspective of this research. Figure 4 presents the proposed relationship of positioning and storytelling based on the theory of narrative processing and transportation. It underlines the dynamic role of positioning within brand communication: both as a strategic framework for a brand's storytelling and as a cognitive process in the minds of consumers.

First, positioning can serve as a strategic framework by defining the core narrative a brand wants to tell. Brands can strategically develop stories to communicate their positioning and unique value proposition, differentiate themselves from the competition, and resonate with their target audience. In this sense, positioning also influences the content, tone, and messaging of brand stories.

Second, positioning also results from the stories people hear and the narratives they themselves construct. Stories that stakeholders such as customers, employees, and the media spread about the brand contribute to how the brand is perceived. Over time, these collective stories may shape the position of the brand in the minds of consumers and stakeholders and influence the perception of a brand's image, meaning, reputation, and value.

Positioning as a strategic framework
of the stories a brand tells

Positioning

Storytelling

Positioning as a result
of the stories told by and about the brand
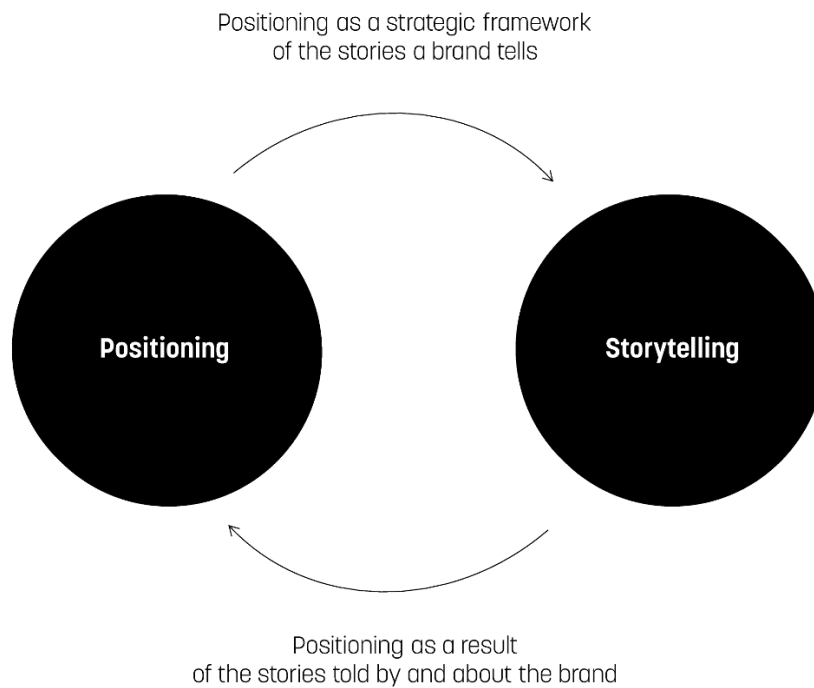
Figure 4. Relationship between positioning and storytelling (own illustration).

1.2.4 Summary of research perspectives and underlying theories

Positioning and storytelling can be addressed from different perspectives. This dissertation approaches both concepts from three main research perspectives: (1) an entrepreneurial perspective, (2) a strategic perspective, and (3) an inter-relational perspective. The entrepreneurial perspective places the concepts of positioning and storytelling in the context of SMEs. While entrepreneurial branding has been associated with the process of starting a new business (Eggers et al., 2016), this research took a broader view to examine entrepreneurial branding within existing SMEs and their management. The underlying entrepreneurship theory of opportunity discovery (Kirzner, 1978, 1997) and creation (Schumpeter, 1911, 1994) supports this broader view as it emphasizes that entrepreneurship can encompass the creation of

a new business, but it also implies entrepreneurial action and behavior within existing organizations. Because positioning and storytelling have hardly been researched in the context of entrepreneurial branding, there is a need to know more about how SME entrepreneurs apply these concepts to build their brands (Bocconcelli et al., 2018; Kim, 2021).

The strategic perspective considers the concepts of positioning and storytelling from a marketing and branding point of view. The distinction between a market-oriented (outside-in) and a brand-oriented (inside-out) approach can help shed light on how SME entrepreneurs strategically position and communicate their brands. That is, do they pursue a market-oriented or a brand-oriented or even a hybrid approach (Urde & Koch, 2014)? Although there has been some research regarding market orientation and brand orientation in SMEs, there has been little focus especially on the concepts of positioning (M'zungu et al., 2019) and storytelling (Kim, 2021).

The inter-relational perspective focuses on the relationship between the two concepts of positioning and storytelling in entrepreneurial branding. Narrative processing and transportation theory underlines the dynamic role of positioning within brand communication. On the one hand, a brand's positioning can provide the strategic framework for its storytelling to engage with people on an emotional level, and, on the other hand, a brand's positioning can be viewed as a result of storytelling and narrative processing in the minds of consumers (Escalas, 2012).

1.3 Scope of the research

1.3.1 Research gaps and objectives

The overarching goal of this dissertation was to gain a better understanding of entrepreneurial branding, its process, and the strategic role that positioning and storytelling can play. Although research in these areas has intensified (Odoom et al., 2017; Saqib, 2021; Park et al., 2021), there is still a lack of in-depth knowledge about *how* small businesses build their brands (Muhonen et al., 2017; Odoom et al., 2017; Centeno et al., 2019; M'zungu et al., 2019; Wündsch, 2023), what positioning strategies SME entrepreneurs apply (Saqib, 2021; Urde & Koch, 2014; Bocconcelli et al., 2018), and the role of storytelling in

the context of small businesses (Kim, 2021). Despite a growing body of literature on positioning (Saqib, 2021) and storytelling (Park et al., 2021), research has focused mainly on large companies and brands. With the growing relevance of digital technology and social media for branding (Steenkamp, 2020), studying the entrepreneurial branding process and the strategic application of positioning and storytelling in a digital world has become even more important. In social media, consumers and customers are increasingly becoming important authors of brand stories that they share in their networks, by which they shape brand image in real-time interaction (Gensler et al., 2013).

Thus far, positioning and storytelling have been discussed from three perspectives: (1) an entrepreneurial perspective that takes a broad view of entrepreneurial branding, including the management of established SMEs, (2) a strategic perspective with the underlying theoretical approaches of market and brand orientation, and (3) an inter-relational perspective, which proposes a close connection between the concepts of positioning and storytelling in the context of SMEs. Based on these research perspectives, this work focused on three main research questions (Figure 5).
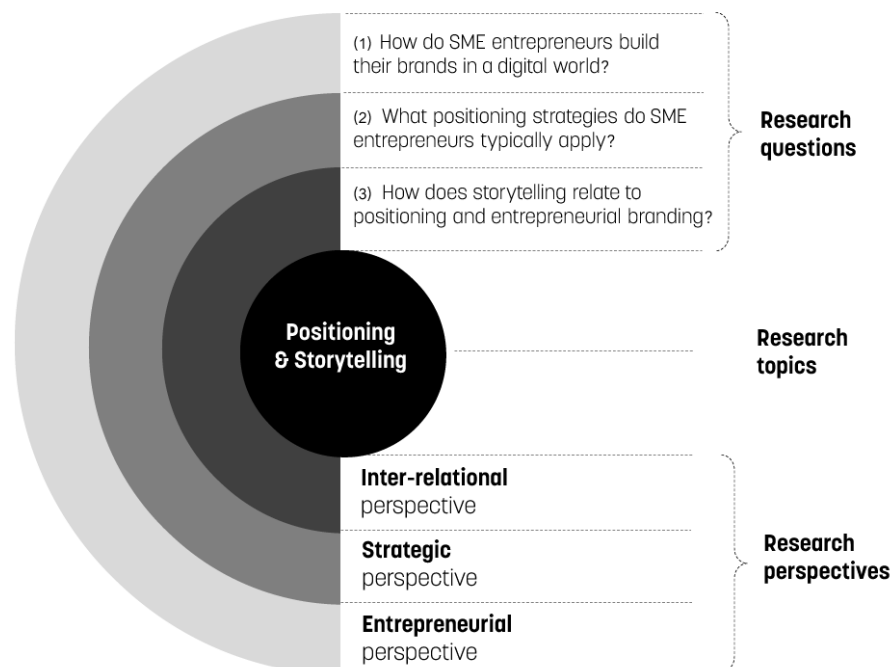
Figure 5. Theoretical framework and research questions (own illustration).

(1) How do SME entrepreneurs build their brands in a digital world?

Although there has been a growing number of studies on branding in SMEs, this research field is still evolving, and knowledge about how SMEs build their brands remains fragmented (Odoom et al., 2017). Regarding the entrepreneurial branding process, there is a need for a more comprehensive and thorough examination of the existing body of research. The most recent systematic literature review of studies on SME branding was conducted by Odoom et al. (2017) and covered 44 articles from the period of 2004 through 2014. Both the lack of a more recent literature review on the SME branding process and the rise of digitalization highlight the need for further review studies. Hence, one main research objective was to better understand the branding process in SMEs, especially in light of digital media and channels.

(2) What positioning strategies do SME entrepreneurs apply?

Positioning is a key marketing concept (Urde & Koch, 2014). Through positioning, companies attempt to become competitive by differentiating their brands and communicating their unique brand identity and value proposition to shape consumer perception, intentions, and advocacy. Based on a systematic review of research related to SME marketing, Bocconcelli et al. (2018) noted that "recent literature lacks contributions dealing with segmentation and positioning strategies" (p. 243). Thus, there is a clear need for more research on SMEs in light of their distinctive character. Studies that investigated positioning strategies in SMEs focused, for example, on specific industries and characteristics (Dressler & Paunovic, 2021; Chen & Schiele, 2017), on strategic orientations (García-Pérez et al., 2014), or more generally on SME brand management (Muhonen et al., 2017; M'zungu et al., 2019). While these studies provided important insights into the implementation and merits of positioning, there remains a need to examine how SME entrepreneurs perceive the relevance of the positioning concept and what strategies they typically apply to position their companies (Saqib, 2021, p. 11; Urde & Koch, 2014, p. 486; Bocconcelli et al., 2018, p. 243).

(3) How does storytelling relate to positioning and entrepreneurial branding?

Storytelling is considered an effective means of communicating the identity and positioning of a brand to a company's stakeholders (Escalas, 2012; Aaker & Aaker, 2016; Keller, 2023). However, storytelling

has been little researched in the small business context (Kim, 2021). In her experimental study on brand storytelling using a fictitious small fashion brand, Kim (2021) examined the impact of different types of stories (attribute-oriented versus identity-oriented) on consumers' brand trust; however, the focus of her research was not from an overall brand management perspective. While the impact of storytelling on brand perception from a consumer perspective has been well researched, "limited work has taken a strategic view of brand storytelling" (Mills & John, 2021, p. 1), nor has much research been conducted from a brand management perspective (Fog et al., 2010; Lundqvist et al., 2013; Park et al., 2021). Therefore, this study aimed to fill this research gap by examining the strategic role of storytelling in SMEs and how it mediates the relationship between brand identity and brand performance.

1.3.2 Research methodology and overview

To address the research questions and objectives described above, three empirical studies were conducted. The following sections provide an overview of these studies and their research designs.

Study 1, "How small businesses build their brands in a digital world: A systematic review" presents a systematic literature review of the empirical studies published between 2012 and 2023. Based on a conceptual framework, we identified and synthesized 63 studies along four core elements of the SME branding process: brand orientation, brand identity, brand marketing, and brand performance. To remove bias from the selection process, this study followed the "The Preferred Reporting Items for Systematic reviews and Meta-Analyses" (PRISMA) guidelines (Page et al., 2021) to ensure the quality and transparency of the systematic literature review (Tranfield et al., 2003). However, to avoid simply capturing and compiling studies on entrepreneurial branding, we opted for a hybrid form of systematic and narrative review to aim for a deeper understanding of the branding process and its impact on brand and business performance (Greenhalgh et al., 2018; Turnbull et al., 2023). This study lays the foundation for future research in this emerging field and holds practical implications for SME entrepreneurs. Thus, it serves as a valuable resource for entrepreneurs and researchers alike.

Study 2, "Positioning in SMEs: Entrepreneurs' perceptions and strategies" applied the concept of positioning to the context of SMEs to explore how SME entrepreneurs understand and approach the positioning of their companies and what differences exist compared to large companies and brands. This

study took a qualitative research approach and collected data from three focus group discussions involving 13 SME entrepreneurs. Focus groups are a suitable means of exploring and reconstructing subjective experiences and generating hypotheses about neglected or complex phenomena (Tausch & Mendold, 2016). This research approach was driven by the aim to reconstruct the subjective experiences of SME entrepreneurs with positioning and to capture the spectrum of opinions regarding its relevance. Accordingly, we opted for the focus group approach instead of individual interviews to be able to capture valuable group effects in this regard (Morgan, 1996). The data were analyzed using a structuring content analysis (Kuckartz, 2018), which resulted in a newly-developed and empirically-based typology of SME positioning strategies. Study 2 contributes to a deeper understanding of market- and brand-oriented positioning strategies as important building blocks for the market and brand success of SMEs.

Study 3, "The Role of Storytelling in the Branding of SMEs" explored the role of brand storytelling in SME branding and how it mediates the relationship between brand identity and brand performance. Based on a conceptual model of SME branding, different research hypotheses were developed to investigate the relationship of brand storytelling with other brand management dimensions. A questionnaire-based survey collected data from 217 German SMEs, including 107 responses from German start-ups. After conducting a pre-study by contacting 900 SMEs by email, which received a response rate of 1%, this study opted for snowballing sampling via social media (LinkedIn) addressing of 2,000 SME entrepreneurs over a period of four months. Study 3 distinguished and empirically validated two dimensions of brand storytelling: strategic storytelling, or "the brand as a story," and tactical storytelling, or "stories about the brand." The data were analyzed using linear regression to explore the respective effects sizes for each path, a t-test to examine the differences between start-ups and SMEs, and a one-way analysis of variance (ANOVA) test to analyze the differences between firm age, firm size, customer type (business-to-consumer (B2C) or B2B), industry type, and service type. Study 3 enhances the understanding of branding in SMEs by incorporating the construct of brand storytelling, distinguishing between its strategic and tactical dimensions, and empirically examining its relationship to brand performance. Furthermore, study 3 highlighted the role of brand storytelling in conveying brand identity and compared brand building practices between start-ups and established SMEs.

All three studies aimed to provide a better understanding of branding in SMEs; however, each study had its own focus regarding the research perspectives outlined (Figure 6). Study 1 focused on the entrepreneurial perspective by answering the question of how to understand the branding process in SMEs based on the existing empirical research. Study 2 focused primarily on the strategic perspective with the question of how SME entrepreneurs position their brands and to what extent their approaches are brand- or market-oriented. Finally, study 3 focused on the relationship between brand storytelling and brand positioning based on a quantitative survey and also examined the relationships with other important building blocks of branding in SMEs.
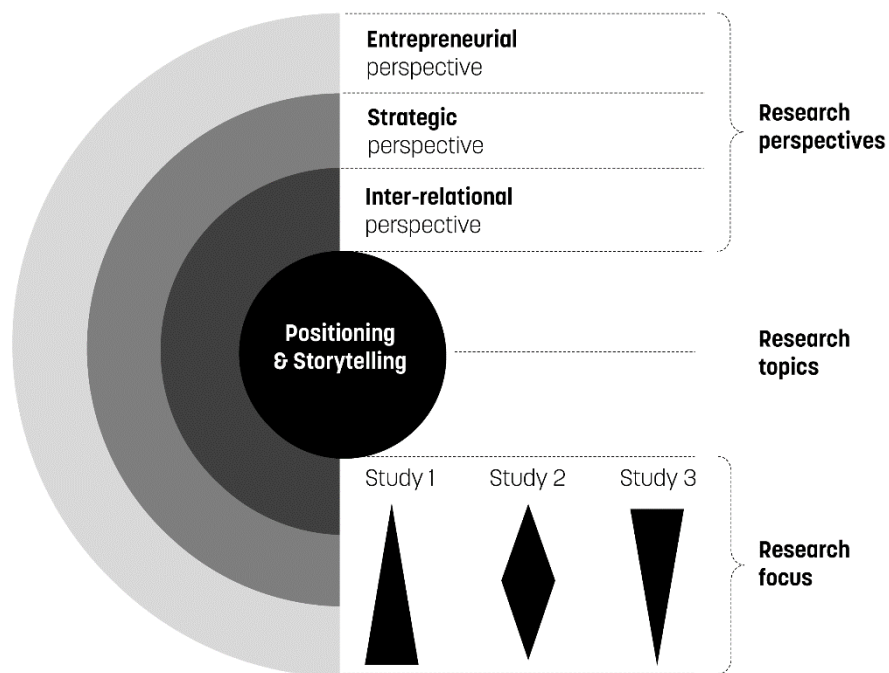
Figure 6. Theoretical framework and research focus (own illustration).

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1.5 Appendix

Appendix 1 – Studies on narrative processing and transportation in marketing research

Authors & Study Focus	Study Approach	Findings & Explanations
Adaval & Wyer, 1998: The role of narratives in consumer information processing	Experimental: Ad evaluation of travel brochures	▪ Positive product evaluation of narrated over listed features. Differences even increase when negative features were mentioned. ▪ Advantage of narratives may lie in holistic vs piecemeal strategy of judgements.
Escalas, 2004a: Relationship of narrative processing and consumer connection to brands	Experimental: Storyboard ad experiment, Brand Stories of Kodak and American Express	▪ Narrative ad structure evokes narrative thought processes and is positively related to self-brand connections (i.e. a brand becomes more meaningful the more it is linked to the self). ▪ Meaningful brands are evaluated more favorable and increase purchase intention.
Escalas, 2004b: Relationship of mental simulation, narrative transportation and persuasion	Experimental: Print advertising for running shoes	▪ Mental simulation ("Imagine yourself…") leads to narrative processing and transportation, resulting in favorable brand evaluation, reduced critical thinking and less argument strength considerations. ▪ Participants not engaging in simulation tend to employ analytical processing, leading to more critical thoughts and less positive feelings.
Escalas, 2007: Narrative transportation vs analytical elaboration – the mediating role of ad skepticism	Experimental: Print advertising for running shoes and shampoo	▪ Narrative self-referencing favors product evaluation regardless of argument strength, while analytical self-referencing increases advertising and brand evaluation only when the message is strongly reinforced. ▪ Factors such as ad skepticism can weaken the effect of narrative self-reference and reduce the likelihood of narrative transportation.
Chang, 2009: The relationship between narrative and argumentative advertising and cognitive capacity.	Experimental: narrative advertising and editorial content in magazines	▪ Processing of narrative editorial content triggered more cognitive reactions than the processing of factual editorial content. ▪ Narrative advertising can trigger cognitive responses if people have sufficient cognitive capacity, which indicates the importance of cognitive resources for the effectiveness of narrative transportation and advertising.
Van Laer et al., 2014: Review of research on narrative transportation across different fields	Review and meta-analysis of Consumers' narrative transportation	▪ Identification of antecedents (from the storyteller and the story receiver) and consequences (affective responses, critical thought, narrative thought, belief, attitude and intention) of narrative transportation
Ardelet et al., 2015: Self-referencing narratives to predict consumers' preferences	A longitudinal study of consumers' in-store and post-purchase perfume preferences.	▪ Spontaneous generation of self-referencing narratives increases the probability of product preference at the point of sale and continued preferences for the product at home. ▪ The effect of narrative self-referencing on consumer preferences is greater for strong heritage brands than for brands with a weak heritage.
Brechman & Purvis, 2015: The relationship of narrative transportation and advertising effectiveness	Survey of people who watched Super Bowl advertising.	▪ Narrative ads lead to higher brand recall and more affective responses compared to non-narrative ads. ▪ Narrative ads increase brand recall for certain product categories such as cars, snacks and online services, but decreases recall for financial services brands. ▪ The persuasive impact of narrative advertising (purchase intentions, ratings, liking etc.) is higher for individuals who are more receptive to narrative transportation.
Lin & Chen, 2015:	Experiemential: participants evaluations of a brand story for a new coffee shop	▪ Adoption of narrative thinking and brand evaluation depends on the type of brand story and regulatory focus (personal motivations). ▪ Promotion-focused (vs prevention-focused) individuals generate more favorable product evaluations when they are being transported by an atypical brand story, because the novel features fit their goal of achievement.

Granitz & Forman, 2015: Exploring what brand stories consumer know and wish to hear.	Qualitative study on the type and media of brand stories	▪ Consumers prefer brand stories that relate to the brand's history, product reliability, philanthropy and personal user experiences. ▪ Consumers with strong connections prefer stories that emphasize the experiential value of the brand in interactive media, while consumers with weaker connections prefer stories about the useful aspects of the brand in traditional media.
Kang et al., 2019	Experimential: Effects of storytelling in radio avdertisements	▪ Narrative transportation and narrative preference are positively associated with favorable responses toward ad. ▪ Stories evoke more positive emotional response and effect behavioral intensions to share information about the product by word-of-mouth, especially when hearing the founder's story.
Dessart & Pitardi, 2019: Brand story elements and customer engagement	Netnographic study on social media comments for the brand Dove.	▪ Customer engagement is enhanced by storytelling characteristics of the ad. The different story elements (character, plot, verisimilitude) evoke emotional, cognitive, and behavioral responses. ▪ The story-based engagement shows an interactive nature as they trigger discussions and (E-)word-of-mouth.
van Laer et al., 2019: Digital moderators of the narrative transportation effect	Meta-analysis of existing research articles	▪ Narrative transportation effect is stronger in a digital environment by three moderators: story domain (commercial), story source (user-generated) and number of simultaneous story-receivers (single story-receiver)
Houghton, 2021 Relationship of story incongruity and narrative transportation	Conceptual model of brand incongruity and narrative transportation	▪ Conceptual model of low and higher level of incongruity to increase the likelihood of narrative transportation. ▪ Storytelling has the potential to be effective when brand storytellers find new ways to make an impression on consumers, because few brand stories stick in their memory.
Kühn & Boshoff, 2021: The role of plot in brand story construction.	A study of neurophysiological reactions to Volvo brand video storytelling.	▪ Emotional arousal (measured by skin-conductance level SLC) in dramatic storytelling ads follows a pyramid-like structure like Freytag's plot. ▪ Subconscious emotions transfer to brands in narrative advertising

2. How small businesses build their brands in a digital world. A systematic review

Abstract

Branding is of strategic importance for the competitive advantage of small- and medium-sized enterprises (SMEs) because a strong brand attracts customers, investors and talent. Accordingly, the literature on branding in SMEs has increased in recent years, and various studies have demonstrated its impact on sales and the financial performance of SMEs. However, an in-depth analysis of the branding *process* and contribution of *digital technologies* and channels has not yet been carried out systematically. In this study, we close this research gap by conducting a systematic literature review of empirical studies from the past 10 years. Based on a conceptual framework, we identified and synthesised 63 studies along four core elements of the branding process: *brand orientation, brand identity, brand marketing* and *brand performance*. In doing so, we not only contribute an overview of the current state of research in this emerging area of research, but we also give a deeper understanding of *how* SMEs can build a strong brand in a digital world. This study provides a sound basis for future research avenues and includes practical implications for SME entrepreneurs and managers.

Keywords

2.1 Introduction

From the overall number of companies worldwide, which was estimated to be around 333 million in 2021 (Statista 2023a), only around 1% are large enterprises with more than 250 employees (Statista 2023b). As a result, most companies are small- and medium-sized enterprises (SMEs). Considering that building a strong brand is important, it is surprising that the research on brand building in SMEs has long been neglected (Krake 2005; Wong and Merrilees 2005).

However, with research increasing in the 2000s (Odoom et al. 2017a), various studies have now demonstrated the relevance and effects of branding on SME growth and sales performance (Juntunen et al. 2010; Reijonen et al. 2012; Agostini et al. 2015; Laukkanen et al. 2016; Muhonen et al. 2017; Anees-ur-Rehman and Johnston 2019; Tajeddini et al. 2020; Kusi et al. 2022). Branding helps small businesses establish their businesses in a competitive market, attract new customers and increase customer loyalty (Bresciani and Eppler 2010). However, small businesses also face several challenges in building and managing a brand, including limited resources and market reach (Wong and Merrilees 2005). Branding in SMEs is crucial for business performance but differs from that of large companies (Krake 2005). Although the research in this area has intensified, to the best of our knowledge, there is still a lack of comprehensive and in-depth knowledge about *how* small companies build their brand (Muhonen et al. 2017; Odoom et al. 2017a; Centeno et al. 2019; M'Zungu et al. 2019).

Regarding SME branding, Odoom et al. (2017a) provided the most recent systematic literature review, which included 44 articles (from the period of 2004–2014). The paper concluded that there is still 'a general lack of studies and typologies on *how* (regarding process) products are branded in small business settings' (Odoom et al. 2017a, p. 82); they called for a deeper understanding of the role that brand identity and integrated marketing communications play in small business branding. With the rise of social media and online marketing technologies, the question of how companies build their brand in a digital landscape has become even more important in recent years (Keller 2009; Steenkamp 2020). Today, digital marketing and social media are vital tools for small businesses to reach and engage with their target audience (Suryani et al. 2021; Yueqiang 2022).

Both the lack of a more recent systematic review and the rise of digitalisation have highlighted the need for further review studies. In the present paper, we contribute to filling this research gap by conducting

a systematic literature review (SLR) covering the past 10 years of research on SME branding with a special focus on digital aspects in the SME branding process. The main objectives of this review are to categorise and synthesise published articles based on a conceptual framework and analyse the studies' findings regarding the following research questions:

RQ1: How do SMEs build their brands?

RQ2: How do digital channels and technologies effect the SME branding process?

RQ3: How does the branding process in small businesses compare with that of large companies?

RQ4: Which practical implications can be derived for a promising branding process in SMEs?

The present review contributes to understanding the SME branding process and its impact on brand and business performance. It also serves as a valuable resource for entrepreneurs and researchers alike. Kraus et al. (2020) suggested that, when conducting an SLR and synthesising the data, it is important to take a conceptual approach to avoid simply compiling studies. Accordingly, in the next section, we will present the conceptual framework that will guide our systematic review.

2.2 Branding terminology and conceptional framework

What is branding? As with any research construct, there are different definitions and perspectives. A rather narrow perspective is depicted in the American Marketing Association's (AMA) definition: 'A brand is a name, term, design, symbol or any other feature that identifies one seller's goods or service as distinct from those of other sellers' (AMA 2023). Accordingly, branding technically takes place when marketers create and register a new brand name or logo (Keller 2013). For marketing practitioners and brand scholars, however, a brand goes beyond this description. For example, Aaker (2014) defined a brand as 'an organisation's promise to a customer to deliver what the brand stands for not only in terms of functional benefits but also emotional, self-expressive, and social benefits' (p. 1). In other words, a brand is far more than a name or a logo: It is what people *associate* with the name or logo and what they think and feel about it (Jones 2017; Neumeier 2022). Accordingly, branding is the process by which marketers create 'a certain amount of awareness, reputation, prominence and so on in the marketplace' (Keller 2013, p. 30). With branding, marketers are 'trying to close the gap between 'image' and 'identity'' (Jones 2017, p. 22) of a brand. It is about defining the brand identity, what a brand stands for

and which strategies and activities that serve to anchor this identity as a brand image, that is, how people perceive the brand.

This broad view of branding includes the various brand marketing and communication efforts of companies to build a brand in the minds of customers and create brand equity (Keller 2013). Because the term 'branding' is often used as a synonym for both 'brand *building*' and 'brand *management*', we follow a pragmatic view that brand *building* 'simply is the set of things a brand owner does to establish a brand' (Jones 2017, p. 22), while brand *management* is the overall process to 'build, measure and manage brand equity' (Keller 2013, p. 58) of an existing brand over a longer period. Because there is no established and overarching domain-specific model in the SME branding literature (M'zungu et al. 2019), we integrated the *core elements* of a company's branding process based on the *corporate* brand management literature (Aaker 1996; Urde 1999; Kapferer 2012; Keller, 2013) into a conceptual framework that includes *brand orientation, brand identity, brand marketing and brand performance* (Fig. 1). With this framework we categorise empirical studies on branding in SMEs and shed light on how these building blocks connect in a digital landscape. Because the boundary between brand *building* and brand *management* is fluid, we see this conceptual framework as a *branding cycle*.
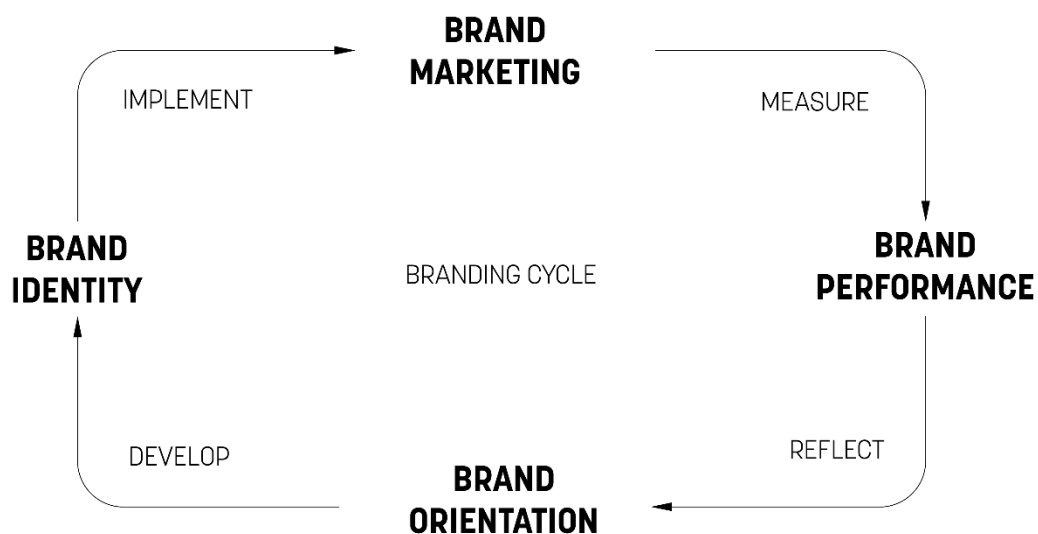
Figure 1. Conceptual framework of a company's branding process (own illustration).

Within the branding cycle, brand *building* takes place when an SME entrepreneur builds and establishes a *new* brand. In this logic, brand *management* would include all further iteration loops for the development, monitoring and maintenance of an *existing* brand. The idea of a branding *cycle* expands on both the build–measure–learn (BML) methodology of the lean startup feedback loop (Ries 2011) and findings in the context of SME branding research. These findings suggest that the branding process is not always linear but circular and iterative (Centeno et al. 2013; M'zungu et al. 2019). For example, Centeno et al. (2013) described their insights regarding different branding phases in SMEs by stating that 'this sequential process did not appear to be straight forward mainly because of the starting conditions. Brand owners went through iterative brand exploration phases' (p. 454). In the following section, the core elements of the branding process are briefly described.

