

**MASTER THESIS**

**'Online Branding for SMEs:  
Media types, Channels and their Effectiveness'**

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## Abstract

<b>Title</b>	Online Branding for SMEs: Media types, Channels and their Effectiveness
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<b>Course</b>	BUSN39 Degree project in Global Marketing, 15 credits
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<b>Purpose</b>	The purpose of this study is to determine online branding channels used by SMEs and identify which of those channels are the most effective.
<b>Methodology</b>	A quantitative study of four small-medium business brands and their online performance data from Google Analytics accounts.
<b>Theories</b>	The theoretical foundation of this study is based on theory discussed by Keller (2012) and the model introduced by Krake (2005). Our proposed framework is based on the theory and it is intended to complement the funnel model (Krake, 2005) in which the role of brand management in SMEs is discussed.
<b>Findings</b>	SMEs use the following online branding channels: paid search, retargeting, website, e-mail, referrals, social media and organic search. The most effective of them are organic search and referrals. In addition, this study reveals that SMEs have limited control over their brand as most of them rely on 'earned media' which is controlled by a brand user.
<b>Keywords</b>	Online Branding, SMEs Branding, Branding Channels, Branding Effectiveness, Google Analytics

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## Glossary

**Bounce rate** - percentage of visitors who left the website without interacting with it.

**Branding channel** - medium used to communicate, maintain and build a brand.

**Conversion** - purchase, newsletter subscription, download or any other action that has value (monetary or non-monetary) for the business.

**Conversion rate** - percentage of total visitors who completed a conversion - purchase, newsletter subscription, download or any other action that has value for the business.

**Google Analytics** - free online tool used to gain website usage statistics. Can be accessed via [www.google.com/analytics](http://www.google.com/analytics)

**Organic search** - search results pages on online search engines like Google, Bing, Yahoo and similar, where information is listed according to the relevance of the search phrase/keyword used by search engine user. Visits coming through these listings are labeled as organic search traffic.

**Paid search** - advertisements displayed above and on the side of organic search results pages. This is an opposite concept for organic search. Paid search are ads but they are ranked based on the price the advertiser agrees to pay and the relevance of search query/keyword and the ad text. Traffic coming through these ads is labeled as paid search traffic.

**Retargeting or Remarketing** - online marketing technique used to target visitors who already visited the website.

**Returning visitors** - the number of visitors who visit the website and come back later to the same website. Rate of returning visitors shows the percentage of visitors who come back.

## 1. Introduction

Online branding is a quickly growing trend among all types and sizes of companies, with the interest in the field expected to only be increasing in the coming years (Google Trends, 2014). The whole idea of online branding is appealing to many, because it allows companies and individuals to reach each other faster and easier. There are, of course, other perceived benefits of online branding, such as distinguishing a product or service from similar offerings of the competitors and being seen as unique (Chiang, Lin & Wang, 2008). As a result, new insights and suggestions on how to brand companies and their products or services online are appearing on business related websites almost daily.

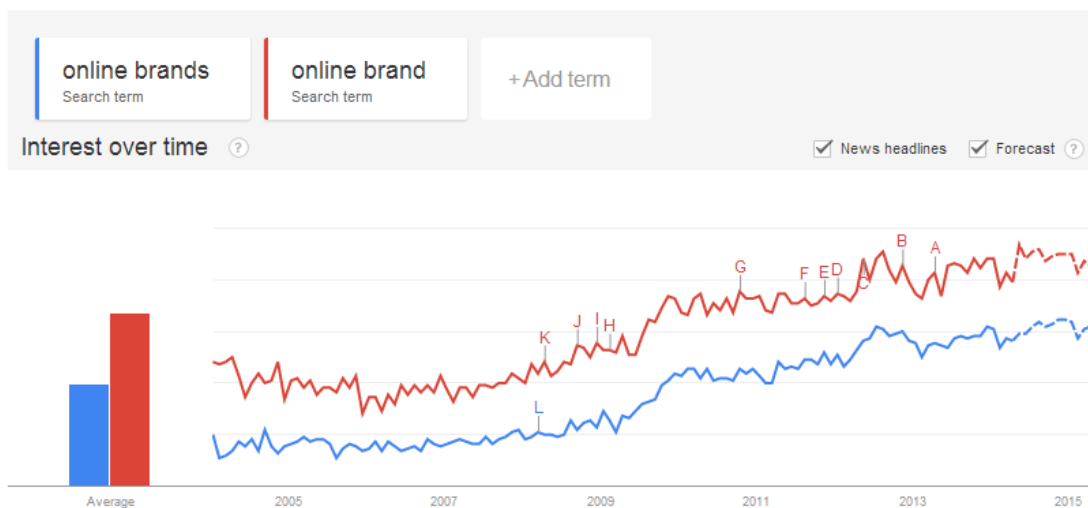


Figure 1. Growing interest in online branding related search terms on Google.

Online branding is different from traditional branding in many aspects, one of the major of those being affordability. With internet so widely available and costing so little in comparison to television slots or newspaper print space, online branding can be seen as a way of cutting costs yet still remaining visible to possible customers. In fact, many companies have moved from having costly physical shops to offering their services online instead, even finding ways to work around the usual customer's need to see and touch the product before buying it. Brian James Footwear, for example, distinguishes the company from competitors by shipping up to five pairs of shoes for the customer free of charge and letting them try the products on before making the purchase decision. This business model is the company's unique brand promise to supply shoes that are comfortable for each buyer to wear (BrianJames™, 2014). In addition, Bow & Drape, a strictly-online women's apparel shop allows the customer to customize the product to her wishes before purchasing it. This feature directly

communicates the Bow & Drape brand, which claims that a cloth has to fit the wearer's character (Bow & Drape, 2014).

Other noteworthy differences of online branding are more specified reach and wider possibilities of customer engagement. While traditional branding is aimed at a larger and more general audience, online branding allows for more segmentation and even more creativity. A great example of such creativity is Project Re:Brief by Google, in which the 1962 "Drive it like you hate it" Volvo campaign was brought back to the internet users. The original campaign emphasized the brand value of safety by showing how durable and reliable the car is, and the new campaign enforced that image by allowing internet users to track the history of one of Volvos that has since the 1960s driven over three million miles and is still running.

Naturally, with the lesser price and more possibilities that online branding offers in comparison to traditional branding, it has quickly become widely used not only among large corporations but smaller enterprises as well. In fact, it is to SMEs that branding is more critical, because it allows them to "say things about themselves in ways that every-day language cannot convey" (Opoku et al. 2007, p.362) and to bring those words closer to the intended audience. However, when it comes to online branding literature, the SME perspective is lacking. Most literature on this topic concentrates on either established large firms or is explored in a general sense that can be applied to any firm. Such might be due to the traditional view that only large companies are burdened with branding while few SMEs are concerned with it (Ahonen, 2008). With the wider availability of online branding, such is no longer the case, if it ever was.

The lack of attention given to SME online branding in the literature begs the question whether or not SMEs and their online branding is all that different from the online branding efforts and strategies of their larger counterparts. The fact here is that SMEs are faced with more challenges when it comes to branding in general when compared to large companies. According to Kapferer (2012, p.9) "a brand exists when it has acquired power to influence the market" and such takes time, money and other resources to happen. This is where SMEs issues come into picture in the form of limited budget, less human resources devoted to the same task, and often lesser understanding and long-term look, which is key for branding success. These and other issues are the reason why many small companies seeking to brand themselves online fail to reach the right target audience and gain any recognition (Meyers & Gerstman, 2002). As such, branding for SMEs is perhaps more risky than for large companies, because

while they have fewer resources to spare on the task, the probability of investing those resources and getting nothing in return is also higher.

Small companies like Fletcher Burwell-Taylor LTD in UK, which gained wide interest online due to their high-end “transformer” tables, and medium companies like iZettle in Sweden, which seeks to revolutionize the way we deal with everyday money transfers, while being lesser known, have found online branding a useful tool to attract people and make a name for themselves. They are examples of SMEs that found online branding beneficial and they are not the only ones. Online branding, while only expanding the already existing influence of larger companies, seems to be opening the doors for small and medium enterprises to reach a wider audience than they ever could before. As such, it is interesting to look into how they make use of the online branding opportunity and whether their chosen methods are effective.

## **1.1 Problem formulation**

Most of the literature that concentrates on online branding does not provide sufficient insights into how SMEs create or introduce and build their brands online. In fact, according to Ahonen (2008, p.4), studies generally show that “even though at least 95 percent of all business belongs to the SME group, branding is traditionally considered a large companies issue, and lacks an SME perspective”. SMEs marketing, on the other hand, is a much more developed field (Gilmore, Carson & Grant, 2001), which shows that SMEs do have measures in place to promote themselves, but those measures rarely manifest in the form of branding (Ahonen, 2008; Inskip, 2004). Concerning traditional branding, it is not normally considered to be a priority by SMEs (Spence & Essoussi, 2008) and the use of it is limited to creation of a logo and a flagship product or service (Inskip, 2004). When it comes to online branding, however, the number of opportunities to communicate the brand increases (Rowley, 2004a), which can push SMEs to reevaluate their priorities.

When it comes to online branding for SMEs specifically, there are articles that concentrate on particular product or service branding in different industries, such as retail or service, at the same time somewhat including SMEs that operate in those particular sectors. However, SMEs as business entities that are engaged in branding practices is a largely overlooked field (Mowle & Merrilees 2005). Considering that online branding is a form of branding that is becoming widely available to companies (Rowley, 2004a), the research gap is evident. This gap, naturally, raises a question if the same branding practices apply



and can be used by all companies regardless of their size, or if there indeed are differences in the way the SMEs brand themselves online.

In order to look at the branding practices of SMEs, it is firstly important to distinguish the criteria that will summarize those practices best. As such, possibly the easiest way to understand how SMEs brand themselves online is to look at the channels that they use, since they are the keys to delivering the brand message. According to Keller, Apéria and Georgson (2008, p.224), regarding online communication, companies have only two available communication channels. These are a website and banner ads. However, these are just two out of many other options. In his later book, the author adds that there are three forms of media - owned, paid and earned (Keller, 2012, p.239). All of these media forms have different specifications and different branding channels are associated with them. However, there is one thing in common - owned and paid media are fully controlled by the brand, while earned media is controlled by the brand user. Branding channels affiliated with these different media forms are used by both big and small companies. Channel usage statistics depending on the size of the company are not available. It is therefore interesting to explore how SMEs diversify their channels from the bigger companies in the market and whether or not their methods prove to be effective.

Effectiveness is another point of interest that should be noted. When it comes to academic research, the only effectiveness-related topics covered so far speak about how online advertising (Kim et al. 2011; Joo et al. 2014) and more specific parts of it, such as search engine advertisements (Kim et al. 2011; Fulgoni & Mörn, 2009; Rutz, Truson & Bucklin, 2011; Yoo, 2014) work out for firms and also about the importance of chosen brand strategy being effective for the company (Gundala & Khawaja, 2014). Though authors such as Havlena and Graham (2004) and Murphy and Scharl (2007) do talk about the branding effectiveness of companies online and Mitchell, Hutchinson and Quinn (2013) relate this to the branding efforts of SMEs, ways of determining this effectiveness are largely overlooked. As such, seeing as SMEs make up the majority of all registered companies in many parts of the world (Ahonen, 2008; Krake, 2005; Epure, Lianu & Epure, 2009), it is both important and interesting to look into the measures of effectiveness when it comes to the channels SMEs use to brand themselves online. It is also important to see whether or not their efforts are worthwhile, as any business has to have measures of effectiveness in order to be able to determine their success or lack of it.

With this in mind, the aim of this research is to analyze how SMEs go about branding online, to identify the online branding channels they use and see how effective those have been so far.

## 1.2 Research question

The primary research question for this thesis is:

How do SME's brand themselves online?

The secondary sub-questions that this thesis aims to answer are:

1. What are the specific online branding channels used by SMEs?
2. Which of those channels have proven to be effective to SMEs?

## 1.3 Expected research contributions

This research is expected to have both academic and managerial contributions. Concerning the academic contributions, as mentioned earlier, there is currently a lack of academic coverage on SMEs online branding and specifically online branding channels and their effectiveness. Thus, this research aims to expand the existing academic research on SMEs online branding by analyzing the online branding channels that are used by small and medium-sized businesses.

This research also aims to aid brand managers and SME owners in providing insights on how to make their brands visible online. The main contribution to this goal is expected to be the introduction of a new model that categorizes existing online branding channels into three separate groups, divided by the media type these are associated with - paid, owned and earned. This model can serve as a reference for management on how to categorize different online branding channels. Examples of these channels are also given and described in detail. Thus, this study is expected to add to the current information pool that SME brand managers use and allow them to make faster and more effective decisions.

## **2. Theory**

This chapter will analyze previous research done on branding in general, online branding and branding of SMEs. We have found little theory about SMEs branding online specifically, therefore, in order to better understand the phenomena we start by looking into branding in general. Then move to online branding and review related previous research done on this specific topic. Only after getting familiar with online branding, SMEs branding is presented and relevant research works reviewed.

### **2.1 Brands and branding**

A brand has many definitions, it can be understood differently based on whose point of view is taken. Probably the most detailed and all encompassing of those is the definition provided by the American Marketing Association, saying that a brand is “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name” (Cohen, 2011). Regardless of the source, however, the literature agrees that a brand is something intangible that gives value to one product over another. Branding, on the other hand, is more than just naming and distinguishing a product or service – it also requires constant involvement in the form of various resources and skills (Kapferer, 2012, p.31). As such, branding is the key that makes the offer unique, because while competitors can copy products, they cannot copy the feelings and ideas associated with the product’s brand (Melin, 2002, p.112). And with the rise of Web 2.0, the brand is now more important than ever (Chiang, Lin & Wang, 2008).

### **2.2 Branding online**

Along with the rise of internet, new channels of marketing and branding appeared. "The internet has become the main mode of communication between the brand and its public and among consumers themselves" (Kapferer, 2012, p.174). Internet has become the main source of information for the regular customer. We do not have to visit the physical shop or office (if there is one) in order to get more information about the company we are interested in anymore. The only thing we need today is internet connection. All major brands are already online and the necessity of being there only grows. Chaffey et al. (2009, p.289) argues that branding efforts online are extremely important as many of the internet users do not actually have a chance to visit a physical store, so the impression of the brand they get online forms their understanding of a brand. According to Chernatony (2001, p.193), "a brand is a

brand regardless of its environment". That said, companies should keep their branding techniques consistent across all channels and environments. Internet is not an exception and it should not be considered as one. Thus, the author suggests that branding online differs from the classical offline branding because the role of the end consumer differs. In classical branding consumer is the passive user and he does not have a lot of power. The major difference in online branding is that the user is expected to be active and participate in the process of brand building and its maintenance. Chaffey et al. (2009, p.289) adds that the experience of online brand is different because users can engage with it at any time and in greater depth.

