BRAND RECOGNITION FOR LONG TERM BUSINESS GROWTH IN DEVELOPING COUNTRIES
(A case study of SMEs in Kampala, Uganda and Ho Chi Minh city, Vietnam)

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Abstract

Brands have become valuable assets that play a central role in differentiating the products and services to catch the attention of the customers. This research examines the significance of branding strategies for companies’ growth and survival.

For this paper, models and theories from previous researches are used to give an in-depth understanding of the different brand strategies and SMEs. The data was collected through qualitative interviews with 10 companies of which five were conducted in Kampala, Uganda and the other five were in Ho Chi Minh city, Vietnam.

Although SMEs play a significant role in economic development, they are facing challenges of building brands due to the scarce resources. Financing was shown among the key prohibitions to brand establishment.

The research identifies the need for SMEs to adapt branding strategies. Research findings pointed out the benefits of brand recognition in both countries. The respondents indicated that brand communication was an effective tool in creating brand recognition in SMEs. Also price, quality, innovation, and a clear vision among others are enabling factors for building strong brands.

Key words: brand, brand recognition, positioning, SMEs, Ho Chi Minh City, Kampala, strategy, communication, sustainability

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### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GNI</td>
<td>Gross National Index</td>
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<td>GSO</td>
<td>Gender Statistics Office</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HCMC</td>
<td>Ho Chi Minh City</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>LEs</td>
<td>Large Enterprises</td>
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<tr>
<td>MSMEs</td>
<td>Micro Small and medium Enterprise</td>
</tr>
<tr>
<td>MOFPED</td>
<td>Ministry of Finance Planning and Economic Development</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
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<td>PSFU</td>
<td>Private Sector Foundation Uganda</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>UBOS</td>
<td>Uganda Bureau of Statistics</td>
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<tr>
<td>U.S.</td>
<td>United States</td>
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<tr>
<td>USH</td>
<td>Uganda Shillings</td>
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<td>VND</td>
<td>Vietnamese Dong</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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"The key to growing a business is that you need to be meeting some segment of the consumer’s needs. If you’ve got a small business and a product or service that is not popular, you simply have to change your product or service to be more popular."

Ben Cohen, Ben & Jerry’s Homemade. (Bishop, 2008)
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Appendix
1. Introduction

The significance of Small and medium enterprises (SMEs) in the business environment is evident but a lot still remains to be answered. A number of businesses work tirelessly, marketing and selling their products and services in order to keep the business running, to a point they forget to ask why the customer chooses them over their competitors. Even so, a company owner and potential customer when asked whether companies should brand a product or service, the answer is absolutely “yes” but as researchers, we should carefully consider this question as the answer will tell us how far these companies are willing go to become better known.

More still, SMEs must focus on the brand strategy in order to compete, and maintain continuity of the business. But even if SMEs are tempted to change and adopt better marketing practices, they lack some resources. Consequently, branding is viewed as a cost and luxury but not an investment which will in the long term be beneficial for the business if correctly used. This might be because traditionally branding is considered as a large company’s issue, and it was not until recently that branding was considered as an SME issue as well (Ahonen, 2008 p.10).

We consider branding critical for SMEs growth and performance thus this thesis is a research on brand recognition in Small and Medium Enterprises. The development of SMEs is very important in developing countries for economic growth through their contribution to Gross Domestic Product (GDP), employment, poverty alleviation among others.
**Background**

In highly competitive situations, organizations are applying the best means possible to win over lifelong customers. It is amazing how markets are often flooded by various brands, holding strong convincing messages and promises for customers.

Building a strong brand is a strategic and on-going process which if successful can help establish competitive advantage. According to Berthon & Ewing & Napoli (2008, p.28), the focus on brand management has entirely been on large multinational brands such as the interbrand “top 100” thus overlooking small and medium enterprises.

The Trading economics report on Gross national income (GNI) shows Uganda as one of the world’s poorest countries. In spite of high GDP growth rates that have been reported in the recent years, most of the population still lives in poverty. Agriculture is important to the economy and employs 80% of the work force, with coffee as the main source of foreign trade. According to the Uganda register 2006/2007 in discussion paper by Ministry of finance, planning and economic development (MOFED) (2008, p.17), most businesses are located in the capital city Kampala (45%) and central Uganda (21%) the rest are distributed across other regions: western Uganda (14%), Eastern Uganda (13%) and northern Uganda (7%).

The latest statistics released by Uganda bureau of statistics (UBOS) shows that the total number of SMEs in Uganda currently stands at 800,000 which constitute 90% of the private sector in Uganda and contribute to two-thirds which is more than 70% of the total gross domestic product. They employ approximately 2.5 million people, thus signifying their importance in economic development of Uganda. (Hatega, 2007 cited in Obura, Minishi and Cloete 2008, p.1).

On the other hand, Vietnam is a developing economy in the Southeast Asia. Since adoption of the renovation process ‘Doi Moi’ in Vietnam in 1986, the Vietnamese economy transitioned from centrally planned economy to market economy. This opened doors to private business ownership through the company law of 1989, 1991 and the law on private enterprises in 1994. The shift in free market policies boosted the rapid growth of the private sector in Vietnamese economy. Between 1996 and 2000, this sector created three times more jobs than state-owned sector. With the implementation of the enterprise law in January 2000, approximately 40,000
SMEs were registered, of which, 30% were informal household enterprises that became registered companies and thereby, part of the formal private sector (World Bank 2002 cited in Benzing, Hung & Callanan 2003, p.4)

According to the European Green Business solution for Vietnam (2011), Ho Chi Minh City is the largest city in Vietnam in terms of population. It is the most important economic centre with a population of 7,162,864. The key economic sectors include: seafood processing, agriculture, construction, tourism, finance, industry and construction.

**Problem discussion**

Small and medium enterprises in developing economies face many problems which are major obstacles to growth and development of the enterprises. Such problems are a threat to the survival of the enterprise. The problems faced by SMEs include: lack of credit facilities, insufficient budgets, skills, capacity and expertise. Han & Baumgarte (2000) (cited in Benzing & Hung, & Callanan 2003, p.7) reported that 52% small businesses consider lack of capital an on-going problem. We consider that without credit, SMEs cannot resolve these problems and without SME development, sustained growth is out of question.