Brand Orientation

Brand orientation encompasses the extent to which a company strategically considers and approaches branding (Urde 1999; Wong and Merrilees 2005). The concept of brand orientation was introduced as a complement to mere market orientation, and it addresses the following questions: Do companies just focus on the market—on customers' wants and needs—and adjust their brand(s) accordingly? Or do they perceive their brand(s) as a strategic resource for long-term competitive advantage (Urde et al. 2013)? 'Brand orientation emphasises the significance of the brand identity (mission, vision, and values) as a guiding light and hub for organisational culture, behavior, and strategy' (ibid, p. 16) and, thus, can be seen as the starting point of branding. Wong and Merrilees (2005) were among the first scholars to study brand orientation in SMEs and developed a typology from minimalistic to integrated SME brand orientation. Although some research has examined the adoption and performance effects of SME brand orientation, in their review, Odoom et al. (2017a) stated that there is still a lack of empirical-based knowledge in that research stream.

Brand Identity

Understanding how to develop a brand identity is seen as crucial for brand building and includes knowing 'what the brand stands for and to effectively express that identity' (Aaker 1996, p. 35).

Accordingly, branding in SMEs can be seen as a dynamic process that turns a company's internal view of its brand identity into brand image (the external view of how customers and stakeholders perceive the brand) (Rode and Vallaster 2005). Although brand scholars agree on the importance of a strong brand identity (Aaker 1996; Burmann et al. 2023; de Chernatony et al. 2011; Kapferer 2012; Keller 2013), there are different views and models on what the development of a brand identity entails. For example, according to Aaker (1996), brand identity includes 12 dimensions grouped into four perspectives (brand-as-product, brand-as-organisation, brand-as-person and brand-as-symbol) that lead to forming the essence of what the brand should stand for (p. 78f). This complex view does not only include the *conceptual* identity (brand name, brand values, brand positioning, brand vision and attributes, etc.), but also the *visual* identity of the brand (brand logo, fonts, colours, imagery, etc.). Early research in SME branding pointed to the role of the entrepreneur in developing a brand identity, stating that an SME's brand identity often represents the extension of the founder's personality, including their values and vision (Krake 2005; Rode and Vallaster 2005; Spence and Hamazaoui-Essoussi 2010).

Brand Marketing

Brand marketing and communication are the means of expressing brand identity, creating brand experience, raising brand awareness and evoking positive associations for the brand in the target market (Kotler and Keller 2016). To this end, marketers have a variety of options at their disposal, including traditional advertising (TV, radio, etc.), sales promotions, public relations, events, word-of-mouth and personal selling, to name just the most common. The advent of new media and digital platforms presents marketers with even more choices and, thus, a major challenge (Keller 2013). Which touch points and channels should marketers use effectively to connect with their audiences? Furthermore, brands are not just senders, and consumers are not just the recipients of brand messages. Gensler et al. (2013), for example, have stated that customers are increasingly seen as the authors of brand messages. They share their experiences with a brand in social networks, thus contributing to a certain brand image. In this respect, Gensler et al. (2013) interpreted the construction of a brand as 'a collective, co-creational process involving several brand authors who all contribute their stories' (p. 244), with the potential of branding shifting from companies to consumers.

Brand Performance

Brand performance refers to the outcome of a company's branding process and is discussed and measured by various criteria and constructs, such as brand *awareness*, brand *loyalty* and brand *image,* to name the most common ones (Aaker 1996; Homburg et al. 2010; de Chernatony et al. 2011; Kapferer 2012; Keller 2013; Esch et al. 2019). These constructs represent a psychological perspective focusing on consumers and customers' behaviour: Brand *awareness* relates to how customers and consumers recognise and recall the brand. Brand *loyalty* is about customers' and consumers' attitude towards the brand, such as their intention to purchase, their commitment to repurchase and their engagement in brand advocacy (e.g., through word-of-mouth). Finally, brand *image* refers to how customers and consumers perceive the brand and is often described as a set of associations that people have in their minds and connect with the brand.

In addition to these *behavioural* constructs, brand performance is also associated with a company's *financial* performance, such as sales growth, a price premium or market shares. The relationship between brand performance (measured by consumer and customer behaviour) and financial performance (measured in economic terms) is reflected in the construct of brand *equity*. Brand *equity* refers to the *added value* of a brand, explaining the financial value between a product or service that has been branded and one that has not (Kapferer 2012; Keller 2013). Aaker (2014) stated, 'A primary brand-building goal will be to build, enhance or leverage brand equity' (p. 10).

2.3 Methodology

We conducted an SLR to identify and synthesise the scientific contributions to branding in SMEs by following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) to ensure the quality and transparency of this review (Tranfield et al. 2003; Page et al. 2021). The PRISMA guidelines were initially designed for medical and health-related studies but have also expanded to economic scientific fields (Pahlevan-Sharif et al. 2019). To not only record the identified studies quantitatively but also answer our research questions based on the results of these studies, we opted for a hybrid form of systematic and narrative review (Greenhalgh et al. 2018; Turnbull et al. 2023).

With our systematic approach, we attempted to remove bias from the selection process, and with our narrative synthesis, we aimed for a deeper understanding of our research topic.

2.3.1 Search strategy

Kraus et al. (2020) suggested entrepreneurship literature reviews should be conducted using search via online databases and for journal articles to be the most valuable source 'as this search strategy helps to create a more transparent process that can be applied globally' (p. 1034). We used three databases for our review: Web of Science, EBSCOhost and ScienceDirect. The search was limited to these databases because they cover a broad range of peer-reviewed journals in economics and management sciences (Leijerholt et al. 2019; Hiebl 2023). The databases were searched on 12 February 2023 using the same keywords. We focused our search using the keyword 'brand*' in the abstract of the publications to capture the widest possible range of related words, such as branding, brand building, brand management, brand identity, brand image and so on. At the same time, we searched the abstracts for keywords related to small businesses, such as 'SME', 'small and medium-sized enterprise', 'small business', 'small firm', 'small companies' and 'startup'. Accordingly, our search string can be summarised as follows: 'brand*' AND 'SME' OR 'small and medium-sized enterprise' OR 'small business' OR 'small firm' OR 'small companies' OR 'startup' OR startup.

2.3.2 Selection criteria

To identify relevant studies for our systematic review, we applied the following inclusion and exclusion criteria (Table 1): (1) publication form, (2) language, (3) time period, (4) type of research, (5) small business focus and (6) branding focus. We included all peer-reviewed journal articles that were accessible as full text, written in English, published between 2012 and 2023 (we adopted the 10-year period as in Odoom et al. (2017a) but included studies published in January and February 2023) and focused on branding in small businesses. We limited our search to peer-reviewed articles to gain an overview of the current state of empirical research on the SME branding process, hence excluding all other publications, such as book chapters, conference proceedings or commentaries. In addition, we excluded conceptional papers with no empirical foundation. Studies that focused on branding in larger

organisations were excluded, as were studies that did not specifically target small businesses or startups. We included studies that covered the overall branding process (as theoretically derived in the previous chapter) or at least parts of it (i.e., brand orientation, brand identity, brand marketing or brand performance). Studies that focused only very generally on SME marketing or sales without a branding focus were excluded.

Table 1

Selection criteria

	Criteria	Inclusion	Exclusion
(1)	Publication form	▪ Peer-reviewed journal articles ▪ Full text available	▪ Conference proceedings, book chapters,
(2)	Language	▪ Papers written in English	▪ Non-English articles
(3)	Time period	▪ Publications between 2012 and 2023	▪ Publications before 2012
(4)	Type of research	▪ Empirical research	▪ Conceptional papers with no empirical foundation
(5)	Small business focus	▪ Focus on small- and medium-sized enterprises (SMEs) ▪ Focus on startups	▪ Focus on large companies and brands ▪ Size of researched companies unclear
(6)	Branding focus (derived from conceptional framework)	▪ Focus on SME branding process (i.e., brand orientation, brand identity, brand marketing and brand image/equity)	▪ Focus on SME marketing or sales without relation to brand building

2.3.3 Study selection process

At the beginning of our search, an MS Excel protocol was developed to systematically document the selection process. It contained information on the search terms, databases and selection criteria. At the end of the process, the protocol was transferred to the PRISMA flow diagram (Fig. 2). Each of the three databases was initially searched without filters, which, in some cases, resulted in a high hit rate of records (EBSCO, n=1244). Step by step, the individual filters ('peer-reviewed articles', 'language', 'full text' and 'time period') were set, and the respective reduced number of records were documented in the protocol. After downloading the RIS files, they were imported into Rayyan.ai, open-source software for conducting systematic reviews, to carefully screen titles, keywords and abstracts (n=537). The initial percentage of agreements between the reviewers was 94.3%, and the Kappa coefficient of agreement was 0.70, which can be seen as a 'substantial agreement' (Landis and Koch 1977). The remaining

conflicts were resolved in a discussion between the two authors after the initial assessment. We excluded all duplicates (n=44), conference papers (n=21), conceptional papers with no empirical foundation (n=12) and articles that were not written in English (n=4), resulting in a total number of 78 articles whose full text was downloaded. All bibliographic data (title, abstract, keywords, authors' names and affiliations, journal name and year of publication) of the identified records were exported from Rayyan.ai to an MS Excel spreadsheet for further documentation. The full texts of the remaining articles were carefully screened for eligibility and quality appraisal.

Identification

Records identified from Databases (n =14.205):
- Web of Science (n =1.696)
- EBSCOhost (n=12.144)
- ScienceDirect (n=365)

Records excluded as ineligible by automation tools (n=13.668):
- Type of publication (n=11.041)
- Language (n=208)
- Full text (n=2.182)
- Time Period (n=237)

Screening

Records screened in Rayyan.ai (Title, Keywords and Abstract) **(n = 537)**

Records excluded (n=453):
- Duplicates (n=44)
- No Branding focus (n=343)
- No SME focus (n=37)
- Conference Papers (n=21)
- Language (n=4)
- Not empirical (n=12)

Full text assessed for eligibility and quality appraisal (n =78)

Records excluded:
- No SME focus (n = 2)
- Not appropriate for answering main research questions (n = 24)

Included

Studies included in review (n =63):
- Studies included by backward snowballing (n=11)

Figure 2. PRIMSA Flow Chart (own illustration).

We excluded two studies (n=2) that did not focus on SMEs. As part of the appraisal, we grouped the remaining studies into three categories (Petticrew and Roberts 2006; Xiao and Watson 2019): Category A = studies that directly answer our research questions (n=36). Category B = studies that indirectly answer our research questions (n=16). Category C = studies that are not appropriate to answer our research questions (n=24). We included Category A and B (n=52) for our review and excluded all studies from Category C (n=24). To ensure that relevant studies were not missed, we performed backward snowballing at the end of the selection process by screening reference lists of five recent Category A studies (Wohlin 2014; Wohlin et al. 2022), resulting in a total of 11 additional studies published on different repositories and, therefore, possibly not detected by the online databases.

2.3.4 Data collection, coding and analysis methods

After all the articles were selected, we extracted relevant information for our review. We recorded information about the research design, sample, country, industry and so forth in a MS Excel spreadsheet. In addition, we coded each study in the spreadsheet according to which branding themes were addressed (1 = brand orientation, 2 = brand identity, 3 = brand marketing and 4 = brand performance). To obtain data on the findings from the selected studies and their practical implications for the SME branding process, we conducted a narrative synthesis approach using MAXQDA for the content analysis, as suggested by Sauer and Seuring (2023). We conducted deductive coding for each study by creating a matrix of the four brand building blocks and our four research questions (RQ1–RQ4) in MAXQDA. Based on the coding process, we synthesised the results in narrative form along the building blocks of 'brand orientation', 'brand identity', 'brand marketing' and 'brand performance'.

2.4. Findings

Description of the reviewed studies

Table 2 contains the authors and the names of the journals in which the reviewed studies appeared, showing that the *Journal of Strategic Marketing* (n=6) and *Journal of Brand Management* (n=5) had the most publications on the topic (together close to 20%). These findings are in line with Odoom et al. (2017a), with the exception that the *Journal of Product and Brand Management* previously had more publications on this topic. The complete list of all authors and journals can be found in Appendix 1.

Table 2

Journals and authors

Journal (with more than one publication on the topic)	Authors
Journal of Strategic Marketing (6)	Hirvonen and Laukkanen 2014; Holzweber et al. 2015; M'zungu et al. 2017; Youssef et al. 2018; Anees-ur-Rehman and Johnston 2019; Tajeddini and Ratten 2020
Journal of Brand Management (5)	Centeno et al. 2013; Neuvonen 2016; Hodge et al. 2018; Chad 2015; Lin and Siu 2020
Journal of Marketing Management (4)	Mitchell et al. 2015; Laukkanen et al. 2016; Mingione and Russell 2020; Cova et al. 2021
Sustainability (4)	Lopez-Perez et al. 2020; Kang and Park 2018; Dumitriu et al. 2019; Dressler and Paunovic 2021
Industrial Marketing Management (3)	Reijonen et al. 2015; Törmälä and Gyrd-Jones 2017; Iglesias et al. 2020
Frontiers in Psychology (3)	Ravina-Ripoll et al. 2021; Liu et al. 2020; Yueqiang 2022
Gadjah Mada International Journal of Business (3)	Ong et al. 2016; Suryani et al. 2021; Maduretno and Junaedi 2022
Journal of Business & Industrial Marketing (3)	Koporcic 2020; Anees-ur-Rehman et al. 2018; Hirvonen and Laukkanen 2016
Journal of Small Business Management (2)	Agostini et al. 2015; M'zungu et al. 2019
Journal of Product and Brand Management (2)	Centeno et al. 2019; Muhonen et al. 2017
Journal of Research in Marketing and Entrepreneurship (2)	Renton et al. 2015; Odoom et al. 2017b
Journal of World Business (2)	Eggers et al. 2013; Kusi et al. 2022
Qualitative Market Research (2)	Syed Alwi et al. 2022; Thompson-Whiteside et al. 2018
(Table continues…)	

Overall, we recorded a stable but comparatively low number of studies published in the period under review (Fig. 3). As in the previous period investigated (Odoom et al. 2017a), the number remained below a maximum of 10 studies per year. However, we found that six of the nine studies from 2022 focused on the *digital* aspects of branding. Accordingly, we observed an increasing number of studies regarding digital brand building with a relatively high percentage of the overall research (n=19, i.e., 30% of all reviewed articles).
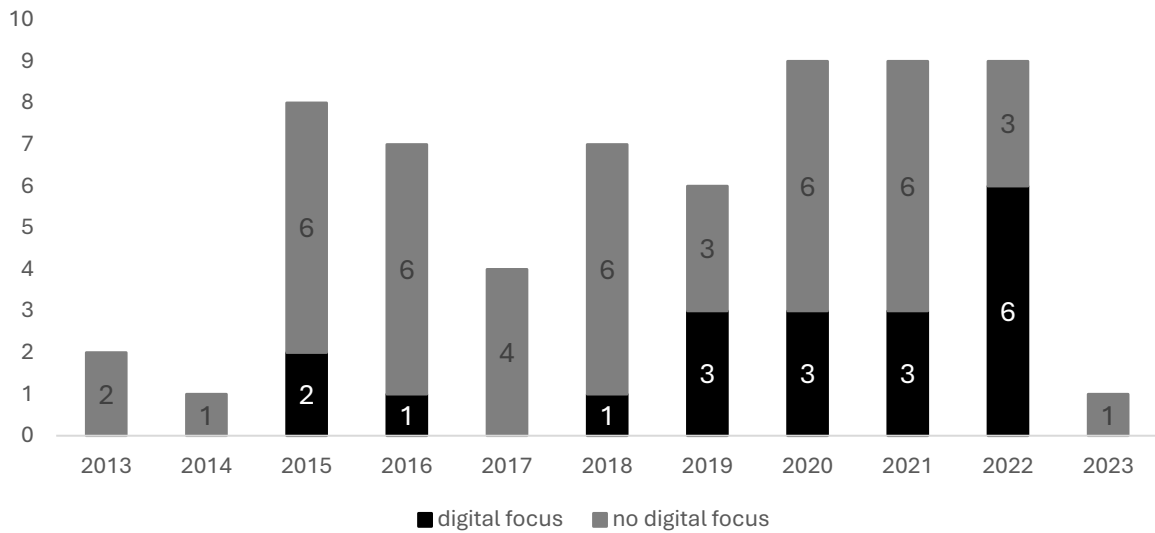
Figure 3. Publication frequencies per year.

In terms of authorship and country of study, we found that our research topic was clearly dominated by Finnish studies (n=11), followed by five Indonesian studies, four Australian, Malaysian and Spanish studies each and the United States, China, Germany, Italy and the UK with three studies each (Appendix 3). Grouped by world region, 31 (49%) of the studies stemmed from Europe, 22 (35%) from the Asia/Pacific region, five from the Americas and three from Africa and the Middle East (Fig. 4). A very similar ratio can also be seen in Odoom et al. (2017a). Two studies could not be assigned to a specific regional area.
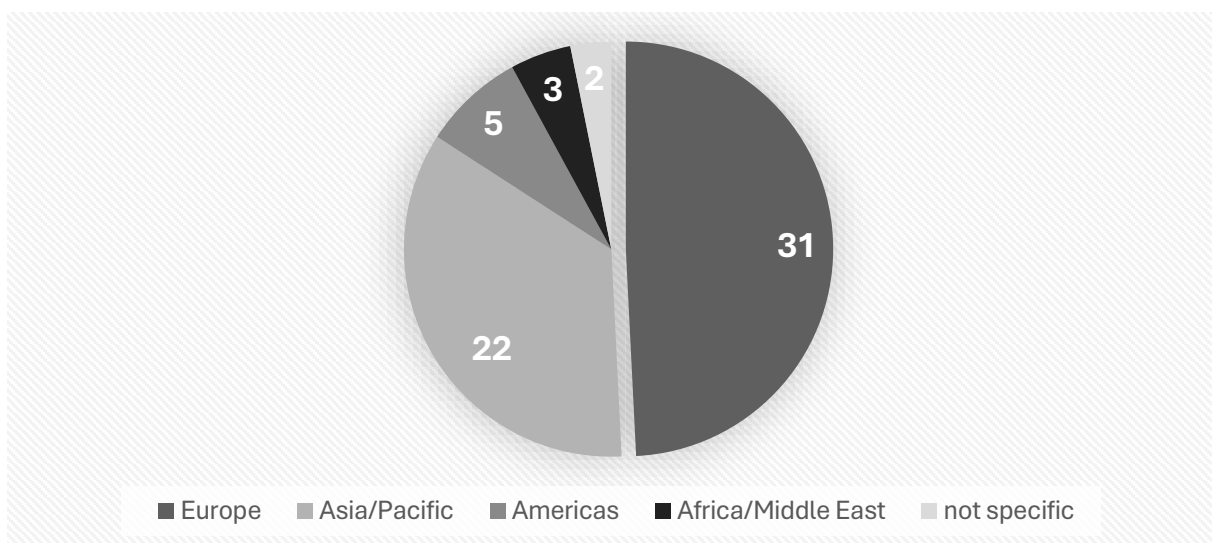
Figure 4. Number of reviewed studies by world region (n=63).

Regarding the selected research approach, a relatively even mix of methods was found (Table 3), with a tendency towards quantitative research designs (n=34). Compared with Odoom et al. (2017a) who had n=16 quantitative studies and a ratio of 43% to qualitative studies (57%), we observed an inverse relationship with an increase in quantitative research designs.

Table 3

Overview of methods applied

Methods	No. of published articles
Qualitative methods	26 (41%)
Quantitative methods	37 (59%)

Regarding customer focus, 40% of the studies examined SMEs in business-to-consumer (B2C) markets, 17.5% SMEs in business-to-business markets, 17.5% had no specific focus, and in 25% of the studies, the customer focus was not specified or could not be identified.

Table 4

Overview of customer focus

Customer focus	No. of published articles
B2C	25 (40%)
B2B	11 (17,5%)
Mixed	11 (17,5%)
NA	16 (25%)

The mapping of all reviewed studies along the four building blocks 'brand orientation', 'brand identity', 'brand marketing' and 'brand performance' is recorded in Figure 5. Because some studies covered multiple building blocks, the codings resulted in more than 61 items (Appendix 5). All codes for each study are listed in Appendix 2, where each study has also been assigned a sequential number. The coding process resulted in 20 studies being mapped to brand orientation and 21 studies to brand identity. Brand marketing resulted in the highest number of codes, with 42 studies, followed by brand performance, with 30 studies (Fig. 5).
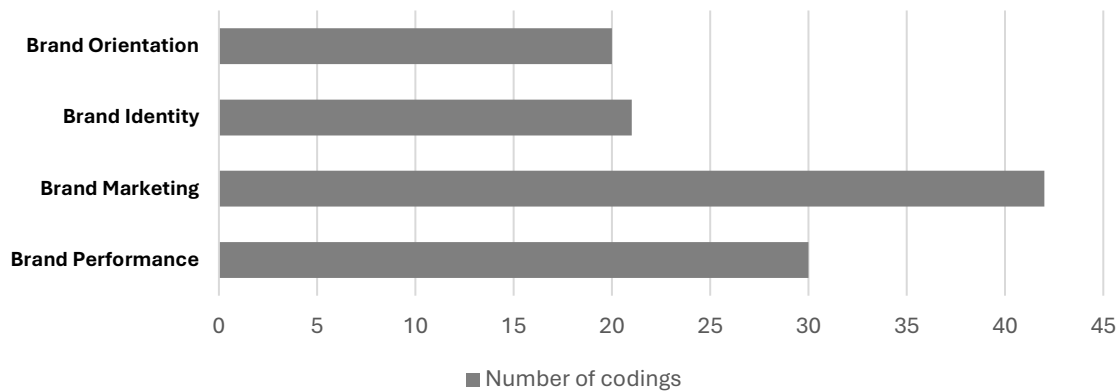
Figure 5. Mapping of publications to branding themes (Note: Some studies were coded into more than one theme).

2.5 Narrative synthesis

In this section, we synthesise the results of our deductive coding of 'brand orientation', 'brand identity', 'brand marketing' and 'brand performance' and discuss the findings in the light of previous research.

1) Becoming brand oriented

In our review, we identified 20 studies focusing on the 'brand orientation' of SMEs. The main objective of these studies was to investigate the influence and the relationship of brand orientation on brand performance and SME growth (Hirvonen and Laukkanen 2014; Reijonen et al. 2015; Ciunova-Shulska et al. 2016; Hirvonen et al. 2016; Laukkanen et al. 2016; Muhonen et al. 2017; Anees-ur-Rehman and Johnston 2019; Tajeddini and Ratten 2020). The results indicate that a brand-oriented strategy for SMEs can be a growth factor in the long term (Ciunova-Shulska et al. 2016; Anees-ur-Rehman and Johnston 2019) by positively influencing both brand performance and financial performance in SMEs (Hirvonen and Laukkanen 2014; Hirvonen et al. 2016; Laukkanen et al. 2016; Tajeddini and Ratten 2020). However, the results from quantitative studies suggest that brand orientation does not directly influence brand performance but is mediated through brand identity (Hirvonen and Laukkanen 2014; Hirvonen et al. 2016; Muhonen et al. 2017), brand resources (Reijonen et al. 2015) and brand communication (Anees-ur-Rehman and Johnston 2019). The role of internal branding (employee behaviour) as a mediator

between brand orientation and brand performance has not been confirmed. For example, although Anees-ur-Rehman and Johnston (2019) found a positive relation between internal branding and brand credibility and, thus, brand performance in B2B SMEs, Hirvonen and Laukkanen (2014) found no empirical evidence that internal branding moderates the brand orientation and brand performance of B2B SMEs. There has also been some research on the relationship between brand orientation and market orientation in SMEs (Laukkanen et al. 2016; M'zungu et al. 2017; Tajeddini and Ratten 2020). For example, Laukkanen et al. (2016) found that market orientation improves the financial performance of SMEs only if it is implemented through brand orientation, while Tajeddini and Ratten (2020) stated that—in line with Urde et al. (2013)—both strategic approaches can improve SME business performance. In their qualitative study, M'zungu et al. (2017) also found both strategic approaches evident in SMEs, proposing hybrid orientation strategies with two types: (1) *market* and brand orientation and (2) *brand* and market orientation. Consistent with Wong and Merrilees (2005), who identified different types of brand orientation in SMEs, recent studies by Lin and Siu (2020) and Hodge et al. (2018) confirmed multiple levels of brand orientation in SMEs. For example, in their study of manufacturing SMEs in China, Lin and Siu (2020) found that brand orientation was related to firm size, indicating that smaller firms might be less brand oriented.

Less research has been conducted on how SMEs *become* brand oriented (Neuvonen et al. 2016). In line with previous studies regarding the important role of the entrepreneur in SME branding (Krake 2005; Rode and Vallaster 2005), Renton et al. (2015) also found that it is fundamental to adopt brand orientation, emphasising that brand development is driven by the entrepreneur's commitment to the branding process. Neuvonen et al. (2016) pointed to the need to make strategic brand decisions in the early stages of an organisation and identified several factors in their study of high-tech SMEs that either foster or constrain the adoption and extent of brand orientation. They proposed a model of brand strategy adoption including four phases: 'becoming aware', 'begin information search', 'forming an attitude' and 'adopting or rejecting' (Neuvonen et al. 2016, p. 204ff). Kursi et al. (2022) also emphasised the importance of entrepreneurial decisions in brand orientation adoption; they investigated the relationship between international experience and different decision-making logics (causality vs. effectuation) as the antecedents of the brand orientation of internationalising SMEs. Although brand orientation in SMEs

can be considered a mindset (Muhonen et al. 2017) and consistent choice (Hodge et al. 2018) for strategic brand building, Centeno et al. (2013) found that, even when SME entrepreneurs commit to start building their brand, they may not be fully aware of how closely the brand's personality is linked to their own personality ('brand-as-person'). Hirvonen and Laukkanen (2014) pointed out that, if SMEs are not aware of the importance and contribution of brand orientation to their brand and business performance, they tend to adopt a short-term branding approach, as found in previous studies (Krake 2005; Wong and Merrilees 2005; Ojasalo et al. 2008). Overall, the reviewed studies have shown that brand orientation can be of great benefit to SMEs, but the research on the process and key factors of how SME entrepreneurs become brand oriented is still limited.

2) Developing brand identity

The topic of 'brand identity' was addressed in 22 studies, a similar number as 'brand orientation'. The studies on the development of brand identity in SMEs have identified and examined various dimensions of the construct (Centeno et al. 2013; Muhonen et al. 2017; Kusi et al. 2021). Centeno et al. (2013) studied the process of creating and developing brand identity in an SME context. Based on a qualitative study with SME owners, they identified four brand identity dimensions: 'brand as a person', indicating the close relationship between the personality of an SME entrepreneur and the personality of the brand; 'brand as a product', or the relevance of a brand's innovation and differentiation; 'brand as a symbol', that is, creating a brand's name, logo and visual identity; and 'brand as an organisation', including brand values and vision. In their quantitative study of Finnish SMEs, Muhonen et al. (2017) investigated whether brand identity mediates the relationship between brand orientation and brand performance, with *brand values*, *brand vision* and *brand positioning* being the constituent components of SME brand identity. In line with Hirvonen and Laukkanen (2014), they found that brand orientation drives brand identity, with brand values appearing to impact brand vision and brand positioning, which, in turn, can have a positive influence on brand performance. Another operationalisation of brand identity was presented by Kusi et al. (2021), who studied how brand identities develop in international new ventures. They saw *brand values*, *brand personality* and *brand relationship* as critical dimensions of brand identity that manifest in three stages: *unbranded*, *sporadically* branded and *focused* branded

international new ventures. In comparison, Renton et al. (2015) found that smaller SMEs are more likely to engage in tactical brand identity development ('communicating brand meanings') as part of their branding practice than midsized companies, which focus more on the strategic management of their brand positioning.

In line with previous studies (Boyle 2003; Rode and Vallaster 2005; Spence and Hamazaoui-Essoussi 2010), recent studies have emphasised the fundamental role of SME entrepreneurs in the development of brand identity (Centeno et al. 2013; Mitchell et al. 2015; Centeno et al. 2019). However, the research on brand identity development has developed more, with several studies highlighting the increasing importance of the cocreation of brand identities between SME entrepreneurs and other stakeholders (Törmälä and Gyrd-Jones 2017; Iglesias et al. 2019; Horst et al. 2020; Koporcic 2020; Mingione and Russell 2020; Dressler and Paunovic 2021). Brand identity in SMEs still reflects the founders' core values and guides strategic decisions, but it also changes and adapts over time through the brand's interaction with its environment (Törmälä and Gyrd-Jones 2017; Iglesias et al. 2020). Accordingly, Iglesias et al. (2020) identified four (internal and external) stakeholder performances that shape and cocreate the development of a SME's brand identity: *communicating* (activities to transmit brand identity), *internalising* (activities to translate brand identity into actual behaviours), *contesting* (activities to confront the brand identity) and *elucidating* (activities to reconcile tensions created by interactions about brand identity). Similarly, Törmälä and Gyrd-Jones (2017) saw the brand identity of SMEs as an *emerging narrative*. This means that brand identity may emerge through narrative performances and reciprocal sensemaking between actors in the brand ecosystem over time. In this study, three stages for the development of a new B2B venture corporate brand identity were identified (Gyrd-Jones 2017): 1. *latent identity* (founders' personal identity, values and expertise); 2. *emergent identity* (customer value and benefits) and 3. *clarified identity* (corporate brand vision and values). They also saw a possible fourth stage as '*adjusted identity*' because of the changing nature of brand identity.

The growing significance of cocreation in the development of SME brand identities was also considered in several studies in close relationship with the emergence of digital platforms and social media (Horst

et al. 2020; Dressler and Paunovic 2021; Mingione and Russell 2020; Shen 2022). For example, Horst et al. (2020) noted that entrepreneurs often question and refine their understanding of who they are and consider the development of entrepreneurial identity to be a 'transitory phenomenon which is co-constructed through communication over digital platforms with an ever-changing audience' (Horst et al. 2020, p. 107). Mingione and Russell (2020) even stated in their study of born-digital startups to 'rethink brand management' (p. 19), arguing that, in a digital world, control has moved from entrepreneurs to stakeholders and brand communities. The members of communities that form around a brand participate in creating brand value and meaning while receiving value in the form of emotional and social reinforcement from belonging to a brand community. It has also been proposed that digital and interactive communication simultaneously foster brand identity and brand image development (Mingione and Russell 2020; Paunovic et al. 2022). For example, in their study of interactive network branding in SMEs, Mingione and Russell (2020) found that the interactions between entrepreneurs influence their perceptions of themselves and of other brands, thus simultaneously building their own and partner's corporate identity. Social media has also been seen as an effective means of establishing brand authenticity (Garner 2022). Eggers et al. (2013) found that *brand consistency* (making sure that stakeholders experience the brand at all brand touchpoints) and *brand congruency* (between brand values and individual values or behaviour), here as two dimensions of brand authenticity, significantly promote brand trust and SME growth. Compared with large organisations and brands, SMEs have the advantage of leveraging their unique and authentic brand identity as small, personal, local and sometimes family businesses through digital channels and platforms (Dressler and Paunovic, 2021; Arzubiaga et al. 2023; Garner 2022; Shen 2022).