"Consumers today connect with brands in fundamentally new ways, often through media channels that are beyond manufacturer's and retailer's control" (Edelman, 2010, p.1). Branding online differs from the classical offline branding because the role of the end consumer differs. In classical branding consumer is the passive user and he does not have a lot of power. The major difference in online branding is that the user is expected to be active and participate in the process of brand building and its maintenance (Chernatony, 2001, p.193). There are several commonly known online branding channels. These include: website, referrals, banner ads, paid search, social media and a mixture of those. The level of control by the brand in all of these channels differs but the user still has the final word in all of them. "Branding involves much more than the name or logo associated with a company or products" (Chaffey et al. 2009, p.289). Branding is all about how the user feels after interaction with the brand. Brand experience is the dominant factor when determining the success of online branding. Thus, it is very important to ensure that users have consistent brand experience among all branding channels that the company uses (Joo et al. 2014).

### **2.3 Online branding channels**

Kotler and Keller (2012, p.11) describe marketing communications as something that can be done directly or indirectly. The use of these channels allows the consumer to learn what the brand stands for and set their expectations. Authors argue that marketing communications is a link that connects the brand with people. Correctly chosen communications channels can be used to drive sales. Therefore, in our research we are using a term of 'brand channels' rather than 'marketing channels', because we look exclusively at branding activities.

There is no synthesized list of commonly used online branding channels. Different authors discuss different aspects of different channels. Keller (2012, p.199) states that a winning branding channel strategy requires the development of "integrated shopping experiences". That said, businesses have to combine several channels to maximize their success. At the same time, Fill (2010, p.306) argues that businesses must be careful while choosing these channels as the choice determines who the end user is and what he/she needs. Different channels stand and represent different groups of individuals. "It is imperative that the strategy be geared to the communication needs of the target audience" (Fill, 2010, p.312). Some of the commonly discussed online branding channels include website, referrals, banner ads, paid search, social media and mobile apps. Thus, many companies do not solely use just one channel but rather use a combination or a mix of several channels.

Keller (2012, p.239) noted that every successful branding campaign requires three different media forms that are discussed and agreed on by quite a few experts: paid, owned and earned. All of these media forms cover different branding channels. The author argues that paid media covers a more traditional media. That said, paid search and banner ads are the main channels that fit this form of online media. Websites, social media pages and e-mail are attributed to owned media. While both paid and owned are controlled by the company, the control of earned media belongs to the consumer.

### **2.3.1 Owned branding channels**

As mentioned by Keller (2012, p.239), a brand has full or at least some power over owned media. Website is the first frontier of such media and it is the channel that a brand controls the most. Other channels include e-mail and mobile apps.

**Website** is usually a place where users get their first impression about the brand. "A brand's values can be inferred, among other sources, from the design of the website and the feelings it evokes" (Chernatony, 2001, p.193). Brand experience and the consistency of that experience is one of the metrics to determine the effectiveness of branding attempts. Website users should feel welcomed and not restricted by any technical errors or design elements which may impact their overall user experience. Website should be designed in a way that users would be able to find desired information quickly and without any obstacles. The way the user feels after navigating the website contributes to the overall experience of a brand. Keller (2012, p.236) states that "marketers can construct Web sites that allow any type of consumer to choose the brand information relevant to his or her needs or desires".

Today's marketers have the means to establish online brand presence and satisfy the needs of different customer segments.

Keller (2012, p.236) further argues that "brand-building is increasingly a collaborative effort between consumers and brand marketers". Both consumers and brand managers equally contribute to brand and reputation building. The empowerment of a consumer is achieved through websites that have ratings, reviews and comment sections. Consumer can publicly rate the brand, review the services and products or leave a comment about their brand experience. However, the weight of customer generated input differs by the type of a brand. Companies having a strong offline brand may not be affected that much as brands that are exclusively internet brands. Therefore, internet brands must pay more attention to their websites and the information it contains.

**"Mobile applications** have become new communication channels" (Fernandez-Cavia & Lopez, 2013, p.101). It has become a vital channel for industries that have clients on the go. Mobile applications are the best option for such companies to keep in touch with their customers. As authors noted, it is extremely important for hotels, restaurants and transportation companies. In addition, Magrath and McCormick (2013) state that a mobile consumer is not the same as an online consumer and therefore should be treated differently. Mobile branding, or as proposed by Magrath and McCormick (2013, p.100) - m-branding, "relates to the visual branding elements utilized within a mobile application". Visual elements and the way they are laid out contribute to the branding efforts. In addition, the name of an application can be branded. "Attaching the brand name to a mobile app may not only provide recognisability but positivity, trust and awareness" (Magrath & McCormick, 2013, p.103).

**E-mail** is also known as a personal communication channel (Kotler & Keller, 2012, p.486). Personalization of a message allows for the employment of direct marketing and personal selling tactics. In addition, Fill (2010, p.785) stated that e-mail marketing is highly targeted and can reach very specific target groups that other channels may not be able to reach. Targets are defined by compiling e-mail lists. "Many organizations build their own list using data collected from their CRM system" (Fill, 2010, p.786). On the other hand, e-mail lists can only include customers who gave permission to send promotional e-mails to them. If permission is acquired, companies can send various promotional ads, brand related information, coupons and any other information (Keller, 2012, p.178), which is a good example of permission marketing - "the practice of marketing to consumers only after gaining their express permission" (Keller, 2012, p.185).

### 2.3.2 Paid branding channels

"Approximately 20 percent of word-of-mouth (WOM) about brands refers to paid advertising in media" (Keller, 2012, p.254). Consumers are more likely to try or recommend a brand if they have seen a paid ad before. The author adds that if a brand user already had a positive opinion about the brand, paid advertisements are more likely to have a positive impression. Commonly used paid branding methods include banner ads, paid search and retargeting.

**Banner ads** or interactive ads, as stated by Keller, Apéria and Georgson (2008, p.245), are one of two major online branding tools (the other one is website). Their ability to reach wide audiences and target them based on the specific settings is what makes it so powerful. The main purpose of banner ads is to increase brand awareness among potential target audience. Different sizes and formats allow the marketer to display them on various websites matching the specified settings. In classic branding, the equivalent for banner ads would be wall posters, which in terms of targeting are very similar to banner ads. Both of them are displayed in specific placements. Wall posters are hanged up in specific physical places, often limited by the geographical location where the target audience is often present. Banner ads are also displayed in specific carefully chosen locations. In both cases the goal of these mediums is to create a positive and consistent brand experience (Chaffey et al. 2009, p.291), which is usually the biggest challenge for many.

**Paid search** campaigns are a great way to ensure that your brand comes up in the first place when the brand name is entered into online search engines like Google or Bing. "Keyword search ads appear only when online users query an assigned keyword or phrase" (Yoo, 2014, p.85). The message that appears along with the ad is a perfect tool for sending a branded message to the user interested in that specific brand. Yoo (2014) adds that the ranking of a brand name is an important factor for a search engine user. The higher the brand name is listed in the search results, the more likely a user is willing to click on a link containing that brand name. High rankings, in the minds of search engine users, are associated with trust and credibility. High rankings can be used to establish a positive attitude towards the brand. However, the author adds that brands should not rush into 'bidding wars' as it may often be very costly and ineffective. Accumulated costs may diminish the positive outcomes. As stated by Agarwal, Hosanagar and Smith (2011), high rankings on search engines do not promise high return on investment (ROI). The cost of paid search decreases drastically along with the lower ranking. The higher the rank (1<sup>st</sup> is the highest possible), the lower the costs will be.

Fill (2008, p.782) discussed that "through web analytics, the study of web site visitors' behavior, it is possible to analyze the search terms used by current visitors". The nature of these search terms help markets to evaluate and reshape their marketing activities. Web analytics can also be used to identify branded keywords and their performance.

**Retargeting** allows the companies to "offer personalized recommendations to consumers who return to their website, using consumers' previous browsing history on that website" (Lambrecht & Tucker, 2013, p.561). Based on what website pages these users have visited, they are introduced to personalized ads that are displayed on various other websites while browsing online. On the other hand, the authors argue that "there is little empirical evidence that a personalized product recommendation is as effective when displayed on external websites as it is when it is displayed internally on the firm's own website" (Lambrecht & Tucker, 2013, p.562).

### 2.3.3 Earned branding channels

Kotler and Keller (2012, p.487) argue that "more advertisers now seek greater earned media - unsolicited professional commentary, personal blog entries, social network discussion - as a result of paid media marketing efforts". Authors state that earned media is partially a product of the paid media efforts. Paid media is used to give an impulse for earned media and many marketers often put their hopes on it. Such relation is explained by Harrison (2013, p.184), who stated that earned media "have a harder job reaching non-buyers than paid media". Users of a product or service are more likely to recommend the product to another user, rather than a non-user. Paid media reaches out to those un-tapped users and earned media plays its role only after they are introduced to the offering.

**"Referrals** and testimonials can be powerful when the services offered are highly intangible and subjective" (Keller, 2012, p.43). That is especially true for internet brands, which offer intangible services that have no offline variant. Referral is an indication of trust as well. Brand users who blog about the brand they like and support are recommending it to other internet users. As Keller (2012, p.43) adds, "emotions also play a big role in terms of sense of security and social approval". In addition, Fill (2010, p.508) states that referrals can be used to establish trust and credibility. Users are more willing to trust the brand if they receive a positive recommendation from someone else than a brand itself or anyone associated with a brand. Referrals can be a powerful tool for growing the brand.



**Social media** and online communities provide a promise of belongingness (Chaffey et al. 2009, p.290). Customer engagement with a brand is the ultimate goal. Users are expected to engage in co-creation activities and contribute in activities to strengthen the brand. In classical branding these users would be expected to take more passive role and simply go along. However, in online branding it is vice versa. Brand users are the ones who start and control the conversation. Brands only have the option whether to include themselves or not. To support that, Chernatony (2001, p.192) stated that "successful branding on the internet will increasingly come from organizations who do not manage market conversations, but rather join in". Therefore, brand user is more powerful online than he or she is in offline setting.

**Organic search** is one of the channels that can be use to drive traffic. In order to get visible on search engines, websites should have high ranking (Fill, 2010, p.782) which can be achieved by Search Engine Optimization (SEO). High rankings on major search engines are awarded to only the websites that have the highest quality content on the website and many other factors that are not publicly disclosed. "Through web analytics, the study of web site visitors', behaviour, it is possible to analyse the search terms used by current visitors" (Fill, 2010, p.782). Such information can be used to determine effectiveness of marketing and branding efforts. However, the author missed the opportunity to add that information from web analytics tools can be customized and categorized for individual use. Brands can use such information to determine the performance of both branded and non-branded keywords.

## **2.4 Measuring online branding effectiveness**

When it comes to measuring the effectiveness of online promotion efforts, most of the current research concentrates on measuring the results of online advertising solely (Kim et al. 2011; Yoo, 2014; Wei, Jerome & Shan, 2010) and does not distinguish any ads made for the sake of branding. However, a few authors such as Havlena & Graham (2004, p.327) do mention and try to find connections between online advertising and effectiveness of online branding, saying that "there is a measurable but weak relationship between time since last exposure [to ads] and branding effectiveness." Rowley (2004b), on the other hand, emphasizes the need for online engagement data in order to measure any effectiveness of integrated channels. Also, Leek and Christodoulides (2011) admit to being unsure what metrics could be used to assess effectiveness at all, which, according to them, results in many companies lacking such metrics completely.

Fact is that branding, as any other business activity, must have a positive outcome for the company. In order to measure these outcomes, marketing metrics must be applied. Kotler et al. (2009, p.211) described marketing metrics used by marketers and brand managers as "the set of measures that helps them quantify, compare and interpret their marketing performance". Such metrics can be used to determine the effectiveness of marketing and branding activities. Fill (2010, p.552) argues that in order to be and stay competitive, businesses have to take advantage of consumer and business intelligence data, regardless of whether it is an online or offline brand. One of the best tools for acquiring online marketing and branding metrics is Google Analytics, a program "which Google provides free to advertisers, provides advertisers with a custom report, or dashboard, detailing how Internet users found the site, what ads they saw and/or clicked on, how they behaved while at the site, and how much traffic was generated" (Kotler et al. 2009, p.155). Therefore, such insights allow to determine traffic channels, their volume, relevance of traffic (bounce rate), average visit duration and of course - conversions. With such information Analytics can be use to enhance and optimize decision making (Kiron, Prentice & Ferguson, 2013).

## **2.5 SMEs branding**

When talking about branding from the perspective of SMEs, it is first necessary to understand exactly what enterprises are considered to be small and medium. Small companies are considered to be those that employ up to 49 people, and medium companies are ones that employ anywhere from 50 to 249 people (Juntunen et al. 2010; Abimbola & Kocak, 2007; Inskip, 2004). Though the sizes are different, small and medium enterprises are lumped together due to many similarities that they share - belonging to specific owner(s) and dominating a relatively small share of the market (Abimbola & Kocak, 2007). This does not, however, mean that SMEs have no similarities with their larger counterparts. On the contrary, like any other company, SMEs also operate in the same global and information-saturated economy that all businesses are part of, sharing competitive markets, rapid innovation and abundance of similar products and services (Abimbola & Kocak, 2007). As such, technically any SME can eventually grow to reach the size of a large company (Juntunen et al. 2010). In reality though, there are over twenty times as many SMEs as there are large companies (Kotler et al. 2009, p.281; Ahonen, 2008) and, therefore, the branding that SMEs are involved in requires a separate analysis from the generalized branding or the branding used by large companies.

Despite the fact that the majority of companies in existence are SMEs, the research on SME branding is lacking (Garcia, Castillo & Duran, 2012; Ahonen, 2008; Abimbola & Kocak, 2007; Abimbola & Vallaster, 2007; Abimbola, 2001). The research that does exist offers some insights into how brands are created and managed within SMEs and the relevance of branding for small-medium enterprises. Krake (2005) was one of the first to create working models for both brand development (Figure 2) and brand management roles (Figure 3) of SMEs.