Similarly, Steer and Taussig (2002) (cited in Benzing & Hung, & Callanan 2003, p.7) show that 35% of entrepreneurs ranked insufficient capital as their most serious constraint followed by limited market demand. When asked “what is the chief limitation on firm's ability to hire workers?” 73% said that it was difficult to find quality workers, and 15% said that the bad reputation of the private sector among workers was the problem. Other problems faced regularly by SMEs in Vietnam are lack of managerial education and experience, government corruption and bureaucracy, and weak infrastructure. (World Bank survey, 2001) (Benzing & Hung, & Callanan 2003, p. 8)

Contrary to the above, Kigozi, (2006), (cited in Obura, Minishi, Cloete, 2008, p.1) state that Ugandan SMEs lack the information networks and experience needed to compete favorably in a world of economic giants. Previous research by UBOS (2005) (Cited in Obura, Minishi, Cloete, 2008 p.4) shows that most business enterprises in Uganda depend on word of mouth. This is
because they have limited access to relevant information on business resources. This problem is attributed to lack of awareness of business information, expensive supply of power and telecommunications, poor information systems (Ministry of Planning and Economic Development, 1999, p.49. cited in Obura, Minishi and Cloete, 2008, p.2).

The survival and growth of SMEs in developing economies is still a questionable issue. In Uganda majority of businesses die within the first five years while only 5% to 10% survive and make it to maturity (Private Sector Foundation Uganda, 2006 Cited in Eyaa & Ntayi, 2010, p.82). We may ask ourselves, Is it really because of the limited resources like capital? Ahonen (2008, p.10) states that it is a widely accepted fact that SMEs lack the resources that large companies have. SMEs have limited resources and budget, and because branding is expensive, that is the reason why small companies cannot do that. However, we argue that even with relatively constrained budgets, SMEs can still build and manage their brands effectively, given good management strategies and practices.

**Problem question**

This present study will assess the nature of brand recognition focusing on branding strategies for SMEs thus answering the following question:

“What is the significance of branding strategies for increasing recognition and growth of SMEs in Kampala, Uganda and Ho Chi Minh City, Vietnam?”

**Aim & purpose**

The aim of this research is to discuss brand strategies, building strong brands, brand communication, challenges and benefits of SMEs. Comparing both primary and secondary data will give a broad understanding of the overall purpose of branding strategies and also comparisons of SMEs branding strategies in Uganda and Vietnam. Consequently, this study will
provide an insight for managers, entrepreneurs or owners of SMEs on what branding activities should be followed to improve SMEs growth and performance.

2. Research design

This section explains: the different types of research used for the study, the sources for the research, and the reasons and criteria for selecting each method, interviews and respondents as well as the limitations faced by the researchers when conducting the research.

There are two methods of research used in data collection: quantitative and qualitative methods. According to Bryman and Bell (2007, p.28) quantitative research can be construed as a research strategy that emphasizes quantification in the collection and analysis of data. It also entails a deductive approach to the relationship between theory and research in which the accent is placed on testing theories and also embodies a view of social reality as an external objective reality. By contrast, Bryman and Bell (2007, p.28) define qualitative research as a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data. It emphasizes an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories. It also embodies a view of social reality and a constantly shifting emergent property of individual’s creation.

In order to explore branding strategies used by SMEs, both qualitative and quantitative research methods were used. Although quantitative method, inform of graphs and charts was used for deeper understanding of concepts and theories in the theoretical frame work, qualitative research methodology was also used and was more suitable for this study since it involves studying the behavior of different companies as well as opinions on brand strategies, brand communication, challenges and their benefits which affect brand recognition. The diagram below is a summary of the study.
The data was collected through use of questionnaires which were firstly sent by email before the date for the interview was set.

**Data collection**

According to Kothari (2004, p.95) data collection is in form of primary and secondary data. Primary data is in form of observations, interview, questionnaire, and schedules. Secondary data passes through statistical process. It is either be published data inform of journals, books, reports or unpublished inform of letters among others. For this study, the secondary sources of data collection such as scientific articles and academic literature were used especially to give a deeper understanding on the subject matter of branding in SMEs. More still, qualitative interviews were conducted with the managers of SMEs to collect primary data. This makes it possible to understand the opinions and perceptions of different managers as regards branding.

This study covered only registered SMEs but not household firms, unregistered small firms. The countries for the study are Uganda and Vietnam since the researchers are from Uganda and Vietnam and have some sources for collecting the relevant data. Uganda and Vietnam are both developing countries, with a large number of businesses registered as SMEs although they are also different in terms of population, economic growth (see overview of SMEs).
According to Brinkhoff (2011) Uganda is organized into four regions: central, eastern, northern, and western. Kampala the capital city is located in the central region and was reported to have a population of 7,750,600 in 2008. (See appendix 1).

A sampling procedure involves techniques and procedures of obtaining a sample from a given population. Thus non-probability sampling is used by researchers to purposively select a certain sample size. (Kothari 2004). More specifically, the research focused on one city in each country. Since most SMEs are located in the city centre, focus was placed on Kampala in Uganda and HCMC in Vietnam. A comparison is sought in both countries for a greater awareness and deeper knowledge of branding strategies in SMEs. Bryman and Bell (2007, p. 68) state that comparative design can also be applied in relation to qualitative research strategy in case the number of cases examined exceed one in order to seek comparisons and to gain a greater awareness. Before conducting this study, the researchers had planned to interview up to 10 young and already established SMEs in each city but due to the difficulty in obtaining contacts for interviews and the limitation of time in collecting the data, the researchers narrowed the scope of study and based their criteria for selection on five companies which are SME and which are located in the cities mentioned above.

**Interviews**

The interviews are expected to give personal experience and perceptions towards brand management. It was difficult to conduct a face to face interview with the managers in Uganda and Vietnam because of the distance and the costs that would be incurred in terms of travel thus the researchers contacted some companies via email and other companies through telephone calls to request for interviews.

Bell and Bryman (2007, p. 474) state that during qualitative interviews, the interviewers can depart significantly from any schedule or guide that is being used. They can ask new questions that follow up interviewees’ replies. Also, the interviewee may be interviewed on more than one or sometimes even several occasions.

For this research, company owners or managers were interviewed. This is because they are the decision makers in the organization. Since SMEs have small numbers of employees, customers
will then have to deal directly with the owners or managers. Hence forth, good leadership promotes a good buying strategy which encourages buying decisions and attracts potential clients.

Unstructured interviews approach was used for this study. Bell and Bryman (2007, p.474) affirm that during unstructured interviews, the interviewee can respond freely, giving the interviewer an opportunity to respond to the points that seem worthy of being followed.

The questionnaire used for the interviews of SMEs managers in Uganda and Vietnam were similar. The questionnaire comprised of three sections. Mostly open and unstructured questions and few closed questions were asked. Section one consisted of background information, section two involved questions on brand communication and challenges, and section three was about the branding strategies and benefits. (See appendix 2). These questionnaires were sent by email and some managers were able to fill in questionnaire and send back by email. Other interviews were conducted on Skype giving the researchers an opportunity to ask as many questions as possible, making the respondent understand what exactly was being asked. More still, some of the respondents hardly replied emails thus the researchers also had to contact them through telephone to remind them to answer back or to shed light on some of their answers.