In comparison, less research has been conducted on the development of symbolic and visual brand identity/elements in SMEs, nor on the interface between brand strategy and brand design. Only 2 of the 22 studies focused on this aspect of brand identity: Hendrasto and Utama (2019) studied SME's brand name incongruence and its impact on consumer preference in Indonesia; they found that correct spelling and grammar of brand names could increase consumer preference in contrast to artificial and intentionally misspelled brand names (which was trending in the Indonesian startup world). In the

context of an Irish fashion brand, Shen (2022) explored the strategic mechanism for heritage branding on social media and found that the use of heritage in design (e.g., colours and fabrics) can be leveraged to build SME brand identity. However, these are just two individual studies; accordingly, the results cannot yet be generalised.

3) Implementing Brand Marketing

The number of studies related to brand marketing in SMEs has considerably increased in recent years. Of the 60 studies reviewed, 42 addressed one or more aspects of SME brand marketing implementation. Odoom et al. (2017b) found that branding efforts can vary by firm size and industry sector; for example, manufacturing SMEs use more branding activities than service-oriented SMEs. In line with previous studies, Renton et al. (2015) emphasised that SMEs take a reductive and pragmatic approach to brand marketing, with the challenge of choosing from a range of marketing tools. Small businesses need to focus on and target their limited financial resources when building their marketing capabilities (Ciunova-Shuleska et al. 2016; Yueqiang 2022). Because of their limited resources, SME entrepreneurs might even view traditional marketing activities as threats (Resnick et al. 2016). Resnick et al. (2016) argued that 'the growth of the marketing industry and the activities practiced by large organisations have communicated an image of marketing, which does not fit with a small business perspective resulting in SMEs feeling unsure what marketing is' (p. 167).

Furthermore—and as demonstrated previously—recent studies have emphasised the core of SMEs brand marketing, such as the quality, innovation, pricing and packaging of products and services, word-of-mouth and the personal brand of the founders and their network (Resnick et al. 2016; Thompson et al. 2018; Koporcic 2020; Lin and Siu, 2020; Yasri et al. 2020; Omar et al. 2021). However, some studies also examined corporate social responsibility (CSR) and public relations activities as part of SMEs branding (Lopez-Perez et al. 2018; Youssef et al. 2018; Ozcan and Elçi 2020; Liu et al. 2020; Le et al. 2021). For example, Liu et al. (2020) investigated consumer attitudes towards brands under the impact of COVID-19 and argued that the focus on CSR is gaining momentum as consumers are becoming more attentive to CSR. Le et al. (2021) confirmed that CSR activities influence SME firm performance

through the mediating role of reputation and purchase intentions. However, Youssef et al. (2018) found that industrial buyers in the business-to-distributor (B2D) context value the tangible attributes of the supplier's brand more than the intangible ones. Although industrial buyers acknowledge the significance of CSR, their primary reasons for making purchases would still be centred around product design and perceived product quality.

Despite different perspectives and research focuses, most studies in this category have referred to *brand communication* (Kaur et al. 2015; Becker and Lee 2019; Lin and Siu 2020; Dressler and Paunovic 2021; Suryai et al. 2021; Garner 2022; Paunovic et al. 2022; Shen 2022; Syed Alwi et al. 2022; Robson and Banerjee 2023) as a major aspect of implementing brand marketing, and fewer studies have focused on other aspects such as *brand experience* (Mitchell et al. 2015; Ong et al. 2015; Omar et al. 2021; Maduretno and Junaedi 2022).

Regarding brand experience, Omar et al. (2021) found that product and experience innovativeness influence brand equity in SME retail branding. Also, Mitchell et al. (2015) emphasised the importance of brand experience for SME retailers in the way owner-managers operationalise their brand around the store experience. Maduretno and Junaedi (2022) explored the effects of coffee shop brand experience (sensory, affective, intellectual and behavioural) on loyalty, finding that a high level of brand experience relates to a high level of brand loyalty. Similarly, Ong et al. (2015) found that brand experiences influence attitudinal and behavioural loyalty in a survey of 200 Malaysian restaurant diners.

Regarding SME brand communication, the study base is more comprehensive. For example, Syed Alwi et al. (2022) found that SMEs use a mix of *marketing* communication (quality and design of products and services) and *corporate* communication (identity and core values) and that both types of brand communication are important for entrepreneurs and the development of their startups. Other studies on SME brand communication have focused more on corporate communication. For example, Annes-ur-Rehman et al. (2018) identified two major aspects in communicating brand identity: communicating brand values to external stakeholders to increase brand *awareness* and communicating brand values internally to employees to improve brand understanding and brand *behaviour*.

A growing number of studies have indicated that the rise of social media and digital platforms has given SME entrepreneurs the opportunity to scale brand communication across digital channels, reaching a broader audience (Kaur et al. 2015; Becker and Lee 2019; Suryai et al. 2021; Cortez and Dastidar 2022; Garner 2022; Paunovic et al. 2022; Shen 2022; Robson and Banerjee 2023). Becker and Lee (2019) even spoke of a 'new paradigm' (p. 238) in SME marketing, arguing that companies no longer control communications in the marketplace as social media increasingly empower consumers to talk about brands, products and services in their networks on a daily basis.

In the studies on *digital* brand marketing in SMEs, the initial findings have suggested that SMEs using social media tend to also use other digital techniques and channels, such as websites, search engine optimisation, YouTube advertising and occasionally affiliate and banner marketing (Dumitriu et al. 2019). The findings of Suryai et al. (2021) indicated that website quality only indirectly affects brand image, with brand awareness and E-word-of-mouth (E-WOM) acting as mediating factors, while social media quality is directly related to brand image. Garner (2022) and Thompson-Whiteside et al. (2017) pointed out that social media has become an important way for SMEs to invite their audience 'backstage' and inform consumers of their authentic and local status. However, in their study of the popularity of brand posts on Facebook, Twitter, Instagram and LinkedIn, Robson and Banerjee (2023) concluded that social media platforms work differently, so the type of industry-related content should be adjusted accordingly. For example, interactivity would work well on Facebook, and short brand posts with little engagement would work well on LinkedIn. In their longitudinal study on B2B customer engagement on LinkedIn, Cortez and Dastidar (2022) found that three brand personality dimensions of posts (excitement, competence and ruggedness) relate to B2B SMEs' ability to increase the number of customer engagement behaviours.

Although many entrepreneurs seem to be aware of the power of social media, Becker and Lee (2019) found that companies of all sizes still take a naïve approach when it comes to establishing interactive customer relationships within their social networks; they argued that most companies would view their social media network as an extension of their company's static website. However, there are also SMEs

that are actively using social media to build a *brand community* with the goal of strengthening consumers' connection to the brand in the long-term (Holzweber et al. 2015; Mingione and Russell 2020; Cova et al. 2021; Shen 2022). Building an online brand community can be vital for startups when it comes to attracting loyal customers and other stakeholders to the brand (Holzweber et al. 2015; Mingione and Russell 2020). For example, Mingione and Russel (2020) found that the members of a brand community become strong brand ambassadors when they are committed to the brand and feel free to express themselves in communication with their peers. In their case study of a Cameroonian music platform, Cova et al. (2021) showed that, nowadays, all segments of the population can access and engage with social media and brand communities. They identified three stages as essential for building a brand community through startups: 1) a nonprofit community launch, 2) mobilising individuals around social values and a good cause to defend, which goes beyond the commercial success of the brand and 3) recruiting and organising individuals as volunteers to work in defence of that cause. In their case study of a Swedish startup, Holzweber et al. (2015) compared online community building that initially was not tied to the brand but to a set of shared values to building a *tribe* community, with an *inner* tribe (founders who share the same values) and an *outer* tribe (consumers who connect to those values). They proposed that a vibrant tribe can lead to a sustainable firm and argued that 'an important part of brand building is the quality of the inner- and outer-tribal social interactions' (p. 576).

Overall, studies on brand marketing have revealed a growing trend among SMEs to use digital ways for their branding, like larger firms. For example, Kaur et al. (2015) stated that the 'investment in social media to strengthen the employer branding is no longer the preserve of "big corporates"' (p. 14). However, the *extent* of brand marketing efforts still depends on the size of the company and its corresponding financial resources. This difference is evident not only between SMEs and large companies but also between small- and medium-sized firms (Odoom et al. 2017b).

4) Measuring brand performance

This systematic review identified 30 studies on the relationship between branding and SME performance. Deductive coding led to a distinction between studies that focused on SME brand performance (n=16 studies) and those that focused on SME financial performance (n=4 studies) because of their branding efforts. Ten studies addressed both performance dimensions.

The reviewed studies also differed in the applied measurement variables. Brand performance was measured, for example, by brand trust (Eggers et al. 2013; Ong et al. 2015; Ong et al. 2016), brand loyalty (Maduretno and Junaedi 2022), brand awareness (Annes-ur-Rehman et al. 2018; Suryani et al. 2021), brand reputation (Lopez-Perez et al. 2020; Le et al. 2021), brand attitudes (Liu et al. 2020), consumer preference (Hendrasto and Utama 2019; Eggers et al. 2016; Yasri et al. 2020), customer purchase intensions (Le et al. 2021), customer satisfaction (Ciunova-Shuleska et al. 2016; M'zungu et al. 2019), customer acquisition and retention rates (M'zungu et al. 2019), brand equity (Dumitriu et al. 2019) and brand image (Seyyedamiri et al. 2021; Suryani et al. 2021). Some studies followed Wong and Merrilees (2008) and measured brand performance as a single construct encompassing brand image, brand awareness, customer brand loyalty and brand reputation (Hirvonen and Laukkanen 2014; Hirvonen et al. 2016; Laukkanen et al. 2016; Muhonen et al. 2017).

Different measurement approaches have also been used to assess financial performance. Financial performance is measured, for example, by sales growth (Agostini et al. 2015; Hirvonen et al. 2016) or as a construct of sales growth and an increase in profits and market share (Eggers et al. 2013; Laukkanen et al. 2016; Muhonen et al. 2017, Farrington et al. 2018). Some scholars also used measuring variables such as increase of return on equity (Le et al. 2021), return on invest (Ciunova-Shuleska et al. 2016) or business growth indicators such as more employees (Eggers et al. 2013) and an increasing customer base (Odoom et al. 2017b).

In most cases, data on brand and financial performance were collected quantitatively. The data related either to the entrepreneurs' perception (Eggers et al. 2013; Ferrington et al. 2018, Hirvonen and

Laukkanen 2014; Hirvonen et al. 2016; Laukkanen et al. 2016; Muhonen et al. 2017; Odoom et al. 2017b; Annes-ur-Rehman et al. 2018) or the customers' perception (Ong et al. 2015/2016; Eggers et al. 2016; Hendrasto and Utama 2019; Yasri et al. 2020; Seyyedamiri et al. 2021; Suryani et al. 2021). In some cases, other data sources were also used, such as the companies' balance sheets (Agostini et al. 2015) or comments on social media captured by a data crawler (Liu et al. 2020).

Studies that analysed both performance dimensions found positive relationships between brand performance and financial performance (Eggers et al. 2013; Hirvonen et al. 2016; Laukkanen et al. 2016; Muhonen et al. 2017; Annes-ur-Rehman et al. 2018), indicating that the power of a strong brand also leads to financial gains for SMEs, for example, in the form of increasing sales, profit or market share. Like larger companies, strong SME brands can achieve a price premium or expand their portfolios to new categories (Muhonen et al. 2017). However, studies have also found that firm-related factors can moderate the relationships between brand and financial performance (Hirvonen et al. 2016; Laukkanen et al. 2016; Muhonen et al. 2017). For instance, Hirvonen et al. (2016) found that, for B2B companies, the relationship between brand performance and financial performance is stronger for larger SMEs than for micro-enterprises and stronger for older companies than for younger ones. In line with this, Laukkanen et al. (2016) saw that young and old companies differ in some respects, for example, in the effect of competitor orientation on financial performance, whereby they found a positive effect in young companies and a negative effect in older companies.

Although the reviewed studies provided a solid database on performance effects, there is little research on how SMEs *themselves* measured the performance of their branding efforts and what indicators and which tools *they* used. An exception is the qualitative study by M'zungu et al. (2019), which indicated that SMEs assess performance depending on their (operational) brand implementation capacity. SMEs that show weak brand implementation capacity tend to assess performance just with financial criteria (sales and profit). However, SMEs with strong brand implementation capacity assess performance as a combination of financial *and* nonfinancial methods (e.g., customer satisfaction, acquisition and retention rates).

Summary of key terms for SME branding

To complement the narrative synthesis, we present in Figure 6 important key terms that were central to the studies reviewed. This presentation is not meant to be comprehensive but rather to contribute to a better overview and understanding of the most relevant aspects of the SME branding process. The key terms are mapped to the four process steps along our conceptual framework: *brand orientation, brand identity, brand marketing* and *brand performance.*
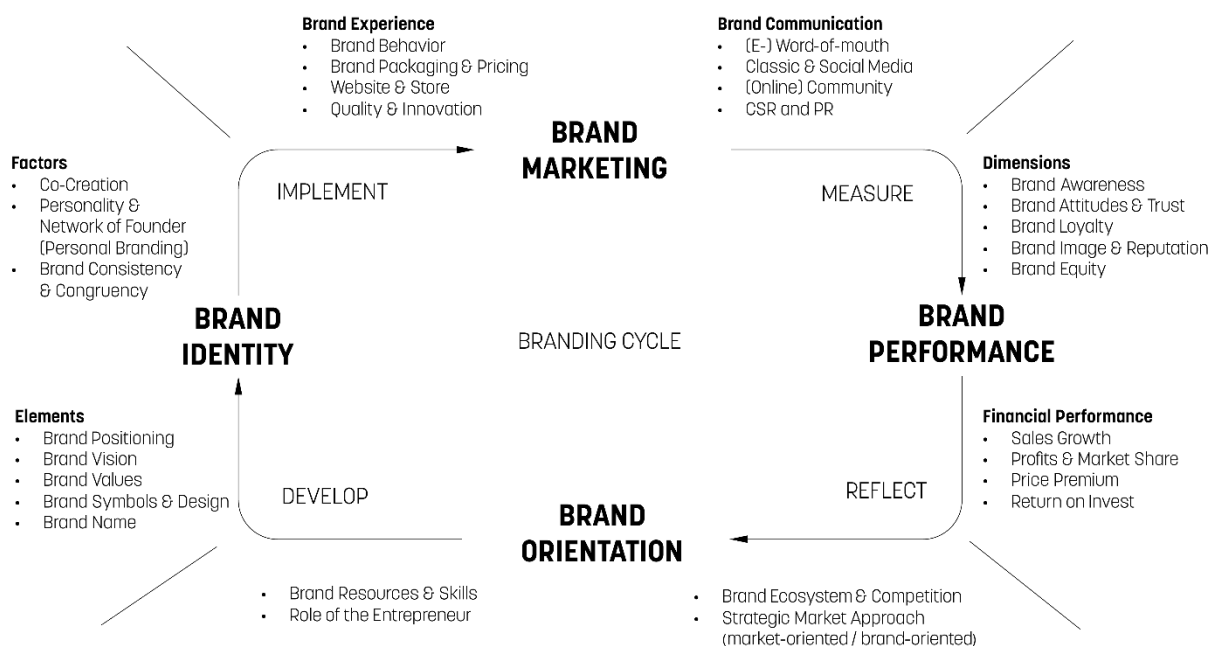
Figure 6. Summary of key terms for SME branding.

2.6 Managerial implications

With this review, we also examined which practical implications can be derived for a promising branding process in SMEs from the existing research (RQ4). The reviewed studies provide a range of suggestions and approaches for SME entrepreneurs and managers, which are summarised in the following section using our conceptual framework.

1) Implications for becoming brand oriented

Overall, the reviewed studies encouraged SME entrepreneurs to strengthen their efforts regarding brand orientation, for example, by developing strategic decision-making skills (Kusi et al. 2022) and training marketing and branding skills (Laukkanen et al. 2016). Neuvonen et al. (2016) also saw implications for the brand ecosystem and suggested that, for example, academic and industrial experts should promote general awareness of branding advantages and provide networks and services like training and branding knowledge for nonmarketers. Furthermore, SME entrepreneurs would benefit from benchmarking their competitors, thus increasing their awareness of market and brand orientation (Laukkanen et al. 2016). SME entrepreneurs should view branding as equally beneficial as large companies (Muhonen et al., 2017) and strive to build a strong brand when they are not actively pursuing growth but want to strengthen customer relationships (Hirvonen et al. 2016). This could contribute to a long-term competitive advantage (Anees-ur-Rehman et al. 2018) and could attract and retain talent (Kaur et al. 2015).

2) Implications for developing a brand identity

A range of managerial implications were suggested for SME's brand identity development. For example, Muhonen et al. (2017) noted that, because of its complexity, it would make sense for SME entrepreneurs to consider brand identity as consisting of multiple components and, therefore, focus on each part individually. In line with this, the development of brand values has been seen as the basis of brand identity in several studies (Centeno et al. 2013; Eggers et al. 2013; Muhonen et al. 2017). In addition, the congruence between the founders' personal values, the brand values and the employees' attitudes and behaviours plays an important role (Centeno et al. 2019; Eggers et al. 2013). However, the development of a coherent brand identity also includes brand design and symbolic elements such as the brand name, logo, shapes and colours, where more research and insights are still needed (Centeno et al. 2013). Hence, building a strong brand identity is no easy task, and SME entrepreneurs might feel 'isolated and overwhelmed by their pivotal position' (Mitchell et al. 2015, p. 1840). Mitchell et al. (2015) emphasised that SME entrepreneurs consequently showed less ambition for their brand strategy. In his qualitative case study of a nonprofit SME's rebranding process, Chad (2015) found that seeking

professional support from external consultants can be an effective way for SME entrepreneurs, even when resources are limited. However, it would be just as important to involve employees from the very beginning. The development of a brand identity offers employees the opportunity to relate to the brand even more closely (Hirvonen and Laukkanen 2014). Similarly, Eggers et al. (2013) emphasised that, in today's transparent and digitised society, people perceive a brand as authentic only if the 'company as a whole is authentic' (p. 346), which requires fostering organisational culture and employee brand engagement. The challenge—but also the opportunity for SME entrepreneurs—appears to be to develop an adaptive brand identity and flexible strategy (Mingione and Russell 2020) while engaging in active dialogue with key stakeholders of the brand (Törmälä and Gyrd-Jones 2017). According to Iglesias et al. (2020), SME entrepreneurs should not see themselves as brand *guardians* but act as brand *conductors* who allow brand identity to progress, 'while still attempting to preserve its core values. This requires a new participatory leadership style that is more open, humble and capable of embracing multiple stakeholders' (p. 30) in the cocreation process with customers and employees. Kusi et al. (2021) proposed a sequential process for brand identity development in new ventures: First, SME entrepreneurs could develop their brand identity in a relatively short period of time by applying effectuation logic (exploration and networking) during the unbranded state and, after acquiring brand legitimacy and awareness, follow appropriate planning in line with causation logic (strategic marketing and branding) to advance the development of their brand identity to the focused brand state.

3) Implications for implementing brand marketing

The reviewed studies covered a broad spectrum of strategies and activities; therefore, we will highlight important and frequently mentioned managerial implications. In line with previous research, Agostini et al. (2015), for example, emphasised that it is better building one strong brand than spending money on different product trademarks. Similarly, Syed Alwi et al. (2022) suggested that SME managers take a more holistic approach and communicate with the corporate brand to build brand equity rather than just focusing on the product brand level. Other implications include ensuring that all brand communications consistently reflect the brand's intended positioning (Ravina-Ripoll 2021; Garner 2022), for example, having a strong brand promise from the very beginning to strategically guide all

brand communication activities (Syed Alwi et al. 2022) and training team members to embody and live the brand (Annes-ur-Rehman et al. 2018). Several studies recommended that SMEs leverage social media for their brand strategies (Kaur et al. 2015; Suryani et al. 2021; Cortez and Dastidar 2022) and embrace changes in an increasingly digital business landscape (Yueqiang 2022). However, allocating scarce resources to digital branding initiatives needs to be strategic and focused (Cinuova-Shulska et al. 2016). Although social media can be utilised to communicate CSR initiatives to enhance a brand's reputation (Lopez-Perez et al. 2018; Youssef et al. 2018; Robson and Banerjee 2023), SMEs should not see themselves solely as broadcasters but also manage their content to engage their audience and to build communities (Kang and Park 2018; Horst et al. 2020). Building a brand community around a cause to create a sense of belonging and loyalty by associating the brand with a meaningful and positive purpose might also be a promising method for SMEs (Cova et al. 2021). Even if SME entrepreneurs do not want to follow this path, it is still essential to intensively promote the interactions and relationships with customers when building online brand communities (Iglesias et al 2020; Mingione and Russell 2020).

4) Implications for measuring brand performance

It is worth noting that *all* studies that have explored the effect of brand building in SMEs on their financial performance encouraged SME managers to invest in their brands. Especially in today's competitive markets, brand building is seen as essential to make products and services stand out (Eggers et al. 2013) and to build brand equity (Dumitriu et al. 2019) and long-term competitive advantage (Ravina-Ripoll et al. 2021). The reviewed studies provide empirical evidence that branding leads to increased business success not only for larger companies, but also for SMEs (Annes-ur-Rehman et al. 2018). According to Muhonen et al. (2017), SME managers should perceive branding as equally beneficial to larger companies. However, some studies also pointed out that SMEs should carefully consider in which markets they compete and what strategic initiatives they want to pursue because of their limited resources (Reijonen et al. 2015; Hirvonen et al. 2016). Accordingly, investing in branding always means a trade-off in resources (Reijonen et al. 2015). In their study on industrial SMEs in emerging markets, for example, Reijonen et al. (2015) recommended focusing more on other entrepreneurial activities to react flexibly to changing customer needs. Kusi et al. (2021) advised new

ventures that are growing rapidly and internationalising to build a brand identity in a relatively short time period by applying the decision-making logic of effectuation in the initial stages of brand building. This could help reduce the financial burden to some extent and increase brand awareness and legitimacy, for example, through joint branding agreements, preorder commitments or free publicity. Finally, SMEs should carefully measure their actions regarding their impact on brand and financial performance (Muhonen et al. 2017). For this purpose, SMEs need guidelines and a suitable measurement system and tools.

2.7 Discussion, limitations and future research

In the present study, we systematically reviewed the research on branding in SMEs over the past 10 years, extending the previous review by Odoom et al. (2017a). In total, 63 studies were rigorously analysed before being coded and synthesised using a conceptual framework for the SME branding process. Despite an increase in research with a digital focus, the number of studies on branding in SMEs remains limited. However, the overall view of the reviewed studies has also revealed interesting further developments in this field of research, which we now present in the conclusion along with our research questions and recommendations for further research.

(1) How do SMEs build their brands?

First, we can state that, in recent years, empirical evidence has shown that branding in SMEs not only leads to an increase in brand performance, but also in financial performance and, thus, to overall business success. The founders' central role, their personality, their skills and their strategic orientation for the entire branding process were confirmed (e.g., Krake 2005; Rode and Vallaster 2005; Renton et al. 2015; Neuvonen 2016). However, the increasing importance of the cocreation of brand identity between different stakeholders was also emphasised, especially in the context of an increasingly digitalised world (Törmälä and Gyrd-Jones 2017; Iglesias et al. 2020; Horst et al. 2020; Koporcic 2020; Mingione and Russell 2020; Dressler and Paunovic 2021). Brand building in SMEs does not happen in a 'black box' but in a constant dialogue with customers, the public and the company's own team. The brand marketing being investigated in 42 studies indicated the broadened possibilities of brand building

for SMEs through digitalisation, extending beyond traditional advertising and branding activities. We also saw the studies as providing an increasing scientific basis for SMEs' market and brand orientations. However, we found that there is a lack of research on all four building blocks of the branding process. There is still little research on how SME entrepreneurs actually become brand oriented (Neuvonen 2016), how they can strategically and visually develop and cocreate a strong brand identity (Törmälä et al. 2017; Iglesias et al. 2020), how the implementation of brand communication and brand experience can work across different touchpoints (Robson and Banerjee 2023) and within financial constraints and, finally, what tools SMEs can use to measure the effectiveness of their branding efforts (Ciunova-Shuleska et al. 2016; Muhonen et al. 2017).

(2) How do digital channels and technologies affect the SME branding process?

The growing number of studies with a digital focus have indicated that digitalisation is becoming an increasingly important factor in SMEs' brand building. Not only are the opportunities for SME entrepreneurs growing, for example, to gain a greater reach and connect with a larger community. The challenges, for example, of protecting the brand from negative comments or ratings in the digital space are also growing (Shen 2022). The reviewed studies focused mostly on the use of social media for brand building in SMEs. SME entrepreneurs can use social media to promote not only their company and employer brand, but also their personal brand, thereby strengthening the 'social' and human aspect of their business to attract new customers and talents (Thompson-Whiteside et al. 2018; Yansen et al. 2021; Garner 2022). However, further research is needed into how SMEs can use digital channels strategically rather than taking a naïve approach to online customer engagement and community building (Holzweber et al. 2015; Becker and Lee 2019; Cova et al. 2021). The reviewed studies provided initial insights into the relevance and use of digital brand building in SMEs. However, because of the large number of technologies and channels, there is a need for further research (Robson and Banerjee 2023). For example, none of the studies investigated the use of artificial intelligence for brand building (Musaiqer and Hamdan 2023), which could also support the development and communication of brand identity or the measurement of brand performance in the SME context. The speed at which technology is developing

and is already being applied to the practice of branding (Steenkamp 2020) requires further study in this area to ensure that the gap between research and practice does not expand too far.

(3) How does the branding process in small businesses compare with that of large companies?

The key differences in branding between SMEs and large companies can be seen in the limited financial resources and active role of the entrepreneur. More in-depth research is needed into how SME entrepreneurs *become* brand oriented and *what* competencies and skills they require to build their brand (Neuvonen 2016). Although previous studies have found that entrepreneurs tend to associate brand building with large companies, the results of more recent studies suggested that there has been a shift over the years towards a more strategic approach to brand building by entrepreneurs. One hypothesis for further research could be that SME entrepreneurs are more aware of the benefits and opportunities of building a strong brand in the wake of digitalisation (Becker and Lee 2018) and personal branding. However, because most companies in the world belong to the SME group, it is not only the difference to brand building in large companies that is important to examine, but also the difference among various SMEs, for example, regarding sectors and countries, and so forth. Although initial studies are already available in this regard (Odoom et al. 2017b; Lin and Siu 2020; Dressler and Paunovic 2021; Arzubiaga et al. 2022), there is little research, for example, on the differences between developing and industrialised countries (Reijonen et al. 2015; Odoom et al. 2017b) or between craft and tech companies. The area of brand building in fast-growing startups has also rarely been researched (Mingione and Russel 2020; Kusi et al. 2021).

(4) What practical implications can be derived from the existing research for a promising branding process in SMEs?

The present studies provided a range of implications for entrepreneurial practice that should be considered to build a strong SME brand (see chapter 6). Overall, there are key aspects that SMEs can address in each of the four process steps: 'brand orientation', 'brand identity', 'brand marketing' and 'brand performance'. As a first step, SME entrepreneurs and managers need to reflect on whether they want to build their brand as a corporate strategy for a long-term competitive advantage and invest in

their marketing and branding skills (Laukkanen et al. 2016). The second step is to develop a brand identity that incorporates the brand's values, vision and positioning into a consistent brand design (Centeno et al. 2013; Muhonen et al. 2017; Neumeier 2022). Given the financial constraints, the focus should be on building one brand rather than multiple brands (Agostini et al. 2015). The third step involves implementing marketing strategies and activities, communicating the brand and turning it into an experience for all relevant stakeholders. Important aspects include considerations regarding the online and social media strategy (community building), the founder's personal brand and the brand culture and behaviour (living the brand) (Annes-ur-Rehman et al. 2018; Becker and Lee 2018; Centeno et al. 2019; Mingione and Russel 2020). Finally, SMEs should identify suitable indicators for evaluating and assessing their brand performance (Muhonen et al. 2017). Because brand building is not a one-off event but tends to be an iterative process, especially in new ventures, it is important for SME entrepreneurs and managers to constantly reflect on their brand identity and image (Centeno et al. 2013).

Although the present studies have provided a set of managerial implications for the branding process in SMEs, there are still few in-depth studies on how SME entrepreneurs master each phase, especially under financial constraints. Therefore, in addition to quantitative and qualitative studies, mixed methods and longitudinal studies are recommended to investigate the relationship between action and the effect of branding strategies and measures in more detail than has been done to date (Hirvonen et al. 2016; Anees-ur-Rehman et al., 2018; Hodge et al., 2018).

Our systematic review was conducted according to certain preset criteria. For example, we focused exclusively on peer-reviewed and empirical studies that were available to us as full texts. Conceptual studies and other forms of literature, which could also provide important contributions to the branding process in SMEs, were not considered, given the scope of the present study. With the first part of the study results of our findings, we were able to provide a comprehensive and detailed overview of the body of the studies reviewed. However, it was also important for us to synthesise the data not only quantitatively but also qualitatively in a narrative form along the conceptional framework (Figure 1). Despite systematic and deductive coding, this process step involved inherent and subjective decisions,

resulting in synthesis. Nevertheless, we made a conscious decision for this hybrid review approach as we could see that the contribution we make in this way outweighs the limitation.

2.8 Conclusion

With this systematic review, the previous review by Odoom et al. (2017a) has been updated and extended. Accordingly, we can provide an important contribution to the research on brand building and management in SMEs.

First, with this review, we systematically surveyed the state of empirical research on brand building in SMEs over the past 10 years and, drawing on this, provided perspectives for further research in this field. Second, to date, no overview work has systematically described the process of SME brand building based on a conceptual framework. This not only allowed us to map and analyse the individual study results, but also enabled the synthesis of valuable insights into the branding process in narrative form. Third, with the focus on digital aspects of the branding process, we were able to shed light on an important and growing research topic and identify promising avenues for further studies, for example, relating to cocreation and the use of digital technologies and channels.

