Co-creation of Branding by Network Actors

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Abstract

This study explores how network actors actively take part in branding in the context of SMEs operating in a business-to-business setting. Qualitative research methods are applied to increase both practical and theoretical understandings of a phenomenon under-represented in existing research. The study uses narrative interviews conducted with experienced SME managers and professionals to analyze the actions of an actor within a network that impact on an SME’s corporate brand image. The study shows that interconnected social and business network relationships influence the SME’s corporate brand image as well as the nature of the company’s internal branding decisions and identity. The study’s main contribution is to define a new concept of the corporate brand value net. An SME cannot manage its brand co-creation net, but it can mobilize stakeholders in corporate branding. Consequently, the study expands the focus of corporate branding beyond the boundaries of an organization and into the context of nets.

Keywords: co-creation of branding, brand co-creation net, brand identity, brand image, SMEs
Introduction

A notable feature of marketing practice and associated academic thought today concerns the emergence of brands as key organizational assets and important managerial resources (see e.g. Louro & Cunha 2001; Balmer & Grey 2003; Hatch & Schultz 2003). Brands have traditionally been considered as property provided by the firm (Veloutsou 2008; Merz, He & Vargo 2009) developed and managed within a company (it has an intra-organizational character) to facilitate external market transactions with customers (Morrison 2001; Veloutsou 2008). The special characteristics of the emerging network economy, however, present challenges that traditional branding knowledge has been unable to sufficiently exploit (Moilanen 2008). The network economy refers to the need for companies to interact and cooperate with others and each other in the network to increase efficiency and gain competitive advantage (see e.g. Möller & Svaht 2003a; Ritter & Gemünden 2003; O’Donnell 2004; Håkansson & Snehota 2006).

Even though the increasing importance of networks has been widely recognized in the marketing literature, research has paid little attention to the contribution that network actors make to corporate branding (Leitch & Richardson 2003; Gregory 2007). Corporate branding has been seen as an internally driven process (Balmer & Grey 2003) and the stakeholders are viewed as targets rather than partners or co-creators in developing the corporate brand (Gregory 2007). Thus, we lack research on brand value co-creation processes where, through interaction, customers, brands and network actors together construct value (Brodie, Glynn & Little 2006; Merz et al. 2009; Payne, Storbacka, Frow, Knox 2009). Leitch and Richardson (2003) further stress that theory building must move from being organization-centred to being relationship-centred, in other words to consider the network that organizations are embedded in as core parts of their identities rather than as external elements.

Äyväri and Möller (1999, see also Håkansson & Snehota 1995) note that networks are of great interest to SMEs, since their limited resources make them highly dependent on the resources and expertise of other actors. The capability to utilize and exploit network relationships can, therefore, be seen as critical to the corporate brand building efforts of SMEs and their overall business performance. There is as yet limited research on SME business-to-business branding in general because branding is usually associated with large consumer-focused companies (Inskip 2004; Krake 2005; Merrilees 2007). However, the few studies conducted in this area (see e.g. Boyle 2003; Inskip 2004; Krake 2005; Wong & Merrilees 2005; Ojasalo, Nätti & Olkkonen 2008; Juntunen, Saraniemi, Halttu & Tähtinen 2010) show that brand orientation can be a positive force for market performance and small business growth. Accordingly, there is an underlying need to more explicitly elaborate on how a network of relationships functions in the corporate brand value creation processes of industrial SMEs. That is the issue we aim to address.

This study views the brand building process of SMEs in an inter-organizational setting, focusing on the ‘loose’ network of connected actors (see e.g. Möller & Wilson 1995; Håkansson & Snehota 1995) that co-create the branding processes. Thus, the network is not a strategic network formed intentionally by a single actor or a group of actors (see e.g. Jarillo 1988; Parolini 1999). Moreover, this study distinguishes itself from the network brand concept (Hankinson 2004; Moilanen 2008) that refers to a collectively constructed and governed brand of a strategic network. The main objective of this study is to develop a model
that is sensitive to the unique characteristics of business-to-business SMEs; one that illustrates how network actors co-create branding.

We start by discussing branding as an interaction process of value co-creation, and then present a model of networks of co-creators in corporate branding. Then, we present our methodology and empirical findings with an empirically-grounded model of corporate branding within SMEs and their brand co-creation net. We conclude with a discussion of the theoretical and managerial implications, especially as they relate to the brand co-creation net.