Bell and Bryman, (2007, p.258) claim that open questions enable respondents reply how they wish and they explore areas the researcher may have limited knowledge but with closed questions, they are presented with a set of fixed alternatives from which they have to choose an appropriate answer. However, open questions are time consuming for interviewers to administer. The interviewees may talk or write for longer than usual.

**Limitation of the research**

According to Bryman and Bell (2007, p.423), qualitative researchers are sometimes criticized as being too subjective and too impressionistic. This means that qualitative findings always rely too much on the researcher’s often unsystematic views about what is significant and important, and also close personal relationships that the researcher frequently strikes up with the people studied. They argue that the scope of the findings of qualitative investigations is restricted. When unstructured interviews are conducted with a small number of individuals in a certain organization or locality, it is impossible to know how the findings can be generalized to other
settings. The sample in Kampala city, Uganda is restricted to companies which have survived for a long time but not those that are very young or operating unofficially thus making it impossible to generalize our findings on all SMEs in Uganda. In contrast, some companies used for the study in HCMC were very young companies.

Secondly, the study is not representing all SMEs sectors as the interviews were conducted in only five companies in each city. This however limits the findings to only those sectors and some of these findings may not be useful to all SMEs. More still, the study was limited to company leaders, owners or managers thus excluding other members in the organization who could also have provided vital information for the research therefore in future, researchers should take into account different people within an organization.

Additionally, it was very difficult to get hold of the managers or arrange a convenient time to conduct the interview due to their busy work schedules. The questionnaires were firstly sent by email but there was a delay in reply thus phone calls were made to remind them fill in the questionnaire. The questionnaire consisted of open and unstructured questions, and the managers freely answered in their own words although for some unknown reasons some were unwilling to provide answers for some questions and tried to keep it as brief as possible.

The use of open questions for the interview caused some confusion because it seemed some questions were not well understood thus leading the respondents into a different direction and also making it hard for the researchers to comprehend the answers of the respondents.

In addition to the qualitative methodology used for this study, it would be of use in future research to conduct more open and unstructured interviews with managers from almost all sectors in the regions as well as with both successful, failing and failed businesses to be able to make a broad and generalized comparative study on branding strategies in SMEs in a given region in Uganda.

In HCMC, language barrier was also another limitation which may in turn affect the final results from the empirical study. The language used to conduct the interviews was Vietnamese. Thus, the answers had to be translated back to English. This was time consuming and cannot fully guarantee correctness in interpretation and translation of the answers. Nevertheless, some of the interviews were conducted in English.

Lastly, another limitation was the time factor and busy schedules of the interviewees. The interviewees were willing to only spare less than an hour for the interviews and the number of
questions used in the interview was limited. Moreover the interviewees overall preference was to respond to the questions via email.
3. Theoretical framework

The objective of this study is to gain better understanding of brands and branding strategies. The first part will focus on literature regarding SMEs in Uganda and Vietnam. The second part will discuss literature, models and theories related to strategies used for brand recognition, followed by the discussion and analysis of the empirical data collected through interviews of respective SMEs in both countries.

3.1 Overview of SMEs

The definition for small and medium enterprises is broad and varies from one region to another. Some countries define SMEs using number of people employed while other countries use the total turnover and total assets. The Uganda’s draft on Micro small and medium sectors policy and strategy, 2007 (cited in MOFPED discussion paper 2008, p.10) defined Small and medium enterprises as those with annual sales turnover of maximum Ush 360 million and total assets of maximum Ush 360million. As shown in table 1 below, the government of Uganda has classified small businesses as firms employing 5-50 people, medium firms employ 51-500 (Kasekende & Opondo, 2003; Schiffer & Weder, 2001, p. 13; UBOS, 2003. Cited in Obura, Minishi, Cloete 2008, p.1). According to Decree No. 56/2009/ND-CP dated 30/6/2009 of the government in Vietnam based on the number of employees’ specified annual average, SMES are also divided into 3 sub-groups: Micro enterprises: 1 to 9 employees, Small enterprises: 10 to 49 employee and Medium size enterprises:50 to 299 employees.
Table 1: SMEs Classification

Sources:

1) Obura, Minishi and Cloete (2008, p.1)
2) Source: GSO Establishments Census, 2002
3) Source: Verheugen (2005, p.14)

3.2 Economic performance and contribution

In developing countries, SMEs and microenterprises generate a significant portion of GDP. SMEs are a source of employment opportunities, wealth creation, and generation of tax revenues and also contribute to social stability (World business council sustainable development (2004, p.4). Figure 1 Shows the SME contribution to employment and GDP of both high and low income countries.
Brand recognition for long term business growth – A case of SMEs in HCMC- Kampala

3.2.1 Uganda

With an increase in number of SMEs, Uganda has experienced a sustained economic growth of an average of 6% per annum. The discussion paper by ministry of finance planning and economic development (2008, p.11) shows some improvements in the economy of Uganda, namely: foreign direct investment (FDI) which increased by 6% between 2004/05 and 2005/06, from US $245.89 million to US$ 260.76 million, real GDP growth, and private sector credit.

The statistics for the number of businesses today as discussed in the background of this study are high. The business register of 2006/07 (cited in discussion paper by ministry of finance planning and economic development 2008, p.19) shows that Uganda had more than 25,000 formal enterprises that period. Of these, 17,084 were employing more than 5 persons in 2006/07 compared to 10,569 registered in 2001/02, representing a 60% growth in businesses in the past five years. The data in figure 2 below was extracted from the business register and shows the number of businesses in 2006/07. The trade sector had large number of businesses (5, 269) and employed majority people (46,776) followed by food processing (1,200) and employing 39,663 people. It was reported that the males dominated in most subsectors although 55 percent of the employees in the health and social services were females compared to 45 percent males.
Brand recognition for long term business growth – A case of SMEs in HCMC- Kampala

Figure 2: Number of businesses by sector 2006/07. MOFPED (2008, p.19)

**Contribution to GDP**

Uganda’s economy continues to grow rapidly though the growth rate of GDP has fallen in the past years. In 2003, the real GDP increased by 5% and by 6% in 2004 with a forecast growth of 5% in 2005. The solid performance in 2004 reflected growth in the agriculture (38%), construction (10%) and communications (7%), the service sector remains the largest contributor to GDP at 42%. (See figure 3) However the small forecast slowdown in 2005 explains the expected effects of current drought on agriculture. (African economic outlook 2005, p.464-465) According to the World Bank (cited in Trading Economics), the GDP per capita; PPP (US dollar) in Uganda was reported at 1165.59 in 2008 as shown in Figure 3.1 (see appendix 3)