Because the present review focused on the *how* of branding, it also included practical contributions for SME entrepreneurs. Starting with the question of brand orientation, whether the strategic approach to brand building is worthwhile for SMEs, through the question of how to develop a brand identity and carry out brand marketing and to the question of how to measure brand performance, the results of the studies reviewed have provided important practical insights for SME entrepreneurs.

Overall, with the current study, we contributed an overview of the current state of research in this emerging area of research. This provides marketing researchers and practitioners with a deeper understanding of how SMEs can build a strong brand in a digital world. Accordingly, the current review has provided a sound basis for future research and featured practical implications for SME entrepreneurs.

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2.10 Appendices

Appendix 1 – List of all reviewed publications and journals

Journal (with number of publications on the topic)	Authors
Journal of Strategic Marketing (6)	Hirvonen and Laukkanen 2014; Holzweber et al. 2015; M'zungu et al. 2017; Youssef et al. 2018; Anees-ur-Rehman and Johnston 2019; Tajeddini and Ratten 2020
Journal of Brand Management (5)	Centeno et al. 2013; Neuvonen 2016; Hodge et al. 2018; Chad 2015; Lin and Siu 2020
Journal of Marketing Management (4)	Mitchell et al. 2015; Laukkanen et al. 2016; Mingione and Russell 2020; Cova et al. 2021
Sustainability (4)	Lopez-Perez et al. 2020; Kang and Park 2018; Dumitriu et al. 2019; Dressler and Paunovic 2021
Industrial Marketing Management (3)	Reijonen et al. 2015; Törmälä and Gyrd-Jones 2017; Iglesias et al. 2020
Frontiers in Psychology (3)	Ravina-Ripoll et al. 2021; Liu et al. 2020; Yueqiang 2022
Gadjah Mada International Journal of Business (3)	Ong et al. 2016; Suryani et al. 2021; Maduretno and Junaedi 2022
Journal of Business & Industrial Marketing (3)	Koporcic 2020; Anees-ur-Rehman et al. 2018; Hirvonen and Laukkanen 2016
Journal of Small Business Management (2)	Agostini et al. 2015; M'zungu et al. 2019
Journal of Product and Brand Management (2)	Centeno et al. 2019; Muhonen et al. 2017
Journal of Research in Marketing and Entrepreneurship (2)	Renton et al. 2015; Odoom et al. 2017b
Journal of World Business (2)	Eggers et al. 2013; Kusi et al. 2022
Qualitative Market Research (2)	Syed Alwi et al. 2022; Thompson-Whiteside et al. 2018
Sage Open (2)	Ozcan and Elci 2020; Shen 2022
Journal of Business Research (1)	Cortez and Dastidar 2022
Journal of Business Economics and Management (1)	Ciunova-Shuleska et al. 2016
Journal of Media Business Studies (1)	Horst et al. 2020
Journal of Promotion Management (1)	Garner 2022
Online Information Review (1)	Robson and Banerjee 2023
International Business Review (1)	Kusi et al. 2021
International Entrepreneurship and Management Journal (1)	Eggers et al. 2016
International Journal of Business and Commerce (1)	Ong et al. 2015
International Journal of Entrepreneurial Behavior & Research (1)	Resnick et al. 2016
IUP Journal of Brand Management (1)	Kaur et al. 2015
Cogent Business & Management (1)	Le et al. 2021
Market-Trziste (1)	Hendrasto and Utama 2019
Review of Managerial Science (1)	Arzubiaga et al. 2023
Revista de Investigaciones-Universidad Del Quindio (1)	Yansen et al. 2021
Southern African Business Review (1)	Farrington et al. 2018
Journal of Asian Finance Economics and Business (1)	Becker and Lee 2019
The Service Industries Journal (1)	Omar et al. 2021
Journal of Family Business Management (1)	Paunovic et al. 2022
Journal of Foodservice Business Research (1)	Seyyedamiri et al. 2021
Heliyon (1)	Yasri et al. 2020

Appendix 2 – Coding results of all studies based on the conceptual framework

No	Author(s)	Focus of study	Codings (Mapping to branding themes)
1	Agostini et al. 2015	Relationship between brand building efforts and sales performance.	3,4
2	Anees-ur-Rehman and Johnston 2019	Relationship between strategic orientations and brand performance	1,4
3	Anees-ur-Rehman et al. 2018	Relationship between brand orientation and financial performance.	1,3,4
4	Arzubiaga et al. 2023	Relationship between family firm image and financial access.	2,4
5	Becker and Lee 2019	Usage of social media for corporate reputation	3
6	Chad 2015	Corporate rebranding in a non-profit SME	2
7	Ciunova-Shuleska et al. 2016	Relationship between brand orientation and capabilities on performance.	1,3,4
8	Centeno et al. 2013	Brand building process.	1,2,3
9	Centeno et al. 2019	Interplay between SME owner-managers and the brand-as-a-person metaphor	2
10	Cortez and Dastidar 2022	Customer engagement in LinkedIn - the role of brand personality.	3
11	Cova et al. 2021	Building a brand community	3
12	Dressler and Paunovic 2021	Branding strategies of Winery SMEs.	2,3
13	Dumitriu et al. 2019	Managing brand equity through digital marketing	3,4
14	Eggers et al. 2016	Relationship between brand authenticity, brand trust and SME grwoth.	2,4
15	Eggers et al. 2013	Modeling brand equity and measuring consumers preferences.	4
16	Farrington et al. 2018	Relationship between branding practices and financial performance.	3
17	Garner 2022	Usage of social media to establish authenticity.	3
18	Hendrasto and Utama, 2019	Relationship between brand naming and consumer preference.	2,4
19	Hirvonen and Laukkanen 2014	Relationship between brand orientation and brand performance.	1,2,3,4
20	Hirvonen et al. 2016	Relationship between brand orientation and business growth.	1,4
21	Hodge et al. 2018	Characteristics of brand orientation enactment	1
22	Holzweber et al. 2015	Building a brand community / tribe	2,3
23	Horst et al. 2020	Developing entrepreneurial identity through digital media.	2
24	Iglesias et al. 2020	Process of brand identity co-creation.	2,3
25	Kang and Park 2018	Relationship betweeen brand communication in social media and customers' purchase intentions.	3
26	Kaur et al. 2015	Usage of social maedia for employer branding.	3
27	Koporcic 2020	Creating brand identity and reputation by interactive network branding.	2,3,4
28	Kusi et al. 2021	Developing brand identity.	2
29	Kusi et al. 2022	Relationship between brand orientation, brand management and financial performance.	1,4
30	Laukkanen et al. 2016	Relationship between market and brand orientation and business performance.	1,4
31	Le et al. 2021	Relationship between CSR, image and performance.	3,4
32	Lin and Siu 2020	Brand management strategies and decisions.	1,3
33	Liu et al. 2020	Relationship between CSR and consumer brand attitudes.	3,4
34	Lopez-Perez et al. 2020	Relationship between sustainability practices and image / reputation.	3,4
35	Maduretno and Junaedi 2022	Relationship between brand experience and brand loyalty.	3,4
36	M'zungu et al. 2017	Relationship between market and brand orientation.	1,3

37	M'zungu et al. 2019	Strategic and operational brand management perspectives.	1,2,3,4
38	Mingione and Russell 2020	Digital brand building and co-creation.	3
39	Mitchell et al. 2015	SME retail branding.	3
40	Muhonen et al. 2017	Relationship between brand orientation, brand identity and brand performance.	1,2,4
41	Neuvonen 2016	Adoption of brand orientation.	1
42	Odoom et al. 2017b	Brand marketing efforts.	3,4
43	Omar et al. 2021	Relationship between perceived innovativeness, consumer engagement and brand loyalty.	2,3,4
44	Ong et al. 2015	Relationship between brand trust and loyalty of SMEs	4
45	Ong et al. 2016	Relationship between brand experience, brand personality and brand loyalty.	2,3,4
46	Ozcan and Elci 2020	Relationship between CSR and brand image, reputation and employer brand.	3,4
47	Paunovic et al. 2022	Online branding strategies.	2,3
48	Ravina-Ripoll et al. 2021	Relationship between brand orientation and happiness management.	1
49	Reijonen et al. 2015	Relationship between entrepreneurial orientation, branding and business growth.	1,4
50	Renton et al. 2015	Brand management practices	1,2,3
51	Resnick et al. 2016	Brand marketing and self-branding of SME owner manager.	3
52	Robson and Banerjee 2023	Brand post popularity on social media.	3
53	Seyyedamiri et al. 2021	Relationship between pricing and brand preference and brand experience	3,4
54	Shen 2022	Relationship between heritage branding and brand communication on social media.	2,3
55	Suryani et al. 2021	Relationship between digital brand building an brand image.	3,4
56	Syed Alwi et al. 2022	Brand communication strategies	3
57	Tajeddini and Ratten 2020	Relationship between brand orientation and inter firm collaboration.	1
58	Thompson-Whiteside et al. 2018	Personal branding and brand communication strategies.	3
59	Törmälä and Gyrd-Jones 2017	Developing brand identity.	2
60	Yansen et al. 2021	Personal brand orientation.	1
61	Yasri et al. 2020	Relationship between creative advertising and brand image	3,4
62	Youssef et al. 2018	Implementing CSR in brand marketing strategy.	3
63	Yueqiang 2022	Relationship between brand orientation, co-creation and brand performance.	1,3,4

Appendix 3 – Number of studies by country
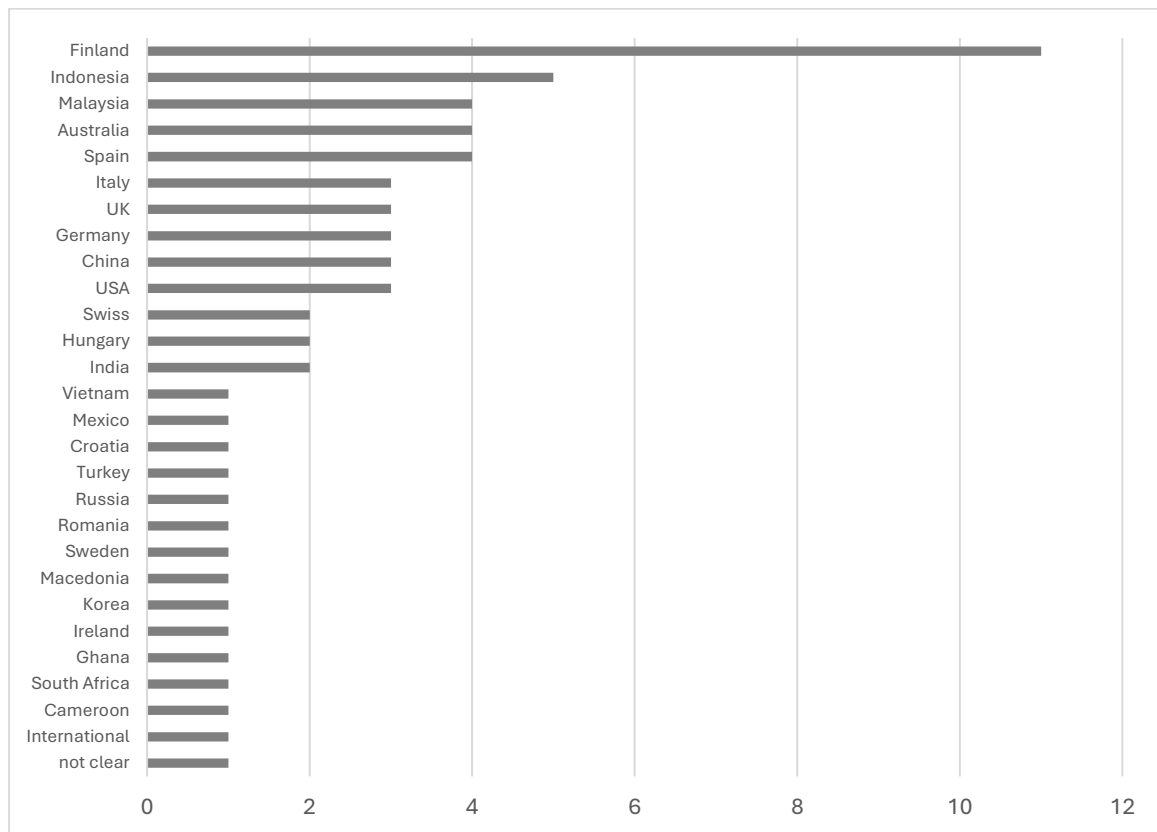
Appendix 4 – Number of studies in relation to the branding themes covered

Branding themes:	Number of studies
brand orientation, brand identity, brand marketing and brand performance	
One theme	26 (41%)
Two themes	26 (41%)
Three themes	9 (14%)
All four themes	2 (3%)

3. Positioning in SMEs: Entrepreneurs' perceptions and strategies

Abstract

Purpose – The concept of positioning is fundamental to how a company approaches and succeeds in a market. Despite a growing body of literature on positioning, existing research has focused mainly on larger companies and brands. This paper applies the concept of positioning to SME companies to explore how SME entrepreneurs understand and approach the positioning of their company, and what differences exist compared to large companies and brands.

Design/methodology/approach - Using a qualitative research approach, the study is based on focus groups involving thirteen SME entrepreneurs. The data were analyzed using a qualitative structuring content analysis, which resulted in a newly developed and empirically based typology of SME positioning strategies.

Findings - The results indicate that SME entrepreneurs view positioning as highly relevant but differ from larger companies in terms of market and brand orientation. Building on the interviews, an empirical matrix of four positioning strategies was developed which SME entrepreneurs typically employ: Specialization, Differentiation, Conviction, and Opposition.

Originality/value – Overall, the present findings contribute to a better understanding of SME entrepreneurs' positioning strategies as important building blocks for market and brand success. The new positioning typology provides a conceptual contribution for further research in the marketing/entrepreneurship interface.

Practical implications - Based on the developed positioning typology, we propose a two-step approach for SME entrepreneurs. First: Gaining clarity on the basic positioning dimensions. Second: Exploring four strategic fields of action.

Keywords - Brand positioning, competitive positioning, entrepreneurial marketing, small business, small and medium sized enterprise, marketing strategy, market orientation, brand orientation

3.1 Introduction

"You say: customers should find us hot. I say: customers should come and sign on the dotted line."

(Statement from one of our study participants)

Scholars and practitioners alike regard positioning as a key marketing concept (Aaker, 1996; Ries and Trout, 2001; Sawtschenko, 2005; Kapferer, 2008; Esch, 2010; Riezebos and van der Grinten, 2012; Hooley *et al.*, 2020; Keller, 2012; Urde and Koch 2014; Renton *et al.*, 2015; Kotler and Keller, 2016; Esch, 2019). Through appropriate positioning, companies seek to become competitive in a market by distinguishing themselves from their rivals and gaining prominence in the eyes of customers. In line with Urde and Koch's definition (based on their comprehensive review of the relevant literature), positioning is seen as "the management process that seeks to establish a new position in markets and minds or modifies (fortify or change) an existing one" (2014, p. 479).

The concept of positioning is highly relevant in an increasingly competitive landscape of saturated markets and an "over-communicated society" characterized by low attention span (Ries and Trout, 2001, p. 6). As the concept of positioning encompasses strategy, marketing, and branding elements, there are different definitions and theoretical approaches (Urde and Koch, 2014, p. 479). Despite a growing body of literature (e.g., Saqib, 2020), research on positioning has focused mainly on large companies and brands. Based on a systematic review of the SME marketing literature, Bocconcelli *et al.* (2018) noted that "[the] recent literature lacks contributions dealing with segmentation and positioning strategies" (p. 243), and there is a clear need for more research on small and medium-sized enterprises (SMEs) in light of their distinctive character. Positioning and building brands "is a challenge for small business with limited resources and budgets" (Kotler and Keller, 2016, p. 314) and lack of marketing personnel and skills (Gruber, 2004). The "sometimes quite sophisticated methodology" (Hooley *et al.*, 2020, p. 198) of segmentation, targeting and positioning as presented in the marketing literature does not sufficiently address the limitations SMEs face . Especially when resources are limited, entrepreneurs need to focus and find new ways to markets, Kotler and Keller (2016) state. While they provide some recommendations for SME branding, they cannot build on an in-depth and empirical analysis of the positioning problem in SMEs (Kotler and Keller, 2016, p. 315).

At a practical level, positioning is crucial for achieving competitive advantage (Renton *et al.*, 2015, p. 161) and thus the success of new ventures (Epple and Späth, 2019, p. 85), and entrepreneurs need more relevant insights to help them gain a foothold in new or existing markets.

To bridge this research gap, the present study seeks to contribute to the positioning and entrepreneurship literatures in two ways: by extending the concept of positioning to SME entrepreneurs as a key target group, and by exploring how these entrepreneurs approach the positioning of their companies in the market. Accordingly, the present study addresses the following research questions.

RQ1) To what extent do SME entrepreneurs perceive positioning as relevant to their business?

RQ2) How do SME entrepreneurs approach the positioning of their company in the market, and to what extent can it be characterized as market-oriented or brand-oriented?

The study employs a qualitative approach based on focus groups involving thirteen SME entrepreneurs. The data were analyzed using a qualitative structuring content analysis, which resulted in an empirically based typology of SME positioning strategies. The results indicate that SME entrepreneurs view positioning as highly relevant but differ from larger companies in terms of market and brand orientation. Overall, our findings contribute to a better understanding of SME entrepreneurs' positioning strategies as important building blocks for market and brand success.

3.2 Theoretical background

3.2.1 The concept of positioning

The concept of positioning is a fundamental element of a company's approach to a given market and its success in that market. Three distinct perspectives on positioning can be identified in the existing literature (Urde and Koch, 2014): the strategic management perspective, the marketing management perspective, and the brand management perspective, as shown in Figure 1.
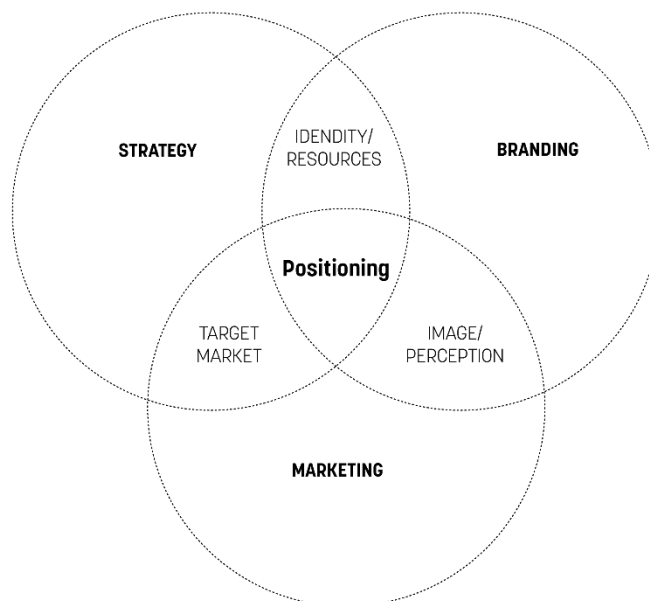
Figure 1. The concept of positioning: Perspectives and elements.

From a **strategic management** perspective, positioning is about gaining competitive advantage by focusing on market opportunities and on company strengths and resources. For example, Porter's well-known competitive matrix identifies three possible positioning strategies: *cost leadership*, *differentiation*, and *focus* (niche strategy) (Porter, 1985). "The competitive positioning of the company is a statement of market targets (*where* the company will compete) and differential advantage (*how* the company will compete)" (Hooley *et al.*, 2020, p. 44).

From a **marketing management** perspective, positioning is about identifying attractive market segments and anchoring the unique selling propositions (USPs) of products and services in customer perceptions. In the marketing management literature, this process is referred to as "STP" (Market Segmentation, Targeting and Positioning) (Kotler and Keller, 2016, p. 267).

According to Ries and Trout (2001) "Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect" (p. 2). They argue that in an information-saturated society, the volume of advertising messages exceeds people's capacity to absorb them. It follows that marketers'

only option is to sharpen the message to ensure that customers perceive the offering as superior (Ries and Trout, 2001). The marketing management literature has subsequently emphasized this focus on customer perceptions (Urde and Koch, 2014). For example, positioning has since been characterized as "the heart of marketing strategy" (Keller, 2012, p. 79), and as "the act of designing the company's offer and image so that it occupies a distinctive place in the mind of the target market" (Kotler and Keller, 2016, p. 297).

As brand building and **brand management** are established elements of the modern resource-based view of marketing strategy, positioning is also closely related to the concepts of brand identity, brand vision, and value proposition as distinct aspects of a brand that matter to customers (Urde, 1994; Aaker, 1996; Kapferer, 2008; Esch, 2010). For example, Aaker (1996) defined brand position as "the part of brand identity and value proposition that is actively communicated to the target audience and that demonstrates an advantage over competing brands" (p. 176). According to Esch (2010), brand identity, brand positioning, and brand image are closely related; brand identity is the starting point for brand positioning, and brand image is "[a] measure of the more or less successful transfer of identity through positioning of the brand on the market" (p. 90).

These different views and definitions of positioning and its elements traverse a broad spectrum, which can be a "serious issue" in practice (Urde and Koch, 2014, p. 479) and creates difficulties for researchers (Saqib, 2020). Aaker and Shansby noted this problem as early as 1982: "Positioning means different things to different people. To some, it means the segmentation decision. To others it is an image question. To still others it means selecting which product features to emphasize" (1982, p. 56). Considering this complex theoretical background, it is important to learn more about how it is perceived by SME entrepreneurs. Do they perceive positioning more from a strategy, marketing or branding perspective?

3.2.2 The process of positioning

Positioning can be characterized as a two-part process: devising a positioning strategy and implementing it in the marketing mix (Armstrong *et al.*, 2009; Hooley *et al.*, 2020). Once a company has decided and defined its positioning strategy, the next step is to communicate the intended position to its target groups, anchoring it in their perceptions (Armstrong *et al.*, 2009, p. 220). In the present study, we confined our attention to the first part of the process: the analysis and design of positioning strategies.

Urde and Koch (2014) distinguish between two different approaches to positioning, reflecting two distinct logics that companies can follow: *market-oriented* and *brand-oriented* (2014, p. 481). While market orientation represents an outside-in approach, focusing on the needs and demands of the target market, brand orientation is an inside-out approach, focusing on brand identity (i.e., brand vision and values) as a point of departure and frame of reference for establishing a brand image. The duality of these positioning approaches is analogous to the strategic management problem of "who should be fitted to whom" (de Wit and Mayer, 2004, p. 249) - that is, whether a company should take environment and market conditions as the starting point for its strategic decisions, adjusting its resources accordingly (outside-in), or proceed from its resources and strengths to choose a best-fit environment and market (inside-out).

Although there has been scholarly works to consider market orientation and brand orientation as dynamic and hybrid approaches (Urde *et al.,* 2013), the two perspectives echo a fundamental discussion in entrepreneurship research regarding the nature of the entrepreneur as someone who *creates new business opportunities* from within (Schumpeter's view) or *discovers new opportunities* in market disequilibrium (Kirzner's view) (Zellweger *et al.*, 2019). Against this background, the distinction between market orientation (outside-in) and brand orientation (inside-out) can help to illuminate SMEs' positioning processes. Do entrepreneurs take a more market-oriented or brand-oriented or even a hybrid approach to positioning?

3.3 Current state of research

Applications of the concept of positioning have been extensively investigated in marketing and branding studies worldwide (Saqib, 2020), including the positioning of personal brands (Shafiee *et al.*, 2010), sport brands (Lee *et al.*, 2018), green brands (Wang, 2017), hotel brands (Hu and Trtivedi, 2020), and city brands (Larsen, 2018), as well as in B2B contexts (Panda *et al.*, 2018). However, few studies have focused specifically on SMEs' positioning processes (Boccencelli et al., 2018, p. 243); those addressing the strategic dimension of positioning in SME marketing and brand management (Lefebvre, 1993; Tan Swee Lin and Smyrnios, 2007; Spence and Hamzaoui-Essoussi, 2010; Reijonen *et al.*, 2012; Roach *et al.*, 2014; María García-Pérez *et al.*, 2014; Renton *et al.*, 2015; Chen and Schiele, 2017; Muhonen *et al.*, 2017; M`Zungu *et al.*, 2019; Dressler and Paunovic, 2021) are reviewed here in order to highlight characteristics of positioning approaches in SMEs compared to those of large companies.

Positioning approaches in SMEs

Research on growing SMEs shows that they tend to adopt a more explicit market and brand orientation than their stable or declining counterparts (Reijonen *et al.*, 2012). They invest more in their marketing capabilities (Joensuu-Salo *et al.,* 2022) and target markets more precisely than slow-growing SMEs which are "trying to be 'everything to everyone'" (Lee and Smyrnios, 2007, p. 69). SMEs with a stronger competitive orientation are more innovative in the marketplace (Lefebvre, 1993) and develop greater competitive advantages (Renton *et al*., 2015).

However, Reijonen *et al.* (2012) also found that competitor orientation as an element of market orientation was generally quite low among SMEs although "regarded as an important factor when positioning a firm in the markets" (ibid., p. 713). Likewise, María García-Pérez *et al.* (2014) note that SMEs tend to focus their strategic orientation on internal factors and their own resources rather than on external factors such as competitors. SME entrepreneurs seem to rely and compete more on their company's strengths rather than "venturing into market areas that might be too risky" (Spence and Hamzaoui-Essoussi, 2010, p. 1047). Chen and Schiele (2017) come to the same conclusion, noting that this tendency exists not only between SMEs and large firms but also between micro and medium-sized

firms; for example, micro-SMEs (i.e., firms with fewer than ten employees) tend to adopt internal strategies more than small and medium-sized SMEs.

In summary, the lack of competitor orientation in SMEs as part of their market orientation might be a fundamental difference between the positioning approaches of SMEs and large companies, which could be due to the lack of financial resources and marketing personnel in SMEs (Abimbola, 2001; Kotler and Keller, 2016; Joensuu-Salo *et al.,* 2022) to conduct market research as well as the lack of marketing knowledge and skills of many SME entrepreneurs (Gruber, 2004; Van Sheers, 2011).

For SME entrepreneurs, who have difficulties in pursuing a market-oriented approach, a more brand-oriented approach appears to be a promising way forward, especially since it has already been shown that brand-oriented positioning in SMEs has a direct positive effect on brand performance, which in turn positively affects SME financial performance (Muhonen *et al.*, 2017).

In their recent study of SME brand management, M'Zungu *et al.* (2019) examine the companies' strategic focus (inside-out vs outside-in) to develop a typology of SME brand management. They argue that SME owner-managers' primary brand positioning focus and brand implementation capacity determine brand management types as *organization brand identity-driven, operations-driven, organization brand image-driven,* or *opportunistic*.

Although these studies provide important insights into the strategic orientation of SMEs, none examine how SME entrepreneurs perceive the relevance of positioning as a concept and how positioning in SMEs differs from large firms. While some studies explore industry-specific branding and positioning strategies of SMEs (Dressler and Paunovic 2021; Chen and Schiele 2017), we address the research gap of analyzing SME positioning strategies with a focus on market and brand orientation.

3.4 Methodology

Research design

For our study we employed a qualitative research design involving three focus group interviews with SME entrepreneurs ($N = 13$). Focus groups are an appropriate means of exploring and reconstructing subjective experiences and generating hypotheses about neglected or complex phenomena (Tausch and Mendold, 2015, p. 6) and can provide "valuable data on the extent of censensus and diversity among the

participants" (Morgan, 1996, p. 139). According to Zwick and Schröter (2012), the group acts as a corrective in this regard, as "discursively robust aspects can be distinguished from aspects that do not find support in the group process" (p. 25). Our research approach was informed by the need to reconstruct SME entrepreneurs' subjective experiences of positioning and to capture the spectrum of opinion regarding its relevance. Accordingly, we opted for the focus group approach instead of conducting individual interviews in order to be able to collect these valuable group effects as well.

Sampling

In recruiting the focus groups, we followed the European Commission's (2003) definition of SMEs to ensure homogeneous sampling in terms of company size and participants' day-to-day reality (see Table 2). On that basis, SMEs were assigned to one of three categories: micro (< 10 employees, turnover < 2 million euro); small (< 50 employees, turnover < 10 million euro); or medium-sized (< 250 employees, turnover < 50 million euro). To ensure heterogeneity and diversity of opinion within the groups beyond company size, sampling was independent of industry or business sector. This also enabled us to recruit SME entrepreneurs through our personal networks, and this case selection by opportunity encouraged greater openness during the two-hour group discussions.

Table 1

Profiles of participating companies

Focus group	Founder/ CEO	Age	Business	Foundation or takeover	No. of employee	Turnover: €M/year
Micro Enterprise	E1	50	Co-working	2017	3	0.35
	E2	45	Coaching	2006	0	N/A
	E3	39	Industrial printing	2015	9	0.6
	E4	58	Household goods	2010	2	0.2
Small Enterprise	E5	52	Craft store	1998	30	6.5
	E6	36	Web agency	2008	22	1.5
	E7	47	Education (languages)	2003	28	1.1
	E8	54	Tax consulting	1998	20	1.2
	E9	54	Building materials (trade)	2000	14	2.3

Medium Enterprise	E10	48	IT security	1989	135	13
	E11	47	Construction	2002	70	15
	E12	45	Business consulting	1997	247	33
	E13	43	Software development	2009	70	12

Data collection

In contrast to group discussion methods based on open and self-directed discourse, the focus group approach is more structured and seeks to capture participants' opinions about specific issues (Kruse, 2015, p. 199). To develop the interview guide (Table 2) and the main categories, we conducted two pretests, each involving one non-participating SME entrepreneur. In the second pretest only, question Q3 (regarding market-oriented and brand-oriented positioning) was explained using two example cases: Pepsi (for market-oriented positioning) and Volvo (for brand-oriented positioning). After assessing response behaviors and the respondent's positive feedback, we decided to use these examples as stimuli in the focus groups too. Because of the pandemic, the focus groups were conducted by online video conferencing and were video-recorded. Participants were informed in advance about how their data would be handled.

Table 2

Interview guide for focus groups

Question number	Guiding questions	Relation to research questions
Q1	How did you position your company in the market?	**Primary: B**
	How do you differentiate your company from your competitors, and what makes your brand unique?	Secondary: A
Q2	In your opinion, how important is the topic of "positioning" for early-stage entrepreneurs? The following are two possible statements describing your orientation:	**Primary A**
	1. "If you don't automatically win new customers, you have positioned your company poorly."	Secondary: B
	2. "Those who position themselves too narrowly limit their offering and their customer base unnecessarily."	
Q3	I will now present two possible positioning approaches: market-oriented (Pepsi) and brand-oriented (Volvo). Which approach is closer to your company's early-stage positioning process? Which approach would you recommend to SME founders?	**Primary: A, B**

Each focus group was set a time limit of two hours, yielding net discussion time of approximately 90 minutes per group, as the first 30 minutes were used to introduce participants and the study aim and procedure. All recordings were anonymized and focus group transcripts were imported to the MAXQDA software program for qualitative data and text analysis.