**Literature review**

This study distances itself from the idea of a producer being solely responsible for brand communication and building (Veloutsou 2008) as well as generating and controlling its brand image (Ballantyne & Aitken 2007). Instead, we adopt a view of corporate branding that involves interactions and exchange processes with various networks of internal and external stakeholders, including employees, customers, investors, partners, suppliers, regulators, special interest groups, and local communities (Balmer 2001; Hatch & Schultz 2003; He & Balmer 2006; Fiedler & Kirchgeorg 2007; Merrieles 2007; Roper & Davies 2007). Leitch & Richardson (2003) emphasize interactive relationship-building and mutuality in stakeholder relationships as keys to corporate brand building. Furthermore, according to Ballantyne & Aitken (2007), branding is essentially a communicative interaction process, and in particular, interaction between employees, customers and stakeholders entails the co-creation of meaning and experience in the firm. Thus, we view branding as a collaborative process of value co-creation that takes place as part of the relationships between the firm and all of its stakeholders (Merz et al. 2009; see also Veloutsou 2008). Such relationships are valuable resources and essential to the competitive positioning of the SME (Jarillo 1988; Häkansson & Snehota 2006), up to the point where the network may turn into the brand (Christopher and Gaudenzi 2009). By influencing network actors, the SME may exploit actors’ resources in order to achieve its own objectives (Ritter & Gemünden 2003; Häkansson & Snehota 2006). Moreover, there is a multitude of sometimes very informal means used in business through which managers try to influence business relationships (Mainela 2007).

However, no company can control a network or the outcome of all the stakeholder relationships. It is more likely that the company itself is subject to the control and influence of others within the network (Häkansson & Ford 2002; Ritter & Gemünden 2003). While the network provides a great opportunity for a company to influence others, at the same time, it is also a tool for other actors to influence the company (Ritter & Gemünden 2003; Häkansson & Snehota 2006). Thus, given the interdependencies in the networked economy, there is an increased chance that the identity and image of a company can be seriously improved or damaged by the actions of other network actors (Christopher & Gaudenzi 2009). Furthermore, there are often influences from external sources that cannot necessarily be planned or managed (Einwiller & Will 2002) acting alongside a systematically planned internal branding process. This clearly presents a challenge for corporate brand management in terms of developing and implementing corporate branding strategies within the network.

The stakeholder brand equity model proposed by Jones (2005) emphasizes not only brand value creation through interactive relationships with various stakeholders, but also the
interconnectedness (not isolation) of the relationships and, thus, their functioning as a network supporting or working against brand value. Within this relational approach to corporate branding, the firm’s competitive position emerges as the outcome of the interactions of network actors (i.e. stakeholders), whereby a complex web of actions and reactions determines the ultimate brand performance (see e.g. Muniz & O’Guinn 2001, Ballantyne & Aitken 2007; Brodie, Whittome & Brush 2009).

![Figure 1. Network of co-creators in corporate branding](image)

Unlike the original model used by Jones (2005), Figure 1 presents the internal stakeholders within the company creating the corporate brand identity. However, as the focus of this study is on the efforts of the network actors to create branding, Figure 1 emphasizes their role. Thus, employee efforts in building and maintaining relationships with all the company’s stakeholders contribute to the value of the brand (see e.g. Harris & de Chernatony 2001; Balmer & Grey 2003; He & Balmer 2006), and indeed may sometimes even sabotage it (Wallace & de Chernatony 2007).

Christopher and Gaudenzi (2009) claim that customers with high expectations and needs often represent a potential source of negative word-of-mouth. In fact, Ojasalo et al. (2008) reveal that word-of-mouth is a significant part of the communication that is not controllable by the SMEs. However, we also find examples of customers building strong and self-organizing brand communities and actively participating in developing both functional and emotional values of the brand and, furthermore, acting as brand advocates (see e.g. Muniz & O’Guinn...
Due to increased outsourcing and co-producing activities, partner firms, such as value adding customers, component manufacturers or service providers, have come to make more integral contributions to the product/service performance, and consequently the functional value of the brand. Especially in service network contexts, the performance of a partner firm is a key influence on consumer assessments of the focal firm, including its corporate brand strength and image (Morgan, Deeter-Schmelz & Moberg 2007; see also Fyrberg & Jüriado 2009). Thus, small companies are especially inclined to form close cooperative relationships with highly reputed channel members to achieve legitimacy within a market (Larson 1992; Ojasalo et al. 2008), to acquire information, to reduce risk, to promote the business (Gilmore, Carson, Grant, O’Donnell, Laney & Pickett 2006) and furthermore, to generate repeat business and positive-word-of-mouth (O’Donnell 2004).