3.2.2 Vietnam

In Vietnam, SMEs are also considered as means of reduction gaps between cities and provinces, maintaining the labor market’s flexibility. In 2006, GDP contribution was 39% (Vietnamese Business Portal). By sector, the contribution of SMEs in 2002 was high. The Manufacturing sector had the highest contribution of 43% employment with 717,840 establishments in that sector followed by the wholesale and retails, with 24% with over 1.2 million establishments in the same sector and hotels and restaurants which accounted for 9%. Figure 4 below shows the SMEs contribution by sector.
In addition, 90% of registered enterprises in the capital have been reported to be less than 5 billion VND (equivalent to 330,000 USD) and 95% of them are SMEs. Nevertheless, one of the SMEs survey which was conducted in Vietnam as well as in Asia revealed that indeed 87% of labour force (around 30 millions) are not included in the official statistics (GSO, 2004). This means that there are a big number of employees defaulting tax payments.

**Contribution to GDP**

In the 1990s, Vietnam had an annual real GDP growth rate of 7%. A noticeable change in the structure of the economy occurred with the contribution of agriculture sector to GDP declining from 41% in 1990 to 24% in 1999. The GDP share of the industry sector increased from 22% in 1990 to 34% by 1999. The service sector also increased from 37% in 1990 to 42% in 1999 (see Figure 4.1). Economic development can be attributed to such a structural transformation. (Harvie 2004, p.2). According to the IMF (cited in trading economics), The GDP at current prices in US dollars in 2009 in Vietnam was reported at 92.44 billion U.S. dollars, the economy share of world total GDP, adjusted by PPP was 0.37 percent in Vietnam (see Figure 5; Appendix 3)
3.3 Overview of branding and brand recognition

The word branding, in itself is an indication of why we brand. Branding as an activity goes back a very long time during the manufacture of oil lamps in the Greek islands. At the time, it was difficult to distinguish between a good and bad lamp during purchase thus there was no incentive to produce a better lamp. The quality of a lamp depended on only how long it could be used before falling apart. However, it must be noted that branding will not be useful if the products are identical to all others in the market and there is no desire to set the product apart from the rest. According to the story, one Greek Island later produced a better, more lasting lamp, with better clay and even marked them with a symbol so that the merchants selling the lamps could differentiate the product and also charge a premium price. This is an illustration that branding is a method for identifying quality products. (Nilson 2000, p.57 and 58)
When researching brand recognition, researchers must define a brand:

A brand is just a symbol, but a symbol with tremendous potential. (Nilson, 2000 p.5)

A brand is a product or service which can be distinguished from its competitors. Distinctiveness may reflect a unique combination of functional attributes and symbolic values (Cowking & Hankinson, 1996 p.1).

Churchill and Peter (1998 p.240) define a brand as a name, term, design, symbol or any other feature that identifies one seller’s good or services as distinct from those of other sellers.

Therefore, Karjalainen and Snelders (2009, p.7) definition brand recognition is a conscious and unconscious knowledge of a product, about both what the product is and what one can do with it. They argue that consumers can recognize a product and its features without much awareness.

### 3.4 Why is brand important?

To realize the value of a brand to an organization, we need to recognize some of the marketplace benefits that are created from having a strong brand. One review of academic research documented a wide range of these possible benefits (Hoeffler and Keller 2003) (cited in Keller, 2009 p.140):

- Improved perceptions of product performance.
- Greater customer loyalty.
- Less vulnerability to competitive marketing actions and marketing crises.
- Larger margins.
- More elastic customer response to price decreases and inelastic customer response to price increases.
- Greater trade or intermediary cooperation and support.
- Increased marketing communication effectiveness.
- Additional licensing and brand extension opportunities.

Firms will vary in their ability to realize these benefits depending on their own marketing skills and resources and the marketplace circumstances and context in which they operate. Some firms face strong competitive challenges that reduce the likelihood and nature of these branding benefits. Other firms are confronted by tough-minded or unpredictable consumers who similarly
inhibit brand value creation. Nevertheless, if individual consumers or companies are making choices between different products and services, brand management will matter to an organization (Keller 2009, p.140).

From the examples above, it is clear that branding positively contributes to company growth. However, achieving such growth involves a number of approaches which may vary from one company to another. The following section will discuss the strategies for building and managing brands using models, previous research studies and theories on branding for SMEs.

3.5 Branding strategies; building strong brands

As strong brands give positive results in the market share, certain brands such as Coca-Cola or McDonalds are always competitive because of the high brand equity. The question is: how do companies build a strong brand image? Even though brands can be recognized by different methods of approach to consumers such as name, symbol, packing styles, prices or any unique features which are distinct from others, there are still several ways of communication to promote a brand. According to Rajeev (2004), traditional methods such as advertising, endorsers always provide a significant effect. However Kotler, Wong, Saunders and Armstrong (2005 p.567) argue that brand marketers spend huge amounts on advertising to create name recognition, brand knowledge and loyalty but the fact is that brands are not maintained by advertising but by the brand experience.

In order to gain brand recognition, SMEs need to implement effective marketing strategies. Krake (2005) suggests that marketing strategies are focused on two key factors: differentiation and value add. Differentiation is the distinctiveness of a product from its competitors while value is added through a company’s pricing strategy. Kotler et al. (2005, p.558) explained the different brand strategies as shown below
Brand positioning

A brand’s position must be continuously communicated to consumers. A brand is a complex symbol. If a company treats a brand only as a name, it misses the point of branding thus the challenge of branding is to develop a deep set of meaning or associations for the brand. Marketers must decide the ways to position their brands to target customers. This can be through: attributes such as durability, high resale value, and high prestige; functional and emotional benefits; Values; Cultures; and Personality. Thus, a brand is a company’s promise to deliver a specific set of features, benefits, services and experiences consistently for buyers’ satisfaction. (Kotler et al., 2005 p.559)

Brand name selection

How much extra can someone pay for a t-shirt or cap bearing the name of a popular sports team? or with call letters of a favorite radio station? Or a drink consumed by most celebrities? These questions and many others should be considered for any business striving for recognition. Nonetheless, some people like to associate themselves with images of things. In order to achieve brand recognition in the market place, the selection of the company name and product should be treated critically. The approaches of achieving name recognition vary from one company to another. A good name: should suggest something about the product’s benefits and qualities.
should be easy to pronounce, recognize, remember and should be distinctive among others. (Kotler et al., 2005 p.560).