Data analysis

The data were analyzed using qualitative structuring content analysis as described by Kuckartz (2018). The data analysis was based on a category system with of four main categories, which were deductively derived during the first step (see Table 3 and Appendix A). After coding all text passages in terms of the four main categories, subcategories were formed inductively in a second run before finally being combined within a more distinguished category system. We adopted Morgan and Hoffman's (2018) coding system to analyze discussion and interaction within the focus groups. This coding system captures both "interpersonal connections" such as *agreement*, *disagreement*, and *support* and discussion elements such as *change in topic*, *continuation of topic connections*, and *questions and answers* (both among participants and between moderator and participants) (Morgan and Hoffman, 2018, p. 522).

Table 3

Definition of main categories

Main Category	Definition
Perceived Relevance of Positioning	Code assigned when the relevance of positioning is implicitly described or explicitly evaluated and reflected.
Positioning Strategies	Code assigned when positioning strategies are described within the exemplary use case.
Positioning Paradigms	Code assigned when reference is made to the two positioning paradigms (brand orientation and market orientation).
Focus Group Discussion	Code assigned when statements can be mapped to Morgan and Hoffmann's coding system.

Typology of positioning strategies

Building on the above analysis, we developed a typology of positioning strategies based on our empirical data to address research question B, focusing on whether and how the positioning strategies mentioned by participants could be mapped to the market-oriented and brand-oriented paradigms. According to Kuckartz (2018), empirical typology development involves five main phases: (1) determination of

attributes; (2) grouping of individual cases to form the typology; (3) description of the typology; (4) mapping of cases to types; and (5) contextual analysis (p. 147). It is characteristic of our typology that individual cases do not represent interviewees' views but refer to positioning strategies mentioned by those individuals (Kelle and Kluge, 2010). For example, the following statement includes different positioning strategies mentioned by one micro-SME entrepreneur.

> *Firstly, we offer premium coworking, which differentiates us from other providers by simply orienting the offering to a premium target group. Secondly, we have developed a principle we call "XY" [...] which means we don't just offer rooms but also offer opportunities to meet, as well as training at various levels. And yes, that clearly differentiates us from the market. The other thing is that we position ourselves between the very large providers that are active nationwide and the very small ones that have only individual spaces.* [Micro, item 2[1]]

3.5 Results

Perceived relevance of positioning in SMEs

All participants clearly had some initial idea of what positioning means and were able to reflect on the concept, apply it to their own company, find examples, and make recommendations for other founders. There was agreement about the relevance of positioning at some points in the discussion, but there were also some differences. During inductive coding, the main category *Perceived Relevance* yielded four subcategories: *time-related*, *market-related*, *brand-related*, and *industry-related* (see Appendix B).

(1) Positioning in SME is perceived as highly dynamic

Across all three focus groups, positioning was not understood as a one-time decision but rather as a dynamic process of recurring relevance throughout the company's history, from founding to the present day (a period of 20 years in some cases). For example, increasing competition over time, changes in business strategy (diversification), or the founder's personal development were mentioned as potential reasons for (re-)positioning.

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[1] Item refers to the text element coded in MAXQDA.

As I said at the beginning, when I first adopted this business model [...], there was no other offering of the kind, but now there are many similar offerings. This means that a completely different positioning is now required, involving a sharpening of the focus, contour, and range of services and a redefinition of added value. [Medium, item 23]

Another participant referred to the development of one's own personality as the starting point for renewed reflection on the company's positioning.

We start with a [certain] positioning because we are who we are, but as our personality evolves, positioning also evolves, and that's why we have to be very adaptable. [Micro, item 18]

Notably, *agility* was seen as relevant in all groups, especially in a company's initial phase. In most cases, adaptability to the market was seen as a prerequisite for the ability to position oneself at all. For example, one participant from a micro enterprise referred to the need to understand market requirements.

I don't really get to know my market until I've been in it for a while. Then I get to know the requirements and what people need. [Micro, item 30].

The need for adaptability in small enterprises was also mentioned.

Especially when starting out, you might not yet know the market very well, and it could your own assessment of your positioning is simply wrong. That's why, especially for me, adaptability or agility is the key factor. [Small, item 17]

(2) Specialization in SMEs leads to a strong customer focus and less competitor orientation

The Medium Enterprise focus group felt that entrepreneurs are already automatically positioned by their business idea.

In the early stages, so to speak, one thing is very crucial and that is: am I solving a customer's problem? Yes. So, if I solve a customer's problem, then I would say that positioning arises automatically. [Medium, item 10]

I can agree 100% with that. I think every entrepreneur does something - starts a company - because he thinks he has an offering and has already positioned himself accordingly. [Medium, item 14]

To understand these statements, it is important to note that all four entrepreneurs in the Medium Enterprise focus group had a strong specialization when commencing their business activities. Some described this as a niche strategy - in other words, they had identified a gap in the market and were therefore able to operate and develop in the market with their product offering in the absence of significant competitive pressure.

In contrast, one startup entrepreneur in the Micro Enterprise group positioned her venture with an innovative product in a highly competitive traditional market (household goods).

> *On the other hand, we have an incredibly large and crowded market, and it's also become very international now for everyone. [...] So I think that the prerequisite for attracting customers on a larger scale, that you also get a good circulation, is of course good positioning because from there I communicate who I am, what I can do as a product, and so forth. And to that extent, I think that's [positioning is] of fundamental importance.* [Micro, item 14]

It seems clear that the relevance of positioning for SMEs in the initial phase depends on the competitive situation in the market. Perceptions of the competition and the importance of positioning for differentiation from the competition changed across the different focus groups. The issue was intensively discussed in the Medium Enterprise group.

> *I don't look at my competitors. I talk to my customer. And when customers say 'That was great' or 'That wasn't so good, do that differently,' I need that. I learn to tune in to that and respond to that. So it doesn't happen that I am rather than looking at competitors' websites.* [Medium, item 45]

> *I'll make it controversial. [...] I think market entry always succeeds when you solve a problem that a competitor doesn't solve. So, I think a competitor-detached view is risky.* [Medium, item 62]

Regarding market orientation, participating SME entrepreneurs that were highly specialized and had a strong customer focus tended to pay less attention to the competition.

(3) SMEs tend to emphasize brand identity (inside-out) over brand image (outside-in)

In terms of the perceived importance of brand-oriented positioning, the interviews identified four key dimensions: *Vision and Values*, *Personality of the Founder*, *Competence (Strength)*, and *Visibility and Reputation*. The importance of brand in the early stages of an SME proved controversial, as some participants believed that a brand develops over time and becomes significant only with company growth.

> *So you start up because you have a certain solution for [a certain] market, which means you are initially market-oriented. And conversely, for most founders, if they don't go in with a lot of money, it's usually not possible to position yourself in a brand-oriented way, because you don't have the necessary marketing budget to build the brand.* [Micro, item 23]

> *And the larger the company becomes and the larger the field of activity becomes, the more employees, the more customers [you have], the more important the issue of brand becomes.* [Medium, item 62]

In contrast, other participants felt that brand identity and a focus on company values and vision, addressing questions like 'Why?' and 'What do I stand for?' play a major role from the very beginning - for example, in terms of team cohesion or recruiting employees who share these values. This issue proved especially significant in the Small Enterprise group, with mutual endorsements.

> *But what is much more important in the initial phase, what I would recommend to everyone, would be the topic of values and mission.... Vision also... [...] for example, you value quality or sustainability.* [Small, item 18]

> *I think the important questions at this point are 'Why does the company exist?'; 'What do you want to achieve?'; and 'What is the common concern?' That's important for customers, but it's also very important for potential employees.* [Medium, item 93]

In the Micro Enterprise group, values were seen to be closely related to the founder's personality.

> *So maybe again on personality ... I think it's important that you know what you stand for and also... So not just personality of the entrepreneur but also of the company.* [Micro, item 35]

> *Exactly. And you bring values in as well. Super important. So in terms of 'what do I stand for,' a lot comes down to personality: can I go along with that, can I not go along with that, and so on.* [Micro, item 36]

In the Small Enterprise group, this issue was placed in a social context.

> *Besides what is important to us, are we also economically successful? Because only if we can answer this question at the end of the day can our company be a beacon for... the society or the environment in which we stand.* [Small, item 37]

For some entrepreneurs, in addition to their values, their own competences and strengths informed positioning.

> *In our craft, most people tend to start out with the hawker's tray and then, it just turns out, when they are really good, they just do what they enjoy and then focus.* [Small, item 15]

Remarkably, there was hardly any discussion in the Micro and Small Enterprise groups about the issue of "brand image" - perceptions of the brand from the customer's perspective. The only exception was the startup entrepreneur, who felt it is particularly important to find "the right format" for positioning and that "you are not perceived as too big or too small, or as wrong" [Micro, pos. 31]. In the Medium Enterprise group, this issue proved to be controversial. While one entrepreneur attached great importance to a "polished image" [Medium, item 6] and planned targeted measures such as local events to that end, others preferred to focus on communicating strengths of relevance to the offering.

> *So XY, you say customers should find us hot. I say, the customers should come and sign on the dotted line. And that's why we have to make an attractive offer and have to present our strengths accordingly, so that the customer just decides in our favor.* [Medium, item 53]

At various points, participants noted the difficulty of making general statements about the importance of positioning for SMEs, and that the issue must be considered in the respective industry or market context. For example, skilled trades commonly start out with a broad portfolio and specialize over time; in contrast, startups in the corporate environment insist on clear positioning from the very start.

SME positioning strategies

Based on the empirical data of our focus group discussions and the two positioning paradigms (market-oriented as outside-in and brand-oriented positioning as inside-out), we developed a framework and analytical scheme comprising four dimensions (Table 4). In terms of positioning strategy, brand orientation focuses on either the *competence* or *core values* of the company in question while market orientation focuses on *customers* or *competition* as starting point and frame of reference. The resulting typology represents a new categorization of the positioning concept and encompasses four types of positioning strategy: (1) *specialization*; (2) *differentiation*; (3) *conviction*; and (4) *opposition*. Analysis of the main category *Positioning Strategies* yielded 23 subcodes (*strategies*), which could be grouped in terms of the proposed typology (Appendix C).

Table 4

Typology of SME positioning strategies

		Market orientation	
		Focus on customer	*Focus on competition*
Brand orientation	*Focus on competence*	**Specialization**	**Differentiation**
	Focus on core values	**Conviction**	**Opposition**

(1) Specialization

A positioning strategy of the *specialization* type focuses on *what* the company does for its customers. As a participant from the Medium Enterprise group described it,

> *We actually started with a relatively clear idea of what we wanted to do for ... our customers. And that was also our claim at the outset: 'Tools for wiki-based documentation.'* [Medium, item 2]

In extreme cases, the SME entrepreneur pursues a niche strategy—for example, by offering a special product or targeting selected groups.

Yes, well, we come from a challenging market [of] development banking, and we are one of the few companies still active there at all in that market. That means that this is simply... a niche, if you will, in terms of the industry. [Medium, item 8]

(2) Differentiation

As a positioning strategy, *differentiation* focuses on *what* makes the SME's offering *different* or *better* when compared to their competitors. As described by a participant from the Small Enterprise group,

And we want to advertise more and more that we're not just one of 700 [online agencies] but the one that knows most about the system because we're developing it ourselves and leading that development. [Small, item 2]

(3) Conviction

This type of positioning strategy is less about differentiation from the competition, but rather an expression of core values that are relevant to customers.

We are partners, which also means we don't promise that nothing will go wrong with us because things do go wrong. But we promise that we will always act with absolute openness, so to speak. And I think this is what our customers appreciate. [Micro, item 41]

Accordingly, a conviction-based strategy focuses on the values and emotional benefits that inform its relationship with customers and delivery of its service offering.

(4) Opposition

This type of positioning strategy focuses on core values and characteristics that are unique to the SME and set it apart from its competitors.

So in the beginning, we had to distinguish our offering from concrete products, in the meantime we distinguish ourselves from other natural stones. We actively advertise, for example, that none of our materials are from overseas using ecologically questionable methods of transport or come from countries where child labor is commonplace. [Small, item 6]

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Table 5 summarizes the different combinations of positioning strategies based on individual case analyses.

Table 5

Positioning strategies: Individual case analyses

Group	Person	Types	Positioning strategies
Micro Enterprise	E1	Differentiation Conviction	Differentiation: primary target group and regional presence of co-working groups. Conviction: sustainability assigned special prominence.
	E2	Conviction	Conviction: E2's personal story of a near-death experience, which is critical to her positioning as a personal coach.
	E3	Differentiation Conviction	Differentiation: anticipatory customer service. As a print service provider for industrial clients, E3 explicitly rejected specialization to offer a a broad portfolio. Conviction: honesty in communication—for example, admitting mistakes.
	E4	Differentiation Opposition	Differentiation: innovative start-up in the traditional household market. Opposition: revolutionary product appeal and fashion-like design contrary to market trends.
Small Enterprise	E5	Specialization Conviction	Specialization: portfolio reduction (heating systems in existing buildings). Conviction: social responsibility (e.g., donation to local music club).
	E6	Specialization Differentiation	Specialization: a particular web technology (Typo 3). Differentiation: leading expert in the field (lead developer of web technology in an international context).
	E7	Differentiation Opposition	Differentiation: team of motivated and permanently employed language trainers (unusual in the industry, according to E7). Opposition: own ideas about education as fun and joy.
	E8	Conviction	Conviction: tax consultant decided against any particular specialization on the basis that people and their ideas should be the focus. Consulting should serve this long term purpose rather than short-term processing of orders.
	E9	Specialization Differentiation Conviction Opposition	Specialization: niche product (used natural stones). Differentiation: unique location (also serves as a tourist attraction). Conviction: quality and trustworthiness in terms of commitments and processes. Opposition: fair trade (ecological materials, no child labor).
Medium Enterprise	E10	Specialization Differentiation	E10 noted that there was no active positioning; instead, the company arrived passively at its position by research-based specialization in certain areas and refusing certain customer orders. In dealing with tenders from large companies, often the only means of differentiation is to be cheaper than the competition (pricing).
	E11	Specialization Differentiation	Early niche specialization after identifying a gap in the market (turnkey construction in existing buildings). Subsequent differentiation: "craftsmanship as a service" and outstanding customer service (lowest complaint rate according to own statements).
	E12	Specialization	Niche specialization: IT/business consulting for a particular target group (business development banks). Subsequent niche specialization in the insurance sector.
	E13	Specialization	Niche specialization: software development (tools for wiki-based documentation). Positioning lost clarity over time due to business development (additional focus on consulting business).

Cross-analysis of focus groups revealed that *differentiation* and *conviction* strategy types predominate in the Micro Enterprise group while *specialization* predominates in the Medium Enterprise group. The Small Enterprise group was more heterogeneous, with one participant (E9) employing all four strategy types.

3.6 Discussion

The objective of the present study was to illuminate how SMEs understand and approach strategic positioning based on qualitative data from 13 SME entrepreneurs assigned to three distinct focus groups. In particular, we investigated the relevance of the positioning concept as perceived by SME entrepreneurs and the strategies they applied in positioning their company in the market.

Contribution to the SME literature

The results of the qualitative content analysis indicate that the participating SME entrepreneurs perceive positioning as highly relevant. Our findings align with Muhonen *et al.*'s (2017) quantitative study, which reported that brand positioning was highly relevant for small and medium-sized enterprises. Our qualitative data support the view that SME entrepreneurs differ in some regards from large companies and brands in terms of their understanding and deployment of positioning strategies. In the next sections, we will reflect on the main differences of SME positioning in light of the existing literature.

(1) Differences in market orientation

With regard to market orientation, participants generally considered it relevant to differentiate their company from competitors. However, direct customer contact, profile building in dialog with customers, and highlighting the company's own strengths were considered even more important for positioning than analyzing the strengths and weaknesses of the competition. These results align with Roach *at al.* (2014) stating that SMEs "tend to derive their competitive advantage from superior customer understanding" (ibid, p. 129) and Reijonen *et al.*'s (2012) finding that competitive orientation as an element of market orientation is relatively rare in SMEs. In this respect, we found that market size and company growth targets are a very important aspect of positioning in SMEs. Startups seeking to establish their products

and services through rapid company growth in a highly competitive global market must be more focused on positioning from the outset than SMEs where flexibility in a smaller market leads to more natural company growth and positioning over time. This is apparent in the differing views of the startup entrepreneur as compared to other participants and confirms findings of Tan Swee Lin and Smyrnios (2007) on the marketing strategies of fast-growing firms.

(2) Differences in brand orientation

A similar shift of focus was observed in relation to brand orientation. Rather than seeking to establish a particular brand image (*how we want to be perceived by our customers*), SME entrepreneurs tend to emphasize the development of brand identity and corporate self-image (*what we do* and *what we stand for*). In contrast to Renton *et al.* (2015), we could not identify any difference between small and medium-sized firms in this respect. However, our findings are consistent with those of Renton *et al.* (2015) regarding the use of brand management practices by SMEs for the purpose of positioning and communicating brand identities to customers. Positioning is seen as a significant expression of brand identity - for example, also in attracting new employees. In this context, the founder's values inform company positioning, aligning with Spence and Hamzaoui-Essoussi's (2010) contention that "brands in SMEs are the continuation of the entrepreneur's vision, beliefs and values" (p. 1048).

Despite these differences in focus (customer orientation rather than competitive orientation; brand identity rather than brand image), the participating SME entrepreneurs regarded positioning as highly relevant. SMEs must repeatedly address their own positioning processes. In so doing, they develop company strategies - sometimes very explicitly and thoughtfully, sometimes more implicitly and intuitively.

(3) *Hybrid SME positioning approaches*

While our study confirms previous findings regarding SME market and brand orientation (Tin Swee Lin and Smyrnios, 2007; Spence and Hamzaoui-Essoussi, 2010; Reijonen *et al.*, 2012; Roach *et al.*, 2014; Renton *et al.*, 2015; Chen and Schiele, 2017; Muhonen *et al.*, 2017; M`Zungu *et al.*, 2019), our newly

developed typology of SME positioning strategies (see Table 4) extends previous research and provides a basis for further research with direct practical application in small and medium-sized enterprises. Specifically, our typology combines the perspectives of market orientation and brand orientation, resulting in four types of strategic positioning in SMEs (specialization, differentiation, conviction and opposition). This facilitates the systematic classification of the various positioning strategies and tactics that SME entrepreneurs consciously or unconsciously adopt at an operational level (Appendix C). In this regard, we echo Urde and Koch's argument that market- and brand-oriented positioning are distinct but synergetic approaches that are in practice "a combination of the two paradigms" (2014, p. 482). With the exception of M'Zungu *et al.* (2019), the close relationship between strategic and operational perspectives on marketing and brand management in SMEs has not previously been explored in the SME literature. In contrast to M'Zungu *et al.*'s (2019) brand management typology, which draws a basic distinction between internal and external positioning (organization brand identity vs organization brand image), our framework provides a more detailed and hybrid perspective on SME positioning.

Practical contribution to SME entrepreneurs

For practical application of the proposed typology, the graphical representation in Figure 2 maps positioning dimensions and corresponding strategy types. The horizontal axis shows market orientation in terms of customer and competition dimensions. On the vertical axis, brand orientation is related to the dimensions of competence and core values. The combination of these dimensions specifies positioning strategy (specialization, differentiation, conviction, opposition).

For SME entrepreneurs, we propose a two-step approach to achieve a promising positioning strategy within this framework:

1. **Gaining clarity on the positioning dimensions**

   The first step for SME entrepreneurs is to clarify the basic positioning dimensions. Specifically, the focus is on finding answers to these fundamental questions:

   - Who is our target group? What are their needs and wants? (Customers)

   - What do we offer? What are our strengths? (Competence)

- Who is competing with us? What are they good at? (Competition)

- Why do we do what we do? What values are we stand for? (Core Values)

Given the limited resources of SMEs (Kotler and Keller, 2016), entrepreneurs need to decide how deep they want to and can go into the analysis. In our view, this step is not primarily a question of how comprehensive the answers are but rather of SME entrepreneurs consciously reflecting on all four dimensions and gaining clarity for themselves.

2. **Exploring four strategic fields of action** (see Figure 2)
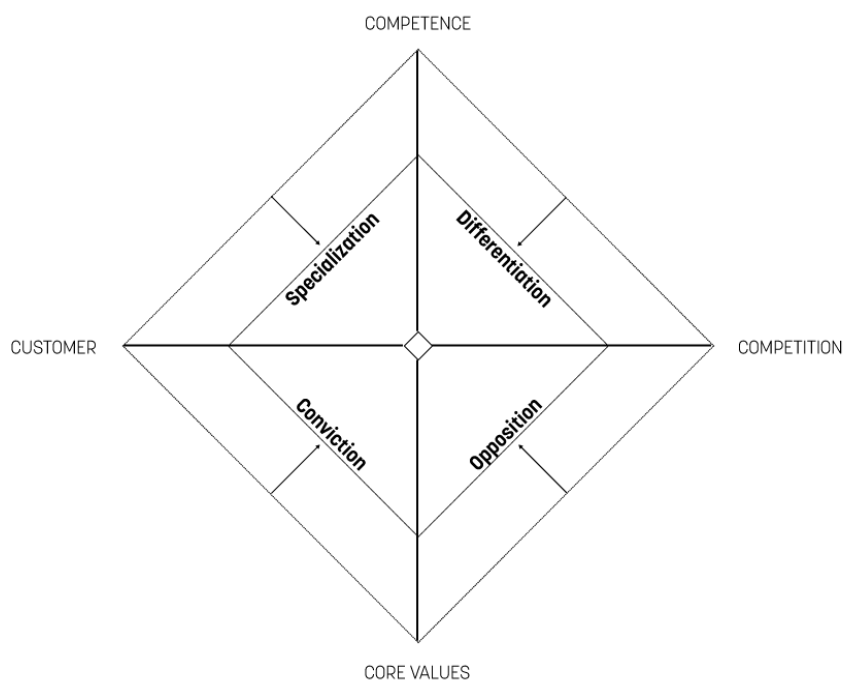
Figure 2. Positioning: Dimensions and strategies.

SME entrepreneurs can use this framework to review all four positioning strategies (Specialization, Differentiation, Conviction and Opposition) before deciding how best to establish and communicate their company`s positioning in the market. Accordingly, the second step involves understanding the typology as four strategic fields of action that can be systematically explored with the following guiding questions:

(1) Specialization: Claim your sweet spot

How do we focus our offering with regard to our target groups?

Is there potential for specialization on the market?

(2) Differentiation: Claim your advantage

How do we differentiate our offering from competitors?

Is there potential for competitive advantage in the marketplace?

(3) Opposition: Claim your unique DNA

How do our values and characteristics contrast with the competition?

Is there potential to show unique character attributes that stands out from competitors?

(4) Conviction: Claim your emotional benefit

How do we make our values experienced by our target groups?

Is there potential to address an emotional benefit that is particularly important for our customers?

To further illustrate these positioning strategies with concrete business examples, we have analyzed the website of two SMEs that are present on the market not only locally or regionally, but nationally and internationally: Lemonaid Beverages (lemon-aid.de/en/), a German medium-sized social company with currently about 100 employees and Spikeball Inc, (spikeball.com), an American small-sized company with currently 40 employees. (Appendix D)

Contribution to the positioning literature

The present study contributes not only to the SME literature, but also to positioning research in general. Despite the large number of studies and use cases, Saqib (2020) noted that "more research is needed to obtain a better general understanding of the positioning concept" (ibid., p.145).

Conceptually, the present study connects the various perspectives on positioning (strategic management, marketing management, and brand management) in one single graphical representation (Figure 1) and throughout the study, shows how the different perspectives (market-orientation and brand-orientation) enhance each other. The newly developed typology combines both perspectives and provides a new strategic framework which can be used both in further research and practice.

Overall, then, the proposed framework makes a practical contribution to the efforts of brand experts, practitioners, and agencies, which, according to Duncker *et al.* (2015), often lack any competitive perspective. In their survey of marketing practitioners in Germany (N = 204), they concluded that although "differentiation from the competition" is the most important objective of positioning, accounting for 90% of cited works, this issue is often disregarded in positioning models, which tend to be unduly identity-oriented (Duncker *et al.*, 2015, p. 78).

3.7 Conclusion, limitations and further research

In this study, we investigated the concept of positioning in the SME sector, based on three focus group interviews that captured the perceptions and strategies of SME entrepreneurs. Our findings confirm the importance of positioning in SMEs while also highlighting opportunities for further research arising from the study's limitations. Although there were clear differences between the three focus groups, the small sample makes it impossible to draw any general conclusions about how micro, small, and medium-sized companies differ in their understanding and use of positioning strategies. For example, we found that the Conviction strategy predominated in the Micro group while the medium-sized group more often referred to Specialization. However, further research is needed in order to determine whether this reflects a more general tendency as also Oly Ndubisi and Iftikhar (2012, p. 231) stated: "there is limited research comparing or contrasting small and medium-sized firms" (2012, p. 231).

Given the small and heterogeneous sample, we were also unable to draw any specific conclusions about particular industries or markets. In comparison, for example, Odoom *et al.* (2017) found such differences with regard to branding efforts among service SMEs and manufacturing SMEs. However, it remains unclear whether craft enterprises always tend to position themselves more broadly at the outset before specializing over time, and in-depth research investigating individual sectors and markets would be useful here.

A second limitation relates to the nature of group discussion, which tends to generate a broad spectrum of opinions and perspectives but also makes it difficult to analyze specific issues in greater depth. For example, the data made it impossible to determine the extent to which participants could be assigned to

the two positioning paradigms (inside-out versus outside-in). Theoretically, both approaches are conceivable for all four positioning strategies; for example, a Specialization strategy might be strongly influenced by the target customer's requirements, prompting an outside-in approach. Equally, a Specialization strategy might be based on the company's strengths and individual competence, encouraging an inside-out approach. In-depth analysis of individual cases would be needed to address this issue. In the same way, the question of how market positioning relates to the entrepreneur's personality could not be addressed in more detail because of the nature of the data, which again suggests a hypothesis for further research.

The nature of group discussion also limited identification of participants' positioning strategies. As there was insufficient time to interview each individual during the focus group discussion, narrative interviews might for example elicit further positioning strategies. In our view, however, individual case analyses and cross analysis would be unlikely to alter the typology.

A fourth limitation relates to the participants' one-sided perspective on positioning. As the concept includes both strategic orientation (i.e., a company's intended position) and positioning as communicated and perceived in the market, the present study could not determine whether the participants' statements coincide with the perceptions of key stakeholders (customers, employees, competitors). This question of the effects and success of a given positioning strategy was beyond the scope of our study but suggests a logical next step for further investigation.

Finally, the present study was also limited in focusing only on the strategic dimension of the positioning process. We have not discussed the issues of communicating and implementing positioning strategies, as these again lie beyond the scope of this paper. Investigation of this issue is likely to contribute further to the SME literature, especially in the context of SME brand building and existing research on this topic.

Despite these limitations, the new positioning typology provides both a conceptual contribution for further research and a practical contribution for small business management. Overall, the present findings thus contribute to a better understanding of SME entrepreneurs' positioning strategies as important building blocks for market and brand success.

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3.9 Appendices

Appendix A – Main Categories with anchor examples

Main categories	Definition	Anchor examples
Perceived Relevance of Positioning	This code is assigned when the relevance of positioning is implicitly described or explicitly evaluated and reflected.	Of course, we are also constantly asking ourselves why someone comes to us, why doesn't he go to one of the more than 90,000 other colleagues and law firms in the industry? What should be the difference, also now here in particular in the environment? Positioning has been for me since the beginning of my self-employment. [Small, Pos. 12]
		For me, the term positioning is not really the focus at all. Overall, we have looked at where we can help customers, where there is a match between what we can do, what we want and what the customer wants. In other words, we got into our position. [Medium, Pos 4]
Positioning Strategies	This code is assigned when positioning is described within the exemplary use case.	Firstly, we do premium coworking and thus differentiate ourselves from other providers by simply orienting the offering to a premium target group. Secondly, we have developed a principle. We call this "*the name of city* Co-Working Model." [...] This means that we not only offer rooms, but we also offer opportunities to meet and we offer training at various levels. And yes, that clearly distinguishes us from the market. [Mikro, Pos 2]
		And... how we have now tried to position our company uniquely (laughs) for the last two to three years is, of course, that... there are no idea... 700 online agencies that use Typo 3 and also use it for end customers. And we want to advertise more and more that we're not just one of 700, but of course we're the one that knows the most about the system because we're also developing it ourselves and leading the development.... and then build unique products on top of that. [Small, Pos 2]
Positioning Paradigms	This code is assigned when reference is made to the two positioning paradigms: brand orientation and market orientation.	So for us, that was a... I think we were thinking both at the same time. I think at the very beginning, when you start up, you can't not think market-oriented. Otherwise I think you would be... otherwise it makes no sense to start up. So you start up because you have a certain solution for the market, and that's market-oriented to begin with. And conversely, for most founders, if they don't go in with a lot of money, it's usually not possible to position themselves in a brand-oriented way, because you're simply not equipped with the appropriate advertising budget to enforce the brand. [Mikro, Pos. 23]
		I think that, however, then, so to speak… after that, we definitely acted in a market-oriented way. Definitely. And have also penetrated that to the point of going there. But always with a cross-reference... always with a cross-reference to the brand. That's why, for me, I'm now coming back a little bit to the initial topic, if you have the individual competence, then maybe you build something similar to a brand out of it, if you didn't have it before. [Medium, Pos. 36]

| Focus Group Discussion | This code is assigned when statements can be mapped to Morgan and Hoffmann's coding system. | I find very interesting what XY said... on the subject of vision... What kind of, let's say, values does my life stand on or do I want to build this company on? And the more vague I work there at the beginning, the, let's say, clearer it comes out that this is missing when it gets bigger. [Small, Pos. 22] -> Continuation of Topic (explicit) |
| | | I'm taking the floor because I disagree with you, XY. You just said: you have to communicate on all channels. I think that overstrains founders... beyond measure. And so apart from that, it still overwhelms me today (laughs). And we just clearly decided against a few channels.... and I think... ok, that's where the word positioning comes up again. I think you can't get bogged down either. [Small, Pos. 42] -> Disagreement |

Appendix B – Subcodings to "Perceived Relevance"

Codesystem	Micro	Small	Medium
∨ Perceived Relevance			
∨ Time related			
Business strategy and growth	▪	▪	■
Agility at the beginning	▪	▪	■
Passive positioning	▪		■
∨ Market related			
Customer Orientation	■	▪	■
Differentiation from the competition	▪	▪	■
Determination of Reason Why	▪	▪	
Precondition for customer acquisition on a large scale	·		
Enforcement in a full and international market	·		
∨ Brand related			
Vision and Values	▪	■	▪
Personality of the founder	▪	▪	
Competence (Strength)	▪	·	▪
Image and visability	▪		■
Industry/Business related	▪	■	■

Appendix C – Subcodings to "Positioning strategies"

Codesystem	Micro	Small	Medium
∨ 🔘 Positioning Tactics and Strategies			
∨ 🔘 Specialization			
🔘 by finding a niche product or service		▪	■
🔘 by research and expertise		▪	▪
🔘 by rejection of orders			▪
🔘 by reducing product or service range		▪	
🔘 by a special customer request	▪		
∨ 🔘 Differentiation			
🔘 as leading experts		▪	
🔘 with premium target group	▪		
🔘 with product innovation	▪		
🔘 with unique location		▪	
🔘 as an (authentic) team		▪	
🔘 with customer service	▪		▪
🔘 with lowest price			▪
🔘 through regional size and presence	▪		
∨ 🔘 Conviction			
🔘 by social responsibility		▪	
🔘 by trustworthiness and quality		▪	
🔘 by own personality (values)		▪	
🔘 by a personal story (Near-death-experience)	▪		
🔘 by sustainability	▪		
🔘 with people at the heart of everything		▪	
🔘 by honesty in communication	▪		
∨ 🔘 Opposition			
🔘 by fair trade		▪	
🔘 by implementation own idea of education (fun with learning)		▪	
🔘 by a revolutionary appeal and fashionlike packaging	▪		

Appendix D – Analysis of SMEs positioning strategies

Lemonaid (lemon-aid.de/en)	Spikeball (spikeball.com)
Specialization: Claim your sweet spot	
How do we focus our offering with regard to our target groups?	
Is there potential for specialization on the market?	
Less specialization within a large existing soda market → focus on four flavors (lime, passion fruit, blood orange, ginger).	Strong specialization with new category in the sports market (brand name = name of the sport)
Differentiation: Claim your advantage	
How do we differentiate our offering from the competition?	
Is there potential for a competitive advantage that is persistent and not so easy to imitate?	
In order to differentiate, Lemonaid claims that its sodas are made with organic ingredients from Latin America and no additives or artificial flavors; however, plenty of organic lemonades on the market make this claim.	Spikeball faced increasing competition in recent years; additional experiences and benefits with "SpikeSchool" and "Spikeball Tour Series" (tournaments), instead of specific competitive advantage over other roundnet sets
Opposition: Claim your unique DNA	
How do our values contrast with the competition?	
Is there potential to show unique character attributes that stands out from competitors?	
Lemonaid not only claim to be organic and fair, but also prove these qualities through their close contact with farmers, telling their stories and supporting local social projects.	Spikeball claims they are "building the next great global sport." This ambition is unique and credible due to their story. The success of Spikeball was only possible because the company managed to get people excited about a new sport and to build a community.
Conviction: Claim your emotional benefit	
How do we make our values experienced by our target groups?	
Is there potential to adress an emotional benefit that is particularly important for our customers?	
Lemonaid delivers emotional benefits that makes people feel social and sustainable. They claim "changing the world drop by drop" by supporting a social project with every bottle.	Spikeball's emotional benefit is bringing people together through competition and fun. On their website they put the value of "having fun" first. This is what people are meant to experience with Spikeball.

