The
Strategic Brand Management: Master Papers

SBM
Strategic Brand Management
Master Papers

Business for Society –
Social Enterprises

By:
Keisinee Premrudeelert, Nora Varga & Sunyoung Kim

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Strategic Brand Management: Master Papers

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The papers are written by master student groups and follow an international journal format. The student groups selected the topics of their papers and provided updated and relevant insights into the strategic management of brands.

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The intent of the series is to bridges the gap between academic teaching and research.

The series is a result of co-creation between students and teachers in the course Strategic Brand Management (BUSN21 – 7.5 University Credit Points; 8 weeks 50% study time), part of the master program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The published papers represent the result of the intellectual work of students under supervision of the heads of course. The content of the papers is to be read as student reports albeit the journal format. The papers are free to download and should be cited following international conventions.

Editors

Mats Urde
Associate Professor

Frans Melin
Assistant Professor

Heads of master course Strategic Brand Management (BUSN21), part of master program International Marketing and Brand Management.
Lund School of Economics and Management

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Abstract

Purpose – This research aims to reveal the roots of social enterprises struggles. The explanation for this phenomenon is that CSR – as the core value of these firms – is insufficiently implemented into the branding strategy; therefore, these enterprises are unable to create and convey their social values. CSR should be considered during every step of brand building; however, this might be difficult for the social enterprises, as they function differently from those profit-oriented companies do.

Method – To identify the factors of failure, after reviewing the existing theoretical knowledge in this scope, empirical data was collected by using qualitative research methods through managerial interviews.

Findings – The research indicates that there are some missing pieces in terms of the branding elements and factors that can support the social enterprises to reach justifiable profit. The first factor of failure is the inconsistency between the company's core values and the company's social goals. The second factor of the insufficient performance is the unfocused communication of the social dimensions. Although social enterprises have a very clear core value, they are unable to transfer it to the market. The third factor is that the companies tend to miss evaluating their CSR performance, although it would be important to follow up the goals and to get feedback. The last problem is that the social enterprises would rather invest their profits in their social goals, then to cumulate it; therefore, they need to operate on a low budget constantly.

Originality / Value – This research links CSR to the existing branding strategies and provides an overview of this scope.

Future Research Implications – Developing a new, CSR-focused branding strategy, and business model for the social enterprises might be necessary, as these firms have some characteristics which hinder them to apply the existing branding strategies successfully.

Keywords: CSR, Social Enterprise, CSR Branding, CSR Strategy

1. Problem Formulation

Although social enterprises have been very popular recently, many of them cannot survive and succeed sustainably. What is the reason of the failure? How can the corporate branding strategies help social enterprises to be more successful? One reason can lie in the process of value creation. Developing and communicating the unique added values, development of associative added values (positioning) and building internal brand loyalty are considered to be essential for building a successful brand (Melin, 2002). Another aspect to discuss is the importance of strategic CSR. Choosing a unique position on the market by attaching a social cause to the value proposition can lead to sustainable success (Porter & Kramer, 2006) and is highly important to a social enterprises strategy. Therefore, choosing the right cause one would like to support is very vital. Additionally, we must not forget about the correlation between the brand orientation and its profitability. The article of Gromak & Melin emphasises the importance of core values both in brand development and in sustainable competitive advantage creation. The future of the social enterprises may depend on whether they are able to develop an appropriate brand management system and if the brand is used properly in order to create and nourish relationships with the companies' external stakeholders (Gromak & Melin, 2011).

In order to be able to understand the problems of the social enterprises, this study will reveal not only the root causes related to the

corporate branding strategies of the social enterprises' misfortune but also the strategic branding guidelines leading to their achievements.

2. Aim

The aim of the research is to reveal whether the social enterprises' inability to create and convey their social values causes their failure. This insufficiency is probably rooted in the branding strategy. Our goal is therefore to explore how the social dimension is implemented and integrated into the branding strategy of these firms and thereby understand the roots of their problems.

3. Research Method

In order to be able to identify and examine the main causes of the social enterprises' struggle related to their corporate branding strategies, we use qualitative research methods for collecting empirical data, after gaining some theoretical knowledge in this scope.