Companies can also consciously use outsiders like consultancies and advertising, communication or graphic agencies to assist their corporate branding (Inskip 2004; Ojasalo et al. 2008). SMEs usually lack branding knowledge and resources (Krake 2005; Wong & Merrilees 2005) and often need assistance especially in translating the company’s vision into a distinctive brand concept (Inskip 2004). However, Ojasalo et al. (2008) note that considering the limited financial resources of SMEs, such cooperation tends to be short-term.

Jones (2005) highlights the very influential role of the media and various non-government organizations (NGOs) whose actions might have long-term consequences for corporate brand image and value. The media in particular, but also people or organizations with a vested interest in the business, have the ability to play a crucial role in revealing scandals, particularly when the companies involved have not managed to deliver their branding pledge (Christopher & Gaudenzi 2009).

In conclusion, several studies propose the important contribution that different key stakeholders such as customers (Merrilees 2007), employees (Krake 2005; Wong & Merrilees 2005), partners (Morgan et al. 2007) or resellers (Ojasalo et al. 2008) can make in co-constructing corporate brands. Consequently, successful corporate branding is a result of understanding and responding to multiple internal and external stakeholders (Roper & Davies 2007), and being receptive to their input (Gregory 2007) as brand value is ultimately defined by a number of different actors. Innovativeness, personality and flexibility of structures and processes (Abimbola & Vallaster 2007), speed of decision-making and reactions and an eye for market opportunities (Krake 2005) seem to offer distinct advantages for SMEs seeking to mobilize external resources, especially in the networked economy where building business relationships and networks is particularly key.

Methodology

The study applies qualitative methods as they are considered particularly suitable for understanding the context-specific nature of networks (Bonomo 1985; Tsoukas 1989; Halinen & Törnroos 2005), for explaining complex constructs (Ghauri & Gronhaug 2002, 88) such as corporate branding (Cooper 1999) and for gaining special insights into managerial decision-
making and practice in SMEs (Shaw 1999; Carlson et al. 1998). Abductive reasoning was used in theory development as it fits the exploratory nature of this study (Strauss & Corbin 1998).

In addition, the authors find the narrative approach to data collection appropriate, because it is a typical way for people to share information (Riessman 1993, 2–4) and it provides a fundamental means to get close to the interviewees and penetrate their own experience of reality (Cohen & Mallon 2001, Polkinghorne 2007). Narratives bring out the evidence of the personal meaning of the events in the stories (see Polkinghorne 2007), which relates to the nature of corporate identity being a personal perception of the company too. The members of a regional association for professionals working in high-technology industries were invited to take part in the research, and the numbers were increased using the snowball method, as the first two participants were asked to recommend other candidates. Personal interviews were carried out with six SME managers and professionals. The interviewees were both technically oriented and sales and marketing people, representing six different high-tech companies. The interviewees had somewhat different academic and professional backgrounds and held different positions (see Table 1). Besides the variety of their backgrounds, one criterion for the selection of the interviewees was that they had years of experience in SMEs in business-to-business markets.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Field of business</th>
<th>Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Director</td>
<td>Software</td>
<td>11.2.2010</td>
<td>1 h 2 min</td>
</tr>
<tr>
<td>Business Consultant</td>
<td>Business development and financing</td>
<td>12.2.2010</td>
<td>1 h 6 min</td>
</tr>
<tr>
<td>Sales and Marketing Director</td>
<td>Software</td>
<td>16.2.2010</td>
<td>1 h 18 min</td>
</tr>
<tr>
<td>Managing Director</td>
<td>High-technology</td>
<td>19.2.2010</td>
<td>1 h</td>
</tr>
<tr>
<td>R&amp;D Director</td>
<td>Mobile phones</td>
<td>19.2.2010</td>
<td>1 h 8 min</td>
</tr>
<tr>
<td>Director of International Sales</td>
<td>Software</td>
<td>26.2.2010</td>
<td>1 h 38 min</td>
</tr>
</tbody>
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Table 1. Narrative interviews