*Brand sponsorship*

In Brand sponsorship, a manufacturer has four sponsorship options. A product may be launched as: manufacturer’s brand, private brand, licensed brand, and co-brand. A manufacturer’s brand created and owned by the producer of a product or service while a private brand is created and owned by reseller of a product or service. A licensed brand on the other hand is a product or service using a brand name offered by the brand owner to the licensee for an agreed fee or royalty.

Kotler et al. (2005, p.564) defines Co-branding as the practice of using the established brand names of two different companies on the same product or services. Co-branding creates a broader consumer appeal and greater brand equity. It allows companies to enter new markets with minimal risk or investment. Since mid 1990s, co-branding has become one of the most oriented practices for scientists, businesses and managers. Besides the scientific research, co-branding has been operated in real business, attracted both consumers and producers. According to Erdem and Swait (1998), the quality and assurance of a product will be greater if two brands combine. Another effect of co-branding is that one of the positive branding products could improve the image of other co-branded product. In relation to this argument, Washburn (1999) agreed that the perceived brand equity of the co-branded product generates positive effects for both.

*Brand development*

A company has four choices in brand development namely: Line extensions, brand extensions, multi brands and new brands.

Line extensions involve using successful brand name to introduce additional items in a given product under the same brand name such as: flavours, forms, colours, package sizes. A company introduces line extensions in order to meet consumer’s desire for variety and to utilize excess
capacity. However an overextended brand might lose its specific meaning. This is known as “line – extension trap” heavily extended brands can cause consumer confusion and frustration when confronted by many brands with many different flavors and sizes. (Kotler et al. 2005, p.565)

Brand extensions involve using a successful brand name to launch a new or modified product in a new category. A brand extension strategy helps a company enter new product categories more easily and give the new product recognition and fast acceptance. However marketers need to note that a brand may lose its special positioning in the consumer’s mind through overuse. If the extension fails it may harm consumer attitudes towards the other products carrying the same brand name. Multibrand strategy offers ways to establish different features and appeal to different buying motives. New brand strategy gives the seller the option to develop two or more brands in the same product category. Firms that favor multibrand approach are likely to create new brands to differentiate a new product, whether it is introduced into an existing or a new-product category. (Kotler et al. 2005, p.565)

Since literature of branding in SMEs is at the infancy stage, most studies have used case-study approach to build the theory of SMEs branding (Boyle, 2003; Inskip, 2004; Krake, 2005; Wong & Merrilees, 2005). Wong and Merilees (2005) examined the Australia SMEs- that firms with high brand orientation are more likely to achieve higher business growth. They pointed out four key components of brand strategy as shown in Figure 7 below.

![Figure 7: Components of brand strategy. Wong and Merrilees, 2005, p.158](image-url)
**Brand orientation**

Urde (1999, p.117) (cited in Wong and Merrilees 2007, p.391) defines brand orientation as an approach in which the process of an organization revolves around the creation, development, and protection of brand identity in an ongoing interaction with target customers to achieve competitive advantages. Brand orientation within the firm is a mindset that ensures that the brand will be recognized, featured and favored in the marketing strategy (Urde, 1994, 1999). The literature on brand orientation is built on either conceptual development (Simoes and Dibb, 2001; Urde, 1999) or case studies (Urde, 1994; Wong and Merrilees, 2005). The main argument of these studies is that brand orientation becomes the driving force for firms that consider branding a significant issue in business decisions and directions. Emphasis is placed on an integrated effort from all aspects within the firm. This integrated effort requires a total understanding of what branding is and means among all the staff. It goes beyond the sole responsibility of marketing people, and includes everyone from top management to front-line staff. Everybody in the firm is meant to prioritize branding and endeavor to maintain the brand value provided to the customers (Wong and Merrilees 2007, p.391)

**Brand barrier**

As firms seek ways to differentiate their products and services from competitors, they may be faced with obstacles which hinder long term branding strategies. They include: lack of funds, time, and human resource among others.

**Brand distinctiveness**

This is ability to offer something different than the competitors. According to Wong and Merrilees, (2005) brand distinctiveness offers a competitive marketing advantage as firms position their goods or services in a unique manner, which distinguishes them from their competitors.
Brand marketing performance

Brand performance represents the success of a brand within the market. Brand awareness is concerned with whether a brand comes to customer minds when customers think about purchasing a particular product category. Brand awareness is a basic dimension of brand performance, as a brand is unlikely to perform well unless the customer is at least aware of the brand. Another item to measure brand performance is brand reputation, which has been empirically tested to have a positive impact on brand performance (Chaudhuri, 2002) (cited in Wong and Merrilees 2007, p.392). Customer loyalty is a common item used to measure brand performance (Chaudhuri and Holbrook, 2001; Reid, 2002) (cited in Wong and Merrilees 2007, p.392) and represents a situation where the customer will only buy a specific brand, and will delay purchasing if the brand is not available.

According to Kotler et al. (2005 p.555), Brands are more than just names and symbols. They represent consumer’s perceptions about the products or service thus the real value of strong brands is its power to capture consumer preferences and loyalty. A good brand can set a product apart from the competition and will also give rise to positive feelings of: trust, security, strength and confidence.


“Having a strong brand enables companies to not offer from the competition, but to also create customer confidence and loyalty in their performance, exert greater control over promotion and distribution of the brand, as well as commanding a premium price over the competitors; all while impacting the valuation of the business” (Pass et al.,) as quoted by (Holverson and Revaz 2006, p.399).

In this chapter, a number of branding strategies have been identified. Although the research focuses on mainly SMEs, the strategies mentioned above can also apply to large companies. Companies use the strategies above to achieve brand recognition and competitive advantage which in turn favor growth and survival. Nevertheless, a strategy used in one company may not
necessarily be useful to another company. The following section will discuss the empirical data collected from qualitative interviews of SMEs in Uganda and Vietnam on branding strategies as well as challenges, benefits among others.
4. Empirical Investigation

This chapter consists of the interviews which were conducted in both Uganda and Vietnam. Five companies were selected from each country. In addition, the researchers had to carefully study the current profile and performance of the companies before deciding to conduct the interview. In Uganda, the companies were approached by the authors via email. In Vietnam, the companies selected were through contacts from Ms. Jennifer, representative at BNI Vietnam (http://bnivietnam.com). The companies selected were all SMEs and the respondents were mainly the company managers and leaders. The interviews were conducted from mid March to the beginning of May 2011. The interviews were conducted by email, phone calls and Skype. Moreover new questions were sent by email in order to clarify and improve the authors’ understanding in some areas. All the same, most of the SMEs were highly passionate and active during the discussion. Some of the respondents will also read through the final result of the empirical investigation as well.