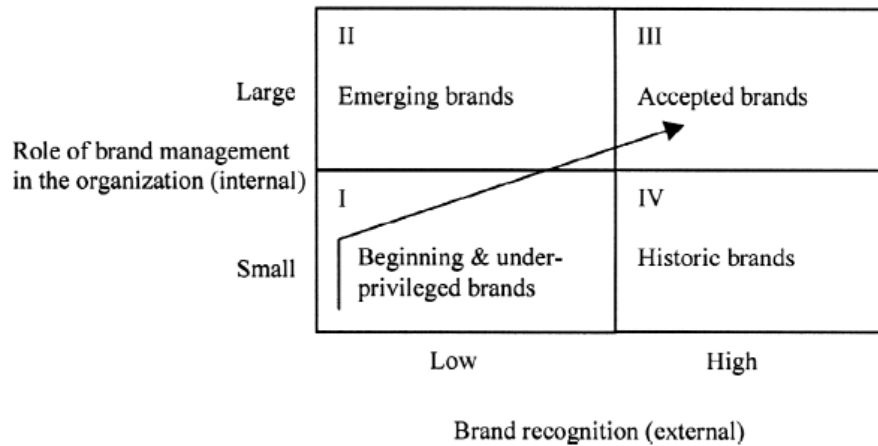


Figure 2. "Brand development model for the SME", Krake (2005)

In this model, Krake (2005) makes the connection between the internal and external parts of a SME brand. He states that the amount of attention given to internal branding directly affects how the brand is perceived by the customers, something that the large players in the markets have long since realized yet many of the smaller companies are still not grasping (Krake, 2005, p.234). According to this model, the first quadrant contains brands that are either newly created (beginning) or have been in existence for a while but have not managed to gain brand recognition outside and often inside the company (underprivileged). The second quadrant has brands that have embraced and invested significantly in brand management but have not yet received adequate recognition as it usually takes time to do so. In addition, the third quadrant indicates brands that have achieved and maintain a fairly large level of brand recognition, while the fourth quadrant concentrates on the rare brands that have achieved recognition without sufficient effort from the company (Krake, 2005, p.234-235). Knowing where SME brand stands in this model can help understand and decide what the brand is lacking and what steps need to be taken to improve the recognition of the brand (Krake, 2005, p.234).

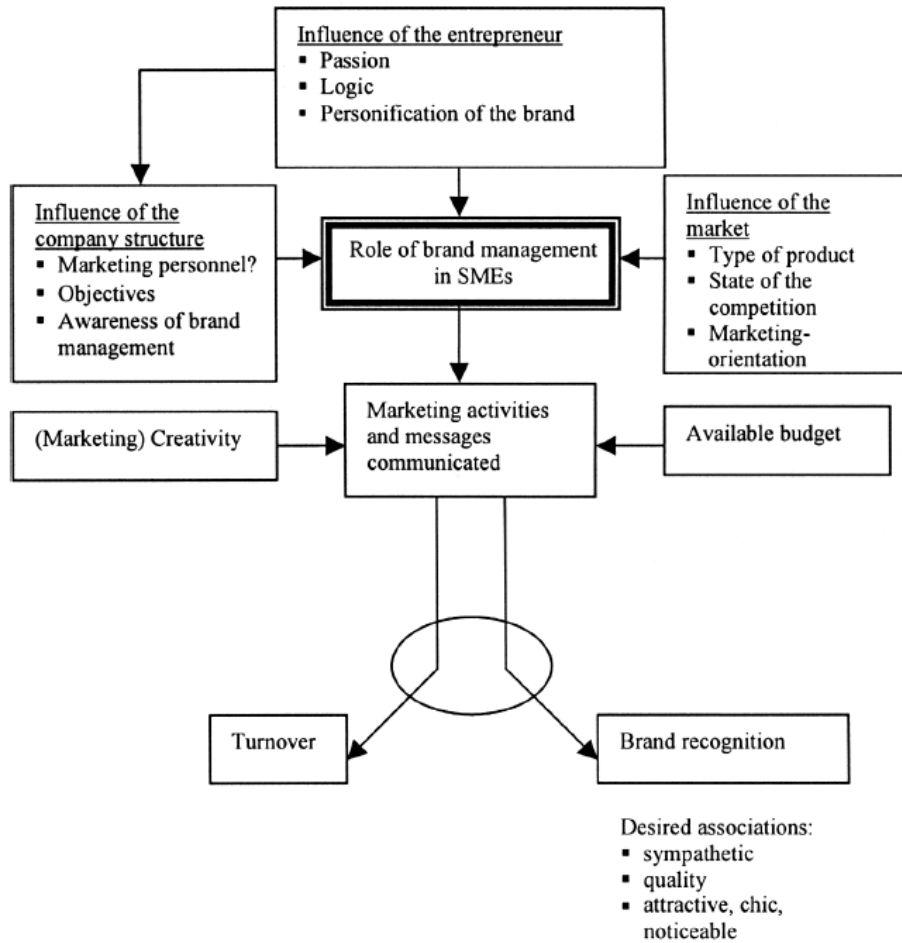


Figure 3. “Funnel model for the role of brand management in SMEs”, Krake (2005)

This model by Krake (2005) analyzes the role of brand management in SMEs and all the influential factors that lead to SME brand recognition. In here the business owners or the entrepreneurs are in a unique position in the sense that they play a double role – being at the helm of the company, they directly influence how the brand is presented as well how the other stakeholders within the company understand and manage the brand. The brand management role, which is also influenced by the market, then leads to the marketing activities that will be the message through which the brand is presented. These marketing activities, within the confines of resources available, then lead two ways to brand recognition and turnover, indicating that while SMEs want their brand to be known, selling is just as important an outcome that branding is attempting to achieve (Krake, 2005, p.234).

The frameworks suggested by Krake (2005), being possibly the first ones in the field of SME branding, have received different responses from other researchers. Khan and Ede (2009) and Abimbola and

Kocak (2007) agreed with the fact that the model of brand management role in SMEs adequately portrays the level of involvement of the business owner/entrepreneur in the management of the brand. Horan, O'Dwyer and Tiernan (2011, p.115), on the other hand, argues that the model is up for debate, since it is "a blanket representation of all SMEs with no one particular outlook on products or services".

Aside from usable models, many of the researches concentrated on SMEs branding revolve around how it is different from the branding done by large companies and why SMEs need branding in the first place. One of the most important differences between SMEs and large companies concerning branding is the ownership of the company, seeing as the owners of SMEs are considered to be the faces and personalities behind the brand (Gundala & Khawaja, 2014). Other differences are, of course, limited resources monetary and time-wise (Juntunen et al. 2010). In fact, according to Garcia, Castillo and Duran (2012, p.287), "the lack of resources and time are the main justifications for not carrying out branding activities". However, while branding requires additional resources, fact is that if SMEs concentrate on simply selling the products or services without building a brand, they will eventually be out-competed by branded businesses (Chiang, Lin & Wang, 2008). Garcia, Castillo and Duran (2012, p.287) address this issue by saying that SMEs do not need expensive strategies for their brand communications – all that matters is finding a way to brand the SME in their own market.

Abimbola (2001) states that branding is necessary for SMEs to be competitive in their markets and that only by fully understanding the practice of branding can small-medium companies successfully apply the practices to their business. However, even if the practices are understood by SMEs, they still receive little attention in a company's daily operations (Gundala & Khawaja, 2014). One of the main reasons for that is that SMEs lack long-term strategy and concentrate more on short-term branding activities (Garcia, Castillo & Duran, 2012). Since SMEs are usually owned by one or a couple people, they make the decisions on their own, which may prove chaotic for the long-term focus of a brand (Gundala & Khawaja, 2014). Regardless, branding is considered to be one of the most important tasks that SMEs should accomplish (Epure, Lianu & Epure, 2009; Gundala & Khawaja, 2014), and companies that manage to do that will rise above their competition. Also, in comparison to large companies, SMEs have an advantage of flexibility and they can use that for branding (Abimbola & Vallaster, 2007).

Other than general SME branding, the literature also looks into more specific parts of SME branding, such as retail and service branding, non-profit SME branding and the branding of SMEs that operate in B2B markets. SMEs in the business of retail are increasingly becoming aware of the importance of strong

brands for sustainability both locally and internationally (Mitchell, Hutchinson & Quinn, 2013). Similarly in service SMEs, branding is essential and all employees in direct contact with consumers are expected to be the ambassadors of the brand communicate its meaning positively. In fact, the employees in service SMEs are one of the four variables that constitute branding, together with characteristics of SME itself, role of the customer and brand equity (Horan, O'Dwyer & Tiernan, 2011). As for the non-profit SMEs, the topic moves more towards re-branding than branding. The reason is that non-profits already have a name and an image, or a brand, and their move towards more strategic branding would be considered as changing the existing brand (Khan & Ede, 2009). Aside from the topic of non-profit companies, re-branding of SMEs is a very scarcely covered topic. Concerning the SMEs in B2B markets, branding here is a less widely accepted necessity, either due to ignorance or resistance (Inskip, 2004). Instead, B2B SMEs prioritize relationship building with clients (Gilmore, Carson & Grant, 2001), which also costs less than B2C branding (Juntunen et al. 2010).

Regardless of the type of branding SMEs do, having a brand is beneficial for any SME. SMEs that develop and pursue a long-term branding strategy create more value for the company and benefit more in the long term in the form of more customers, more partners and more skilled employees (Salehi & Arbatani, 2013). A great example is provided by Abimbola (2001, p.103), saying that “strong brands such as Microsoft, Gap, Starbucks, and Dell Computer are all SME brands created and nurtured from the scratch by small businesses and individual entrepreneurs”. Perhaps because of that, much of the existing research on SME branding also offers tips and ideas on how a small-medium enterprise should go about branding. Kotler and Keller (2012, p.293-294) offer a clear example with Vitaminwater, which went from small business to “powerhouse brand” using creative market research, concentrating on only a few brands, working on creating a brand community and brand associations.

### **2.5.1 SMEs marketing as a substitute for branding**

Some of the researches consider SME branding to be a form of marketing, where creating a brand is a task done essentially to be able to sell more (Abimbola, 2001). Admittedly, the topic of SME marketing is a far largely covered field of research, but it has little to say about branding as one of its methods. Instead, most of the SME branding research shows that “brand management brings with it a quite different set of problems to those encountered with marketing” (Krake, 2005, p.232) and therefore should be considered to be separate.

### **2.5.2 SMEs branding online**

The idea of being seen by many potential customers without spending massive amounts of money on the traditional media such as television or newspaper campaigns is appealing to many. This is especially so for smaller companies with limited budgets. However, the internet is a large place in which it may be hard to get noticed in the first place, much less get recognized and build a successful brand. In fact, many of the new brands online die before they can create any kind of familiarity or even recognition (Meyers & Gerstman, 2002, p.3). Therefore, online branding cannot be seen as an answer to all marketing and branding difficulties - like traditional branding, it also requires a certain amount of skill and even luck (Melin, 2002, p.126).

Businesses have higher chances to succeed online if the customers recognize their brand (Abimbola & Vallaster, 2007). As such, when existing SME brands are taken online, it is important to ensure that the brand is adapted to the new environment and will continue to communicate the same values without becoming distorted (Ind & Riandino, 2001). Since the internet has far fewer boundaries than other branding forms, it makes it easier for SMEs to communicate their brand and at the same time increases the risk of miscommunication (Abimbola & Vallaster, 2007). In addition to being careful about managing the brand online, SMEs should also have a strategy of communication and brand presentation (Garcia, Castillo & Duran, 2012). Other things that a SME should think about before going online are knowledge and understanding of online consumers, resources for developing an internet brand proposition and even importance of going online to the brand. Also, the decreased control of the brand following the move to internet branding should be addressed, seeing as online users play an active role and have more power to influence brands (Garcia, Castillo & Duran, 2012). Despite all that, a brand that manages to successfully implement online branding and get recognized also gains in the way of more customers and business partners (Abimbola & Vallaster, 2007). Though little research exists about SME growth and brand success following the move to an online environment, fact is that internet usage among SMEs is growing exponentially, with websites and social media as leading channels (Garcia, Castillo & Duran, 2012).

## **2.6 Research gap and framework for analysis**

The models and theory provided in this chapter lack a clear connection between online branding channels and SMEs as entities that make use of those. While the description of channels and their usage is covered well, it is also done in general terms, without distinguishing the possible differences that

SMEs and large companies may experience when using those channels. It can be argued that such differences are not relevant enough to be mentioned or researched about, but the theory says differently. Seeing how the previous discussion by Gundala and Khawaja (2014) and Juntunen et al. (2010) provides significant basis in distinguishing small-medium companies from large ones on other key aspects such as organization and promotion practices, it can be very well said that such difference can manifest in branding and all of its aspects, branding channel usage included. Therefore, the absence of research done on this subject so far is likely a result of lack of attention to SMEs branding channels rather than their lack of significance.

While it has previously been established that branding is important for SMEs, little is said about how SMEs actually brand themselves and through what channels SMEs deliver their intended brand messages. Even looking at the models provided by Krake (2005), namely the “Funnel model for the role of management in SME” (Figure 3), a gap in this particular part is apparent; “Marketing activities and messages communicated” part leads directly to “Brand recognition” and “Turnover”, without outlining any steps between them. This is the part where different brand communication channels come in and the way they are used can be a significant influence on the short and long-term results of a particular branding activity.

Considering that no other model has been proposed later on to fill in the gap visible in this model, for this research we concentrated on Keller’s (2012) proposed online media types to develop a suitable framework for branding channel analysis for SMEs specifically:

"Many experts maintain that a successful digitally based campaign for a brand often skillfully blends three different forms of media: *paid*, *owned*, and *earned media*. *Paid media* is all the various forms of more traditional advertising media described above, including TV and print. *Owned media* are those media channels the brand controls to some extent—Web sites, e-mails, social media, etc. *Earned media* are when consumers themselves communicate about the brand via social media, word-of-mouth, etc" - Keller (2012, p.239)

Taking the entirety of online branding channels and using Keller’s idea of separating those channels into groups based on the form of media they use has led to the following model (Figure 4).