The interviewees were encouraged to speak freely about their own thoughts and experiences and, thus, to construct narratives in the course of the discussion. Only a few clarifying questions were asked in order to set the scene and to stimulate the storytelling, so that the ‘power of the knowledge’ lies on the side of the narrators (see Czarniawska 2004, 48). The dominant concern was the interviewee’s personal experiences and professional insights about the realities of their practice related to the phenomenon. With the agreement of the participants, the interviews were audio taped and the recordings transcribed for analysis.

The subsequent thematic analysis attempted to identify patterns. The interpretation was made in the light of different themes (see Joffe & Yardley 2004, 56), that were not explicitly predefined, but developed in the process of the research and were influenced by such factors as: prior theory, the purpose of the study, that is, the underlying research questions and the
empirical data itself (see Riessman 2008, 54). The transcribed interviews were all imported into and coded using QSR N’Vivo.

The main focus of the analysis was on the narrators’ choice of focal network actors, and on the detection of specific actions, activities and events that had taken place in their social and business network, and which they considered to have made a meaningful contribution to their SME’s corporate brand building. In this way, each action, activity or event in the narratives, which either created a corporate brand identity (for internal stakeholders), or an image (for external stakeholders), was coded as a part of the branding process and also coded to the actor in question. The focus of the network approach in this research was thus, not limited to examining the individual actor or focal company or net alone, but the phenomenon as a whole.

The Empirical Findings

As a whole, the empirical analysis indicates that managers acknowledge they operate in a networked business environment where their SME becomes a part of a complex process involving several actors whose actions are directly or indirectly part of a branding process and have substantial or minor effects on the outcomes - corporate brand identity and image. Some stakeholders were clearly seen as more influential than others in terms of the co-creation of a corporate branding.

“There are many interfaces […] one project can bind over 100 people at its best, including suppliers, component manufacturers, and customers and so on.” **R&D Director**

Even though the network actors would not be directly involved in the corporate brand management process, the data clearly speaks of the contribution of stakeholders to the corporate brand development process.

Network actors’ co-creation of corporate image

The network actors’ co-creation of a corporate brand is first identified with those network activities that will directly affect the corporate brand image.

*Adding functional brand value*

Actors closely associated with an SME are important in creating the overall corporate brand experience and can also be the key determinants of customer satisfaction. The interviewees especially stressed the meaning of strategic partners, such as the key technology providers and value-added resellers that can directly influence the functional brand value.

“The whole process consists of many stages and there is always the danger that our company’s reputation will be damaged owing to the failure of another actor.” **Business Director**
Accordingly, the more important the partner the more substantial their effect on the SME’s corporate brand image. The interviewees further recognized that it can be impossible to maintain a favorable corporate brand image unless the partner firms maintain satisfactory performance.

Providing a reference

Many of the interviewees felt that without a reference from a respected partner, it is very difficult for a small company to gain credibility in the market and create substantial brand recognition. Such reputable reference providers might be branded alliance partners or valued customers who are seen as symbolizing trustworthiness and speaking of the competitiveness of the SME. Respectable investors, for example, are consciously used as referees, since they are often trusted opinion leaders in the industry.

“The team of investors that we have managed to bring in to our business is the first thing I want to put on our website. These people will give us the credibility … and we definitely need [their names as a] reference to boost that side of our business.” Managing Director

Accordingly, the analysis suggests that networking with reputable actors is a form of seeking status support widely used among SMEs to strengthen their corporate brand image.

Creating word-of-mouth

Corporate brand awareness as a part of brand image is related to the positive word-of-mouth created by network actors informing each other about their experiences of the SME. Positive WOM can be achieved through successfully completed projects and technically superior products, yet, is not under the SME’s control.

“When we operate with different actors in the market, through these people our company and expertise will then become branded as the word spreads.” R&D Director

Word-of-mouth recommendations are also actively tapped by SME managers to gain updated insights into the markets and to gather valuable information about the other network actors. Recommendations coming from the big industry players or other opinion leaders in the markets such as respected consultants or investors were seen as the most valuable deliverers of word-of-mouth that may develop (or injure) an SME’s corporate brand substance.