4. The Role of Storytelling in the Branding of SMEs

Fluhrer, P. (under review). The Role of Storytelling in the Branding of SMEs.

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Abstract

One promising way to build a strong brand is through the use of storytelling. While the impact of storytelling on brand perception has been well researched from a consumer perspective, few studies have examined storytelling strategically from a SME brand management perspective. This study contributes to closing this research gap by exploring the role that brand storytelling plays in small and medium-sized enterprises and how it mediates the relationship between brand identity and brand performance. A unique dataset of 217 German SMEs, including 107 effective responses from German start-ups, provided the basis for this study. The results showed strong relations between brand storytelling and other dimensions of brand management, such as brand orientation, brand identity and brand performance. To the author's knowledge, this is the first study to explore brand storytelling from an SME brand management perspective by distinguishing and empirically validating two dimensions: *strategic* storytelling (i.e. the brand as a story) and *tactical* storytelling (i.e. stories about the brand). This study also explored the differences in storytelling and branding between start-ups and established SMEs, contributing a new and important perspective to SME branding research. Additionally, it offers a range of theoretical and practical implications for entrepreneurs.

4.1 Introduction

Branding is considered an important strategic approach for small and medium-sized enterprises (SMEs) to secure their business success and growth (Agostini *et al*, 2015; Annes-ur-Rehman *et al*, 2018; Eggers *et al*, 2013; Kusi *et al*, 2022; Laukkanen *et al*, 2016; Muhonen *et al*, 2017; Reijonen *et al*, 2012; Tajeddini *et al*, 2020). Research on branding in SMEs is particularly relevant given the economic impact and prevalence of SMEs globally. Only around 1% of all companies are large enterprises with more than 250 employees. The remaining 99% are SMEs, which employ the majority of the workforce, make a significant contribution to gross domestic product and promote innovation and entrepreneurship (OECD, 2023). SMEs need to build and manage their brands to compete in the market, attract customers and employees and foster brand trust and loyalty. One promising method for this is the use of narratives and stories (Aaker and Aaker, 2016; Escalas, 2012; Keller, 2023; Moin, 2020). Stories have the power to build a brand, increase brand awareness and shape brand image (Aaker and Aaker, 2016). However, while the impact of storytelling on brand perception from a consumer perspective has been well researched, 'limited work has taken a strategic view of brand storytelling' (Mills and John, 2021, p. 1) from a brand management perspective (Fog *et al*, 2010; Lundqvist *et al*, 2013; Park *et al*, 2021). The perspective of small businesses is also missing (Kim, 2021). In her experimental study on brand storytelling using a fictitious small fashion brand, Kim (2021) examined different types of stories (attribute-orientated vs. identity-orientated) on consumers' brand trust; however, she investigated storytelling less from an overall brand management perspective. The current study contributes to closing this research gap by exploring the role that brand storytelling plays in SME brand management. It adapts Muhonen *et al*'s (2017) conceptual model of SME branding and extends it by including the construct of brand storytelling.

Given that most companies are classified as SMEs, this study places particular emphasis on comparing the brand management of start-ups, new ventures and established SMEs. In Germany, there were approximately 3 million SMEs in 2021 (Statistisches Bundesamt, 2024), with 593,000 new ventures having opened in 2022 (Statista, 2024), including around 2000 start-ups (Kollmann *et al*, 2022, 2023). Start-ups are often associated with innovative and scalable products, services or business models and,

therefore, with a high potential for growth and economic progress (Kollmann *et al*, 2022, 2023; Vallaster and Kraus, 2011). While established SMEs appear to focus more on continuous brand management, new ventures face the challenge of building brands with few customers and little market awareness (Bresciani and Eppler, 2010). Previous studies have highlighted the significance of branding in SMEs for sales growth and performance (Agostini *et al*, 2015; Annes-ur-Rehman *et al*, 2018; Kusi *et al* 2022; Laukkanen *et al*, 2016; Muhonen *et al*, 2017; Reijonen *et al*, 2012; Tajeddini *et al*, 2020); however, the distinctions between start-ups, new ventures and established SMEs have received little attention. The following sections provide an overview of the theoretical background and state of research on brand storytelling and brand management in SMEs to establish the research hypotheses that guide this study.

4.2 Theoretical background and state of research

4.2.1 Brand Storytelling

Stories have become powerful branding instruments. According to Aaker and Aaker (2016), stories can raise awareness, effectively convey messages, persuade audiences and even drive behaviour change. This makes them a strategic asset for a company's brand building (Aaker, 2018). Escalas (2012) emphasised that stories have the power to persuade and create meaning because people process and organise information and experiences with brands through narratives (i.e. narrative processing) and thus form self-brand connections (Escalas, 2004a, 2004b). The more a brand story resonates with people's narratives and beliefs, the stronger the connection. Therefore, marketers include narratives in their brand positioning strategies, knowing the impact they can have on consumer engagement (Escalas, 2012). Brand storytelling can foster a genuine connection between a brand and its target groups (Kao, 2019; Kühn and Boshoff, 2021; Woodside, 2010). Aaker (2018) asserted that storytelling has become 'a hot topic in marketing communication' (p. 7). Stories cut through the noise and thus serve as strategic assets for brands and companies alike (ibid.). Today's digital landscape, in particular, has given rise to a storified branding approach (Moin, 2020). In sum, storytelling has become central to marketing and its research (Park *et al*, 2021). However, brand storytelling 'lacks a clear and consistent definition of the brand story construct' (Mills and John, 2021, p. 1). In this study, the branding literature is followed to distinguish two perspectives of brand storytelling (Aaker, 2018; Moin, 2020): the *tactical* perspective

as the application of stories and storytelling techniques in brand communication (Chiu *et al*, 2012; Delgado-Ballester and Fernández-Sabiote, 2016; Dessart and Pitardi, 2019; Hong *et al*, 2018; Lin and Chen, 2015; Lundqvist *et al*, 2013) and the *strategic* perspective, with a leading brand narrative as a key element of brand identity and management (Aaker, 2018; Aaker and Aaker, 2016; Fog *et al*, 2010; Miller, 2017; Mills and John, 2021; Moin, 2020).

Stories About the Brand – The Tactical Perspective on Brand Storytelling

With the tactical dimension of brand storytelling, companies aim to build a brand image by reaching customers on a deeper emotional level and connecting them to the brand instead of simply conveying information and facts about products and services (Escalas, 2004a; Dessart and Pitardi, 2019; Gensler *et al*, 2013; Kühn and Boshoff, 2021; Mills and John, 2021). Firm-generated brand stories can include stories about the founder, the history of the company, the brand values or about employees and the way of production (Delgado-Ballester and Fernández-Sabiote, 2016; Hong *et al*, 2018; Lin and Chen, 2015; Lundqvist *et al*, 2013). In addition to these firm-generated brand stories, customer-generated stories can also be seen as brand storytelling (Gensler *et al*, 2013; Rodriguez, 2020; Singh and Sonnenburg, 2012). With the rise of social media, Gensler *et al* (2013), for example, saw increased authorship of brand stories by consumers and customers who share their experiences with a brand in social networks and thus contribute to a certain brand image. In this respect, Gensler *et al* (2013) interpreted the construction of a brand as 'a collective, co-creational process involving several brand authors who all contribute their stories' (p. 244).

The Brand as a Story – The Strategic Perspective on Brand Storytelling

The strategic approach to brand storytelling is about crafting the brand as a story. Strategic storytelling views a brand as a story attached to a product or service (Park *et al*, 2021). From this strategic perspective, brand storytelling is not about telling different brand stories but developing and maintaining one strategic brand narrative (Aaker, 2018; Mills and John, 2020) or a core story (Fog *et al* 2010) that bridges the gap between a brand's identity and image. In this respect, the brand story becomes a guiding framework for a company's branding. It conveys *what a brand stands for* in a way that consumers can

identify with, associating not only the functional benefits of the brand but also its emotional benefits (Aaker, 2014; Escalas, 2012; Moin, 2020). Nike is a good example of this, as the company has been spreading and upholding for years its brand narrative that anyone can be an athlete and reach their potential if they push themselves to their limits and beyond—so 'Just do it' (Eyada, 2020). According to Krevolin (2016) and Miller (2017), the core idea of a brand narrative is that customers see themselves as heroes of the story. The brand (i.e. the product or service) is the supporting ally that helps customers achieve their goals.

4.2.2 Branding in SMEs and Start-ups

While branding in SMEs was first explored through case studies (Abimbola, 2001; Boyle, 2003), many quantitative studies have since demonstrated its relevance and effects on SME growth and sales performance (Agostini *et al*, 2015; Annes-ur-Rehman *et al*, 2018; Eggers *et al*, 2013; Kusi *et al*, 2022; Laukkanen *et al*, 2016; Muhonen *et al*, 2017; Reijonen *et al*, 2012; Tajeddini *et al*, 2020). Branding is a dynamic process that turns a company's brand orientation and identity into brand image and performance (Keller and Swaminathan, 2019). While brand identity is the internal view of what a brand stands for, brand image is the external view (i.e. how customers and stakeholders perceive and trust the brand). However, this branding process is subject to special premises in the context of small businesses. First, small businesses have limited resources compared to larger businesses (Wong and Merrilees, 2005). Thus, they need to rely much more on creative and money-saving brand-building activities (Ciunova-Shuleska *et al*, 2016; Ojasalo *et al*, 2008; Resnick *et al*, 2016). Second, branding in SMEs is often not the responsibility of marketing departments but is mainly driven by owner-managers (Krake, 2005; Rode and Vallaster, 2005). The latter's ideas, values and vision are the driving forces behind a company's brand building (Iglesias *et al*, 2020; Mitchell *et al*, 2015). This tends to lead to the point at which the owner's personal brand is closely intertwined with the SME's brand (Centeno *et al*, 2019). Third, SMEs are regularly more adaptable than larger companies. They also often operate within more unstable conditions, leading to a shorter-sighted focus on daily operations than on long-term strategies (Wong and Merrilees, 2005).

This study compares branding in new ventures and start-ups with that of established SMEs, which, to the author's knowledge, makes it one of the first studies in the context of SME branding research with this focus. While established SMEs seem to focus more on ongoing brand management, 'new ventures face unique challenges, as for example the creation of the brand and the absence of existing clients and reputation' (Bresciani and Eppler, 2010, p. 358). Branding in start-ups is sometimes considered equivalent to branding in new ventures (Bresciani and Eppler, 2010; Rode and Vallaster, 2005). Although every start-up in its initial phase is a new venture, Kollmann *et al* (2023) described a start-up as a company that has been on the market for up to 10 years, and not every new venture can be labelled as a start-up due to the latter's growth orientation and innovative characteristics.

This study adapts Muhonen *et al*'s (2017) conceptual model of SME branding (Appendix 1), since this model provides a profound understanding of SME brand identity development and its components (i.e. brand positioning, brand values and brand vision) to implement a brand-orientated strategy and improve brand performance.

4.3 Conceptual model and research hypotheses

Drawing on the model proposed by Muhonen *et al* (2017) and integrating our theoretical perspectives on brand storytelling, the following conceptual model serves as the basis for hypothesis development (Fig. 1). Given the complexity of the various components involved (i.e. three constructs on brand identity), this study's focus is not on replicating Muhonen *et al*'s (2017) model. Instead, it aims to explore the role of brand storytelling in SME brand management. Using this approach, this study sheds light on the dynamic interplay between brand storytelling and brand management in SMEs.
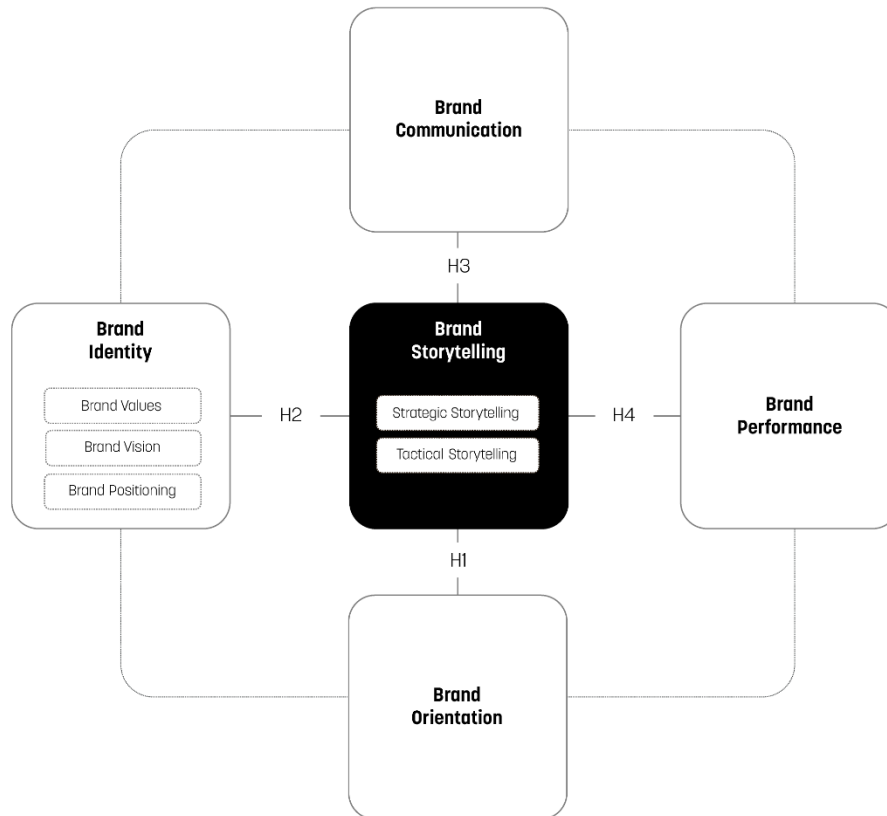
Figure 1. Conceptual model and research hypotheses (H1–H4).

4.3.1 Brand orientation and brand storytelling (H1)

Brand orientation encompasses the extent to which a company strategically considers and approaches branding (Urde, 1999; Wong and Merrilees, 2005). Brand-orientated companies understand the building of their brand as an important competitive advantage and, thus, a business success factor in the long term (Baumgarth, 2010; Reijonen *et al*, 2012). Studies on brand building in SMEs have shown that brand orientation affects both brand identity (Hirvonen and Laukkanen, 2014; Muhonen *et al*, 2017) and brand communication (Anees-ur-Rehman *et al*, 2018). Since brand storytelling includes both the strategic dimension (brand as a story) and the tactical dimension (stories about the brand), the first hypothesis is as follows:

H1: Brand orientation is positively related to brand storytelling.

H1a: Brand orientation is positively related to strategic storytelling.

H1b: Brand orientation is positively related to tactical storytelling.

4.3.2 Brand identity and brand storytelling (H2)

'One key to successful brand-building is to understand how to develop a brand identity—to know what the brand stands for and to effectively express that identity' (Aaker, 1996, p. 35). Hence, brand identity is much more than a company's name or logo (Keller & Swaminathan, 2019); it reflects the characteristics, core values and promise of a company and serves as a frame of reference that guides brand strategy and communication (Aaker, 1996; 2014; DeChernatony, 1999; Kapferer, 2012). Muhonen *et al* (2017) argued and empirically showed in their study with Finnish SMEs that brand identity can be operationalised with three components: brand positioning, brand values and brand vision. Given that brand storytelling can act as both a strategic and tactical means for conveying a company's brand identity (Aaker and Aaker, 2016; Escalas, 2012; Keller, 2023), the following hypothesis is proposed:

H2: Brand identity is positively related to brand storytelling.

H2a: Brand positioning is positively related to strategic storytelling.

H2b: Brand values are positively related to strategic storytelling.

H2c: Brand vision is positively related to strategic storytelling.

H2d: Brand positioning is positively related to tactical storytelling.

H2e: Brand values are positively related to tactical storytelling.

H2f: Brand vision is positively related to tactical storytelling.

4.3.3 Brand storytelling and brand communication (H3)

Brand communication is vital to ensure that the identity of a brand is perceived by all stakeholders and internalised as a brand image (Anees-ur-Rehman *et al*, 2018). Accordingly, brand communication is much more than just advertising; it also includes internal communication to employees and communication from customers as co-authors of brand stories (Anees-ur-Rehman *et al*, 2018; Gensler *et al*, 2013; Park *et al*, 2021). Annes-ur Rehman *et al* (2018) highlighted the importance of brand communication being consistent for all external and internal stakeholders. A strong brand narrative and stories about the brand can convey the overall brand message accordingly (Aaker and Aaker, 2016; Keller, 2023; Mills and John, 2021). Therefore, the third hypothesis is as follows:

H3: Brand storytelling is positively related to brand communication.

H3a: Strategic storytelling is positively related to brand communication.

H3b: Tactical storytelling is positively related to brand communication.

4.3.4 Brand storytelling and brand performance (H4)

Brand performance represents the success of a brand within the market (Wong and Merrilees, 2008) and can be measured in different ways (Keller and Brexendort, 2019). However, Keller and Swaminathan (2019) emphasised that 'the power of a brand lies in what resides in the minds and hearts of customers' (p. 69). Customers' perceptions, feelings, beliefs and experiences determine the strength and value of a brand, which are referred to as customer-based brand equity (Keller and Brexendorf, 2019). Some relevant factors that scholars have identified are *brand awareness* (do customers recognise and recall the brand?), *brand image* (do customers have positive associations with the brand?) and *brand loyalty* (do customers believe in and stick to the brand?) (Hirvonen and Laukkanen, 2014; Muhonen *et al*, 2017). Brand performance is thus the result of brand-building activities, which also include brand storytelling. This leads to the fourth hypothesis:

H4: Brand storytelling is positively related to brand performance.

H4a: Strategic storytelling is positively related to brand performance.

H4b: Tactical storytelling is positively related to brand performance.

4.3.5 Branding in start-ups and SMEs

This study assumes that SMEs differ in their branding (Ahonen, 2008; Bresciani and Eppler, 2010). Since in Germany, as in other economies, 99% of all companies fall into the SME category (Destatis, 2024), it makes sense to make appropriate distinctions. Therefore, this study explores various factors (i.e. company type, firm age, customer type, industry type and service type) that could moderate the relationship between SME branding and storytelling. A particular focus of this study on SME branding is to compare new ventures and start-ups with a more dynamic growth perspective to established SMEs with a more moderate growth perspective. In doing so, it is assumed that start-ups and new ventures focus more on branding than established SMEs, as they face the challenge of building brand awareness and reputation in the market from scratch (Bresciani and Eppler, 2010).

4.4 Methodology

Sample and data collection

The data were gathered through online questionnaires. In total, 217 effective responses were collected from German SMEs ($n = 107$ start-ups and $n = 110$ SMEs). After a pre-study, for which 900 SMEs were contacted by email in collaboration with a public economic development agency, achieving a response rate of only 1%, the author opted for snowball sampling via LinkedIn. Snowballing sampling via social networks (i.e. LinkedIn) is a suitable means to survey a hard-to-reach population (Dusek *et al*, 2015). Although LinkedIn communities may not encompass the entirety of business representatives, they serve as a viable means for initial targeting (ibid.). The author set up different websites and questionnaires for both start-ups and SMEs to target participants. For start-ups, the author searched LinkedIn specifically for "founders" and "co-founders", and for SMEs, the search was for "managing directors" on LinkedIn. After reviewing their company profiles, the identified individuals were personally invited to participate through a link to the respective study website. Unlike in the common snowballing technique, the author did not ask the initial participants to share the study links but instead used the LinkedIn algorithm to again search for and approach new participants for the study. Over 4 months (from November 2022 until March 2023), 2000 SME entrepreneurs were invited, with reminders to participate in the study sent out after approximately 3–4 days. As a result, a total response rate of 11 per cent was achieved ($n = 217$ effective responses). Table 1 shows the characteristics of the sample and the distinction between start-ups and SMEs.

Table 1

Sample characteristics

Classification	Start-ups		SMEs		all	
	n	(%)	n	(%)	n	(%)
Position						
Founder	101	94,4	60	54,5	**161**	**74,2**
Partner	1	0,9	15	13,6	**16**	**7,4**
Executive	2	1,9	25	22,7	**27**	**12,4**
Employee	3	2,8	10	9,1	**13**	**6,0**
Number of employees						
1-9 (micro firms)	87	81,3	43	39,1	**130**	**59,9**
10-49 (small firms)	17	15,9	42	38,2	**59**	**27,2**
50-249 (medium-sized firms)	3	2,8	25	22,7	**28**	**12,9**
Industry type						
Industry	23	21,5	13	11,8	**36**	**16,6**
Retail	23	21,5	18	16,4	**41**	**18,6**
Services	60	56,1	65	59,1	**125**	**57,6**
Craft	1	0,9	31	12,7	**15**	**6,9**
Service type						
Products	47	43,9	53	48,2	**100**	**46,1**
Services	29	27,1	26	23,6	**55**	**25,3**
Both	31	29,0	31	28,2	**62**	**28,6**
Customer type						
Business to Consumer (B2C)	19	17,8	23	20,9	**42**	**19,4**
	53	49,5	64	58,2	**117**	**53,9**
Business to Business (B2B)	35	32,7	23	20,9	**58**	**26,7**
Both						
Years in business						
Less than 3 years	79	73,8	11	10,0	**90**	**41,5**
Between 3 and 7 years	19	17,8	12	10,9	**31**	**14,3**
More than 7 years	9	8,4	87	79,1	**96**	**44,2**
Brand responsible						
Founder	90	86,5	46	67,6	**136**	**79,1**
Single Brand Manager	6	5,8	4	5,9	**10**	**5,8**
Marketing Team	7	6,7	16	23,5	**23**	**13,4**

Questionnaire Development

The questionnaire included 27 items (Table 2) to assess brand orientation (BO), brand positioning (BPO), brand values (BVA), brand vision (BVI) and brand performance (adopted from Muhonen *et al*, 2017) as well as brand communication (adopted from Anees-ur-Rehman *et al*, 2018). Differing from Muhonen *et al* (2017), who assessed brand positioning and brand vision with only two items, this study included an additional item for each (v8 and v11). For brand vision, it was found to be essential to relate one measurement item specifically to the brand to complement the two more general questions about

the future (v9 and v10). Similarly, it was found to be important to link brand positioning to the question of whether a company had developed clear, unique selling propositions for its brand (Fluhrer and Brahm, 2023; Kotler and Keller, 2016). In a reliability analysis, Cronbach's alpha (α) was .845 for brand positioning and .752 for brand vision. Confirmatory factor analysis (CFA) was performed to validate the two factors. The Kaiser–Meyer–Olkin measure of sampling adequacy was .734, representing a relatively good factor analysis, and Bartlett's test of sphericity was significant ($p < .001$), indicating that correlations between the items were sufficiently large for performing a CFA. An examination of Kaiser's criteria and the scree plot yielded empirical justification for retaining the two factors, explaining 72.42% of the total variance.

No suitable scale could be found in the branding literature for the construct of brand storytelling that would capture both its strategic *and* tactical dimensions. Accordingly, a measurement scale was developed based on the theoretical approach (see Chapter 2). An initial item pool of 20 measurement items was piloted through three qualitative interviews with SME entrepreneurs to assess the measurements' associations, resulting in a selection of 10 items: six items for strategic storytelling (SST) (brand as a story) and four items for tactical storytelling (TST) (stories about the brand). Again, the reliability and validity of the two factors were tested, resulting in a final scale of three items each (TST: α = .840, SST: α = .872). Confirmatory factor analysis showed a Kaiser–Meyer–Olkin measure of sampling adequacy of .825—again, a relatively good factor analysis—and Bartlett's test of sphericity was significant ($p < .001$). An examination of Kaiser's criteria and the scree plot yielded empirical justification for retaining the two factors, explaining 70.29% of the total variance.

All the items that had been adopted from Muhonen *et al* (2017) and Anees-ur-Rehman *et al* (2018) were translated into German and back-translated by a professional translation agency for review. All constructs were measured using a seven-point Likert scale from 1 (totally disagree) to 7 (totally agree), except for financial performance, where the end points were 'decreased significantly' and 'increased significantly'. Table 2 shows the reliability of all the scales, which were satisfactory.

Table 2

Measurement items and reliability of the scales

Construct	Cronbach's Alpha	Mean	SD	Cronbach's Alpha if item deleted
Brand Orientation	**.886**			
V1 Branding is essential to our strategy		5.67	1.368	.838
V2 Branding flows through all our marketing activities		5.27	1.499	.874
V3 Branding is essential in running this company		5.41	1.484	.851
V4 Long-term brand planning is critical to our future success		5.74	1.314	.871
V5 The brand is an important asset for us		6.12	1.100	.872
Brand Positioning	**.845**			
V6 We have differentiated our service and brand from competitors		5.28	1.365	.833
V7 We have created a brand that is personal and memorable		5.32	1.486	.754
V8 We have created clear unique selling points for our brand		5.16	1.497	.756
Brand Vision	**.752**			
V9 We know where we are heading in the future		5.26	1.258	.559
V10 We know what needs to be done to achieve our future goals		5.16	1.261	.727
V11 We are certain about how we want to develop our brand		5.20	1.492	.718
Brand Values	**.809**			
V12 Our brand represents the values of our organization		5.80	1.257	.765
V13 Our marketing is guided by our brand values		5.93	1.181	.682
V14 We strive for the integration of our marketing activities		5.50	1.418	.771
Tactical Storytelling	**.840**			
V15 We rely on the power of stories in our marketing.		4.73	1.703	.806
V16 We win customers because of the stories about our brand.		4.25	1.621	.709
V17 The stories that customers tell about us contribute greatly to building our brand.		4.94	1.532	.814
Strategic Storytelling	**.872**			
V18 We have developed a memorable core message for our brand (brand narrative)		4.57	1.683	.822
V19 The core message of our brand explains what we stand for		4.95	1.558	.763
V20 Customers associate our brand not only with our offering, but with an emotional promise.		5.02	1.586	.870
Brand Communication	**.816**			
V21 The company integrates various communication channels for brand communication aimed at a wide range of audiences, not just customers		4.81	1.668	.801
V22 We ensure that the meaning of the brand is represented consistently in all internal and external marketing communication activities		4.70	1.641	.681
V23 A lot of our branding effort focuses on raising brand awareness and values amongst our target customers		4.92	1.645	.756
Brand Performance	**.867**			
V24 Our firm has built a strong brand awareness in the target market		4.13	1.815	.828
V25 Our firm has built a solid reputation		5.52	1.382	.823
V26 We have developed the desired brand image in the markets		4.32	1.607	.804
V27 Our firm has built strong customer brand loyalty		5.06	1.491	.862

4.5 Research findings

Using the overall sample (N = 217), H1–H4 were examined first. The results showed that brand story-telling correlated significantly with all brand management components (Table 3). However, *strategic* storytelling correlated more strongly with components other than *tactical* storytelling. The most pronounced correlations were found between brand storytelling (strategic and tactical) and brand positioning, as well as between brand storytelling and brand communication.

Table 3

Correlation matrix of branding constructs

No	Construct	1	2	3	4	5	6	7	8
1	*Brand orientation*	1							
2	*Brand positioning*	.372**							
3	*Brand vision*	.251**	.310**						
4	*Brand values*	.468**	.551**	.299**					
5	*Strategic storytelling*	.344**	.554**	.327**	.493**				
6	*Tactical storytelling*	.288**	.476**	.270**	.321**	.539**			
7	*Brand communication*	.481**	.604**	.298**	.519**	.635**	.519**		
8	*Brand performance*	-.103	.300**	.321**	.139*	.220**	.139*	.193*	1

Notes: ** $p < 0.001$, * $p < 0.05$; this table reports bivariate correlations (Pearson's r) between all brand management components.