Initially, we analyse different articles both in the field of branding and CSR, in order to understand the relation between a brand profitability / recognition / image and its branding strategy. After analysing the different theoretical approaches, we decided to conduct personal interviews. We choose this method as it allows us to understand the main issue with the branding strategy and to explore this topic in depth. This way we are able to gain very useful insights from CEOs and managers, and to identify some important issues for a possible further exploration.

We choose two Asian and one European companies. Marymond is a Korean company that helps recover the dignity of sexual slavery victims who were abused by Japanese soldiers during the colonial period. Marymond creates and sells design products from the art works made by these women during their therapy process. LocalAlike, Thai company, is a social enterprise that offers community-based tours in order to preserve local Thai culture. It generates income to these communities while offering authentic experiences to the tourists. Last but not least, Barista Café is a Swedish social enterprise that provides fair trade coffee in order to support and educate children in Africa with the help of the United Nations.

To understand the problems of these social enterprises, we conducted in-depth interviews with Marketing Manager, CEO, and the founder of those above social enterprises – each of them between 60 to 90 minutes. The results of the paper – presented in section 5 below – have emerged through aligning these theoretical and empirical findings in the field of social enterprises' branding.

4. Theories

To explore answers to our research questions, we found four main supportive theories to apply as our key resolutions. Those four theories and their evaluation can be discovered through the following details.

4.1 The Brand as Value Creator (Melin, 2002)

Though there is huge interest in brands nowadays, experiences and researches reveal that only a few companies can clarify "*what their own brand stands for and what it is that makes it unique*" (Melin, 2002). The inability to understand a brand's intrinsic competitiveness can be referred to a relatively low competency in brand building.

The brand building is a process for developing a strong foundation of a firm's overall brand strategy; and it can be divided into two steps. The first step is to identify strategic brands – this can be only applied to large companies working with too many brands, in order to be more effective in terms of the companies' competitiveness, growth potential, and profitability. The second is to "*build platform for every single one of the brands regarded as strategic*" (Melin, 2002). A brand platform can be explained by some concepts, which are product attributes, brand identity, core values, positioning, market communication, an internal brand loyalty; and these concepts can

help develop the brand platform – leading to the strong foundation of the brand.

The first concept of the brand platform is *product attributes* – the development of a functional added value. Though the brand is used as a competitive advantage, it is essentially required to have at least one attractive product. For the brand to be able to retain its strength and attraction, it is important that the product represented by the brand is continuously developed. According to the research, there is every reason for making the brand product represent a functional added value and enjoy a good reputation for quality. Besides, in the development of a competitive brand, a distinct visual identity is very important to create attention and recognition (Melin, 2002).

The second concept of the brand platform is *brand identity* – the development of an emotional added value. Brand identity is usually "*defined as what the brand stands for, what gives it meaning and what makes it unique*" (Melin, 2002). In order to maintain the brand identity to be competitive overtime, it has to be equipped with an emotional added value.

The next concept of the brand platform is *the core value* – the development of a unique added value. The idea behind core values is that "*they will function like lodestars in the brand building process*" (Melin, 2002). In the representation of the core values, the firm may have to begin with four basic criteria – valuable, communicable, unique, and difficult to imitate by competitors.

The fourth concept of the brand platform is *positioning* – the development of an associative added value. Positioning is concerned with a claim to a unique position in the consumer's consciousness. Distinct positioning is usually represented by having been based on the same core value over a long period. To gain the competitive positioning in the consumer's mind, the product brands can gain benefits from being the first mover in a particular market, or having a dominant position of the market leader, or depositioning a competitor (Melin, 2002).

Another concept of the brand platform is *market communication* – development of communicative added value. To enhance the positioning to be successful, the chosen position must be communicated. In the planning of market communication, the position can both speak and appeal to the consumer. In order to achieve the competitive positioning, the market communication must be clear and distinctive so that the unique communicative identity can be conveyed consistently to the consumers (Melin, 2002).