The uncoordinated nature of word-of-mouth communications was perceived both as an opportunity and as a possible threat to the highly networked economy with, for example, the capability of social media to circulate both positive and negative messages almost instantly being cited.

Co-promoting

The study shows that some stakeholders participate in developing the substance of the corporate brand of an SME by promoting it in the network. Willingness to promote another company’s brand is greatly influenced by the nature of the inter-firm or inter-personal
relationship and is more common between business partners that share a mutual orientation. Such cooperative arrangements can also be coordinated and take the form of a strategic joint alliance or co-branding agreement that may bind more than two actors.

“Some time ago we attended an exhibition that is one of the leading professional events in our industry with all the media and investors present. Our partner firm’s manager gave a speech at the event, which attracted much attention, since the company is one of the biggest players in our field. He presented this equipment as one of their newest inventions and explained that it has been developed in collaboration with our company. The impact was immense.” R&D Director

The example given above illustrates that the brand image generated in cooperation with the key stakeholders can add substantial value for an SME’s corporate brand. In particular, prominent and innovative actors with a good media image are posited to be the most valuable network connections for SMEs in terms of achieving additional brand recognition and awareness.

Designing and communicating the corporate brand

Many of the SMEs have outsourced the planning and execution of the firm’s visual image and marketing communications material to advertising, communications or graphic agencies. Such service providers were considered one of the key actors in the SME’s business network in terms of adding value to brand communication and design. The use of external branding assistance was still rather occasional, although agencies were also considered as strategic partners in setting the direction and goals for the SME’s brand performance as exemplified below.

“We have been working with one marketing agency ever since the company was founded. […] Together we have been constructing the whole company image.” Managing Director

Creating media publicity

Even though SMEs in general are not exposed to the power of the media to the same extent as large multinationals, an SME’s corporate brand image can also either improve or be damaged through media publicity. Publicity was considered to be related to business or product launches, product related innovations or large venture projects. Poor economic performance and irresponsibility, on the other hand, were seen to generate negative media publicity and damage the corporate brand.

Creating a competitive brand position

An SME’s corporate branding proposals may be developed with an eye on its closest competitors. Consequently, competitive brand positioning is not only dependent on the company’s brand positioning statements, but also on the statements and restatements of other actors in the network.
“How we develop our own brand depends in many respects on what kind of brand the competitor has. We examine it and of course try to do things always a little bit better and tap into our competitors’ weaknesses in doing so.” *Sales and Marketing Director*

**Network actors’ indirect participation in corporate branding**

The network actors’ indirect participation in corporate branding refers to those network activities that contribute to an SME’s business operations that may consequently, that is indirectly, affect the construction of the corporate brand.

**Offering financial support**

Considering the limited resources available to SMEs, financial support was perceived as offering an opportunity for extensive corporate branding. Investors, whether private or public, can play a major role in directing SME business choices, including those relating to corporate brand development, especially at the early stages of business development. The study further indicates that SMEs that are more dependent on external finance and lack internal marketing capabilities may focus on operations that are eligible for public funding.

“Well, it is usually the reality of all SMEs that free money is always free money.” *Marketing Director*

However, more financial support is available for R&D projects than for corporate or product brand building activities. Furthermore, consultancy and advice on branding issues were thought more useful than external finance in terms of corporate brand development.

**Offering consultancy and advice**

Because of the scarcity of internal resources, SMEs often rely on available external assistance in terms of business knowledge and updated market information. Accordingly, public administrations, consultants, investors and different research institutes are indispensable contacts for SMEs as they embody valuable business knowledge and experience. Such actors often set the direction for SME’s branding decisions as they give consultancy and advice in their strategic business choices and management decisions.