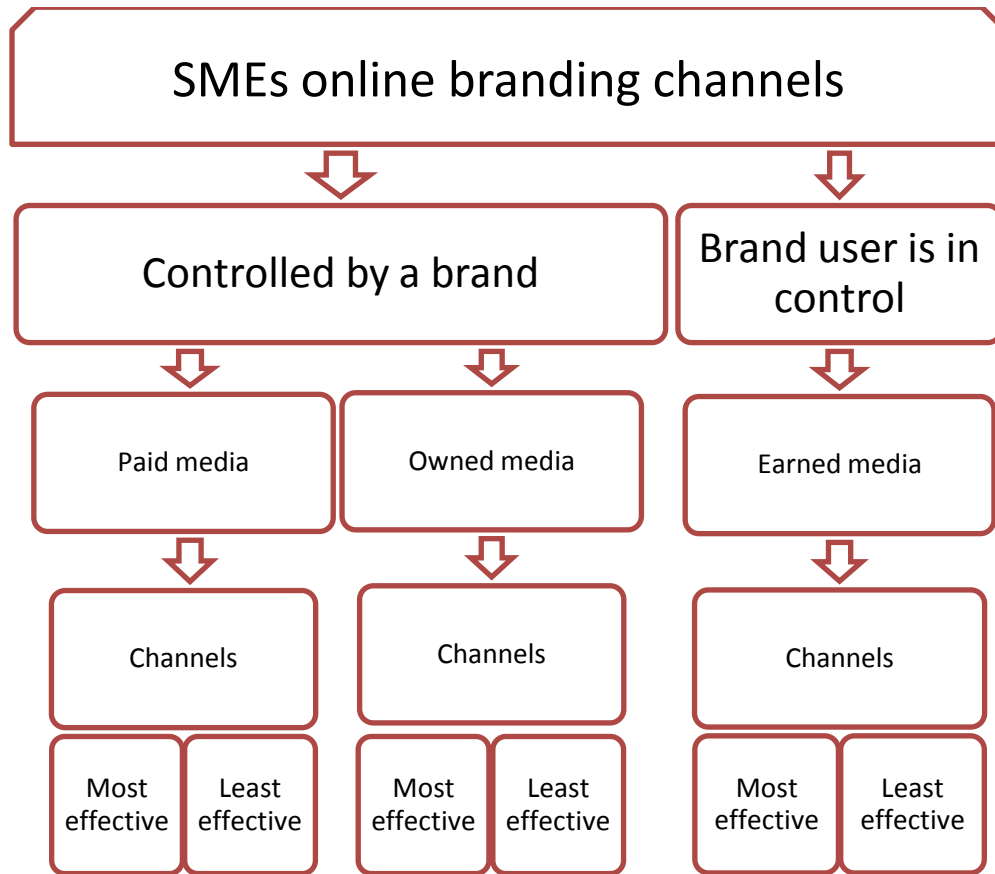


Figure 4. Framework for SMEs online branding channels

As mentioned by Keller (2012, p.239), earned media is one where users and visitors partake in the branding process and promote the company’s brand or their product or service’s brand, while paid and owned media are controlled by the brand itself. This model portrays that distinction as well, showing the main influential forces behind each type of online media. Seeing as this model concentrates on online part of the media, each type of media presented by Keller (2012) should be divided into channels that have been covered in literature (in part 2.3) before and that fit into provided categories. However, seeing as this model concentrates on SMEs online branding specifically, and at this point we have no clear data that would indicate which channels mentioned in general literature apply to SMEs, the channel and the consecutive effectiveness parts have been left unspecified. With the help of empirical data gathered, we expect to be able to specify and further explain the gaps in this model. As such, this model also works as a framework for further analysis of the empirical data that this thesis will present, providing for an easier and more comprehensive way of distinguishing the channels SMEs use and their impact on the brand.

### **3. Methodology**

This chapter will concentrate on the methods used to gather the necessary empirical data to answer the research questions and on the reasoning behind those chosen methods. To start with, this chapter will cover the strategy and philosophical background of this type of research before moving to the choice of method for information gathering. This is followed by the choice of companies of interest and respondents that aid in gathering the necessary information from said companies. After giving all the necessary background information, this chapter moves on to the methods of data analysis that will help make sense of the data and use it in a satisfactory manner to answer the research questions. Lastly, ethical implications are identified and the limitations of this type of research addressed.

#### **3.1 Research strategy**

Research strategy is divided into quantitative or qualitative research and those can be and often are combined for specific research projects (Bryman & Bell, 2007, p.29; Malhotra, 2009, p.139). Given the research questions that this thesis aims to answer, the research strategy chosen is quantitative rather than qualitative or a mixture of the two. The main reason behind this choice is the fact that theory for online branding channels and SME branding already exists, albeit it can be perceived as limited. Seeing as the main reason for using qualitative approach solely or as a premise to a quantitative study is mainly to get a broader perspective of the topic or issue and generate theory (Bryman & Bell, 2007, p.28), this approach does not apply. Instead, the quantitative approach which deals with the testing of theory or finding correlations between theories is a more fitting strategy. The quantitative strategy has, in addition, a more objective ontological orientation (Bryman & Bell, 2007, p.28) and as such is more relevant when trying to determine the effectiveness of specific branding channels of SMEs that this thesis has set out to identify. The choice of qualitative research that would help identify online branding channels used by SMEs could also be a good strategy, but is not chosen for two reasons – firstly, the respondents needed for such qualitative study to happen are not always available or willing to share information (this point is expanded on in 3.4.1), and secondly, the information on online branding channels that this research strategy would provide can be accessed with the quantitative research. Therefore, the research strategy for this thesis is solely quantitative.

### **3.2 Research philosophy**

The philosophy of science and the debates surrounding it often include methodological choices used in research, including such terms as ontology and epistemology. The former is concerned with “philosophical assumptions about the nature of reality” while the latter deals with “general set of assumptions about the best ways of inquiring into the nature of the world” (Easterby-Smith, Thorpe & Jackson, 2008, p.60). From the ontological perspective, this study takes the position of objectivism, which assumes that people are not dependant or having influence on social constructs and their meanings (Bryman & Bell, 2007, p.22). Thus, this perspective distinguishes social constructs and their categories as objective and as something that has clear rules independently of whose position is taken. From the point of view of this study, objectivism implies that the online branding channels are fixed and are not up for interpretation – only the way each SME chooses to use them differs. In addition, this perspective allows for more generalization of the results than constructionism, thus being relevant considering that this study aims to measure effectiveness of different online branding channels. Looking at the epistemological considerations, an approach of empirical realism is taken, which indicates that “through the use of appropriate methods, reality can be understood” (Bryman & Bell, 2007, p.18). This approach also implies that the usage of one method is one way of knowing or testing a particular phenomena and another method may provide a different reality. Seeing as this study looks at online branding methods from the position of SMEs in a particular geographical location and uses Google Analytics as the tool for gathering data, this epistemological approach best describes the research method chosen. This also, of course, implies that different results may be achieved if the same research questions were attempted to answer using a different method.

### **3.3 Research design and method**

According to Bryman and Bell (2007, p.39) research design is a framework that is used to collect and analyze data while research method is a part of any given research design. Knowing this distinction, it is important to first identify the research design used in this particular study. As such, this thesis best fits with two designs, which are the case study research design and the comparative research design. Case study research design concentrates, as the name implies, on the analysis of a case study to answer a specific question related a company, a location, a person, or an event (Bryman & Bell, 2007, p.62). Comparative research design, on the other hand, concentrates on the studies of a couple of cases that differ from one another and can be compared to better understand a certain phenomena (Bryman &

Bell, 2007, p.66). This study is a mixture of the two because it firstly concentrates on delving into specific cases of SMEs that promote their brand on the internet using different online branding channels and then tries to apply the results gathered to compare the cases and assess the effectiveness of those channels. We cannot attribute the study strictly to one design or another for two reasons. Firstly, too much attention is given for the sake of analyzing the specific cases for us to dismiss the case study research design. Secondly, the comparative design calls for contrasting cases and, even though we analyze SMEs from different industries as our chosen companies, we cannot say for certain that their cases and results will be significantly different. Therefore, this mixed approach at research design allows us to both look deeper into each company chosen and their practices and also to compare their results in the end.

Looking at the specific research method of choice, the one used in this thesis is virtual document study. This method indicates that data is found on the internet in the form of documents that cover the specific issue or question that the research concentrates on (Bryman & Bell, 2007, p.570). This method has both positive and negative aspects – positively, this provides documented information directly from the companies analyzed, which removes possible bias or misrepresentation; negatively, this may provide only the information companies want to be seen, omitting the unfavorable results and any other circumstances or alternative choices. For this particular study, the sources of such documents are the case companies and their Google Analytics accounts, which store relevant data regarding the SMEs virtual branding activities. Google Analytics is a program that is used and maintained by the company and can generate documents based on historical data of their online performance, including but not limited to the branding channels that are in use. As such, it is an authentic source of credible information directly showing all online branding statistics that the company has. Furthermore, given that the program allows for no tampering to change the results within the program itself, it may as well be the most trustworthy window into the company's online branding performance. Therefore, we deem that this particular method is the most suitable fit we are able to gain access to in order to answer the research questions raised by this study.

### **3.4 Choice of companies**

Due to the fact that the majority of companies in the world are SMEs rather than large companies and how widespread they are through all industries (Ahonen, 2008), we have chosen to limit our research geographically. Our belief is that concentrating on companies from the same geographical or economical

area allows for a better and more accurate comparison between the companies of choice and their results. The area of our choice here is the United States and such is due to fact that the highest number of companies that have agreed to participate in our research come from this area. We have contacted an overall of twenty companies in different locations across Europe, North America and Australia and eleven of those have responded positively. Though the number of companies willing to participate in Europe was higher than those in North America, they all came from different countries with possibly different business practices and economic situations. Hence, we chose to concentrate on SMEs from North America, the United States in particular, of which we have four.

In order to be able to get a more universal picture, we decided to choose companies from different industries, only making sure they were indeed fitting in the SME category (the definition of this category is provided in 2.5) and were presently engaging in any online branding activities. Other than that, the selection was made using convenience sampling. With these criteria, we ended up with companies operating in both purely online and mixed (online and offline) environments and offering both products and services. Two of the companies analyzed have e-shops, with one selling materials for creation of accessories and the other offering outdoor décor for houses. Two other companies provide services, with one being wedding planners and the other working with project management services. Overall, all four companies have different offerings and fit with the idea of looking into different industries to get broader and more universal insights.

### **3.4.1 Choice of respondents**

In this particular study, the choice of respondents goes only so far as to identify who has to be contacted in order to gain access to the relevant data. We have contacted both owners and managers at the chosen companies who we thought had the influence and the power to provide us with access to their Google Analytics accounts. We have also intended to start the research with short interviews asking the key people in the companies to identify which online branding channels they choose and which of those do they think work well, but have dropped this idea after encountering lack of response or lack of knowledge. Some respondents were not able to make time for answering our questions while others were not fully familiar with the details seeing as they hired third party agencies to work with their online branding efforts. Said agencies could not disclose any details about their clients and, therefore, for the sake of uniformity we decided to conduct the research from purely quantitative angle instead of having differing levels of information on each company analyzed.

### **3.5 Analysis of data**

This study, being a quantitative one, is not a subject to differing opinions from different points of view. As such, a unified method of analysis of each case data has to be distinguished. This method is a framework built on the basis of the research conducted by Keller (2012) and has been provided in part 2.6 and Figure 4 of this thesis. Considering that the research question of this thesis has two sub-questions, with the model possibly fitting both, in this part the methods of answering these questions are defined.

#### **3.5.1 Interpretation of channels**

When identifying the online branding channels that each SME uses, we look at data provided by Google Analytics that tracks all visitors and which sites, advertisements or search results they come through. For this we choose the time span of one year, specifically from the beginning to the end of 2013, in order to be able to see any changes in branding efforts and their effectiveness over time. Looking at the branding efforts of the company on each of those sources of traffic for the last year, we identify the specific online branding channels that the companies use. Once that is done, we find the fit of each channel inside the framework (Figure 4) and that helps us see the connections between the channels and the influencing forces behind them.

#### **3.5.2 Measures of effectiveness**

The measures of each online branding channel's performance are some of the key metrics provided by Google Analytics. Though there are a number of other metrics that the program is able to provide, we have chosen four to use as measures of performance and those are conversion rate, percentage of returning visitors, average visit duration, and bounce rate. Each company defines a conversion differently, depending on the goals that they seek to accomplish by putting effort into online branding – some consider a conversion to be a purchase by the visitor or user while others look at subscriptions or how much time the visitor spent on the company's website. The number of returning visitors is perhaps the metric that most accurately shows the performance of branding activities, seeing as how returning visitors mean visitors that already know about the company and their brand and are engaged with it or at the very least interested in it. Then, the average visit duration shows exactly how engaged the visitors are with the information and offers the company has on their website, which helps to see what visitors are interested in and, consequently, what the company should do to gain more attention and keep

visitors on site longer. Lastly, the bounce rate separates the visitors that may have ended up on the website accidentally from visitors with the intention to learn about the brand, showing whether or not the brand message communicated through the online branding channels is accurate in comparison to the offers on the website or if it is in any way misleading the potential client or user. All these metrics, when used in tandem, can paint a realistic picture of which branding efforts used by the company are working out for them.

In order to measure which seemingly useful channels are in fact effective, we assign each channel a number from 0 to 5, with 5 indicating the highest and most satisfactory result and 0 being assigned to the lowest and weakest performing of the online branding channels. The website as a branding channel, however, is not assigned a number. Instead, the data gathered from this specific medium is used as a benchmark to compare the performance of other channels with; since it is also the destination to which all other branding channels lead. As such, the numbers are assigned to all four aforementioned performance metrics, after which a total score for each channel is calculated. The channel with the highest channel score is considered to be the most effective branding channel that the company makes use of. In the event that a couple channels end up with the same score, we prioritize the one that has a higher conversion rate, seeing as conversions are the goals that each company sets out to accomplish through the use of online branding channels. In addition to this method of testing effectiveness of each branding channel, we also look at the organic and paid search results of the companies that use these channels. This is done because the data derived from these most vividly portrays the difference of quality of traffic gained from long-term branding activities rather than short-term marketing.

### **3.6 Ethical implications**

Ethical implications influence this study throughout its whole process. First and the most pressing possible issue with this research is the sensitivity of the topic. The companies we chose to analyze have only agreed to participate under the condition that their anonymity is kept at all times and no information that can identify those companies is presented. Realizing the importance of this request and the internal value of a branding strategy for a company, this thesis contains no mentions of the company names and only a general description of their industry and operations. Because of this, all companies analyzed are given identification as Brand 1 through 4 and analyzed separately under those names. We also keep in contact with the companies during the research process and run our empirical data and

analysis by them before presenting it in the study, in this way ensuring transparency and avoiding any kind of misunderstanding.