To test the hypotheses, separate linear regressions were performed. The predictor β describes the size of the relationship between the variables for each path explained in Sections 3.1–3.4. The detailed results can be found in Appendix 2.

As brand orientation was positively related to strategic and tactical storytelling, H1 (including H1a and H1b) is supported. Brand positioning, brand values and brand vision were positively related with strategic storytelling, supporting H2a, H2b and H2c. Likewise, brand positioning, brand values and brand vision were positively related with tactical storytelling, supporting H2d, H2e and H2f. Hence, H2 is also supported. To assess the contributions of brand orientation and brand identity to brand storytelling, multiple linear regressions were employed separately for strategic and tactical storytelling (Appendices 3 and 4). For strategic storytelling, brand positioning ($t = 5.152$, $p < .001$) and brand values ($t = 3.270$, $p = .001$) were significant predictors for strategic storytelling, but brand orientation ($t = 1.253$, $p = .212$) and

brand vision ($t = 1.468$, $p = .144$) were not. For tactical storytelling, however, only brand positioning ($t = 4.979$, $p < .001$) was revealed as a significant predictor for tactical storytelling, while brand orientation ($t = 1.485$, $p = .139$), brand values ($t = .428$, $p = .669$) and brand vision ($t = 1.606$, $p = .110$) were not. The individual regression paths between brand storytelling and brand communication were positively related, supporting H3 (including H3a and H3b). Likewise, brand storytelling was positively related to brand performance, supporting H4 (including H4a and H4b). However, multiple regression (Appendix 5) found strategic storytelling ($t = 2.514$, $p = .013$), but not tactical storytelling, to be a significant but weak predictor of brand performance.

Differences between Start-ups and SMEs

The descriptive statistics showed that branding played a vital role in start-ups and SMEs. All mean values were above 4.5 on a seven-point Likert scale (Table 4). To examine the differences between start-ups and SMEs, a t-test was conducted to determine the equality of means. However, no major differences were found between start-ups and SMEs in adopting brand storytelling (Table 5). Neither were any differences found between start-ups and SMEs regarding brand orientation, brand identity and brand communication. Strong differences could only be found regarding brand performance. SMEs estimated their brand performance to be significantly higher compared to start-ups.

Table 4

Mean values and t-test results for start-ups and SMEs

	Mean (all)	Company type	Mean	SD	t-test
Brand orientation	5.6343	Start-up	5.797	1.02531	n.s.
		SME	5.474	1.20463	
Brand positioning	5.2605	Start-up	5.278	1.24695	n.s.
		SME	5.243	1.28311	
Brand vision	5.1736	Start-up	5.120	1.02403	n.s.
		SME	5.226	1.21113	
Brand values	5.7132	Start-up	5.812	.94699	n.s.
		SME	5.616	1.22081	
Tactical storytelling	4.6550	Start-up	4.787	1.45953	n.s.
		SME	4.530	1.44297	
Strategic storytelling	4.8271	Start-up	4.894	1.42638	n.s.
		SME	4.763	1.49559	
Brand communication	4.7958	Start-up	4.981	1.35192	n.s.
		SME	4.503	1.57701	
Brand performance	4.6140	Start-up	3.952	1.51853	**-7.17****
		SME	5.252	1.09391	

Notes: n.s. = not significant, ** $p < 0.001$

Moderating factors

One-way ANOVAs were conducted to assess whether firm age, firm size, customer type (B2C, B2B), industry type and service type moderated SME brand management components (Table 5).

Table 5

ANOVA results for moderating factors

	Customer type		Industry type		Company age		Company size		Service type	
	F	p	F	p	F	p	F	p	F	p
BO	3.679	.027	0.457	n.s.	7.466	< .001	0.640	n.s.	0.485	n.s.
BPO	3.820	.023	3.264	.022	1.093	n.s.	0.900	n.s.	3.536	.031
BVI	.373	n.s.	.481	n.s.	.758	n.s.	5.180	.006	2.044	n.s.
BVA	.455	n.s.	.490	n.s.	3.038	.050	.927	n.s.	.472	n.s.
SST	4.717	.010	2.411	n.s.	3.013	n.s.	.556	n.s.	.654	n.s.
TST	2.973	n.s.	1.446	n.s.	2.862	n.s.	.681	n.s.	.687	n.s.
BCO	.793	n.s.	.352	n.s.	4.370	.014	.020	n.s.	.786	n.s.
BPE	4.504	.012	4.857	.003	44.322	< .001	25.170	< .001	.236	n.s.

Note: n.s. = not significant

Regarding brand storytelling, almost no differences were found. Only the type of customer mattered, with B2C firms estimating their *strategic* storytelling to be higher than B2B firms (Fig. 2).
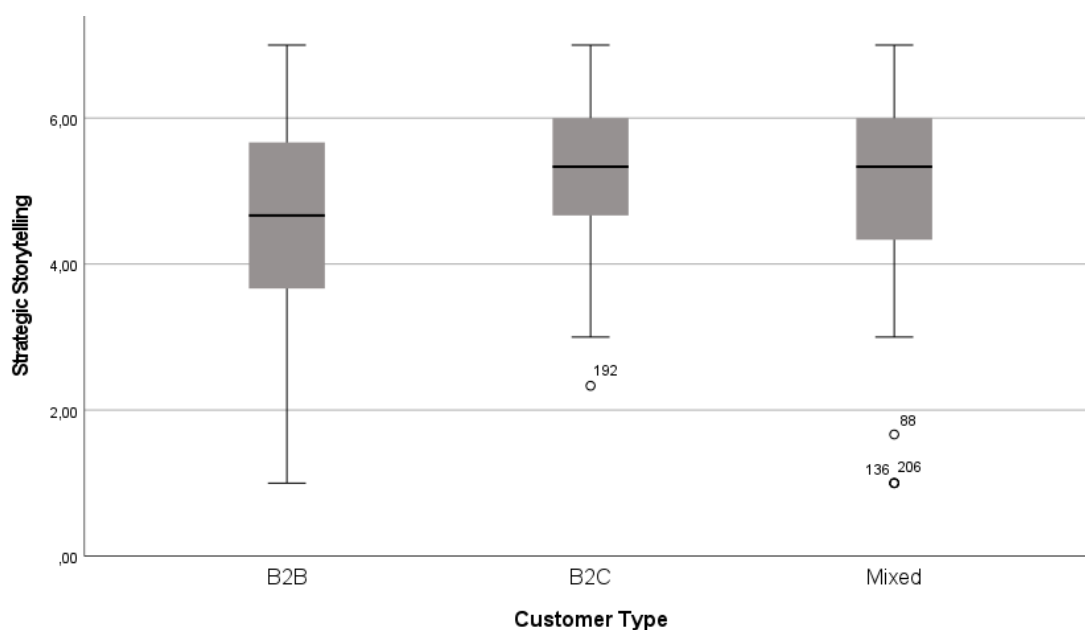
Figure 2. ANOVA results for strategic storytelling and customer type.

By testing one-way ANOVA to assess the effects of firm age, very young firms (<3 years in business) were found to adopt brand orientation significantly more strongly than were established firms (Fig. 3). However, very young firms estimated their brand performance to be significantly lower than established firms (Fig. 4).
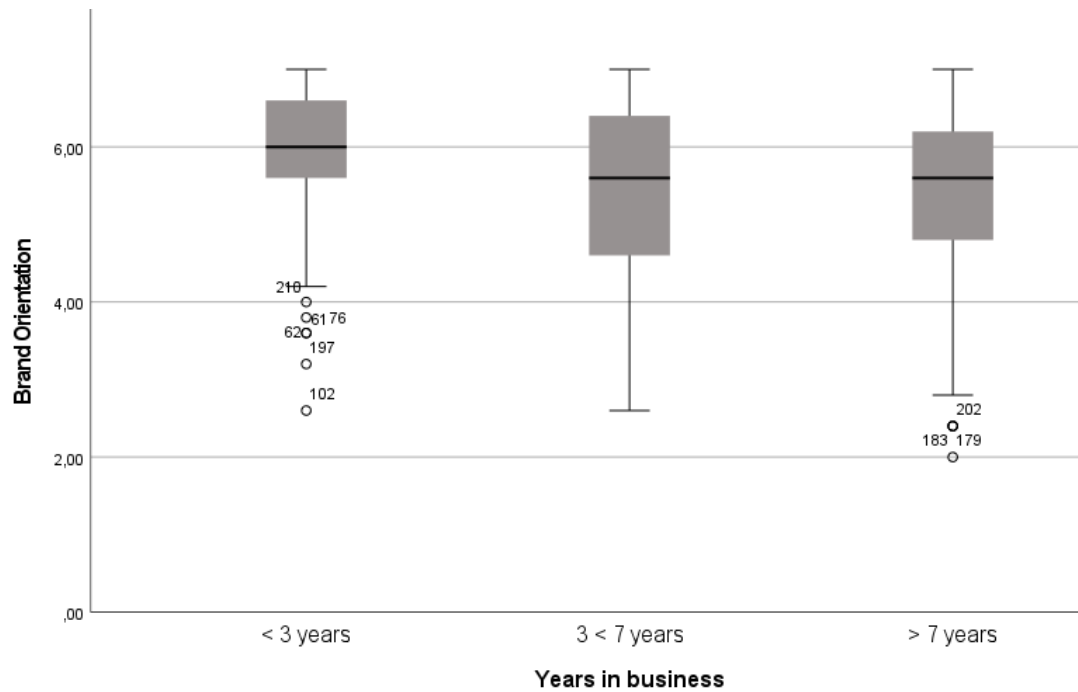
Figure 3. ANOVA results for brand orientation and years in business.
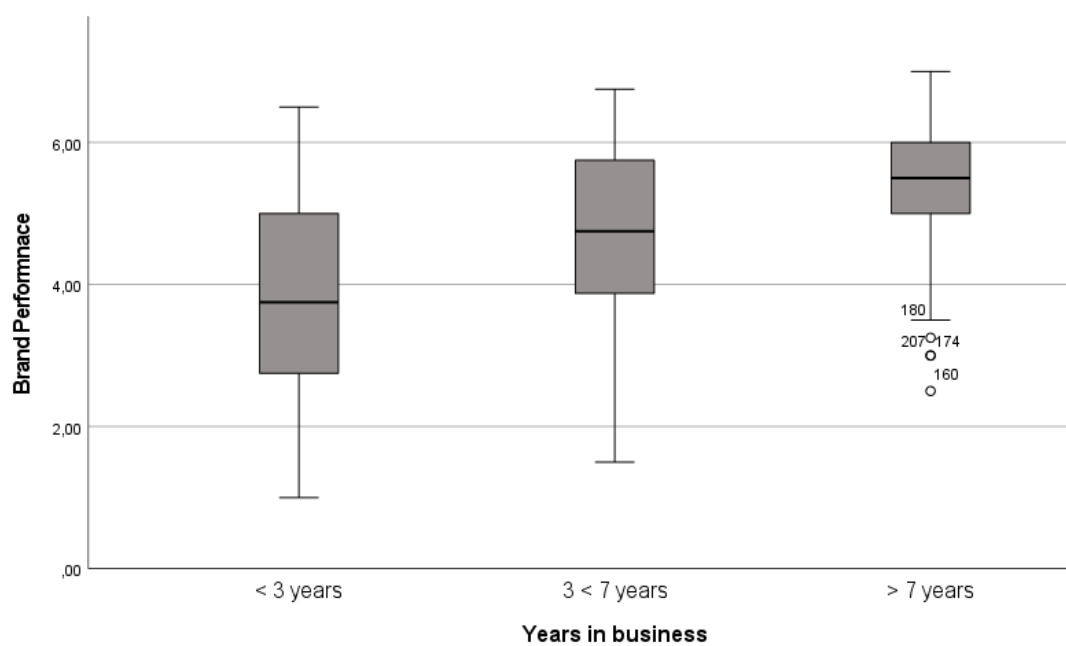
Figure 4. ANOVA results on brand performance and years in business.

Firm age is also relevant to brand values and brand communication. It was found that brand values were strong in very young and older companies (>7 years in business) but less pronounced in companies that had been in business for 3–7 years. Likewise, brand communication was stronger in very young firms but weaker in more established firms.

Furthermore, regarding customer type, differences in brand orientation, brand positioning and brand performance could be observed. B2C firms adopted brand orientation and brand positioning more strongly than B2B firms. B2C firms also rated their brand performance higher than B2B firms.

There were very few differences in industry type. It was found that manufacturing companies rated their brand positioning as the lowest and retail companies as the highest. Interestingly, craft businesses evaluated their brand performance significantly better than companies in the manufacturing, retail and service sectors.

In terms of company size, it was found that micro-companies rated their brand vision significantly lower than SMEs, and medium-sized companies rated their brand performance significantly higher than small and micro-companies. There were hardly any differences regarding service type. The only exception was that companies that offered products rated their brand positioning higher than companies that offered services.

4.6 Discussion

4.6.1 The Role of Brand Storytelling

This study examined the role of brand storytelling in SME brand management. In particular, it showed the importance of brand storytelling, which was positively related to all brand management components. Therefore, the increasing relevance of brand storytelling for brand management (Aaker and Aaker, 2016; Mills and John, 2021; Moin, 2020) can be confirmed in the context of small businesses. This builds on the initial findings of Kim's (2021) study on brand storytelling for small fashion brands, which focused on exploring different story types (tactical storytelling) to build brand trust from a consumer perspective. The present study extends this line of research by incorporating the strategic perspective of brand

storytelling in SME brand management from entrepreneurs' viewpoints and by including insights from other industries and SME characteristics.

Although positive relationships existed with all branding constructs, the results showed that brand storytelling was especially related to brand positioning as a central component of brand identity and brand communication. This supports, for example, the findings of Hirvonen and Laukkanen (2014), who found that an SME's brand orientation does not directly affect brand performance but is fully mediated by brand identity. Regarding brand positioning, the close relationship with brand storytelling appears comprehensible. While brand values and brand vision represent the *internal* view and the starting points of a brand's identity, brand positioning also includes the *external* perspective of customers and competitors (Muhonen *et al*, 2017). According to Aaker (1996), brand positioning is 'the part of brand identity and value proposition that is actively communicated to the target audience and that demonstrates an advantage over competing brands' (p. 176). Therefore, brand storytelling can be considered a strategic tool to implement the positioning of a brand in the market (Escalas, 2012; McDougal *et al*, 2021) that aims to close the gap between brand identity and brand image.

Both dimensions of brand storytelling strongly correlated with brand positioning, indicating that strategic and tactical storytelling are important means of conveying a brand's identity, which was also supported by separate multiple regressions (Appendices 3 and 4). Whereas strategic storytelling is more about transforming a brand's positioning into a cohesive and compelling brand narrative, tactical storytelling is about telling stories about the brand that support and reinforce the brand positioning (Aaker, 2018; Moin, 2020). Furthermore, it was also found that strategic storytelling correlates more strongly with brand communication than tactical storytelling. This difference might be explained by the notion that telling stories about the brand is only *one* aspect or option of brand communication (Dessart and Pitardi, 2019; Lundqvist *et al*, 2013), while a strategic brand narrative can be seen as a guiding framework for *all* brand communication (Aaker and Aaker, 2016; Lundqvist *et al*, 2013; Mills and John, 2021). This would also explain the very strong relationship between strategic storytelling and brand communication and supports the findings of Lundqvist *et al* (2013), who viewed storytelling as a

'framework to organize experiences' (p. 291) and an 'effective way of communicating brand values to customers' (p. 292).

It is interesting that strategic storytelling correlated more strongly with the other branding components than tactical storytelling, since the reverse might have been expected, as SME entrepreneurs use stories in brand communication but are less strategic, with a core narrative to guide their brand communication. One explanation for this could be that the rise of social media and digital channels has increased the awareness and relevance of strategic storytelling in SME brand management. In digital environments in particular, brands are not the only authors of their brand stories, since people share their experiences and stories about a brand and thus co-create a brand's identity and image (Gensler *et al*, 2013; Singh & Sonnenburg, 2012). SME entrepreneurs might be experiencing these dynamics in the digital space and therefore seek to respond by strategically developing and maintaining coherent brand narratives.

Overall, the results suggest that brand storytelling is important to most SMEs, regardless of their characteristics. Surprisingly, no significant difference was found between start-ups and established SMEs in brand storytelling. While one would have suspected differences within at least some factors, there were no significant differences regarding firm size, firm age, industry type and service type. The only exception was a significant difference between B2C and B2B companies and companies serving both customer types. B2C firms rated their strategic storytelling significantly higher, supporting to some extent Hirvonen *et al* (2016), who found that a company's strategic approach to branding was less prevalent in B2B firms. They argued that B2B firms are sometimes dependent on one or a few customers and, therefore, adapt to those customers' needs rather than strategically building their brand. The results of this study support this assumption, as some significant differences were found between the brand orientations of B2C and B2B firms. Another explanation could be that entrepreneurs consider storytelling in connection with social media to be a promising approach to reach and engage customers (Gensler *et al*, 2013). This could be of greater strategic importance for B2C firms, which typically target a larger number of consumers.

6.2 SME Brand Management

Because this study largely builds on previous work on SME brand management (Hirvonen and Laukkanen, 2014; Muhonen *et al*, 2017), the results offer not only a certain confirmation but also interesting expansions. The findings indicate that small businesses adopt brand orientation to a greater extent than has been found in previous studies (Krake, 2005; Merrilees, 2007). This is in line with Hirvonen and Laukkanen (2014), who argued that the mindsets only of large companies as brands have evolved. This study, therefore, provides further empirical confirmation highlighting the importance of SME branding.

Interestingly, no major differences were found between start-ups and established SMEs. However, it was found that firm age indicated significant differences, such as in the constructs brand orientation, brand values, brand communication and brand performance. This is surprising given that, in the sample, 74% of start-ups had been in the market for less than 3 years, and accordingly, one might expect the results for start-ups to be significant too. Thus, this study supports the notion that the decisive factor for brand management is not the *type* of company but its *age*. It seems to be less important whether entrepreneurs view their companies as (growth-driven) start-ups or (ordinary) SMEs but rather whether their companies are still *new* to the market or already established. The results of this study showed that new ventures were significantly more brand-orientated than established firms, supporting findings about the importance of branding, especially in the early stages of a company (Neuvonen *et al*, 2016; Juntunen *et al*, 2010).

Furthermore, it was found that new ventures adopted brand communication and brand values more than established SMEs. Regarding brand values, the results align with previous studies that viewed brand values as an extension of the founder's personality (Centeno *et al*, 2013; Rode and Vallaster, 2005), which might explain the differences between larger and established SMEs. Regarding brand communication, it was found that new ventures tended to adopt brand communication more strongly than established SMEs, supporting findings from Annes-ur-Rehman *et al* (2018), who found that brand orientation improves the effectiveness of brand communication. This might explain why new ventures

that adopted brand orientation to a higher extent also adopted brand communication more strongly. Nevertheless, this is an interesting finding considering the limited financial resources of young firms and needs to be explored further.

Finally, this study showed that new ventures differ significantly from established SMEs in terms of brand performance (in line with Hirvonen *et al*, 2016). Brand performance is more of an aspirational goal in new ventures, whereas established firms may have already achieved a certain brand awareness and market position. This might also explain the significant difference in firm size in relation to brand performance, since it was found that micro firms estimated their brand performance lower than did small and medium-sized firms, which again is supported by Hirvonen *et al* (2016).

In terms of brand positioning, it was found that companies that offered products rated their brand positioning higher than did companies that offered services. This finding aligns with Muhonen *et al* (2017), who argued that brand positioning in service companies is more challenging because it relies heavily on employees, their behaviour and communication with customers. In contrast, brand positioning in manufacturing companies depends more on product differentiation. It also supports Odoom *et al* (2017a), who found branding efforts to be higher in production firms than in service firms. However, in terms of industry type, this study found that manufacturing companies rated their brand positioning significantly lower than retail companies did, which may contradict the view above to some extent. One explanation could be that retail companies buy and sell products of different brands. Thus, their need for differentiation from other retailers (Mitchell *et al*, 2015) may be greater than that of manufacturing firms that often target a specific market niche with their products.

Regarding Muhonen *et al*'s (2017) conceptual model of SME branding, it is interesting to see that the correlations and effect sizes between the constructs of brand orientation, brand identity and brand performance were surprisingly similar in our data, which supports the original findings. One exception, however, was the positive relationship between brand vision and brand performance in the present study, which was not found by Muhonen *et al* (2017). One explanation could be the difference in the sample

structure, as it was found that micro companies rated their brand vision significantly lower than did small and medium-sized companies. Muhonen *et al* (2017) investigated 593 micro firms (82% of their sample), which might explain differences from our study sample (59% micro firms). Another explanation could be the variation in the construct itself. In addition to the two items from Muhonen *et al* (2017), the present study surveyed an additional item (v11) for brand vision that focused even more directly on the future of the brand and not just on the *general* future of the company. Hence, this study only partially agrees with the conclusions of Muhonen *et al* (2017) that SMEs may find it easier to focus on brand positioning and brand values than to plan their brands for the future. In contrast, the results of this study showed that brand vision had the strongest correlation with brand performance compared to the other constructs. In conclusion, this highlights that brand vision may be closely linked to the strategic management of a brand and its success.

4.7 Contribution

4.7.1 Theoretical implications

This study proposes the following theoretical contributions and implications:

(1) First, this study contributes to the overall understanding of SME brand management. It builds on important previous work in this line of research (Anees-ur-Rehman *et al*, 2018; Hirvonen and Laukkanen, 2014; Muhonen *et al*, 2017; M'Zungu *et al*, 2019; Odoom *et al* 2017a, 2017b) but extends it with the construct of brand storytelling, which has not yet been explored in the field of small business from a strategic brand management perspective.

(2) Second, this study contributes to the understanding of brand storytelling and its relevance by differentiating between two perspectives: the strategic (the brand as a story) and the tactical (stories about the brand) dimensions of brand storytelling. To the best of the author's knowledge, this is the first study to make this distinction and empirically examine it in the context of SME brand management.

(3) Third, this study contributes to the role that brand storytelling can play in the brand management of SMEs. The results show that brand storytelling is positively related to all the components of brand

management surveyed, indicating that not only are corporate brand managers turning to storytelling as part of their marketing and branding strategies (Delgado-Ballester, 2021; Kühn and Boshoff, 2021) but also are founders and SME owner-managers. Hence, this study sheds light on the relevance of brand storytelling for communicating brand identity and its contribution to SME brand performance.

(4) Fourth, taking an exploratory approach made it possible to compare start-ups and SMEs, which, to the author's knowledge, has not previously been investigated in empirical SME branding research. This study showed that differences in SME brand management are more related to the *age* of the company than to the *type* of company. Hence, this finding is an important contribution to research on entrepreneurial and small business branding, as it suggests that differences in entrepreneurial branding might be less related to a company's *growth* perspective than to its *newness* (Eggers *et al*, 2016; Vallaster and Kraus, 2011).

4.7.2 Managerial implications

This study has several managerial implications. It contributes to the strategic role of brand storytelling for SME entrepreneurs, in particular for founders and SME owner-managers, who, as this study found, and in line with previous studies (Krake, 2005; Rode and Vallaster, 2005), are in most cases responsible for branding in SMEs (Table 1). Brand storytelling seems to be a straightforward, affordable and effective branding strategy that offers certain advantages over larger companies and brands. For example, Granitz and Forman (2015) found in their qualitative study that consumers wish to hear stories about the brand (e.g. a brand's history or users' personal stories) that, when told by its founders, can evoke brand personification and enable consumer's self-brand connections - that is, when a brand contributes to a consumer's self-referential psychological needs (Escalas, 2004b). Consumers may view founders as aspirational and therefore feel a personal relationship with them (Granitz and Forman, 2015). Small businesses may have the advantage of making brand storytelling more personal, emotional and authentic from the perspective of an underdog brand biography (Paharia *et al*, 2011) that reflects their 'humble origins, lack of resources, and determined struggle against the odds' (p. 2).

With the rise of digital platforms, social media and content marketing, opportunities for brand storytelling have increased (Gensler *et al*, 2013, Granitz and Forman, 2015 Moin, 2020). SMEs are also increasingly recognising and exploiting these opportunities for their branding (Cortez and Dastidar, 2022; Garner, 2022; Kaur *et al*, 2015; Suryani *et al*, 2021; Syed Alwi *et al*, 2022). The increased prevalence of customer experience and associated stories on social media (Gensler *et al*, 2013) may also have led SME entrepreneurs to become more aware of the persuasive power of storytelling for their brand. Interestingly, the results of this study show that small businesses not only tell stories about their brands (i.e. the tactical view) but also use storytelling strategically to build their brands.

However, since companies 'include brand story sections on their websites more than ever before' (Hong *et al*, 2018, p. 1), SME entrepreneurs may need to find new ways to tell a compelling brand story that breaks with consumers' expectations to again capture their attention (Houghton, 2021). Aaker and Aaker (2016), for example, identified the characteristics of stories that tend to be shared and engage people in word-of-mouth communication.

4.8 Limitations and future research

This study focused on brand storytelling and its role in SME brand management. It sheds light on the strategic and tactical relevance of brand storytelling and its relationship to other branding components. Similar to other studies in this research field (e.g. Annes-ur-Rehman et *al*, 2018; Hirvonen and Laukkanen, 2014; Hirvonen et *al*, 2016; Muhonen et *al*, 2017), a cross-sectional study was conducted of SME entrepreneurs and their perceptions of branding dimensions, which limits the explanatory scope regarding causality (see e.g. Van der Stede, 2014). Although this study provides important insights into the relationships between brand storytelling and other branding dimensions, it has an explorative and not an explanatory character.

The present study builds on Muhonen *et al* (2017), answering their call to include new factors with the potential to moderate their conceptional model and consider new measurement items for brand identity. Although the present study's sample included relatively more medium-sized companies than the sample of Muhonen *et al* (2017), there are still limitations. Even though a sample size similar to that of other

SME studies (Annes-ur-Rehman *et al*, 2018; Arzubiaga *et al*, 2023; Ciunova-Shuleska *et al*, 2016; Eggers *et al*, 2013) was achieved, the comparison between start-ups and SMEs and other SME characteristics might be even more generalisable with a larger sample. However, the results of this German sample of SMEs are largely in line with the Finnish sample of Muhonen *et al* (2017). An interesting extension would be a comparative sample from developing countries and an even larger reference group from different industries. Regarding brand storytelling, future research could extend this study by looking more closely at how SME entrepreneurs can (co-)create and communicate brand stories across different touchpoints, particularly using digital channels and technologies. By taking a company-centric and entrepreneurial perspective on brand storytelling, this study complements previous studies that have focused on the consumer perspective (Park *et al,* 2021) and not examined brand storytelling in the context of SMEs.

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4.10 Appendices

Appendix 1 – Muhonen *et al.*'s (2017) conceptual model
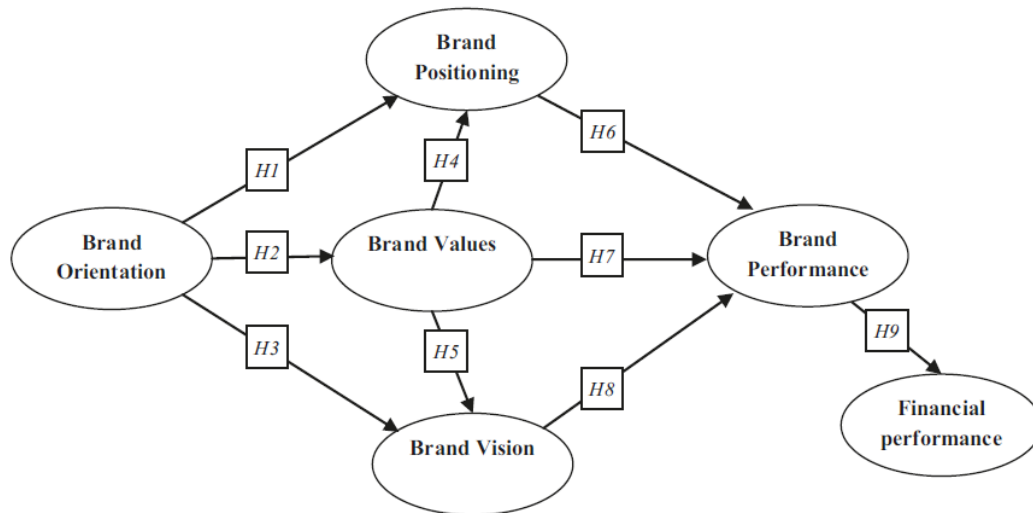
Appendix 2 – Linear regressions and hypothesis decision

H	Variables	β	R²	F	Decision
H1	**brand orientation → brand storytelling**				**supported**
H1a	brand orientation → strategic storytelling	.344**	.118	28.167	supported
H1b	brand orientation → tactical storytelling	.288**	.083	19.024	supported
H2	**brand identity → brand storytelling**				**supported**
H2a	brand positioning → strategic storytelling	.554**	.306	92.343	supported
H2b	brand values → strategic storytelling	.493**	.243	67.252	Supported
H2c	brand vision → strategic storytelling	.327**	.107	25.182	supported
H2d	brand positioning → tactical storytelling	.476**	.226	61.421	supported
H2e	brand values → tactical storytelling	.321**	.103	24.071	supported
H2f	brand vision → tactical storytelling	.270**	.073	16.539	supported
H3	**brand storytelling → brand communication**				**supported**
H3a	strategic storytelling → brand communication	.626**	.404	113.014	supported
H3b	tactical storytelling → brand communication	.519**	.269	61.866	supported
H4	**brand storytelling → brand performance**				**supported**
H4a	strategic storytelling → brand performance	.220**	.049	15.517	supported
H4b	tactical storytelling → brand performance	.139*	.019	4.101	supported

Notes: ** $p < 0.001$, * $p < 0.05$

Appendix 3 – Multiple linear regression (brand orientation, brand identity, strategic storytelling)

Coefficients	*b*	SE	β	t	*p*	95% CI LB	UB
(Constant)	-.230	.543		-.424	.672	-1.300	.840
BO	.104	.083	.081	1.253	.212	-.060	.267
BPO	.407	.079	.352	5.152	<.001	.251	.562
BVI	.116	.079	.088	1.468	.144	-.040	.271
BVA	.306	.094	.236	3.270	.001	.122	.491

Dependent Variable: Strategic Storytelling

Notes: N = 210; R^2 = .36; adj. R^2 = .348; $F_{(4, 205)}$ = 28.863; *p* <.001

Appendix 4 – Multiple linear regression (brand orientation, brand identity, tactical storytelling)

Coefficients	*b*	SE	β	t	*p*	95% CI LB	UB
(Constant)	.658	.595		1.106	.270	-.515	1.830
BO	.133	.090	.104	1.485	.139	-.044	.311
BPO	.433	.087	.371	4.979	<.001	.262	.605
BVI	.138	.086	.105	1.606	.110	-.031	.307
BVA	.044	.103	.034	.428	.669	-.159	.247

Dependent Variable: Tactical Storytelling

Notes: N = 211; R^2 = .237; adj. R^2 = .222; $F_{(4, 206)}$ = 15.99; *p* <.001

Appendix 5 – Multiple linear regression (brand storytelling, brand performance)

Coefficients	*b*	SE	β	t	*p*	95% CI LB	UB
(Constant)	3.471	.387		8.967	<0.001	2.707	4.234
TST	.034	.083	.033	.412	.681	-.129	.198
SST	.204	.081	.203	2.513	.013	.044	.363

Dependent Variable: Brand Performance

Notes: N = 207; R^2 = .05; adj. R^2 = .04; $F_{(2, 204)}$ = 5.332; p < .01

5. General discussion

This research examined the strategic roles of positioning and storytelling in the context of entrepreneurial branding. Branding in SMEs and new ventures is of great importance for attracting various stakeholders (i.e., customers, investors, partners, and talent) and for gaining a competitive advantage and increased profits and growth (Wong & Merrilees, 2008; Baumgarth, 2010; Hirvonen & Laukkanen, 2013; Hirvonen et al., 2016). A strong brand is a valuable asset for a company (Aaker, 2014). However, building a strong brand is also a challenge for SME entrepreneurs as they contend with limited resources (Abimbola, 2001; Inskip, 2004; Krake, 2005; Wong & Merrilees, 2005). Nonetheless, entrepreneurs play a crucial role in the branding of their companies (Rode & Vallaster, 2005). They decide whether a company takes on a brand-oriented strategy or if they reduce branding activities to a minimum (M'zungu et al., 2019) by, for example, simply concentrating on the essential brand elements every company has, such as a brand name, logos, colors, and fonts. With the rise of social media and digital channels, the decisive role of entrepreneurs in building their brands only increases (Becker & Lee, 2019; Cova et al., 2021). Entrepreneurs stand for their corporate brand with their personal brand and embody its values and vision (Thompson-Whiteside, et al. 2018; Yansen et al., 2021; Garner, 2022).