“A company only recently decided to renounce all its individual product brands and focus solely on building a cohesive corporate brand. This decision was certainly influenced by some of the discussions that we have had [with the company].” *Business Consultant*

**Creating new contacts**

Established network contacts provide access to new relationships and networks and may provide opportunities for an SME to broaden its resource base. Central network actors usually have broad social and business networks and help SMEs to make new vital contacts with other central actors who would otherwise be inaccessible. In that way, certain central actors in the network may participate in creating a small company’s brand success.
“The guy has great credibility and he knows everyone you need to know and is able to contact people with the right connections, and that way opens up new channels.” Managing Director

Giving feedback

All external stakeholders can provide valuable feedback, especially that related to functional products and/or service quality. The feedback guides improvements and ultimately affects the customer perception of brand-value-in-use and brand image. The feedback from closed channel contacts seems to be verbal, spontaneous and informal; however, customer satisfaction measurements also provide formal feedback for SMEs.

Controlling management decisions

Considering a typical SME’s resource dependency and competitive position in the network, some influential actors in the company’s focal net can gain a certain level of control over the SME’s business and govern the implementation of its organizational strategy. Especially powerful channel partners and customers can require an SME to adjust its operations and corporate brand values to their own and thus, affect the SME’s emerging brand identity and image. This can be either an advantage or a disadvantage depending on the adequacy of the strategic direction set by such authoritative network actors.

Empirically grounded model of network actors co-creation of SME branding

To sum up, a number of network actors either directly or indirectly co-create the branding of an SME. They co-create the corporate brand by adding its functional value, acting as a reference, creating WOM and publicity, co-promoting, as well as designing, communicating, and positioning the corporate brand. The direct co-creation processes involve not only image creation and thus, the external stakeholders, but also identity creation and the internal stakeholders of the company. The network actors indirectly influence corporate branding through the changes brought about in the SME’s operations by their financing and consulting offerings, the creation of new contacts, the giving of feedback and the control of decision-making in the SME.

The empirical analysis highlights the central role of strong network actors within the SME network in building a positive corporate brand image. Based on the analysis a new concept of the brand co-creation net is suggested. A brand co-creation net consists of strategically important stakeholders that co-create an SME’s corporate brand directly and indirectly. Thus, the concept distinguishes the co-creators of the brand from the less influential network actors. However, both business and social networks were emphasized in the interviews as sources of actors that co-create SME branding. Thus, actors from both networks need to be considered when defining the SME’s brand co-creation net. However, the breadth and structure of the net is always context specific as is the force of impact that its members exert on the SME corporate branding processes.
Figure 2 illustrates SME corporate branding in a network setting where the corporate brand image is constantly exposed to the effects of different actions undertaken by the network actors. The empirical data also offers a view on the efforts that SMEs make to use their network relations in the corporate branding process. A widely held belief is that active networking will increase the visibility of the brand. However, the recognition of a wide audience was not necessarily required or even particularly beneficial for business-to-business relationships. Instead, finding partners who add value to the company, and building relationships with these key actors was understood to be essential. In addition, our informants recognized the importance of accommodating the brand values when selecting new venture partners.

The study also shows that offering comprehensive brand support and training to network partners is of great importance. Furthermore, win-win situations offer a good foundation for the development of positive brand image through cooperative orientation, communication and interactions between different channel partners within the network. In addition, SMEs often wish to enter into agreements with favorable contract terms and conditions, which provide access to new markets or help to increase market share, and consequently increase brand visibility. Shared IP-rights and licensing are examples of contractual tactics used by some of the SMEs to improve their businesses.
Theoretical Implications

As a contribution to the existing theory, a concept of the *brand co-creation net* was proposed. A brand co-creation net consists of strategically important stakeholders that co-create an SME’s corporate brand identity and image, both directly and indirectly. In this respect, a firm’s capability to acquire resources through exchange with the actors in its brand co-creation net will have a significant impact on its brand success and market performance. This is in line with network studies (see e.g. Häkansson & Snehota 2006; Ritter & Gemünden 2003) focusing on more general resources instead of branding. This study further suggests that the brand co-creation net is always company specific and depends, for example, on the specific industry, business model and stage of business (for context specific constructs see Halinen & Törnroos 2005).

Referring to the proposed concept of corporate brand co-creation net, the study revealed that various actors in the SME’s network participate in its branding either directly or indirectly and can either improve or damage the brand. This is supported by Veloutsou (2008), who concluded that a company’s overall corporate brand success is reliant on a range of internal and external stakeholders. These stakeholder relations are especially crucial for SMEs because of the limited resources available to them to conduct any major branding activities (see Krake 2005; Ojasalo et al. 2008), making them therefore strongly dependent on the expertise, knowledge and other resources of net actors, which is again in line with network theory (see e.g. Äyväri & Möller 1999). Moreover, this confirms the idea of the co-creation of value, and therefore branding (cf. e.g. Ballantyne & Aitken, 2007; Merz et al., 2009) under corporate branding logic.