The last concept of the brand platform is *internal brand loyalty* – development of a sustainable added value. The overall objective of the brand building process is to attract an expansive base of loyal consumers. For retaining the long lasting large consumer base, external brand loyalty required internal brand loyalty, as the brand orientation has to be reflected throughout the entire organization. Internal brand loyalty also requires that the company knows "*what its brand stands for today and what it will stand for in the future,*" as it supports the brand identity's strength, as well as, maintains the brand equity in the long run (Melin, 2002).

In summary, to build the strong brand and make it as the organization's value creator depends on the company's internal competency, together with its actively sought possibility as well. Therefore, it might be difficult to forecast each individual organisations if the brand building process will be successful. However, building a strong brand should be considered as "*a fine art*" where every reason to approach the brand building process has to be concerned with modesty.

4.2 The Underlining Dimensions of Brand Orientation and its Impact on Financial Performance (Gromark & Melin, 2010)

This research "*responds to the need for an increased understanding of brand orientation*

and its impact on financial performance" (Gromark & Melin, 2010). It also reveals eight dimensions that can be seen as the structure of the brand orientation, as well as empirical evidence of a positive relationship between the brand orientation and the organization's profitability.

In this research context, brand orientation is "*a deliberate approach to brand building where brand equity is created through interaction between internal and external stakeholders*". *This approach is characterized by brands being the hub around which the organization's process revolves, an approach in which brand management is perceived as a core competence and where brand building is intimately associated with business development and financial performance*" (Gromark & Melin, 2010).

One of the dimensions of brand orientation is *strategy, identity, and positioning*. A well-developed brand strategy can be inferred as the key to successful brand building in brand management literature. The brand strategy is often presented as the brand platform, in which it is necessary to form the distinctive brand identity and the crystallizing core values (Gromark & Melin, 2010). Currently, the ability to apply the core values as the efficient catalyst to the product development, the market communication, and the strategic positioning tool has to be unified with the organisational brand management, in order to maintain the brand identity.

Another dimension of brand orientation is *organization and implementation*. The brand strategy normally can be discussed from two major different perspectives – formulation and implementation. Lately, the latter perspective has been put into prominence, as "*the implementation of the brand strategy characterized by a high degree of brand alignment has proven to be a great challenge for several organizations*" (Gromark & Melin, 2010). The challenge can be involved with both internal and external stakeholders of the organizations – all employees should be good brand ambassadors, and long-term stable relationships should be sustained with the

organizations' different stakeholders. Additionally, the organizations should live the brand and use it as a beacon to develop as the value-driven organisations.

The next dimension is *responsibility and roles*. Since strategy and structure are closely associated, the recent brand-related studies focus on how the organization can develop an appropriate brand management system. They often demonstrate how important it is that "*the CEO of the organization has overall responsibility for the brand, and that some crucial business decision concerning brands should be taken by the board*" (Gromark & Melin, 2010). Yet, operative responsibility is often delegated to functional managers, such as information manager, marketing manager, and human resource manager, who mainly drive the corporate culture and the corporate brand. Thus, the organizational responsibility and roles lie within the brand management strategy for communicating the corporate brand and sustaining the brand position in the long-term orientation.

One further dimension of the brand orientation is *goals and follow-up*. Firms have different kinds of strategic goals, including those for the brand building process; and they have to be translated into operative goals. "*Setting up quantitative and qualitative goals to measure the effect of different brand building activities is considered a vital part of this work*" (Gromark & Melin, 2010). To assure that the brand building process is carried out successfully, the company, therefore, has to set the clear goals for brand development, as well as, to measure the degree of the goal achievement.

The last dimension is *approach*. "*A brand-oriented approach is a mindset and passion for brands, but it is also the company's capability to create sustainable competitive advantages, in the form of brands*" (Gromark & Melin, 2010). With this approach, the brands become strategic resources that permeate throughout the whole organization.

In the research context, it reveals interconnection among these dimensions, in

which they are formed to develop a brand-oriented organization. Together with the two additional independent dimensions, operational development and the top management's participation, these dimensions constitute the underlying of the brand orientation, and explain seventy-five percent of the variation in the degree of the brand orientation among those companies participating in the study. This study has revealed that "*in the most brand-oriented companies core values are de facto a hub for several key processes, such as product development, internal communication and business development*" (Gromark & Melin, 2010). The analysis has also shown that top management has a main role in taking responsibility for, and handling the brand building process in those brand-oriented organizations, where they place the significance on putting the brand strategy into practice. Furthermore, this research has proven the strong relationships between the degree of the brand orientation and the financial performance by using objective financial data of those participating firms; and the most interesting result shows that "*the most brand-oriented companies have almost twice the operating margin compared to the lease brand-oriented companies*" (Gromark & Melin, 2010).