4.1 Uganda-kampala

4.1.1 Summary of smes in kampala, uganda
Colline Hotel Uganda

Colline Hotel was established in 1983 with the aim of offering a peaceful atmosphere to its clientele away from city noise and traffic. It is a medium sized enterprise, operating in the service sector. This hotel provides accommodation, food and beverages as well as conferencing facilities within a beautiful and serene environment. It started off as a small enterprise with approximately 40 rooms and has until recently grown to medium business sector with a capacity of 202 rooms and with 140 employees. Their customers include Corporations, Governmental and Non-Governmental Organizations, Institutions of learning and all other individuals. This business is basically a customer oriented business that aims at satisfying guest interests while observing professionalism there forth turning their moments into memories.

Crane Crafts and Engravers

This is an engraving, printing and signage business. It was established in 1986 as a family business and has been running for 25 years. The time of establishment was a difficult period in
Uganda since it was after the 1981-1986 bush war which destroyed a lot of property. They started off as a small business with only one engraving machine and were mobile engravers; moving from office to office to engrave people’s property. They were selling crafts like Batiks, wood carvings, Tie & Die and also imported crafts from neighboring countries: Kenya and Tanzania. However, with financial support from friends, the founder managed to raise money and import machinery from abroad especially from the UK. The business later on started to grow as people started demanding for more services. With time it started making stamps, company seals, printing and branding for other companies, and recently it deals with signage or sign posts. Today, it is a medium sized business operating in the manufacturing sector and has 52 employees. Customers include: government, private sectors or other SMEs, schools, hospitals, banks, hotels, and insurance companies.

**Megapix**

Megapix is a digital photo studio which has been running for seven years. It was established in 2004. It is a medium enterprise with a full service digital production centre, that is to say the pioneers of digital professional photography in Uganda. The motive behind establishment of this business was to provide a unique product and service to customers inspired by their creativity. However it started out as a small business with only four employees and at that time was only focusing on studio photography but today the number ranges from 16 to 20 employees and it has expanded into event and commercial photography. It provides a wide range of services from digital Photography and video production for corporate, wedding events among others to Movie production, Documentary Films, T.V Programmes, Adverts, Music videos, and a crystal clear Sound system & Public address. The rapid growth was largely facilitated by the competitive advantage attained from the new products. Customers are corporate organizations, Students, Families, Celebrities.

**SESACCO Industries Ltd**

It is known as Serve to save company. This company was started in 1978 as a food processing company but the business was registered in 1987 with only 20 shareholders who later left because of the products lacked a local market. Mr. Nsubuga has determination continued running the business. His new line of business was inspired by his mother who had served him a tasty
and nutritious soy beverage Mr. Nsubuga defines sesaco as a small business with 80 employees today. The company currently produces and sells assorted products: Soya cup known as soya coffee, Brown butter (peanut butter), soya millet, soya half cakes, soya nuts, and soya meat and soya milk. His customers are in three categories: the Wholesalers, Retailers and Consumers. The consumers include; schools, children (aged between 1 year-15 years), pregnant women, breast feeding mothers, HIV patients and Old aged people. The Retailers include; Supermarkets, Canteens, Kiosks.

**Ugachick Poultry Breeders**

This business started running in 1992. The business started, with only one house from which they reared turkey. After that batch, broilers parent stock was ordered as a result of high demand for white meat. The motive behind the establishment of this business was to avail animal protein to the Uganda population which led to the name being “Ugachick” The objective of this business today is to promote the poultry industry in Uganda through production of day old chicks, high quality animal feeds and processed chicken. The products include: Layers parent stock (Hisex and Hyline), Broilers parent stock (Cobb 500). Today it is a medium enterprise with 105 employees. Their customers are mainly: Poultry farmers and Restaurants among others.

**4.1.2 Branding strategies – building strong brand**

Building a strong brand is a continuous process that will change from time to time and is mostly influenced by the consumers or customers’ tastes and preferences, purchase or buyer decisions among others. Kasozi explained that companies need to offer incentives to their repeat guests. For example in the case of Colline Hotel, they offer a few packages for repeat guests such as: free gym and swimming for a month, complimentary room weekend package, buffet lunch for two among others. Such incentives encourage them to continuously remain a part of the Colline Hotel family and also show their acknowledgement and gratefulness for their support.

Munywevu emphasized that an established reputation for providing consistent quality is effective tools for brand recognition. Some companies will position their products or services in such a
way that they are different from competitors. Customers choose to buy brands of high value and quality.

“Our products are of high quality because we import most of the raw materials from abroad compared to our competitors who are using local materials of poor quality. So this is why customers come back even when prices are high.” (Munywevu)

Crane crafts and engravers also offer good quality services, for example when making sign posts, they do not charge for refurbishing and have an after sales service to check products’ performance, something which their competitors are not doing.

According to Nsubuga companies can build strong brands through producing high quality products which can be achieved by hiring professional staff and high technological machinery.

He added that, to attract a large customer base and profits, Sesaco has diversified its production to produce nine soy products such as: soy millet, soy cup, bagiya snacks, and brown butter among others and has endeavored to maintain the high quality standard of its products.

Crane crafts and engravers is a registered business and holds clear and legal documents which most businesses operating as SMEs do not have. Munywevu stated that because they are a registered company, customers trust their brand. They have also been able to sign contracts with larger companies, banks and SMEs to engrave their property and this has increased their customer base and brand recognition.

In addition, these companies also use advertisements to create awareness and recognition for their brands. These advertisements may be through televisions, radios, seminars, newspapers and social networks like face book, websites. According to Kasozi, the world is now dynamic, and electronic communication is among the best ways to touch base with clients. They ensure that their website is updated on the regular basis so that the clients are informed of any upcoming events and changes in the hotel. Nsubuga points out that through advertisements, strict supervision in accounting and book keeping as well as financial assistance inform of bank loans, his business has survived till today.

Customers should also be given credit because they can advertise for the business through word of mouth.
“A positive word of mouth will have more customers knocking at your doors. So, companies should emphasize quality” (Munywevu)

Munywevu also mentioned leadership as an effective branding strategy. She described a leader as person with the ability to control, lead and inspire people to fulfill the organization’s vision. She is impressed with the leadership skills of the managers and most employees at crane engravers. The employees are involved in planning and implementation activities and are expected to behave well with utmost respect and patience when attending to customers. She said good customer services leads to repeat buying.

Kewber claimed that the narrow gap and close relationship between their company and the customers has boosted their growth and survival in other words.

“Our customer care is top notch. Our guests are our boss and superiors. We try our best to give them 100% attention” (Kasozzi)

Nsubuga was able to learn and develop some of his skills in soy processing from the United States of America.