This study found that successful external brand communication is highly dependent on both management and employees understanding and communicating brand values. This is supported by numerous discussions in the literature that highlight the essential role of internal stakeholders in constructing, communicating and delivering on the brand value proposition (see e.g. Harris & de Chernatony 2001; Balmer & Grey 2003; Hatch & Shultz 2003; Jones, 2005; He & Balmer 2006).

Apart from internal stakeholder participation in corporate branding, the study confirmed that in a business network, various external actors also play an important role in developing an SME’s corporate brand image. This is supported by Christopher & Gaudenzi (2009), who in their study on reputation management, concluded that the reputation of a company can be seriously affected by the actions of network actors. The actions of partner firms in particular, and performance results – either successes or failures – can have a substantial effect on customer perception of product or service quality, and therefore, also the corporate brand image. This seems to be in line with the findings of the study by Morgan et al. (2007), examining the branding implications of the relationships between partner firms and focal firms in the context of business-to-business service networks.

The current study showed that different prominent and reliable stakeholders in the SME’s focal net participate in corporate branding by acting as a reference source and so improving the credibility of a small firm (c.f. Helm & Salminen 2010). This finding is in line with the study by Ojasalo et al. (2008), which found that branding in SMEs often includes gaining leverage by forming cooperative brand relationships with reputable channel members.
The current study also found that there are actors in an SME’s social and business network who participate in creating higher brand awareness by acting as secondary brand marketers. Such pro-active stakeholders have the capability to make a significant contribution to corporate brand development as also suggested by Gregory (2007). Such involvement can be based on reciprocity and mutual benefit alone, but can also be contractual depending greatly on the nature of the relationship. The empirical findings also revealed that informal word-of-mouth is perceived as one of the key means for SMEs operating in a narrow business-to-business sector to achieve a positive corporate brand image in the relevant market. This is somewhat surprising, since word-of-mouth cannot exactly be regarded as falling within the scope of strategically planned brand communications and is not therefore under the company’s control.

The study found that the media may strongly contribute to an SME’s brand image and awareness, in cases when it manages to reflect some heightened attention onto the market. Cooperation with reputable industry leaders often attracts media attention and, thus, contributes to promoting the SME’s brand and so helps to acquire further recognition.

The empirical findings confirmed the conclusion of Inskip (2004) that SMEs use external assistance in the brand development process since they lack internal competence. Accordingly, the knowledge and expertise of the actors involved will make a significant contribution to the distinctiveness of the corporate brand. As Ojasalo et al. (2008) noted, such cooperation tends to be sporadic in nature. However, the empirical study revealed that some brand oriented SMEs are inclined to form long-term strategic relationships with actors that consequently go on to play an important role in corporate brand building.

It was also found that SMEs develop their branding proposition in relation to the competitors’ brand with an aim to detect their strengths and weaknesses. Competitive brand positioning in the network can, in turn, affect the position and attractiveness of a related brand. This is supported by network theory (see e.g. Gummesson 2007; Håkansson & Snehota 2006), suggesting that in a dynamic and interconnected business network a company’s success is not only dependent on its internal strategies, but also on the strategies, actions and reactions of other actors.

In line with the existing network theory (Jarillo 1998; Håkansson & Snehota 2006), this study suggests that some inter-organizational and inter-personal relationships in an SME’s network become among the most – if not the most – valuable corporate branding resources possessed by a company. This study further found that those stakeholders that offer either financial support or accurate and useful information and advice in relation to branding issues are especially valuable, and may indirectly contribute to the corporate branding decisions of SMEs. This is logical considering the typical lack of financial and human resources within SMEs, especially when combined with their often underdeveloped branding knowledge (Krake 2005; Wong & Merrilees 2005).
Managerial Implications

Several practical implications emerge from the study. It is a feature of the business-to-business environment that SMEs have a number of different stakeholders to take into account in corporate brand communications, rather than being able to focus only on customer relations. In a network context, one-way corporate brand communication is no longer adequate and instead of simply controlling internal branding strategies, a company also needs to be responsive to its business environment. A company should be able to recognize the key brand stakeholders forming its brand co-creation net, and the main activities of those actors that may either directly or indirectly contribute to corporate branding. Assuming they can, they have the opportunity to consciously and systematically exploit those relationships and coordinate activities to enhance the brand value.