### **3.7 Research limitations**

The main limitation of this research is the fact that it only looks at online branding channels from the single perspective of the gathered data from Google Analytics. As such, a different point of view might be provided upon gaining qualitative data through interviews with brand managers or owners – there is a possibility that they look at the same data and interpret the same results differently. Also, a qualitative approach may give insights into why each company uses the online branding channels that they do and why they refrain from using some others. In addition to this, a perceived weakness of this research can also be the geographical focus. While it may help draw conclusions about the online branding activities of North America, it also grounds those results and makes them less applicable to SMEs in other parts of the globe, thus requiring further research. One more limitation that may distort the results of this research is how long the companies have worked to make their brand known online. With branding being a long-term investment, it is logical to assume that an SME that has worked to build their brand for a year or more will show different metrics than an SME that has only recently started using online branding channels. We have attempted to take this into consideration when analyzing the empirical data, but a margin of error still exists. Lastly, not all companies that we analyze use all the same online branding channels – some are used by one or two of them while others concentrate on different channels. This is a weakness of the research in the sense that it makes the comparison of their metrics harder and possibly less accurate.



## 4. Empirical results

This chapter will review empirical data collected from SMEs, more specifically from their Google Analytics accounts that we were given access to. In order to analyze their online branding attempts and identify the channels they use, we will use the channels provided in the discussion of previous theory (2.3) and the model introduced at the end of the theory chapter (2.6, Figure 4). Additionally, after identifying the channels used by the case companies, we will try to identify the best performing channel and see whether the SMEs brand recognition changes over time. Further analysis and comparison of the data provided here will follow in the next chapter.

### 4.1 Overview

Four companies/brands have been selected for this research. All of them are currently located in continental USA. Two of them are e-shops selling products (Brand 1 and Brand 2) and the other two are service providers (Brand 3 and Brand 4). In order to differentiate brands and results, companies have been selected from different industries.

<b>Brand 1</b>	<b>Brand 2</b>	<b>Brand 3</b>	<b>Brand 4</b>
E-shop selling products	E-shop selling products	Service provider	Service provider
Wholesale	Regular	Offline service	Online service

*Table 1: Analyzed brands overview*

*Brand 1* - e-shop selling materials for creation of accessories wholesale. The minimum purchase available is 100 items.

*Brand 2* - e-shop selling products (outdoor décor for houses) as well, but operates as any regular e-shop. There are no minimum purchase requirements.

*Brand 3* - wedding planning service. People coming to the website can sign-up for the service and get more information about it.

*Brand 4* - online project management service provider, without any offline services. People coming to the website can sign-up for a paid service.

Data range: January 1, 2013 - December 31, 2013.

## 4.2 Brand 1

*Brand 1* is an e-shop selling products online wholesale. All products are purchased online. Website for such type of business is the main medium for communicating with current and potential clients coming from various channels which include: paid search, retargeting, e-mail, referrals, social media and organic search. The only channels not used by the company are mobile apps and banner ads.

Paid media			Owned media			Earned media		
Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes

Table 2: Media and branding channels used by Brand 1

After determining the channels used by *Brand 1*, we needed to look into which of them are most effective. In order to accomplish this, four metrics have been used: conversion rate, percentage of returning visitors, average visit duration and bounce rate. As for any e-commerce website, here sales are counted as conversions.

Channel	Channel Score	Conversion rate	Returning visitors (%)	Avg. time on site	Bounce rate
Paid Search	5	1.34% (2)	0.50% (0)	0:02:32 (1)	36.78% (3)
Retargeting	9	0.00% (0)	98.06% (5)	0:03:41 (3)	51.94% (1)
Website	-	1.64% (-)	26.32% (-)	0:02:55 (-)	38.79% (-)
<b>E-mail</b>	16	4.58% (5)	67.17% (4)	0:03:38 (2)	32.83% (5)
Referrals	13	1.93% (3)	50.26% (3)	0:07:26 (5)	38.95% (2)
Social Media	2	0.11% (1)	12.84% (1)	0:02:19 (0)	71.62% (0)
Organic Search	14	4.11% (4)	38.20% (2)	0:03:51 (4)	34.51% (4)

Table 3: Online branding channels effectiveness of Brand 1

After calculating the scores, e-mail seems to be the winning channel for *Brand 1*. It has the highest conversion rate, second best rate of returning visitors and lowest bounce rate. It did not score that well in average time on site section, but that was enough to demonstrate the best result. As such, e-mail seems to be the best channel for reaching existing clients, whose contact details have been collected via existing CRM systems. E-mail may be used to reach out to people who already made a purchase on the website or subscribed to receive newsletters. Therefore, as seen in the results, there is a better possibility that such users will make a purchase again after they are introduced to new offerings via a personalized message. The explanation why e-mail does not score that high in average time on site

section could be that these users already know what they want and they do not need to spend that much time browsing and comparing products.

The worst channels for *Brand 1* seem to be social media and paid search, as they get the lowest scores. Social media has a very low conversion rate and the highest bounce rate. It seems that the visitors coming to the website via social media expect something else and when their expectations are not met, they simply bounce back to the previous page they came from. Additionally, visitors coming via social media channel spend the least time on the website. Paid search on the other hand, has quite moderate conversion rate - 1.34% and a quite low bounce rate, meaning that this channel is better targeted for intended audience. Even though it is lower than the website's average, it still brings quality traffic to the website that actually converts. The rate of returning visitors is extremely low, but then again, such may be because paid search is a way of reaching out to new audiences that other channels cannot reach.

The use of Paid search and Organic search channels offers the opportunity to look at the keywords people use to find the website of *Brand 1*. These are divided into two groups - branded and non-branded. Branded only include keywords that have the brand name used in the search query. Non-branded include all keywords but the branded ones (meaning that branded keywords are filtered out).

Organic search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.42%	10.54%	71.17%	0:06:48	18.99%
Non-branded	9.09%	3.10%	33.87%	0:03:24	36.94%

*Table 4: Organic search keywords of Brand 1*

As displayed in the table above, branded keywords have a much higher conversion rate when compared with non-branded keywords. There is a 7.44% difference. Additionally, users using branded keywords are more likely to return to the website and spend more time on it. The bounce rate for non-branded keywords users is significantly higher.

The results of Paid search keywords are even more noticeable (Table 5). Conversion rate of branded keywords is 17.18% while for non-branded keywords it is as low as 1.04%. Two thirds of branded keyword users are coming back to the website and spend significantly more time when on site. Bounce rate for branded keywords is almost 2.5 times lower. The performance of branded keywords, in both organic and paid search, is much better when compared with non-branded keywords.

Paid search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	0.50%	17.18%	67.89%	0:08:02	16.90%
Non-branded	74.41%	1.04%	21.85%	0:02:26	37.41%

Table 5: Paid search keywords of Brand 1

In order to verify these findings, we decided to look at one of the factors used to measure brand recognition - returning visitors. While the number of visitors fluctuate over the time, this number will be converted into percentage of returning visitors and presented in three different sets of data: organic branded keywords, paid branded keywords and website average, which is used for a comparison.

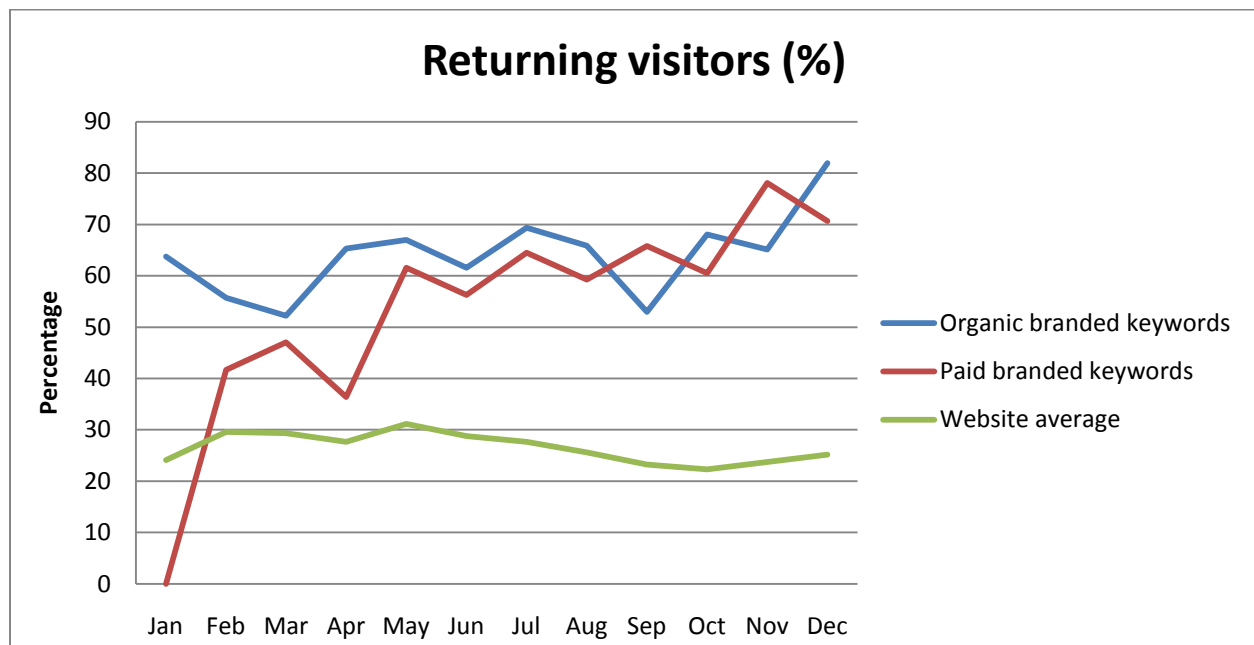


Figure 5. Rate of returning visitors over time (Brand 1)

The average percentage of returning visitors for *Brand 1* is approximately 30%, but it fluctuates from as low as 23% to as high as 33% over the year. Branded keywords, both organic and paid, have a much higher rate of returning visitors and it is increasing over time, as the brand recognition and trust in the brand grows. At the beginning of the year, the rate of returning visitors using organic branded keywords starts quite high, fluctuates over the months, but eventually grows by the end of the year. Since the beginning of the year, the rate of returning visitors increased by around 15%.

The rate of returning visitors using paid branded keywords starts at 0% but grows steady and in four months reaches a rate of 60%. By the end of the year this rate grows even more and reaches as high as

78%. The rate of returning visitors using branded keywords grows despite the fact that the site's average is decreasing.

### 4.3 Brand 2

*Brand 2* is an e-shop selling outdoor home décor online. It is similar to *Brand 1*, as both of them have e-shops and sell products online (without any physical shop). However, *Brand 2* does not have any limitations on the minimum number of items that can be purchased at a time. It operates as any other regular internet shop. Purchase is the ultimate goal for *Brand 2* and these actions are counted as conversions in their Google Analytics account.

Paid media			Owned media			Earned media		
Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Yes	No	No	Yes	No	Yes	Yes	Yes	Yes

Table 6: Media and branding channels used by Brand 2

According to the data presented in the Table 6, *Brand 2* for their branding activities uses the following channels: paid search, website, e-mail, referrals, social media and organic search. Paid media includes only paid search and no banner ads or retargeting. Owned media includes website and e-mail channels but no mobile apps. Earned media, on the other hand, includes all of the branding channels covered by previous research. *Brand 2* is dependent on earned media as it uses all of the channels available. Paid media seems to be least covered and only one out of two channels is used.

Channel performance data reveals that social media is the most effective branding channel, leaving organic search and referrals lower in the list (Table 7). The notion that *Brand 2* is dependent on earned media seems to be true as the top three most effective branding channels belong to earned media.

Channel	Channel Score	Conversion rate	Returning visitors (%)	Avg. time on site	Bounce rate
Paid Search	8	3.09% (4)	30.04% (1)	0:02:23 (2)	63.38% (1)
Website	-	3.07% (-)	35.18% (-)	0:02:59 (-)	57.31% (-)
E-mail	11	0.44% (1)	61.67% (4)	0:02:21(1)	11.89% (5)
Referrals	12	1.33% (2)	58.12% (3)	0:03:01(3)	36.06% (4)
<b>Social Media</b>	16	2.94% (3)	64.71% (5)	0:08:06 (5)	41.18% (3)
Organic Search	13	4.60% (5)	41.44% (2)	0:03:49 (4)	44.57% (2)

Table 7: Online branding channels effectiveness of Brand 2

Organic search has the highest conversion rate among all channels but at the same time it has a fairly low number of returning visitors and the bounce rate is quite high. Referrals has average results in returning visitors and time spent on site, higher than average bounce rate, but fails to have a better conversion rate. People have been coming to the site but they did not convert at the desired rate. It could indicate that referral channels have been driving people to the website with different intentions - they were not eager to make a purchase. These visitors were probably information seekers rather than people who are at the end of the buying cycle.

Social media is identified as the most effective channel. It has the highest scores in the rate of returning visitors and the average time spent on site. Conversion rate and bounce rate are just about average, which results in a low difference between top results. Conversion rate of social media is 2.94% while the average for the whole website is 3.07%. Only organic and paid search channels have better conversion rates. Additionally, social media has the highest rate of returning visitors. The closest competitor with similar score is e-mail, but as mentioned earlier, users of the e-mail channel are well targeted as they have subscribed to newsletter intentionally.

The presence of both organic and paid search keywords data allows us to compare keywords people used to find the website of *Brand 2*. The first one is organic search, a part of earned media (Table 8). We can clearly see that branded keywords have a much higher conversion rate, when compared with non-branded ones. Additionally, organic branded keywords users tend to spend more time on the website and are less likely to bounce back and leave the website immediately without even checking the information on the page. They are more loyal as well. The rate of returning visitors differs by 26%, meaning that two out of three organic branded keywords users are likely to return back to the website. On the other hand, similarly to *Brand 1*, more people find the website using non-branded keywords, though at the same time this table perfectly illustrates the potential and effectiveness of branded keywords.

Organic search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.46%	7.50%	63.13%	0:05:13	30.00%
Non-branded	9.34%	3.33%	37.52%	0:03:24	47.36%

Table 8: Organic search keywords of Brand 2

Paid search accumulates the majority of traffic coming to the website. Almost 71% of all traffic came from paid search ads (Table 9). Similarly to organic search, branded keywords have a significantly higher conversion rate when compared with non-branded paid search keywords. Thus, users of branded keywords are more likely to return back to the website, spend more time on it and are less likely to bounce back.