“Knowledge about the business is very important in building a strong brand. My plan is to train the workers in order to improve their skills in processing soy with nutritious values.” (Nsubuga)

Lubanga and Munywevu mentioned that companies must set clear goals, objectives and most of all they must have a clear vision of what they want to do or how they want to do it and when they will do it. In addition companies also have to know their target customers needs or desires among other things. They claimed that this will provide a clear strategy and direction of operation thus building a strong brand.

Lubanga pointed out: staff retention, good knowledge about the photography industry on services provided, proper follow up on customers information and after sales services such as delivery of customer orders, staff training as factors that differentiate their business from the competitors.
Kewber said that the high quality animal products differentiate his business from others. On the other hand, Nsubuga mentioned his unique products and services as factors which differentiate this business from competitors.

“Our products are environmentally friendly with no preservatives added to the brands yet they last longer. For example: Soy cup is coffee made from soybean and does not contain any caffeine, Soya millet contains maize, millet and soya. It is consumer friendly in that it is pre-cooked. Therefore it does not need overcooking which saves energy and time.” (Nsubuga)

Nsubuga said that regular innovation or creativity should be applied as a strategy in the entire process of building a strong and recognized brand. Creativity involves new idea in a bid to add value to existing brands.

“Sesaco is innovative in improving soy product and these successful innovations add value to the products.” (Nsubuga)

He said that Company has come up with a new idea of making milk from soybeans which is entirely new in Uganda. Soy milk has no animal fats, cholesterol and lactose. He also transforms soy into Soya Meat which is highly nutritious with proteins and iron among others. This is a new product on the market. Furthermore, some companies mentioned price as part of the strategies used to differentiate them from their competitors. Sometimes high prices are charged because of good quality but also there are times, the companies are forced to lower the prices.

“Sometimes our customers are billed differently depending on the packages selected for the different services offered.” (Lubanga)

Lubanga and Munywevu also admitted that discounts are given to regular customers. Kasozi stated that they also offer packages to their guests such as a 50% discount on accommodation.
4.1.3 Branding interactions, challenges and solution

<table>
<thead>
<tr>
<th>No.</th>
<th>SMEs</th>
<th>Feedback</th>
<th>Communication Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COLLINE HOTEL</td>
<td>On a daily basis</td>
<td>Company website (see <a href="http://www.collinehotel.com">www.collinehotel.com</a>), Email, phone, events/projects</td>
</tr>
<tr>
<td>2</td>
<td>CRANE ENGRAVERS</td>
<td>Every day after delivery of service</td>
<td>Email, phone, suggestion box, In process of creating face book page, sponsor events or projects</td>
</tr>
<tr>
<td>3</td>
<td>MEGAPIX</td>
<td>Daily basis</td>
<td>Direct communication with customer, radios, television, internet, company website (see <a href="http://www.megapix.ug">www.megapix.ug</a>), phone, Email, face book, newspapers</td>
</tr>
<tr>
<td>4</td>
<td>SESACO INDUSTRES LIMITED</td>
<td>Once or twice a week</td>
<td>Directly to customers, fliers, brochures, exhibitions and trade shows, radios, Television or through the internet and company website (see <a href="http://www.sesacosoya.com">http://www.sesacosoya.com</a>).</td>
</tr>
<tr>
<td>5</td>
<td>UGACHICK</td>
<td>Twice a week especially on Tuesdays /Thursdays</td>
<td>Radios, newspapers, extension field visits, seminars and national shows or exhibition.</td>
</tr>
</tbody>
</table>

**Colline hotel**

Kasozi explained that in the past they faced a challenge of hiring efficient staff especially at a managerial level, some of the hired staff still lacked the required skills to run the business. Another challenge was the cost of replacing hotel property because of the thefts within the hotel from either in-guests or other guests. To curb on the mentioned issues, they hired expertise from outside Uganda to head each department in the hotel. More still, power supply irregularities was a hindrance which most of the time brought the business operations to a standstill. This was
Brand recognition for long term business growth – A case of SMEs in HCMC- Kampala

solved with the installation of solar energy. Furthermore, the distance from the airport to the hotel is long. This may sometimes discourage guests from travelling so far and instead stay at a nearby hotel. This was solved with the provision of hotel shuttle services to transport their guests from the airport to the hotel. Another concern was shrinking business due to cut throat business and global financial crisis, increasing prices of consumables. To solve this, they attempted to lower prices on accommodation, increase food prices to keep up with competition. Introduction of packages for synergy effects, moving to non-traditional markets in the face of constrained donor funding to the NGO segment. The non traditional markets include schools, tour agencies and business community around the hotel. However, she stated that this cannot really be solved until the market prices go lower.

According to Kasozi the biggest challenge they face today is competition. The increasing number of hotels in the country has made competition stiff. She said that they have managed curb this by improving their facilities for example upgrading the rooms in the hotel and handling their guests in a special way. She stated that clients want to see something different and better from time to time. All these efforts have made Colline Hotel a Tropical Paradise. They also offer packages to their guests such as a 50% discount on accommodation. This was offered last Christmas in 2010. Additionally, there is a high labor turnover leading to inconsistency in product delivery. They are trying to solve this by giving non pecuniary incentives to staff to wade them off from competition. Nevertheless, the business is faced with liquidity problems where debtors take too long to pay making it difficult for the company to meet its current obligations as and when they fall due. To solve this, they have been insisting on 75% down payment for all businesses coming to the hotel.

Crane crafts & engravers

In the past, Crane Crafts and Engravers Company was greatly affected by the global economic recession. The prices for imported materials were high. They were importing at high costs and thus had to also increase prices for their products. Because of this, customers stayed away from the high price and in turn this reduced their profit levels. To solve this, they tried to charge customers differently, for example they would give discounts for the regular and loyal customers compared to the new and irregular customers. Asked if this would discourage the new customers, Munywevu argued that as long as customers get high quality and satisfactory
products and services, they will always come back for more. More still, the economic recession also forced them to source some raw materials locally of which some were not of good quality. By doing this, they had a problem satisfying all their customers. In case of complaints from their customers, they do the work at no extra costs.

“Customer satisfaction comes first and these customers are the reason we exist.” (Munywevu)

They also maintain a good relationship with their suppliers abroad thus they are able get some goods on credit and pay later.

According to Munywevu, competition is very high today especially in: signage, printing, engraving, and stamps. To solve this, they have to lower their prices sometimes to match competitors and maintain customers. More still, they lack their own premises and the rent is very high. However, they plan to solve this by building their own premises.

**Megapix**

In the past, Megapix faced some challenges: high initial production costs. Lubanga argued that these costs are expected as seen in the product life cycle but they are eventually no more as the product approaches maturity stage. He mentioned that the market was already competitive thus the introduction of digital photography was a new technology leading to new product development as compared to the film processing. He expressed his concern on the negative publicity they got since digital photography was a new idea in Uganda.