Nowadays, many companies understand that brand orientation is crucial to developing strong brands but they have difficulties for the implementation. This report presents eight dimensions of the brand orientation that the companies can apply for becoming more brand oriented, in order to reach sustainable profitability. However, this research also has some limitations. One of them is the study has been conducted in only one country; it would be interesting to investigate if the profitability relationships exist outside of the Swedish market, and if the eight dimensions of the brand orientation are also important to these markets. Other limitations of this research are the focus on only one measure of financial performance, EBITA, and the exclusion of small and medium enterprises to participate in the study. Additionally, it would be worthwhile if the report explored the relationship between brand orientation and market context, as well as, if it studied the backgrounds of brand orientation in order to gain insight into why some companies choose to focus on brand orientation in their organization (Gromark & Melin, 2010).

4.3 Strategy and Society, The Link between Competitive Advantage and Corporate Social Responsibility (Porter & Kramer, 2006)

This study explains the relationship between the success of the business and its addressed social values, in term of Corporate Social Responsibility (CSR). Furthermore, it also suggests the way to manage it.

4.3.1 Four Prevailing Justifications for CSR

There are four outstanding justifications to support that CSR should be taken into consideration. These four arguments are *moral obligations, reputation, license to operate, and sustainability* (Porter & Kramer, 2006).

Firstly, *moral obligations* are imbued into the CSR field, and they are accounted as easy to follow and to refer to the organisations, for example, filing financial statement honestly and handling business by complying to laws and regulations. Secondly, gaining an honest *reputation* is regarded as a strategic benefit by implementing CSR. It might be considered as an important aspect to those "consumer-oriented" companies, because it leads to the higher regarded profile. However, it is doubtful to conclude that CSR implementation can fully promote as the strategic benefit, as it is difficult to measure attitude and judgement of the consumers Thirdly, the *license-to-operate* approach offers a way for the business to identify social issues that are significant to its stakeholders and make decisions about them. Finally, the companies should operate in ways that secure *long-term economic performance* by avoiding short-term behaviour that is socially damaging or harmful towards the environment (Porter & Kramer, 2006).

The four justifications have shared similar weaknesses; they focus on the tension between business and society rather than on their interdependence. In other word, these four schools of thought cannot support the companies to identify, prioritise, and address the social issues, which result in "*the biggest impact*" (Porter & Kramer, 2006).

4.3.2 Integrating Business and Society

To enhance CSR, a wide range of interrelationship between the corporation and the society should be considered. According to Porter & Kramer (2006), "*successful corporations need a healthy society*" while "*a healthy society [also] needs successful companies*". Hence, the principle of shared values should be held by the corporations and the society as they are mutually dependent. In order to apply these two principles into practice, the following five steps are to be considered for recognising strategic CSR that aligns with the corporate's core values and its daily operations. (Porter & Kramer, 2006)

The first step is *identifying the points of intersection*. The company, more or less, has an impact on the society by its way of operation – this is regarded as "*inside-out linkages*". Yet, not only the corporate's activity can influence on the society, but also the market conditions can affect on the company's operation – this is regarded as "*outside-in linkages*" (Porter & Kramer, 2006).

The second step is *choosing which social issues to address*. Each company should select issues, which meet its specific business goals. When CSR policies are implemented, the firm must consider to the reason for the CSR implementation, as well as, the opportunity to convey the shared value. *Generic social issues* might be an important aspect to society which are not affected by either the company's operations or its long-term competitiveness. However, *value chain social impacts* are influenced by the company's activities in the standard procedures of the business. While *social dimensions of competitive context* are regarded as components in the external environment that influence on the company's concealed competitiveness; for example, the company's breakthrough innovative product devoted for the friendly environment can help it attain the competitive edge, which is difficult for others to imitate (Porter & Kramer, 2006).