Paid search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.32%	12.50%	76.39%	0:04:38	31.60%
Non-branded	69.28%	2.91%	29.16%	0:02:21	63.99%

Table 9: Paid search keywords of Brand 2

The visualization of returning visitors over time revealed that the percentage of returning visitors using branded keywords to find the website is increasing, as seen in Figure 6. However, similarly to the example of *Brand 1*, the overall rate of returning visitors decreases as the rate of returning visitors using branded search phrases grows. At the beginning of the year the average rate of returning visitors to the website starts at around 57%, then it increases to the highest point of 63%, after which it suddenly drops as the rate of returning visitors using branded organic keywords starts growing. The website average comparatively stabilizes around May and only fluctuates between 30-37%.

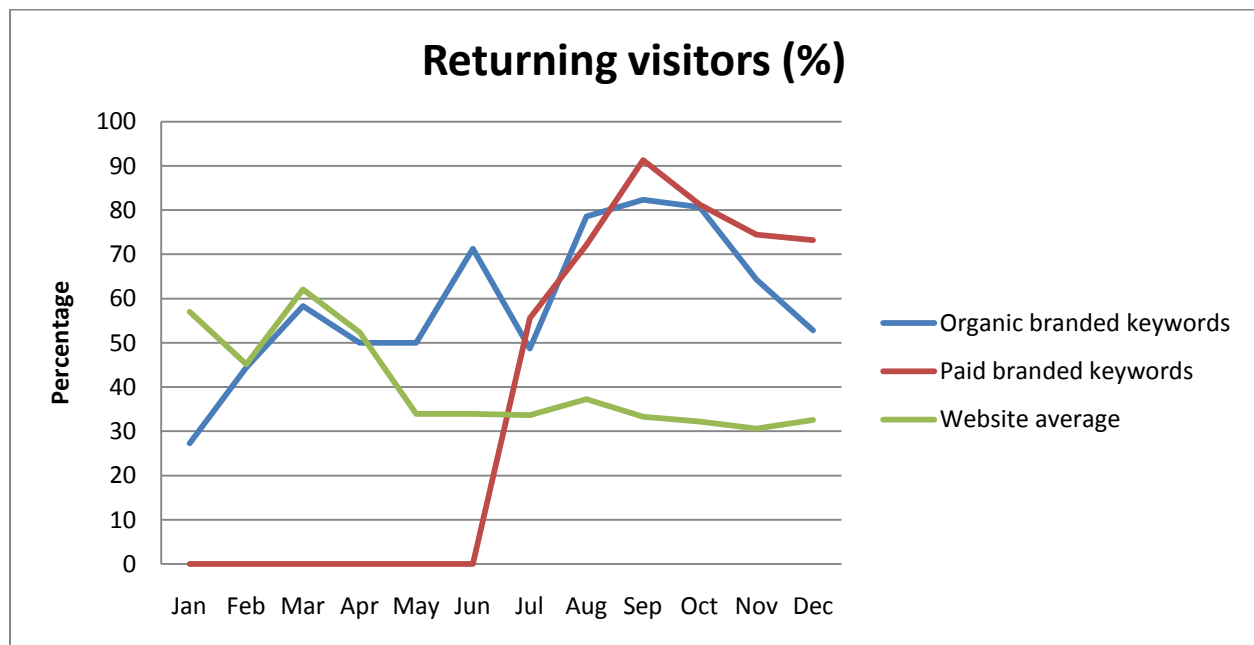


Figure 6. Rate of returning visitors over time (Brand 2)

Paid search campaign for this brand has only started in June, so there is no measurable correlation between the decrease in the website average of returning visitors and visitors using branded paid search keywords. However, the start of paid campaign seems to correlate with organic search results. Since July, both of these channels had similar patterns of returning visitors. The rate of returning visitors using branded keywords, both paid and organic, has been increasing till the last months, while the website average is staying stable at the same level.

#### 4.4 Brand 3

The third brand is a service brand providing wedding planning services. For them, the website is the main online communication channel, but additionally they use paid search, referrals, social media and organic search. One of the online branding goals for *Brand 3* is contact form submissions, but according to the representative from the company they are more interested in average visit duration. Therefore, every visit that lasts exactly or longer than 5 minutes is counted as a conversion.

Paid media			Owned media			Earned media		
Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Yes	No	No	Yes	No	No	Yes	Yes	Yes

Table 10: Media and branding channels used by Brand 3

*Brand 3* puts a lot of weight on earned media and it seems to be working out fairly well. All three pre-determined branding channels are used by the company. Regarding paid media, there is only paid search and there is also only one channel used in owned media, which happens to be the website. Lack of an e-mail channel communicates the idea that *Brand 3* does not communicate with their clients after the service is delivered.

The most effective online branding channel for *Brand 3* is referrals; however, organic search and paid search have very similar results as well (Table 11). Referrals channel is the most effective at returning visitors and average visit duration, while paid search tops as the highest converting channel with lower than average bounce rate. Organic search, on the other hand, has the lowest bounce rate but lacks in conversion rate, which is just about the website average. However, it seems that all of these channels are targeted comparatively well as the conversion rate among all channels varies only by 2.23% at most.



Channel	Channel Score	Conversion rate	Returning visitors (%)	Avg. time on site	Bounce rate
Paid Search	14	23.59% (5)	33.47% (3)	0:03:54 (2)	43.41% (4)
Website	-	22.97% (-)	33.95% (-)	0:03:58 (-)	43.67% (-)
<b>Referrals</b>	17	23.23% (4)	44.55% (5)	0:04:58 (5)	44.59% (3)
Social Media	9	21.36% (2)	33.22% (2)	0:03:55 (3)	49.76% (2)
Organic Search	16	23.19% (3)	35.92% (4)	0:04:03 (4)	41.55% (5)

Table 11: Online branding channels effectiveness of Brand 3

Social media comes last in the list, as based on its performance. It has the lowest score in returning visitors and the highest bounce rate, which is almost 50%, meaning that 1 out of 2 visitors did not browse the website and simply went back to the page they came from. Bounce rate is a good indicator how relevant the landing page is. Additionally, the average visit duration for this channel was lower than the website average and users were less likely to return to the website if they discovered it on social media.

Brand 3 uses both organic and paid search channels. The first one on the list is organic search (Table 12). Similarly to the first two brands, the conversion rate for branded keywords is significantly higher – the difference is around 10%. The rate of returning visitors is even more noticeable. It differs by almost 37%, meaning that around 70% of branded keywords users are actually coming back to the website. Non-branded keywords users spend much less time on the website, convert at a lower rate and only 33% of them are coming back later. However, while all these metrics differ significantly, the bounce rate seems to be similar for both. Such large differences may mean that branded keywords users are intention driven, they know what they want and they are willing to put extra effort to get what they are looking for. They probably already have a pre-determined image of a brand and they know what they can expect from it. Non-branded keywords users are more spontaneous, they are either not completely sure what they are looking for, or they know exactly what they want but cannot find the service that fulfills their needs. They spend less time on the website and are more likely to bounce back if the offering on the page does not meet their needs.

Organic search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.73%	32.16%	69.73%	0:05:56	38.07%
Non-branded	33.96%	22.52%	32.79%	0:03:53	41.51%

Table 12: Organic search keywords of Brand 3

Paid search channel has very similar statistics to organic search (Table 13). The vast majority of paid search keywords are non-branded (42.53% versus 1.63%), but the higher conversion rate is seen for

branded keywords, even though they receive less attention. The rate of returning visitors using non-branded paid search keywords is almost identical to that of non-branded organic search keywords. The same applies to the average visit duration and bounce rate. However, paid branded keywords differ from organic branded keywords. Paid search branded keywords have a slightly lower rate of returning visitors, however, these visitors spend more time on the website and are less likely to bounce back.

Paid search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.63%	36.65%	65.65%	0:06:19	31.28%
Non-branded	42.53%	22.86%	32.43%	0:03:47	43.75%

Table 13: Paid search keywords of Brand 3

The graph (Figure 7) illustrates the change in the rate of returning visitors. By comparing organic branded keywords and paid branded keywords with the average of the whole website, it is clear that both organic and paid branded keywords have a much higher rate of returning visitors.

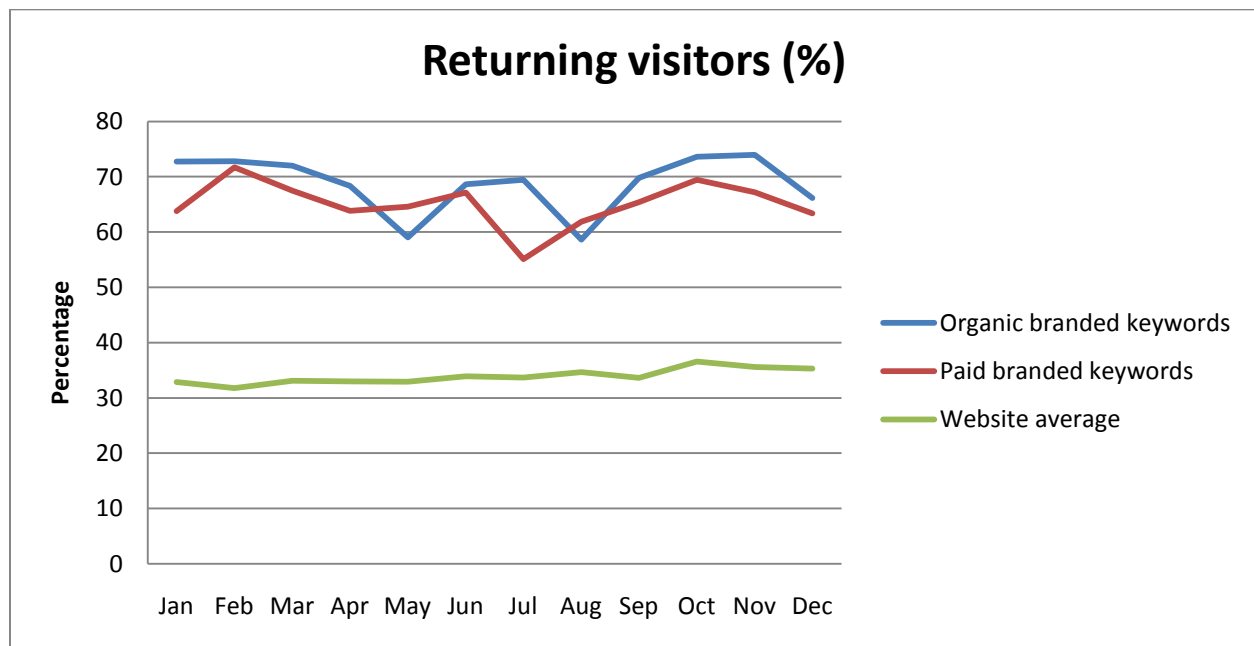


Figure 7. Rate of returning visitors over time (Brand 3)

When looking at the same results from *Brand 1* and *Brand 2*, *Brand 3* seems to be the strongest among them. The website average rate of returning visitors is stable over the whole year and seems to even be somewhat increasing over the last months. At the beginning of the year it has started at around 32% and by the end of the year it is at around 37%, which means that it has increased by around 5% over the time span. Additionally, the rate of returning visitors of both organic and paid branded keywords started

at a very high level. For organic keywords it was at 72% and for paid keywords it was around 63%. During the year the rate of returning visitors using branded keywords has been fluctuating but remained at a high level.

## 4.5 Brand 4

The fourth brand - *Brand 4*, is an online project management service provider. Differently from *Brand 3*, *Brand 4* performs all of its activities online and as such is a purely online business. In this SME, new paid service sign-ups are counted as conversions. In order to achieve this goal, *Brand 4* uses various online branding channels which include the website, e-mail, referrals, social media and organic search.

Paid media			Owned media			Earned media		
Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
No	No	No	Yes	No	Yes	Yes	Yes	Yes

Table 14: Media and branding channels used by Brand 4

*Brand 4* is the only brand in this analysis that does not use paid media. For the first three brands paid search is the main source of traffic, but *Brand 4* is not using this medium at all. Instead, this brand puts more emphasis on earned media, using all three pre-determined online branding channels that consist of referrals, social media and organic search. Regarding owned media, it has a website and uses e-mail. Similarly to previously analyzed brands, mobile apps are not used.

Channel	Channel Score	Conversion rate	Returning visitors (%)	Avg. time on site	Bounce rate
Website	-	3.57% (-)	13.86% (-)	0:01:24 (-)	68.85% (-)
E-mail	15	0.00% (0)	80.00% (5)	0:01:39 (5)	60.00% (5)
<b>Referrals</b>	15	2.70% (4)	28.22% (3)	0:01:27 (4)	67.84% (4)
Social Media	12	3.82% (5)	17.71% (2)	0:01:04 (2)	68.40% (3)
Organic Search	12	0.77% (3)	48.53% (4)	0:01:07 (3)	75.50% (2)

Table 15: Online branding channels effectiveness of Brand 4

Referrals and e-mail channels both have the highest score from their metrics, but referrals is selected as the best performing channel because 'E-mail' has a conversion rate of 0.00% (hence being given a 0 instead of 2). Therefore, e-mail is eliminated and labeled as ineffective. Referrals, on the other hand, have the second best conversion rate. Social media is the best converting channel and also the only channel that has higher than the average conversion rate.

E-mail, despite being labeled as the worst performer, has a noteworthy rate of returning visitors. Every 4 out of 5 users reached via e-mail returned to the website later. Thus, e-mail has the best scores in average visit duration and bounce rate. E-mail users are the ones most likely to return to the website, to spend the longest average time on the website during their visit and are less likely to bounce back. However, this means nothing if the channel does not fulfill the main goal – the visitors do not convert.

*Brand 4*, as mentioned earlier, does not use paid media. Therefore, we are only able to analyze the performance of organic search keywords:

Organic search keywords	% of Total visits	Conversion rate	Returning visitors	Avg. visit duration	Bounce rate
Branded	1.07%	2.30%	54.10%	0:04:35	61.64%
Non-branded	62.64%	0.87%	10.21%	0:01:11	74.17%

*Table 16: Organic search keywords of Brand 4*

Organic search delivers the majority of traffic (64%) to the website. Similarly to the previous cases, organic branded keywords result in only a small portion of that traffic. However, organic branded keywords seem to be converting at a much higher rate than the non-branded keywords do. Furthermore, the rate of returning visitors between branded and non-branded keywords users differs drastically (54% versus 10%). The same principle applies to average visit duration, as branded users on average tend to spend more time on the website during their visit. Bounce rate for branded keywords users is lower as well. All in all, despite the fact that non-branded keywords deliver the majority of traffic to the website, branded keywords are more effective.