At the heart of branding is the strategic question of what the brand stands for and how this positioning can be communicated to the brand's target groups (Aaker, 1996; Urde & Koch, 2014). One promising way is the use of stories and narratives (Escalas, 2012; Aaker & Aaker, 2016; McDougal et al., 2021) as they can enable a deeper understanding of a company's core values and benefits (Aaker & Aaker, 2016; Aaker, 2018), they can build a strong emotional connection with people (Escalas, 2004a,b; Kühn & Boshoff, 2021), and they can foster electronic word-of-mouth (Gensler et al., 2013).

The first part of this dissertation explored the underlying theories and research related to entrepreneurial branding and the strategic roles of positioning and storytelling from the entrepreneurial (subsection 1.2.1), the strategic (subsection 1.2.2), and the inter-relational perspectives (subsection 1.2.3). The overall aim of this dissertation was to better understand the process of branding in SMEs and to investigate the strategic roles of positioning and storytelling. Based on the theoretical framework that was developed

and the existing research gaps in this field, the following three main research questions were posed and addressed in three separate studies.

(1) How do SME entrepreneurs build their brands in a digital world?

(2) Which positioning strategies do SME entrepreneurs typically apply?

(3) How does storytelling relate to positioning and entrepreneurial branding?

Study 1 examined the process of entrepreneurial branding by developing a conceptual framework and conducting a systematic literature review of the empirical studies on SME branding from 2012 to 2022 (including January 2023). Study 2 explored how SME entrepreneurs perceived the concept of positioning and the strategies they typically applied by conducting three focus group discussions. In study 3, the construct of brand storytelling, including its strategic and tactical dimensions, and its relationships within SME branding were analyzed through a quantitative survey of 217 SME entrepreneurs. In the following sections, the results of these studies are summarized and discussed based on the theoretical framework and research perspectives developed in chapter 1 of this dissertation.

5.1 Discussion of the research findings

5.1.1 Summary of the findings

Study 1 was a systematic literature review of 63 empirical studies that were rigorously analyzed before being coded and synthesized using a conceptual framework for the entrepreneurial branding process. A stable but relatively low number of studies were found (fewer than ten studies each year) in the period spanning 2012 to 2022 (including January 2023), yet with an increasing percentage of studies on digital branding. The research area was clearly dominated by Finnish studies (11 studies), but the remainder of the studies were largely international (26 countries in total). The studies mainly focused on one or two branding dimensions of the conceptual framework (82% of the studies), which confirmed the need for more in-depth knowledge of the overall branding process. A narrative synthesis identified important key terms and topics of the entrepreneurial branding process. Study 1 provided important insights and implications for SME entrepreneurs and the branding process (i.e., adopting a brand-oriented strategy,

developing a brand identity, implementing brand marketing, and measuring brand performance). However, a lack of knowledge regarding the branding process was evident: for example, the studies did not address how SME entrepreneurs actually become brand-oriented, how they systematically can co-create their brand identities, how they can communicate their brand consistently over different touchpoints, and how they can continually measure the performance of their brand strategy and activities.

In study 2, a qualitative content analysis of three focus group discussions with SME entrepreneurs provided insights into the SME entrepreneurs' perceptions of positioning and the strategies they typically applied. Their strategic approaches differed from large companies in terms of market and brand orientation. With regard to market orientation, the SME entrepreneurs focused strongly on customer wants and needs but less on their differentiation from competitors. In terms of brand orientation, the SME entrepreneurs emphasized building a strong brand identity, but they focused less on strategically establishing a corresponding brand image in the minds of customers. The results of the study further indicated that the SME entrepreneurs viewed positioning as highly relevant but also highly dynamic. Positioning was not seen as a fixed state but as a constant endeavor in a small business.

In fact, an empirical matrix of four positioning strategies could be developed based on the strategies that the SME entrepreneurs typically employed (Table 4 of Chapter 3): specialization, differentiation, conviction, and opposition. Each strategy is a combination of an external (market-oriented) and an internal (brand-oriented) positioning dimension (i.e., customer, competition, competence, and core values), thereby integrating market and brand orientation into hybrid forms of positioning strategies. The coding and mapping of the SME entrepreneurs' statements to this typology revealed that they did not necessarily focus on one particular strategy; hence, their brand positioning was a combination of the four strategic approaches. As such, this study implied that positioning in SMEs can be explored through four strategic fields of action: (1) specialization—"claim your sweet spot" by focusing on customers and competence, (2) differentiation—"claim your advantage" by focusing on competence and competition, (3) opposition— "claim your unique DNA" by focusing on core values and competition, and (4) conviction—"claim your emotional benefit" by focusing on core values and customers.

Study 3 explored the role of brand storytelling in the branding of SMEs. Brand storytelling was operationalized in both a strategic (the brand as a story) and a tactical (stories about the brand) dimension. The results showed that both dimensions were positively related to all branding components (i.e., brand orientation, brand values, brand vision, brand positioning, brand communication, and brand performance). Hence, the findings supported the notion that brand storytelling can be an important means to communicating a brand's identity to build brand image and equity. Furthermore, brand storytelling was closely related to brand positioning, and strategic storytelling correlated more strongly with all brand dimensions than with tactical storytelling. This underscored the strategic role that brand storytelling can play and the overall research proposition of this dissertation that positioning and storytelling are closely related within the entrepreneurial branding process. No difference was found between start-ups and SMEs in terms of brand storytelling. Almost no differences were found for other SME characteristics, such as company size, company age, industry affiliation, and type of service, with one exception: strategic storytelling was more pronounced in B2C companies than in B2B companies.

As study 3 investigated the construct of brand storytelling, it also provided important insights into the branding of SMEs. For example, the findings showed that with the exception of brand performance, there was no difference between start-ups and SMEs in terms of their strategic approach to branding. However, "firm age" revealed significant differences, e.g., in the constructs of brand orientation, brand values, brand communication, and brand performance. Hence, study 3 suggested that branding was relevant to all SMEs, but it proved to be especially important in new ventures. In terms of the overall brand performance, only brand positioning, brand vision, and strategic storytelling showed strong correlations, which highlighted the great importance of the two constructs of positioning and storytelling for the entrepreneurial branding process.

The following sections discuss these findings and their contributions to the entrepreneurial branding research in light of the literature and the three research perspectives outlined in section 1.2 of this dissertation.

5.1.2 Discussion of the entrepreneurial perspective

Positioning and storytelling have been researched intensively in the marketing of big brands and from a consumer perspective (Saqib, 2021; Park et al., 2021). This dissertation extends this research by examining the strategic roles of both concepts in the context of entrepreneurial branding. Entrepreneurial branding is an emerging field of research that is particularly relevant given the economic impact and prevalence of SMEs globally (see e.g., OECD, 2023). Moreover, although the amount of research in this area has increased, there remains a need for a more comprehensive understanding of entrepreneurial branding, its conceptualization (Ahonen, 2008), and its process (Odoom et al., 2017). While there are already a number of definitions of entrepreneurial marketing (Kraus et al., 2011) and a comprehensible development of this research field, research on entrepreneurial branding has lacked a clear definition (Ahonen, 2008) that can be observed, for example, in the inconsistent use of related terms (e.g., SME branding, SME brand management, and branding in new ventures).

This dissertation draws on entrepreneurship theory and its core premise of opportunity discovery (Kirzner, 1978, 1997) and creation (Schumpeter, 1911, 1994). It makes an important contribution to the entrepreneurial branding research by taking a broad view of entrepreneurial branding as a process by which SME entrepreneurs discover, create, and seize opportunities to strategically build a new brand or reposition an existing one. This is particularly important in the case of new ventures (Bresciani & Eppler, 2010; Eggers et al., 2016; Neuvonen, 2016, Wündsch, 2023), as was confirmed in study 3. Brand orientation in new ventures was found to be significantly stronger than in established companies. However, entrepreneurial branding is not limited to new ventures. For example, as found in study 2, the SME entrepreneurs did not perceive the positioning of their brands as a one-time event but as a continuous and dynamic endeavor due to changes in the market or the refocusing of a company's strengths and values. These results supported the findings of Centeno et al. (2013), who suggested that branding in SMEs is an iterative process with several brand exploration phases.

Study 1 contributes to the understanding of entrepreneurial branding and its processes by developing a conceptual framework (the "branding cycle") and conducting a systematic review of the related empirical studies. This provided a comprehensive overview of key findings on four process steps: becoming

brand-oriented, developing brand identity, implementing brand marketing, and measuring brand perfor-mance. Study 1 confirmed the relevance of branding for SMEs, the important role of the entrepreneur (e.g., Renton et al., 2015; Neuvonen, 2016), and the impact of brand orientation on brand and the finan-cial performance of SMEs (Hirvonen & Laukkanen, 2013; Reijonen et al., 2015; Ciunova-Shulska et al., 2016; Hirvonen et al., 2016; Laukkanen et al., 2015; Muhonen et al., 2017; Anees-ur-Rehman & Johnston, 2018; Tajeddini & Ratten, 2017). With the rise of digital channels and platforms, aspects such as the co-creation of brand identity (Törmälä & Gyrd-Jones, 2017; Iglesias et al., 2020; Koporcic, 2020; Mingione & Russell, 2020; Dressler & Paunovic, 2021), the entrepreneur's personal brand (Thompson-Whiteside et al., 2018; Yansen et al., 2021; Garner, 2022), and systematic brand communication via social media (Kaur et al., 2015; Becker & Lee, 2019; Suryani et al., 2021; Cortez & Dastidar, 2022; Garner, 2022; Paunovic et al., 2022; Shen, 2022; Robson & Banerjee, 2023) are gaining momentum and relevance for SMEs.

5.1.3 Discussion of the strategic perspective

Positioning and storytelling can be approached from two strategic perspectives: market orientation and brand orientation. Both approaches are considered distinct antecedents of business performance not only in large companies but also in the context of SMEs (Laukkanen et al., 2015). Market orientation repre-sents an outside-in approach that focuses on the needs and demands of the target market to position and communicate a brand. In contrast, brand orientation represents an inside-out approach that focuses on brand identity to position and communicate a brand (Urde & Koch, 2014). Urde et al. (2013) proposed a dynamic and hybrid perspective of market and brand orientation by suggesting that, in business prac-tice, it is often difficult to draw a clear line between these theoretical approaches. Following this line of reasoning, M'zungu et al. (2015) investigated the hybrid types of market and brand orientations in the context of SMEs and found that one dominant and one less dominant strategic orientation could be observed in business practice.

Study 2 makes an important contribution to this line of research as the newly-developed positioning typology integrated both strategic approaches, which resulted in four strategic fields of action (subsec-tion 3.6). For example, the strategic field of *specialization* is a combination of the external customer

dimension and the internal competence dimension. Hence, specialization can be analyzed from a market-oriented view (i.e., with market research, segmentation, and targeting) and/or from a brand-oriented view (i.e., by focusing on a company's core strength and competencies). The results of these considerations lead to a positioning strategy that answers the question of how broadly or specifically SME entrepreneurs must position their brands. In this strategic positioning field, they can claim their brand's "sweet spot" from a market- and/or a brand-oriented perspective. The same logic applies to the other three strategic positioning fields.

In contrast to branding in large companies, which is usually managed by a marketing department, branding in SMEs depends on the strategic role of the entrepreneur (Rode & Vallaster, 2005; Krake, 2005), a fact that was confirmed by the systematic review of recent empirical studies in study 3. SME entrepreneurs are the driving force behind pursuing a market- and/or a brand-oriented strategy, which was emphasized by study 2. They have their viewpoints regarding branding, which was reflected, for example, in various statements within the focus group discussions. That is, SME entrepreneurs' perceptions of branding may involve simply focusing on the essential branding activities that every company needs to put into practice (i.e., brand name, logo, colors, and fonts) or instead pursuing a brand-oriented strategy to build brand equity and to establish a desired brand image in the minds of customers (Wong & Merrilees, 2005).

Although study 1 revealed important insights from the existing research on SMEs' brand orientation and its benefits for brand and business performance, the question of how SME entrepreneurs actually become brand-oriented remains a research gap (Neuvonen, 2016). Market orientation in terms of focusing on customers' wants and needs may be more intuitive for SME entrepreneurs: for a company to survive, it has to acquire customers who buy its product or service. Especially at the inception of a new venture, many activities are thus focused on achieving a good product-market fit (Kirk & Zollo, 2021). Building a strong brand to attract key stakeholders and create a competitive advantage, increase sales, and drive long-term growth is not always the top priority of SME entrepreneurs, or it is perceived as only possible for large companies (Krake, 2005; Wong & Merrilees, 2005).

Studies 1, 2, and 3 supported the findings of previous studies on the relevance and benefits of a brand-oriented strategy for SMEs (Wong & Merilees, 2005; Odoom et al., 2017). Study 1 synthesized the empirical studies on SME branding over a ten-year period and confirmed the performance effects of a brand-oriented strategy (Reijonen et al., 2012; Eggers et al., 2013; Agostini et al., 2015; Laukkanen et al., 2015; Muhonen et al., 2017; Anees-ur-Rehman & Johnston, 2018; Annes-ur-Rehman et al., 2018; Tajeddini et al., 2017; Kusi et al., 2022). Study 2 revealed that the SME entrepreneurs perceived the positioning of their brands as being of great importance, and study 3 confirmed the relevance of brand orientation across all of the SMEs surveyed. This could indicate that awareness of brand orientation is growing among SME entrepreneurs in general. However, the results might be biased as the participants who chose to take part in the study may have already had a strong interest in branding.

Study 3 also highlighted the strategic role of positioning and storytelling in the entrepreneurial branding process. Of all the brand dimensions surveyed, only brand positioning, brand vision, and strategic storytelling showed a strong correlation with brand performance. Although the exploratory study design did not allow for causal interpretations, these results confirmed the findings of Muhonen et al. (2017), who also identified strong relationships between brand positioning, brand vision, and brand performance. However, study 3 extended Muhonen et al.'s (2017) findings by introducing the construct of brand storytelling, including its strategic and tactical dimensions. Surprisingly, strategic storytelling was found to be more strongly correlated with all other branding dimensions than tactical storytelling. The reverse could have been expected: that SME entrepreneurs would use stories in their brand communication but would be less strategic with a core narrative to guide their brand communication. One explanation for this could be that the rise of social media and digital channels has increased the awareness and relevance of a strategic approach to storytelling in SME branding (Singh & Sonnenburg, 2012; Gensler et al., 2013). By way of explanation, the SME entrepreneurs might be experiencing these dynamics in the digital space and therefore seek to respond by strategically developing and maintaining a coherent brand narrative.

5.1.4 Discussion of the inter-relational perspective

This dissertation focused on two concepts: positioning and storytelling. The main premise was that these two constructs are closely related based on the theory of narrative processing and transportation (Escalas, 2012). The purpose of this dissertation was not to expand the underlying theories but to utilize them as a means to explain the relationship between the two constructs.

Drawing on narrative processing and transportation theory, positioning can be viewed in two ways. First, positioning can be viewed as a strategic framework that guides the stories a brand communicates. Second, positioning can be viewed as the cognitive outcome of the narratives that customers form based on their experiences and interactions with the brand and the stories they hear. Study 3 supported the inter-relational perspective as it was found that brand positioning correlated strongly to both the strategic and tactical dimensions of brand storytelling. This indicated that the SME entrepreneurs who perceived their brand positioning as strong also applied brand storytelling strategically and tactically. Whereas strategic storytelling is about transforming a brand's positioning into a cohesive and compelling brand narrative, tactical storytelling is about telling stories about the brand that support and reinforce the brand positioning (Aaker, 2018; Moin, 2020).

Study 3 further supported the notion that strategic and tactical storytelling are both important means to convey a brand's identity and enhance brand performance. Positioning and storytelling were not only strongly related with each other, both also showed strong correlations with brand performance, which supported the findings from Muhonen et al. (2017). It also extended those findings to include the dimension of brand storytelling. The relevance of and relationship between positioning and storytelling is an important contribution to the existing research in the field of entrepreneurial branding. Although study 1 identified some studies that focused on SMEs' brand positioning (Muhonen et al., 2015; M'zungu et al., 2019), there was no study found that focused on brand storytelling and its relationship to brand positioning. Hence, this dissertation expands the research on positioning (Saqib, 2021) and storytelling (Park et al., 2021) by investigating their strategic roles and relationships in the context of entrepreneurial branding.

5.2 Implications for entrepreneurial practices

Each of the three studies that were conducted provides valuable implications for entrepreneurial practice. In study 1, the managerial implications for every step of the entrepreneurial branding process were summarized. Study 2 proposed a two-step approach to achieving a promising positioning strategy within four strategic fields of action, and study 3 suggested that SME entrepreneurs leverage the power of storytelling as an important means of conveying their brands' positioning to their target audiences. As this dissertation focused on the strategic role of positioning and storytelling in entrepreneurial branding, this section presents four strategic considerations for SME entrepreneurs that can be derived from the theory and empirical evidence of the dissertation.

(1) The dynamics of entrepreneurial branding

This dissertation highlighted the dynamics of entrepreneurial branding and its process. Branding in SMEs is especially important for new ventures (Rode & Vallaster, 2005; Bresciani & Eppler, 2010; Eggers et al., 2016), but it also offers entrepreneurial opportunities for established SMEs (Wong & Merrilees, 2005; M'zungu et al., 2019). Study 1 revealed that with the rise of social media and digital channels, opportunities for SME entrepreneurs to build their brands increase but also come with rising challenges, such as how to co-create a brand identity in a digital environment (Horst et al., 2019; Shen, 2022). The dynamics of entrepreneurial branding were also emphasized in study 2. Even the SME entrepreneurs with established businesses perceived the positioning of their brands not as a fixed state but as a constant endeavor. While small businesses have the advantage of being close to customers and the ability to quickly react to market dynamics (Eggers et al., 2016), in terms of brand positioning, this also comes with the tension that building a brand in the minds of customers requires time and a long-term strategy (Keller & Swaminathan, 2020). This implies that SME entrepreneurs need to balance the dynamics of the entrepreneurial branding process. They need to find the balance between reacting to market dynamics and strategically building a strong brand for long-term competitive advantage.

(2) The decision of following a brand-oriented strategy

Study 1 highlighted the relevance of a brand-oriented strategy for brand and business performance in SMEs (Reijonen et al., 2012; Eggers et al., 2013; Agostini et al., 2015; Laukkanen et al., 2015; Muhonen et al., 2017; Tajeddini et al., 2017; Annes-ur-Rehman et al., 2018; Kusi et al., 2022), and study 3 confirmed these findings. However, many SME entrepreneurs may still believe that building a strong brand is beyond their reach, thereby leading them to minimize branding activities (Krake, 2005; Wong & Merrilees, 2005; M'zungu et al., 2019). Thus, adopting a brand-oriented strategy may not be an obvious choice for them (Neuvonen, 2016). Hence, encouraging SME entrepreneurs to adopt a brand-oriented strategy is an important practical implication of this dissertation. While programs for start-up entrepreneurs may already include some marketing and branding topics, it is worth investigating whether there are also entrepreneurial branding programs from public institutions for small business owners and managers.

(3) The development of a strong brand positioning

Studies 2 and 3 confirmed that positioning plays a key role within the entrepreneurial branding process. Study 2 supported Urde and Koch's (2014) assessment that there must not be a tug-of-war between market-oriented and brand-oriented positioning. However, for SME entrepreneurs, this also implies a challenge in the development of a strong brand positioning. It involves understanding and responding to market needs while simultaneously building a unique brand identity that differentiates the brand from others. How can SME entrepreneurs consider both perspectives when developing their positioning strategy? The newly-developed typology of study 2 may help SME entrepreneurs to systematically analyze hybrid positioning strategies along the four strategic fields of action of specialization, differentiation, conviction, and opposition.

(4) The dedication of leveraging brand storytelling

Study 3 was the first study to investigate how SME entrepreneurs perceive brand storytelling and its strategic and tactical dimensions in the context of SME branding. The results showed that the SME entrepreneurs considered brand storytelling to play an important role and that it was strongly related to

brand positioning. On a practical level, this implied the need to craft a core narrative of what the brand stands for and to tell stories that strengthen the brand's positioning. Crafting such stories and consistently communicating the brand positioning across various online and offline touchpoints is a highly strategic as well as a highly creative task that requires a great deal of dedication over an extended period of time (McKee & Gerace, 2018). However, when adopting a brand-oriented strategy, leveraging the power of stories to build a strong brand is a promising way for SME entrepreneurs to promote their personal brand, especially in digital environments (Horst et al., 2019; Garner, 2022). SME entrepreneurs can thus use their advantage of being personal and authentic (Eggers et al., 2013; Thompson-Whiteside et al., 2018).

5.3 Strengths and limitations

In the same way that each of the three studies has its practical implications, each also had strengths and limitations. For example, study 1 focused exclusively on peer-reviewed and empirical studies on the entrepreneurial branding process. Study 2 followed a qualitative approach to explore positioning strategies of SME entrepreneurs, hence the generalizability of the findings is limited. Study 3 was a cross-sectional study of SME entrepreneurs and their perceptions of branding dimensions, such as brand positioning, brand storytelling, and brand performance, which limits the explanatory scope with regard to causality (see e.g., Van der Stede, 2014). With a more general view, this section presents four key strengths of this dissertation along with its limitations.

(1) The focus on entrepreneurial branding in SMEs and new ventures

One key strength of this dissertation is its contribution to the entrepreneurial branding research by taking a broad view and including established SMEs based on entrepreneurship theory. While many SMEs, such as "mom-and-pop" businesses, may not prioritize branding (Vallaster & Kraus, 2011), this does not imply that they lack the entrepreneurial opportunity to do so. The expanded understanding of entrepreneurial branding outlined in chapter 1 contributes to the further development of theory in this area of

research, akin to how research in the field of entrepreneurial marketing has broadened its perspective (Ahonen, 2008; Hills & Hultman, 2013).

However, this strength comes also with limitations. When considering entrepreneurial branding in terms of the behavior of the SME entrepreneur rather than the specific characteristics of the SME (e.g., firm age), differentiating factors such as growth orientation become more nuanced. The question of whether an SME entrepreneur takes a strategic, growth-oriented approach to branding can be answered on a spectrum rather than a simple yes or no. Accordingly, the SME owners in the sample of study 3 may have been generally more strategic and growth-oriented (and therefore more likely to participate in such a study), which could explain why the difference between SMEs and start-ups was not significant.

(2) The focus on the entrepreneurial branding process

A second key strength of this dissertation is its focus on the entrepreneurial branding process. Although 63 empirical studies from the last ten years were identified in study 1, only two studies (Hirvonen & Laukkanen, 2013; M'zungu et al., 2019) could be assigned to all four branding dimensions of the conceptual framework, which supports the call for a more general view of entrepreneurial branding and its process (Odoom et al., 2017). In the three studies that were conducted, a range of methodological approaches was used to explore entrepreneurial branding, its processes, and the strategic roles of positioning and storytelling. Study 1 synthesized the findings from empirical studies to better understand the overall entrepreneurial branding process, while study 2 provided key insights into how SME entrepreneurs approach the positioning of their businesses based on three focus group discussions. Finally, study 3 quantitatively surveyed 217 SME entrepreneurs on the entrepreneurial branding process and its key dimensions. Although different perspectives and focal points could be set with these methodological approaches, the overall research design of this dissertation had an exploratory and not an explanatory character. Neither the qualitative results of study 2 nor the quantitative results of study 3 allow causal conclusions to be drawn, e.g., about the effect of brand positioning and storytelling on the performance of the SMEs that were surveyed.

(3) The focus on storytelling in entrepreneurial branding

A third strength of this dissertation is the integration of storytelling within the context of entrepreneurial branding research. While the power of storytelling in brand communication has been extensively studied in the marketing and branding domain (Park et al., 2021), there has been a lack of focus on its application in small businesses (Kim, 2021). This fact makes study 3 one of the pioneering studies in this research area. Although Kim (2021) also explored brand storytelling, her research focused on comparing different fictional brand stories of small fashion brands and their effect on customers' brand perception. In contrast, study 3 integrated the construct of brand storytelling into overall SME brand management by distinguishing between two important dimensions: strategic storytelling ("the brand as a story") and tactical storytelling ("stories about the brand"). Although the pioneering nature of study 3 is a strength of this dissertation, the focus on the construct of storytelling was only one part of this research and therefore could not be explored in more depth.

(4) The focus on the relationship between positioning and storytelling

Finally, the focus on the relationship between positioning and storytelling is another strength of this dissertation. The inter-relational perspective of these important marketing constructs contributes not only to entrepreneurial branding research but also to the broader fields of branding and marketing research. Although extensive research exists on both constructs (Saqib, 2021; Park et al., 2021), less studies have investigated the relationship between positioning and storytelling in depth (Escalas, 2012; McDougal et al., 2021). The inter-relational perspective of this dissertation was empirically examined in study 3, which found a strong correlation between brand positioning and brand storytelling. However, study 3 was limited to SME entrepreneurs' assessments within a cross-sectional study. To further analyze the relationship and impact of positioning and storytelling, additional research using different methodologies is necessary. These proposals will be discussed in the following section.

5.4 Implications for future research

The limitations of this research lead to the following implications for future research.

(1) The broader view of entrepreneurial branding presented in this dissertation requires further theoretical development. Similar to the field of entrepreneurial marketing, entrepreneurial branding requires a deeper discussion about its scope and definition from an entrepreneurial perspective (Ahonen, 2008). This study can serve as a foundation for initiating this debate.

(2) The focus on the entrepreneurial branding process in study 1 revealed several research gaps that could be addressed in future studies. Key questions include, for example, how SME entrepreneurs become brand-oriented (Neuvonen, 2016), how they can systematically co-create a brand identity (Törmälä & Gyrd-Jones, 2017; Iglesias et al., 2020), how they can consistently implement brand marketing programs across different touchpoints (Robson & Banerjee, 2023), and what tools they can use to continuously measure their brand performance (Ciunova-Shuleska et al., 2016; Muhonen et al., 2017). These remain important research objectives.

(3) Building a brand in the minds of customers takes time. Therefore, research on the entrepreneurial branding process could benefit from more longitudinal and mixed methods studies on branding and its effects on brand and business performance. Such studies could combine strategic management perspectives with consumer and customer research. Most of the studies that have examined the relationship between SME brand strategy and brand performance, including study 3, were cross-sectional studies (e.g. Hirvonen & Laukkanen, 2013; Hirvonen et al., 2016; Muhonen et al., 2017; Annes-ur-Rehman et al., 2018). Future research could focus on developing robust metrics and analytical frameworks for measuring brand performance in SMEs. This includes creating tools that SME entrepreneurs can use to track brand awareness, customer engagement, loyalty, and overall brand equity over time.

(4) The qualitative and quantitative insights from studies 2 and 3 on SME entrepreneurs' positioning strategies suggested the need for further investigation. Future research could explore how SME entrepreneurs can develop and measure the performance of effective positioning strategies. Since positioning

was not perceived as a fixed state, it is crucial to understand the market and brand-related conditions that may necessitate brand repositioning by SME entrepreneurs.

(5) Finally, this dissertation explored the strategic and tactical dimension of storytelling within entrepreneurial branding. Future research could investigate how SME entrepreneurs can leverage storytelling authentically and consistently across different touchpoints, both online and offline. This includes understanding how SME entrepreneurs can craft stories and narratives that resonate best with their target audience. Also, the co-creation of brand identity by brand stories from various authors (both company and consumers) is an important area for further study, especially regarding the inter-relational perspective between positioning and storytelling.

By exploring these additional areas, future research can enhance the comprehensive understanding of entrepreneurial branding and provide actionable insights to support SME entrepreneurs in their branding efforts. This dissertation, through its exploratory nature and diverse methodological and theoretical approaches to the strategic role of positioning and storytelling, makes a significant contribution to this field. It offers valuable perspectives for both academics and practitioners, thereby paving the way for further advancements in entrepreneurial branding.

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Declaration on contributions to monography

This dissertation includes three manuscripts, two of which were co-authored. The respective contributions to the co-authored manuscripts are detailed in the tables below.

Chapter 2: How small businesses build their brands in a digital world. A systematic review

Author	Author position	Scientific ideas %	Data generation %	Analysis & interpretation %	Paper writing %
Peter Fluhrer	first	80	100	90	80
Taiga Brahm	second	20	0	10	20

Status in publication process: Under review

Chapter 3: Positioning in SMEs. Entrepreneurs' perceptions and strategies

Author	Author position	Scientific ideas %	Data generation %	Analysis & interpretation %	Paper writing %
Peter Fluhrer	first	80	100	90	80
Taiga Brahm	second	20	0	10	20

Status in publication process: Published