The next step is *creating a corporate social agenda*. This is a way to strengthen the corporate strategy by integrating the social conditions. The best way to be the good corporate citizenship is to specify clear and measurable goals, and to track their results over time. However, the company's strategy should go beyond than just being the good corporate citizenship – this is regarded as strategic CSR implementation. Strategic CSR implementation provides the firm a unique position and a tandem compound that are involved in both "inside-out" and "outside-in" dimensions (Porter & Kramer, 2006).

It is also highly important to *integrate inside-out and outside-in practices*. The practices help the organisation develop the value chain innovations and turn the social restrictions to be its competitive tools for enhancing both social and economic values. Therefore, it is recommended for the company to consider and integrate *inside-out and outside-in* perspectives into their strategic CSR implementation (Porter & Kramer, 2006).

The last step is *creating a social dimension to the value proposition*. It is very important to the firm's strategy to be distinct, in term of value proposition, so that it can propose the unique positioning to meet and match with its target consumers. Additionally, it is obviously clear that the most effective CSR strategy appears when the social dimension is added to the company's core values (Porter & Kramer, 2006).

In short, the clear objectives and the strong direction are needed for integrating both business and social dimensions. It is also suggested in the article that the company should rather focus on creating the shared values in the long run, instead of being pressured for quick and short term results.

Hence, the main role of the corporation is to contribute a prosperous economy; and integrating the social responsibility as a part of the strategy can offer the competitive advantage for both of the corporation and the society (Porter & Kramer, 2006).

4.4 Brand Building: From Product to Values, and Vice Versa (Kapferer, 2012)

There are two methods for the brand building according to Kapferer (2012), "*from product advantage to intangible values, or from values to product*".

Numerous brands do not start as actual brands; they are mostly put into products without any core values attached. Although selling products is the main focus of the company, it still must be associated with a certain image, intangible benefit, brand personality, and so on. This is how brands are built, based on product advantages. This approach is "*a brand based on a product advantage*" (Kapferer, 2012).

Another method of brand building is to build the business based on concepts or ideas. In this case, it is critical to add the core values to the product and to create a brand "*from values to product*" (Kapferer, 2012). Hence, when the brand is launched at the beginning stage, incorporating this aspect should be considered, because the products can become the brands. (Kapferer, 2012)

Considering the second model of the brand building, creating a brand name is also important since having a name with an intangible asset or story will be noticed by consumers and help them to identify what the brand and business is about. In this case, it is the brand that builds the product and its reputation. The brand is the differentiator that conveys the unique values of the product (Kapferer, 2012).

4.5 The Application of the Theories to the Research's Topic

The chosen theories and studies above reveal the importance of the brand orientation, as it tends to increase a feasibility of the companies' success, in term of the financial performance and the longevity of the business operation. However, in order to be the successful brand oriented companies, the brand building process and the implementation of the brand-related strategy must be well-designed and taken into action, respectively, by everyone in the organizations. As the main discussed factors and elements in the selected researches, such as the core values, the identity, the positioning, and the communication, are interconnected and interrelated for the overall branding strategy; it certainly has an impact, more or less, on the organizational performance and persistence. Though the represented studies have emphasized on those large international companies, which mainly are product-oriented; the key essential findings, the positive relationship between the brand orientation and the companies' success, can be able to apply to our research's topic relating to young social enterprises.

Regardless of the size of the organizations, the brand strategy is vital to the business' survival; therefore, our focused social enterprises – Barista Coffee, Marymond, and LocalAlike – all give the importance on their brand strategy through their core values and their value-added products and services. In addition, being the social enterprises, they can easily attach emotional-added value to their products and services; and it can be the key communication to raise their brand awareness and to reside their brand position to their customers and their non-customer stakeholders. Yet, they also experience some difficulties in the implementation of their branding strategy. Hence, our focused social enterprises' empirical results, their analysis results, and their managerial implication will be further discussed in the following sections.

5. Empirical Results

In our research we analyse different aspects of the branding strategy: Focus & Orientation, Strategy, Social Dimension & Core Values,

Strategy & CSR, Organization & CSR and Measurement.