In order to visualize the change in the rate of returning visitors we compared the rate of returning visitors using organic branded keywords with the average rate of returning visitors of the whole website (Figure 8). As the graph shows, the rate of returning visitors has been fluctuating over the year. For example, during the first two months no branded keywords were used to find the website, but on March the usage suddenly jumped up to 50% and stayed at that or higher level until early November, when it dropped drastically again.

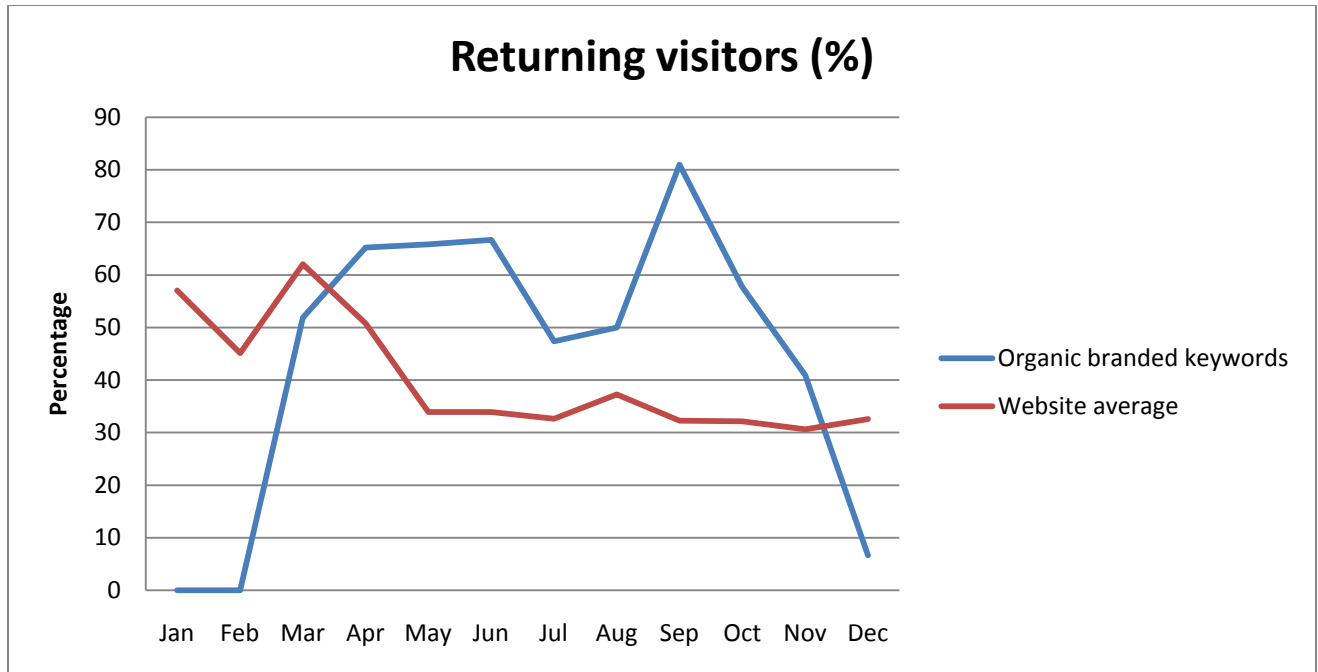


Figure 8. Rate of returning visitors over time (Brand 4)

Similarly to *Brand 1* and *Brand 2*, the website average dropped soon after the rate of returning visitors using branded keywords increased and has remained relatively stable since then. In February, the rate of returning visitors from both the website average and branded keywords users has increased. In March, the rate of returning visitors using organic branded keywords increased even more and at this point the website average started falling down until it reached the rate of 35% in May. Branded keywords usage remained high and in September the rate of returning visitors using branded keywords reached the highest point - 81%. Since then this rate kept decreasing and in December reached the lowest point since the beginning of the year - 8%.

## 5. Analysis of Empirical data

This chapter will provide the analysis of the empirical data presented in chapter 4 in light of the existing research on SMEs online branding. The structure of this chapter reflects the research questions raised by this thesis in an attempt to more clearly connect the points covered. As such, the “how” of SME online branding is addressed before moving on to specific channels and the depicted findings of their effectiveness in each case company.

### 5.1 SMEs branding online

The main goal of this thesis has been to find out how SMEs choose to brand their company, products or services on the internet. In order to find the answer to this question, we relied on the theory proposed by Keller (2012), who outlined three general online branding media types, those being paid media, owned media and earned media. Then the information gained through empirical data collection methods described in the methodology chapter helped us identify whether or not those media types apply to SMEs specifically. The gathered data showed that SMEs, much like large companies, also use a blend of the same online media types in order to make their brands visible online. In fact, according to Keller (2012, p.239), using all these three media types is crucial in order to “drive costs down and effectiveness up”. However, based on the results from the case companies, it is visible that the combined usage of paid, owned and earned media is not always present. When it comes to small and medium-sized companies, whether or not all of the media types are employed and the level of their employment depends solely on the choices and preferences of each SME owners and brand managers.

The same practice of distinguishing and using only the branding methods preferred by the key people in SMEs applies to the online branding channels as well. If we look at the Krake (2005) model again (Figure 3), channels of brand communication are missing from the whole, showing that marketing efforts lead directly to brand recognition and sales. Somewhere in between there is indeed the presence of various channels, the effectiveness of which determine the brand recognition and turnover that a company will get for their investment. In our study, the data from all four SMEs analyzed showed that those channels did indeed fit and added to the Krake (2005) model as well as fit into the three media types (paid, owned, earned) described by Keller (2012) and also covered in some detail by other authors. Hanna, Rohm and Crittenden (2011) say that owned media is the one controlled by the owner or manager (such

as the website), paid media is, in turn, bought by the company (such as advertising), and earned media is one that is not controlled by the company (word-of-mouth, social media).

The results of our study showed that SMEs mostly use online channels fitting in the category of earned media while paid and owned media channels receive significantly less attention. This means that small-medium companies mostly concentrate on media that they are less in control of and that is more dependent on their users rather than the company itself. This is a sort of contradiction on the SMEs part, since they have the power to choose what channels to use and yet choose the ones that limit their control of their own brands. This has to do with relying on word-of-mouth more than on what the controlled channels communicate. It is also important, because it shows how users are increasingly gaining control over brands and can impact the wellbeing of the brand more than its managers. According to Garcia, Castillo and Duran (2012, p.295), “visitors’ comments are becoming more and more important in the online environment as they are taken into account as equals to the brand.” This is supported by the fact that the results of this study show earned media channels performing comparatively better than other media channels in three out of four cases. Thus, we can say that based on the SMEs data collected, small-medium companies mostly depend on organic search, referrals, social media and, of course, their websites to deliver their intended brand messages online. This point will be further expanded on in 5.2 and 5.3 in attempt to answer the sub-questions raised by this study.

## 5.2 Online branding channels specific to SMEs

Based on the findings from the empirical data, SMEs put a lot of emphasis on earned media. In fact, unlike other media types, all of analyzed brands use all of the pre-determined online branding channels attributed to earned media. These include referrals, social media and organic search, as shown in the table below. Website as the main pre-requisite for Google Analytics is also used by all analyzed brands.

	Paid media			Owned media			Earned media		
	Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Brand 1	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Brand 2	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes
Brand 3	Yes	No	No	Yes	No	No	Yes	Yes	Yes
Brand 4	No	No	No	Yes	No	Yes	Yes	Yes	Yes

Table 17: Online branding channels used by SMEs

The most notable difference found between SMEs and large companies is that the former do not use banner ads and mobile apps. Kotler et al. (2009, p.133-134) argued that banner ads is a standard online advertising format and it can serve as a useful branding tool. However, based on our empirical results, banner ads are not used by SMEs at all. One of the reasons of such behavior might be that banner ads simply do not work for SMEs. As Savitz (2012) noted, customers simply do not care about them. Once it was a good branding channel, but in time this had changed. The effectiveness of branding using banner ads is declining and the choice not to use banner ads for branding seems to be a logical decision. As for mobile apps, Keller (2012, p.244) states that online retailers are recognizing the power of selling through mobile devices as the number of customers using mobile devices grows. However, empirical results show that none of the analyzed brands use mobile apps. On the one hand, it may be a missed opportunity for SMEs. On the other, mobile apps may simply be a too expensive solution for them.

In addition, according to research results presented in Table 17, online branding channels that are most often used by SMEs are paid search, e-mail, referrals, social media and organic search. All of the SMEs analyzed have a website as it is a requirement for any business seeking to brand online. Referrals, social media and organic search are also used by all brands. Additionally, the majority of brands use paid search and e-mail. Least used online branding channel is retargeting which is used only by *Brand 1*.

The results on the usage of these channels have allowed us to get back to and update the framework presented in 2.6 (Figure 4). Seeing as the model was based on the more general theory proposed by Keller (2012) which lacked an SME focus, the channels in that model were left unspecified. Now, using the information derived from empirical data, we have identified and added the channels for each media type – paid, owned and earned media.



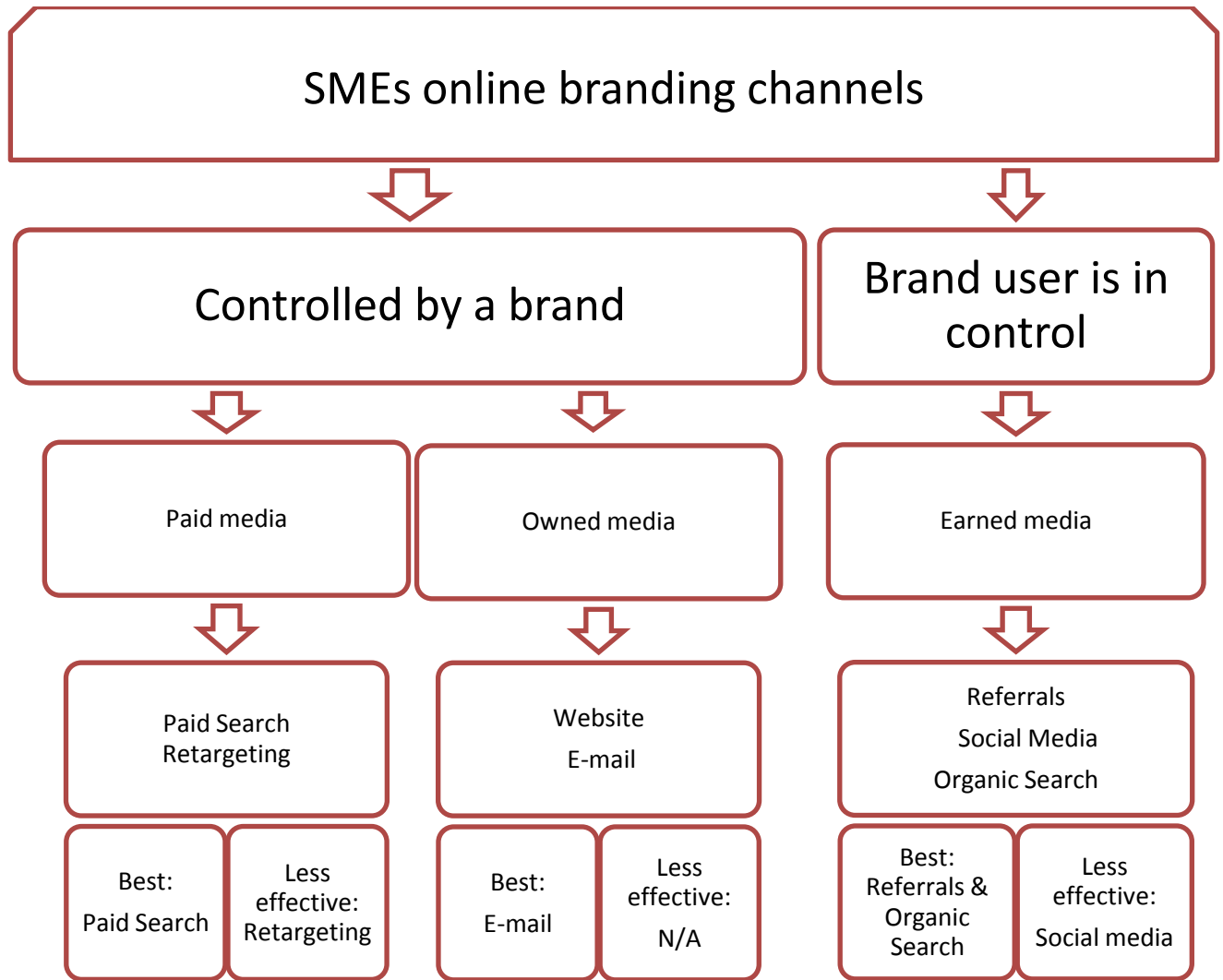


Figure 9. SMEs online branding channels

This model shows that the paid media channels used by SMEs are paid search and retargeting, while owned media channels are website and e-mail. Earned media, on the other hand, has all the same channels used by large companies as well – referrals, social media and organic search. However, unlike large companies, this specific model for SMEs has fewer channels included in paid media and owned media due to their lack of relevance or effectiveness for smaller companies. In regards to the control of the brand, Winner (2009) stated that brand managers do not have the ability to control communications across different media. Our findings and proposed framework support this statement. In general, brand managers have limited control over their online branding channels, other than choosing which ones to use. Brand user is in control of earned media which includes referrals, social media and organic search. The biggest power brand users have in social media, as the environment of social media is uncontrolled

(Singh & Sonnenburg, 2012). Brands can have a corporate page, make posts, start and join conversations but the brand manager is not in control of the channel. They are, however, in control of the website to which this channel usually leads, so by using social media any user has the chance to find out what the company stands for as well as what other users can say about it.