SMEs can, for example, try to enhance positive word-of-mouth by managing the relationships with the most influential actors in their core markets. The most important action an SME could take would still be to find good reliable partners with complementary strategic resources and relational capabilities that add value to the brand, not the other way around. SMEs should also more actively strive to find potential brand support from the entire network, not only from the existing focal net.

Active networking increases the visibility of a corporate brand in the market. However, a lack of resources will often compel an SME to focus its efforts on reaching the right decision-makers and convincing them of the worth of the company. Developing the ability to nurture critical stakeholder relationships in order to enhance corporate brand value and acquire additional branding resources should be the focus of SMEs. Furthermore, the overall corporate brand performance is related to how these company specific interdependencies and interfaces between significant actors are handled. Through relationship building, a company can increase stakeholder involvement in product/service development, generate a sense of customer and stakeholder needs and enhance stakeholder satisfaction and brand loyalty. Close and inter-personal relationships with stakeholders and access to first-hand information offer great potential advantages for SMEs.

Cooperative and win-win solutions increase the willingness of network partners to promote each other’s brand success. Attractive terms and conditions allow the company to further encourage and motivate the stakeholders to act in favour of the corporate brand. It is also important to offer comprehensive support and training to intermediaries to make sure that they are able and willing to deliver the values of a brand. Given the complex nature of products, services and solutions generally sold to business customers, it is also vital for a company to determine the best means of providing appropriate consultancy to relevant stakeholders in order to make sure they understand the underlying values of the corporate brand. In addition, communicating and delivering on both functional and symbolic brand value propositions that are relevant to the important stakeholders should be considered vital brand building activities in SMEs.
Limitations and suggestions for future research

The empirical data was based on narrative interviews, which itself reveals the limitations of this study. Telling stories is always a subjective act and always involves a degree of selection. The interviewees were assured of confidentiality and encouraged to speak freely and share their own experiences relating to the research issue in order to bring out the information they thought meaningful for achieving good validity (Stenbacka 2001). Eliciting narratives about the research issue did still prove challenging and some of the interviewees expected a more traditional interview situation. The responsibility to draw out relevant information therefore fell on the researcher since there was no pre-structured question pattern. The interviewer’s pre-understanding of the issue helped to generate discussion, but the theoretical presumptions of the interviewer inevitably also steered it to some extent.

The value of the stories told and analyzed in this study further lies in the researchers’ potential to reflect the subjective views and individual actions against the wider cultural and social context in order to make generalized theoretical propositions (see Cohen & Mallon 2001). The study sought a neutral approach to describe the phenomenon. However, the empirical analysis is based on qualitative inquiry and interpretation and is, thus, always influenced by the subjective choices made by the researchers. To increase the quality of the interpretation (see Ghauri & Gronhaug 2002, 139), the interviewees were given the opportunity to comment on the findings derived from their responses so as to avoid any misinterpretation (see Shaw 1999, Polkinghorne 2007).

The generalizability and transferability of the current findings is limited because they were generated in an exploratory qualitative inquiry that included only a small sample of software and high-tech industry representatives (see Hill & Wright 2001). However, the aim was to develop theory and learn about the phenomenon in a wider sense allowing analytical instead of statistical generalization. In accordance with the purpose of this study, it was finally able to present an empirically grounded model of SME co-created branding including a new concept of a brand co-creation net – and in a form suitable for further examination that could be tested for adequacy at a later stage (see Healy & Perry 2000; Ghauri & Gronhaug 2002, 140).

Further research could be conducted on the suggested model in different contexts. For example, elaborating the width and structure of the brand co-creation net, as well as the force of the impact of different actors in different contexts. Further research also remains to be conducted on the new concept of the brand co-creation net, particularly for context specific managerial purposes. Indeed, we do not know if such nets could also be found in networks of larger enterprises. One can only assume that, for example, in consumer settings and with social media, branding is a process that takes place not only in the company, with the customers, but also solely by the customers.
References