5.1 Focus & Orientation

The first category that influences the performance of social enterprises is the brand orientation. The firms' attitude to the market and the organization can be an explanation of their struggles. The result of the research shows that usually these enterprises have strong and clear core values (commitment to social responsibility) from the very beginning. However, we could detect a main difference in the companies' approach – while Barista Café and LocalAlike are market oriented and follow the outside-in approach (focusing on customer needs and market opportunities), MaryMond focuses more on their purpose and values, and follows the brand orientation approach. In other word, Barista and LocalALike are mainly focused on their product and services. *"They are important, as the company's values reflect on the company's services"* – as Boonkam (interview, 16 October 2015), the CEO of LocalAlike puts it. Contrarily to the two above mentioned companies, Marymond's focus lies on the corporate brand itself and their main goal is to spread their story.

It is interesting though that none of the above mentioned companies take their stakeholders interest into consideration when selecting the social issues they want to focus on. In every case the decision is derived from the company and / or the CEO, and has nothing to do with the market.

There are some differences in the companies' attitude concerning the importance of the brand as well – Barista Café is very focused on the product, and CSR is only "secondary added value" to their customers, even though Almér (interview, 28 September 2015) stated that *"there would be no reason to exist without their CSR"*. Contrary to Barista Café, Marymond`s concentrates on the brand itself, although they are planning to focus more on the products in the future, in order to satisfy customer needs. It seems that only one company (LocalAlike) has found the balance between the two approaches: they believe that both the brand and product are equally important and actually *"their services are their CSR"* (Boonkam, interview, 16 October 2015).

5.2 Core Values & Social Dimension

Managing the core values and adding the social dimension to them is also an important factor in the success of social enterprises.

All the interviewees agree that it is important to implement the CSR dimension into the branding strategy and to treat the dimension as a core value. It creates a competitive advantage in the market, and helps differentiate the company from the others. CSR makes them *"a company with a great cause"* (Almér, interview, 28 September 2015) and a *"story with sincerity"* (Park, interview, 15 October 2015).

Selecting and integrating a social issue into the strategy is usually an inside decision made by the CEO and brand manager. They usually choose the key problems they want to focus on based on their personal beliefs and experiences.

Barista Café stated that their social focus *"goes through everything"* (Almér, interview, 28 September 2015) and according to Boonkam (interview, 16 October 2015) *"their services are their CSR"*. But one problem (which determines the success or failure of the company) of the young social enterprises is that integrating CSR in the strategy can be quite expensive. These firms need to be cautious when it comes to high costs, otherwise they would not survive for the first few years.

The social dimension is also taken into consideration through the product development and innovation. The interviewees not only agree on the importance of product innovation but also each of them emphasize the importance of considering the social goals during the product development process. For instance, Barista Café's aim is to offer 100% organic products in the future and they constantly work on finding suppliers who can

help them to achieve this goal. The CSR dimension might also act as an emotional added value. As Park (interview, 15 October 2015) stated: *"Consumers want to show sympathy and support so they can feel a better or good person"*. According to Almér (interview, 28 September 2015) it is also important to *"make the customer smile"*, because when they leave the shop with a good feeling it creates loyalty which is a key factor for success.

5.3   Strategy & CSR

Choosing the right brand strategy has a great influence on the success of social enterprises. All of the companies stated that it is very important to have a brand strategy from the beginning. *"No brand, no success"* (Almér, interview, 28 September 2015). It is essential to have a story, concept behind the name and the logo, because that is what customers are willing to support. The problem, which later might lead to failure, is that in the first few years social enterprises do not have sufficient resources to invest in branding and marketing.

Selecting a target audience which is highly interested in the companies' social responsibility is vital, however, it proves to be challenging. Barista Café stated that only around twenty percent of their customers cares about their CSR activities (but this might be due to the fact that they are quite product and market-oriented). On the other hand, Marymond and LocalAlike manage to attract customers, who actually care about their main cause, and most of them are interested in the companies' CSR and support it.

CSR also helps to develop the desired image in the minds of the consumers according to the interviewees (due to conveying consistency, trust and credibility), although not all of them emphasise their CSR activities during the positioning process.