In addition, the empirical data gathered for this thesis shows that all of the analyzed brands are heavily dependent on earned media, which is controlled by a brand user. This shows that the SMEs and their brand managers are willing to give up some of the control over their brands to the users, who form their own opinions and then can successfully communicate those opinions to other potential users. This apparently works well for SMEs, because results show that these channels tend to be most effective as well. Paid media is the second on the list based on effectiveness. The least effective media type is owned media which is owned by a brand. Such situation clearly indicates that brands cannot do much about brand control, especially when the most effective online branding channels are controlled by a brand user. In order to survive and grow, SMEs should give up control to a brand user. In practice, this means encouraging users to show interest in the brand and interact with other users through social media, only participating in the discussion and not trying to control it. Of course, there is also paid media and its channels that provide a lot of control to the brand manager, but that is not always a viable solution for SMEs. Still, regardless of how much of the brand control falls to the SMEs, there have to be measures in place that decide whether or not different channels are worthy of investment. As such, the following part addresses the effectiveness of all the channels that are used by SMEs.

### **5.3 Online branding effectiveness**

According to Murphy and Scharl (2007), a brand's internet success depends on the effectiveness of its online presence. However, in order to decide what is effective for a brand online some measures of effectiveness have to be employed. In this thesis, we used statistics provided by Google Analytics accounts to measure the effectiveness of each channel used.

	Paid media			Owned media			Earned media		
	Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Brand 1	5	-	9	-	-	<u>16</u>	13	2	14
Brand 2	8	-	-	-	-	11	12	<u>16</u>	13
Brand 3	14	-	-	-	-	-	<u>17</u>	9	16
Brand 4	-	-	-	-	-	15*	<u>15</u>	12	12
Average	9	-	9	-	-	14**	14	10	14

Table 18: Effectiveness of SMEs online branding channels

\* conversion rate for this channel is 0.00% (as displayed in Table 19)

\*\* the average is calculated with conversion of 0.00% in mind

Table 18 sums up the findings gathered from the data on all four brands. The numbers given to each channel were calculated by rating the channels based on their effectiveness in getting conversions, returning visitors and other metrics more specifically covered in 3.5.2 and chapter 4. By calculating the average brand points for each channel we can see that the most effective channels appear to be e-mail, referrals and organic search. Social media falls behind these channels, although unlike e-mail, it is used by all brands analyzed. In addition, paid search and retargeting have received the lowest result in effectiveness.

Looking at the most effective channels specific to each brand (the numbers for these are underlined in Table 18), it is visible that *Brand 3* and *Brand 4* benefit the most from referrals while *Brand 2* gains most from social media and *Brand 1* relies on e-mail. Overall, there does not appear to be one universal channel most effective to all brands, although it is visible that the channels in earned media are the winners in this aspect.

Fill (2010, p.457) suggested that consumer behavior is observed and tracked to measure the effectiveness of online activities, which can be advertising or branding. The author further continues that "behaviour, or the more common term, call-to-action, can be considered in terms of the engagement through exchanges or transactions, the number of site or subscription registrations, the volume of downloads requested or the number of offline triggers such as 'call me buttons' that are activated" (Fill, 2010, p.458). Therefore, even though we have measured the effectiveness using our scoring system (Table 18), to better answer the research questions we also look at the average conversion rate for every media type and channel specifically.

	Paid media			Owned media			Earned media		
	Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Brand 1	1.34%	-	0.00%	1.64%	-	<b><u>4.58%</u></b>	1.93%	0.11%	4.11%
Brand 2	3.09%	-	-	3.07%	-	0.44%	1.33%	2.94%	<b><u>4.60%</u></b>
Brand 3	<b><u>23.59%</u></b>	-	-	22.97%	-	-	23.23%	21.36%	23.19%
Brand 4	-	-	-	3.57%	-	0.00%	2.70%	<b><u>3.82%</u></b>	0.77%
Media average	4.67%			1.79%			<b><u>7.51%</u></b>		
Channel average	<b><u>9.34%</u></b>	-	0.00%	7.81%	-	1.67%	7.29%	7.06%	8.17%

Table 19: SMEs online branding channels and average conversion rate

As presented in the table above, different brands have differently converting channels. For *Brand 1* e-mail is the best converting channel, for *Brand 2* - organic search, *Brand 3* - paid search and for *Brand 4* - social media. However, when we look at the average conversion rates, it is clear that paid search outperforms other channels and ranks as the best converting online branding channel. The worst converting channels are retargeting and e-mail. Thus, when looking solely at the media type, earned media is the top performer, even though paid search which is labeled as the best performer belongs to paid media. The average conversion rate of earned media used by SMEs is 7.51%.

	Paid media			Owned media			Earned media		
	Paid search	Banner ads	Retargeting	Website	Mobile Apps	E-mail	Referrals	Social media	Organic search
Brand 1	0.50%	-	<b><u>98.06%</u></b>	26.32%	-	67.17%	50.26%	12.84%	38.20%
Brand 2	30.04%	-	-	35.18%	-	61.67%	58.12%	<b><u>64.71%</u></b>	41.44%
Brand 3	33.47%	-	-	33.95%	-	-	<b><u>44.55%</u></b>	33.22%	35.92%
Brand 4	-	-	-	13.86%	-	<b><u>80.00%</u></b>	28.22%	17.71%	48.53%
Media average	<b><u>59.70%</u></b>			48.47%			39.48%		
Channel average	21.34%	-	<b><u>98.06%</u></b>	27.33%	-	<b><u>69.61%</u></b>	45.29%	32.12%	41.02%

Table 20: SMEs online branding channels and average rate of returning visitors

In addition to conversion rate, we also look at the rate of returning visitors. As Rubinstein and Griffiths (2001) noted, 75% of online businesses do not maintain contact with current and past customers, but most importantly they do not recognize and take full advantage of returning customers. Rowley (2004a)

adds that online brands must recognize returning visitors and welcome them with personalized messages. Such an outlook can be useful for building a stronger online brand. Therefore, we also use the rate of returning visitors as one of the factors determining the effectiveness of online branding efforts.

Since retargeting is all about targeting visitors that had already visited the website at least once, as expected, it has the highest rate of returning visitors. E-mail with the score of 69.61% is the second best on the list, hugely because the people who can be reached through e-mail have already shown an interest in the brand. Referrals is labeled as the third best performing online branding channel with organic search and other channels following. Regarding media type performance as a whole, with strong influence from retargeting, paid media is labeled as the best performing media type.

E-mail, as mentioned before, is one of the online branding channels attributed to owned media. It is also a perfect tool for CRM as brands usually use e-mail for contact and maintaining relationships with former customers. Our findings reveal that e-mail is one of the most effective online branding channels for SMEs. The rate of returning visitors for this channel is around 70%. However, it falls short in terms of conversion rate which is much lower than the average. For one of the analyzed brands, e-mail did not convert at all, even though 80% of past customers were returning to the website. As noted by Wind (2008), there may be a need to change focus from CRM to CMR - customer managed relationships. CMR empowers brand user as the power of a brand manager decreases. Findings show that CRM for majority of SMEs seeing to maximize sales is already ineffective and some changes are needed. Brand users are looking for more options, they do not want to be passive customers waiting for the e-mail with the offerings to arrive. Brand users need to make a choice on their own, not take one from a brand. For example, as already mentioned in 5.1 and 5.2, earned media is the most effective media type. Social media and organic search dominates it. Users of these online branding channels are allowed to make choices on their own as they learn about brands in social conversion or via search engine listings. Additionally, CMR is all about user empowerment. E-mail, as revealed by the findings, has one of the lowest conversion rates but it does not mean that this channel is not effective. Some changes in the way these users receive information would help. By giving them more subscription management options and providing some learning material the SMEs would definitely help to make buying decision easier.

Other than the measures of effectiveness already described for each channel, Google Analytics also records the keywords that visitors use to find the brand in the first place. Since keywords are used only in search engines, the only channels that apply there are paid and organic search. According to GroupM

Search (2011), people prefer to click on organic search results rather than paid search when looking for a specific product or service – about 90% of visitors come to the websites through organic search results. In addition, the same research suggests that around 86% of visitors use generic terms rather than branded ones to find the website. With this in mind, the following table summarizes the specific data gathered regarding visitors coming with branded keywords versus generic keywords.

	Organic search			Paid search		
	Conversion rate	Returning visitors	% of total visits	Conversion rate	Returning visitors	% of total visits
Branded	13.12%	64.53%	1.42%	22.11%	69.98%	1.15%
Non-branded	7.46%	28.60%	28.76%	8.94%	27.81%	62.07%

*Table 21: Effectiveness of branded versus non-branded keywords*

The results show that the majority of visitors to SME web pages do indeed come from non-branded search, through paid search results more so than through organic search results. However, the visitors that use branded keywords, although lesser in number, seem to be performing better in conversion rate and percentage of returning visitors. Both in organic and paid search the visitors who come through branded keywords are over two times as likely to return to the website again as those who come through non-branded keywords. The same applies to the conversion rate, although there seem to be significantly more visitors converting when they find the website through paid search rather than organic search. All in all, though less people visit the website through specific SME related brand keywords, the impact of those visits is generally more beneficial to the company.

To conclude, Rubinstein and Griffiths (2001, p.403) indicate that "any company should be going online not just for presence but for results, so it is critical that the measures of success are agreed early and up front". The analysis of the empirical data provided here shows that SMEs that engage in online branding find the online branding channels effective to ensure the company's success on the internet. However, Wei, Jerome and Shan (2010, p.131) also point out that "there is still room for improvement when examining the effectiveness of online advertising features."

## 6. Conclusions

This chapter will first and foremost sum up the theory and empirical findings regarding SMEs online branding presented in this research. In addition, this chapter will also provide the implications this thesis has on existing academic theory and the pool of knowledge used by marketing and branding practitioners. Lastly, the limitations of this research will be addressed and suggestions for further research provided.

### 6.1 Conclusion

Online branding is gaining more and more interest. Big companies have been showing interest in online branding for quite a long time now and for them such interest has paid off. SMEs are starting to see the benefits of building an online brand but they still lack the knowledge required to setup and implement online branding strategies. One of the topics least covered by existing research are SMEs online branding, the channels used for it and their effectiveness. Thus, the purpose of this research was to gather information to fill in this research gap and make this information available for SMEs that may need it.

This study addresses two key models, adding to the one proposed by Krake (2005) and developing another based on theory provided by Keller (2012). The Krake (2005) model addresses the brand management role in SMEs and has a gap between marketing efforts and brand recognition, which can be filled with the branding channels proposed in this study. The theory by Keller (2012) describes three media types – paid, owned and earned – to which each online branding channel can be attributed. Together, those models can help understand the role of branding channels in an SME as well as their usage and effectiveness.

This empirical data gathered in this research reveals that SMEs use the following online branding channels: paid search, retargeting, website, e-mail, referrals, social media and organic search. The brand and its management hold control over paid media (paid search, retargeting) and owned media (website, e-mail) while earned media is mostly controlled by the brand users (referrals, social media, organic search). The research also shows that for SMEs the most effective channels are the ones falling in the earned media category. Therefore, in order to take a full advantage of online branding, SMEs are recommended to use referrals and organic search, as these online branding channels seem to be the most effective.

Effectiveness in this study is not measured solely by the conversion rate or by the rate of returning visitors. The true value of online branding channel effectiveness should be measured by a mix of metrics that each SME decides to be relevant to their business and their brand. These can be conversion rate, the rate of returning visitors, average visit duration, bounce rate and others. In addition, the overall branding effectiveness can be measured by the percentage of visitors using branded keywords and by looking at whether or not this percentage changes over time.

The overall results of this research show that each small-medium business has its own online branding channels that it relies on and that fit its needs best. Therefore, no generalization can be made about what typically works for all SMEs, only what channels show the most satisfactory results as a whole. In the end, the choice depends solely on the SME and their branding strategy.

## **6.2 Theoretical Contributions**

The main academic contributions of this thesis are the addition to the model proposed by Krake (2005) and the development of the model on SMEs online branding that is based on the theory provided by Keller (2012). The research done in this thesis shows that the Krake (2005) model of the role of brand management in SMEs omits an important detail of brand management, which is bringing the brand to the potential visitors through specific branding channels. The second model outlines those specific branding channels in the online environment and shows the main influential forces impacting them (the owners or the users). Seeing as little to no previous research covers the specific topic of SMEs online branding and there is none that provides a model for analysis, it makes for a relevant contribution to the academic pool of knowledge covering this topic.

## **6.3 Managerial Implications**

Regarding managerial contributions, our findings first and foremost show that branding is important for all companies, SMEs not being an exception. In addition, the results of this research reveal which online branding channels are most commonly used by SMEs and which of those channels are most effective. Such information will help the SMEs to adequately adjust their online branding strategies by either adopting new online branding channels or getting rid of the ones least likely to succeed. This will also help SMEs make better decisions when trying to build their online branding strategy from scratch or optimizing an already existing strategy.



## **6.4 Limitations and recommendations for further research**

This research has a number of limitations, many of which can be taken into consideration as ideas for further research. First of all, the origin of all chosen brands is USA, which grounds the research to this specific geographical location. Further research could take a sample from other regions and countries and compare results with the ones we presented in this research to get a broader look at SMEs online branding. Furthermore, this research has revealed the channels that SMEs have used during the year 2013, which is an uncertain point in each company's branding experience – we do not know when the company started their branding efforts or if they have used any other channels before deciding to settle on the ones covered in our study. As such, a qualitative study could be useful to get insights into how SMEs actually choose the online branding channels and what are the practices or motivations behind the choices. Also, an important limitation to mention is that due to time constraints, we were only able to analyze four brands. Further research may include a bigger sample size, which may reveal additional details regarding online branding for small-medium companies that were not addressed in our research. Additionally, selecting all brands from the same industry may reveal industry specific patterns which cannot be identified when taking samples from different industries. Finally, it would be interesting to look at how online service branding differs from online product branding. We used a mixed approach, having both service and product brands, thus this research cannot offer more specific details on either.

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## Appendices

### Appendix 1: Google Analytics data gathering techniques

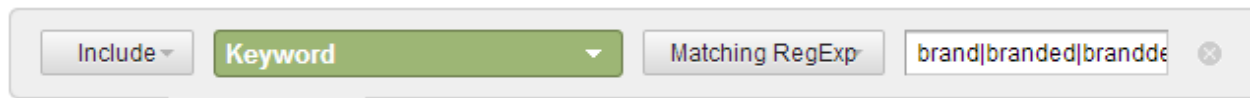
#### 1.1 Accessing Branded keywords

1) Follow the path to view report:

Reporting --> Acquisition --> Keywords --> Paid or Organic

2) Apply advanced filter:

Include --> Keyword --> Matching RegExp --> brand name



In order to get the most accurate results we used Regular Expression. It allowed us to get the desired outcome with simply one request line. Other options would have required a mix of several commands as different keywords cannot be entered in the same request. One request per keyword is required otherwise.