5.4 Organization & CSR

Communicating and conveying the core values and the mission within the organization is a cornerstone for success. Educating the employees about the core values and the CSR dimension is also very important as the staff is one of the main sources of communication (when interacting with the customers). All of the interviewees emphasise that hiring, training, keeping the employees up to date, and getting feedback from them are essential in order to get them involved, and then convey the companies' social values.

When employees are in interaction with the customers, it is vital to communicate these social values appropriately. At Marymond and LocalAlike every customer is aware of these social dimensions, but at Barista Café the rate of social awareness is only around fifteen percent, although they educate their employees about their social goals. According to our study, the CEOs have a great responsibility in building a socially responsible brand – they maintain and communicate the core values of the company both internally and externally. Having the founder of the company as a CEO or a board member is even more beneficial; it gives authenticity to the brand and the social causes.

CSR can also help manage the firm's external relationships – the interviewees stated that when stakeholders understand their causes, they are willing to do a bit more in order to help them. This is how Barista Café managed to get better locations, better ingredients, or even more investors. In Almérs words: *"We wouldn't survive without the story"* (interview, 28 September 2015). That is why all of them rely on these core values when building relationships with their stakeholders.

5.5 Measurement & Feedback

It would be essential to monitor the performance of the social enterprises and give feedback regularly in order to improve their branding process. Unfortunately, it seems it is only important for the firms in theory. All of the interviewees agreed that a proper measurement is important in order to give feedback about the CSR strategy, but even though, they tend to save money on this

matter; they delay it as long as it is not crucial. Although all of them try to measure the goals somehow, only one company (Marymond) documents the results in a report. Probably this matter can also contribute to the branding issues of social enterprises.

6. Analysis – Theories and Empirical Results

The theories that have been applied in this study are *Brand as Value Creator* (Melin, 2002), *The Underlining Dimensions of Brand Orientation and its Impact on Financial Performance* (Gromark & Melin, 2010), *Strategy & Society* (Porter & Kramer, 2006), and *Brand Building – from Product to Values, and Vice Versa* (Kapferer, 2012). Together with our empirical results gained from the insight interview with the social enterprises, we can analyse and apply them into five main aspects per following details.

The first aspect is *Focus & Orientation*. Since all three social enterprises started businesses with holding the strong and clear core values from the outset, their concepts are fulfilled in brand building process by having the brand identity and the core values on their brand platform. This is also aligned with the research of "*The Brand as Value Creator*" (Melin, 2002). It is clear that these three social enterprises have developed their brands by adding emotional values and unique values. The difference is that Barista and LocalAlike are focused on market orientation while Marymond follows their purpose and values based on the brand orientation approach. It is crucial that the brand orientation is used in developing the strong brand. However, it is unknown for the impact of approaching the market orientation, as there is no description about the relationship between the brand orientation and the market context in the theory whether leading brands are "the best core values" or "the best products". Nevertheless, they are carried by one side either the market oriented or the brand oriented. The absolute certainty is that if they approach the brand building process which

considers of having two legs – "two-way movement becomes the essence of brand management: brands have two legs" (Kapferer, 2012), we believe that they can balance to achieve their goals and to have the strong brands.

The second aspect is *Core Values & Social Dimension*. As we mentioned, all the interviewees believe that it is important to develop the CSR dimension. This is linked with their core values of the branding strategy. In fact, "social dimensions of competitive context are factors in the external environment that significantly affect the underlying drivers of competitiveness in those places where the company operates" (Porter & Kramaer, 2006). However, selecting and integrating the social issue into the strategy is usually an inside decision and made by the CEO and the brand / marketing manager; they need to work together for "integrating inside-out and outside-in practices" in order to strengthen the corporate brand strategy and to develop high competitiveness (Porter & Kramaer, 2006). There is one more issue that was stated by Barista Café, it is quite expensive to identify and integrate CSR into their strategy; and this issue is regarded as more related to the young social enterprises' persistence. Unfortunately, there is no mention of how to approach the fact that initial costs must be accepted in order to promote the CSR implementation in the theory that we have applied.

The third aspect is *Strategy & CSR*. Considering the right strategy of the brand is a key building block for the success of the social enterprises. CSR activities should be coordinated with applying the core values as the efficient catalyst to the product development and the market communication (Gromark & Melin, 2010). In addition, in order to achieve the competitive positioning, the market communication must be clear and distinctive so that the unique communicative identity can be conveyed consistently to the consumers. (Melin, 2002) In Barista Café's case, although they try to achieve the clear goal with CSR activities, the aim of transferring their CSR activities to customers

is quite low due to the lack of market communication. CSR helps develop the desired image of the product, and / or the service in consumer's mind, the companies need to focus on the market communication consistently, otherwise it might lead to failure.

The fourth aspect is *Organization & CSR*. All of the interviewees emphasise that hiring, training, retaining the employees, and getting feedback from them are essential for getting them involved and enabling them to convey the companies' social values. This corresponds to one dimension of the brand orientation that all employees should be good brand ambassadors, and long term stable relationships should be sustained with the organisations' different stakeholders (Gromark & Melin, 2010). We believe if the companies can share the core values to all employees, and engage them with the CSR implementation process, it will result in the effective brand communication that can enhance the possibility of the businesses' success.

The last aspect is *Measurement & Feedback*. It is stated that to "set up quantitative and qualitative goals to measure the effect of different brand building activities is considered a vital part of this work" (Gromark & Melin, 2010). In the result of empirical analysis, all three companies try to measure the goals, but there is only one company, Marymond, measures and documents the results in the report. To achieve successful brand building process, the social enterprises need to set the clear goal and to measure the degree of the goal achievement.

7. Conclusion and Managerial Implications

Nowadays, there are many researches indicating the importance of the strong brands and the branding strategy, in which their roles are to support the organizational prosperity and success in a sustainable manner. Even though many companies, regardless of the size, recognise the branding essence, not many of them have succeeded in building the strong brand, and / or implementing the brand strategy, especially those young social enterprises. This study reveals useful information from the insight interview with three social enterprises from Asia and Europe on how they perceive their own brands and how they integrate the social goals into their branding strategy, in order to run their businesses in the long run.

All three social enterprise founders have started up their own business from their own personal values to solve their society problems, and these core values are well reflected in their company's vision and mission, as well as, their brand identity. This is an important element in the brand orientation, as CEO can easily transfer the company's vision and mission, and the brand identity to the employees – thanks to small and flat organizational structure, the communication of the core values can be directly sent and shared with everyone in the company. Additionally, in order to ensure that the young social enterprises can be operated smoothly since the very beginning stage, recruiting people to join the team is very significant, because they have to share the same common values with the organizations'. With the common values across the whole organizations, it benefits for building the internal brand loyalty, which, in turn, helps reach out the external brand loyalty. Expanding the external brand loyalty base is not only the advantage gained from having the strong internal brand loyalty; the implementation of the brand strategy and the communication of the brand positioning and the brand identity can also be realized in a synergetic manner.

Being social enterprises, the emotional-added value is compatible with their products, and / or their services, and therefore is a great source for developing their communication to the target consumers. Hence, it seems that they use their communication to convince their consumers to purchase their products, and / or their services, without any emphasis on their social goals. Those consumers, who admire and share their social core values, would like to see whether the social enterprises they

support can really enhance good merits towards the social development; nevertheless, many young social enterprises cannot fully respond their social development achievement, and integrate it with their well-designed communication. This dilemma can be a result of inconsistency in the company's core values and the company's social development goal; for example, Barista Café's core value is to enhance the living standard of the organic coffee farmers through fair trade, but its social development achievement is mainly based on numbers of school-meal served for African children. Though some social enterprises, as LocalAlike, have shared commonality between the company's core values and the company's social development achievement, they have not shared their social development success to their consumers. These small blind-spot details can be further improved and developed by the young social enterprises through their well-planned market communication for strengthening their brand in longevity.

In summary, majority of those young social enterprises realized the significance of the brand, and they cautiously build and nurture the brand in order to survive and operate their startups in the long term. However, there are some missing pieces in terms of the branding elements and factors that can support the social enterprises to reach justifiable profit. Thus, in the light of hope, the young social enterprises will successfully scale up and sustainably persist in the dynamic business environment, and enhance the social development throughout the world society through their strong brand orientation.

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