“Let us not forget that the quality of the output speaks volumes.” (Lubanga)

The company also faced difficulties in the employment of staff. They required competent staff but at the time their hired staff did not possess the necessary skills and knowledge in this industry. To solve this they started training all staff. Today, the business is affected by exchange rate fluctuations which affect prices of material making them expensive and they solve this through hedging. Competition is high, now that other companies in Kampala have started a similar business thus they ensure continuous improvement and Innovation, total quality management to beat competition. The changes in inflation rates also affect their business.
Nonetheless, they are able to negotiate prices with their suppliers and also because of their loyalty; they are able to get goods on credit.

**SESACO industries Ltd**

In the past, the manager faced a major challenge where all his self invented formulas were stolen by his pioneer staff members. He explained that they used his formula to start their own businesses thus he lost a big number of customers to his new competitors. However, Nsubuga stayed in the business but as a precaution, he learned to hide his formulas away from his staff members, until he legalized ownership of the formula and signed an agreement with his staff. Another challenge was lack of sophisticated high technical machinery and working capital. He tried to solve this by saving money. More still, a poor marketing technique was affecting growth and recognition of his business. This was solved by joining the umbrella organizations; PSFU which provides services like marketing and teaches entrepreneurs how to manage businesses. Today, his biggest challenge is lack of permanent premises for conducting this business. The company is operating on leased premises and the period of the lease is over. He stated that company would like to acquire its own premises. Also the company still lacks good machinery to speed up the factory operations. Nsubuga said that although people demand for their products, they have limited financial resources to purchase better machinery for all operations. Therefore, he hopes to solve this through more savings from the business, applying for loans or grants from the banks. More still, he also stated that he lacks a foreign market. In fact most of his products are demanded by the local market. This business also lacks funding for grains and storage. He said that this will be solved by improving the packaging of the products to the required international standards.

**Ugachick**

Regarding challenges, in the past they faced a problem of Power failure. This led to massive loss of chicks and also reduced their performance. To solve this, they purchased a stand by generator which immediately runs in case of power black outs. Also, Raw materials were scarce such as feeds for the chicken and some were very expensive. To solve this, they started storing enough during booster harvest into own silos. Marketing and selling their products was another challenge but he stated that due to improved quality products, sales is now not a problem. Today they face
a challenge of high prices of ingredients and this is due to the climate changes also the costs of imported spare parts is high leaving them with poor machinery.

### 4.1.4 Branding benefits

The managers interviewed strongly agreed that brand recognition is significant for SMEs growth and performance.

“Brand recognition gives identity to their product so that people can easily relate and associate themselves with it.” (Kasozi)

Munywevu stated that because brand recognition they are becoming better each day.

“We are drawing more customers and creating awareness and these customers give us the business. The more customers, the more profits we have. We should not forget that most people are in business to make profit.” (Munywevu)

“The survival of the business stems from their ability to deliver products and services at the highest standard for customer satisfaction.” (Lubanga).

“Branding improves customers’ confidence thus the customers do not switch from one brand to another.” (Kewber)
According to Kasozi, Brand recognition has helped create awareness of their products amongst the masses. They receive clients who have not been to the company for over 10 years and get amazed by what they see when they return. They are engaging on continuous improvement of the hotel. She said that they are slowly iterating to world class standards in terms of service delivery and infrastructure development.

<table>
<thead>
<tr>
<th>SMEs</th>
<th>Performance 1 to 5 (highest)</th>
<th>Future Prospect and Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colline Hotel</td>
<td>3</td>
<td>10 years from now they expect to be among the top ten leading medium sized hotels in East &amp; Central Africa with at least 2 branches either in Uganda or outside.</td>
</tr>
<tr>
<td>Crane crafts and Engravers</td>
<td>3</td>
<td>To consistently top the market as the best providers of quality services as well as open up more branches for their business elsewhere in Africa.</td>
</tr>
<tr>
<td>Megapix</td>
<td>4</td>
<td>A market leader especially due to its adoption of Kaizen and total quality management systems of management.</td>
</tr>
<tr>
<td>Sesaco Industries Ltd.</td>
<td>3</td>
<td>Build company into a Multi Food Processing Plant with a capacity to supply all countries in the east and central Africa region, able to Supply overseas market and employ professional (technical) staff to work for the company. With enough funding the company will definitely go up by 1 or 2.</td>
</tr>
<tr>
<td>Ugachick</td>
<td>4</td>
<td>The leading producers of chicken products in the whole of East Africa.</td>
</tr>
</tbody>
</table>
Munywevu stated that brand recognition promotes a good public image of the company. Crane crafts and Engravers gained special recognition in 2008 when it was awarded by UIA as the best providers of quality service. Thus the public and other companies noticed them. Kewber also said that Ugachick has a steady increase in number of customers because of brand recognition. Lubanga stated that through Brand recognition Megapix has become a market leader. The increase in awareness of the services they offer has increased their customer base that is, local and foreign customers thus leading to sustainability of the business. He said the company has adopted use of Kaizen management system which he described as a Japanese management term for continuous improvement. It involves creating a conductive working environment. It will promote team work, efficiency, speed and job-safety, as well as ensuring customer satisfaction.
4.2 Vietnam – HCMC

4.2.1 Summary of SMEs in Vietnam

<table>
<thead>
<tr>
<th>No.</th>
<th>SMEs</th>
<th>Number of Employee 2011</th>
<th>Interviewee</th>
<th>Position</th>
<th>Date of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HELP Corporation – Personal Healthcare Service</td>
<td>70</td>
<td>Mr. Ta Minh Tuan</td>
<td>Founder &amp; Managing Director</td>
<td>30 March 2011</td>
</tr>
<tr>
<td>2</td>
<td>Sandler Training Vietnam – Sandler Selling/Training Systems</td>
<td>&lt; 10</td>
<td>Mr. Phan Dinh Tuan Anh</td>
<td>President at Sandler Vietnam</td>
<td>4 April 2011</td>
</tr>
<tr>
<td>3</td>
<td>TriTri Corporation – TriTri Education Group – Living Skills in Digital Life</td>
<td>Small</td>
<td>Mr. Ly Truong Chien</td>
<td>Chairman &amp; Founder</td>
<td>3 April 2011</td>
</tr>
<tr>
<td>4</td>
<td>Eden travel Ltd. - Traveling Tour – Hotels – Flight tickets</td>
<td>55</td>
<td>Mr. Huynh Thanh Liem</td>
<td>Director</td>
<td>5 April 2011</td>
</tr>
<tr>
<td>5</td>
<td>Tinh Hoa Solutions Corporation – Information Technology and Consulting Services</td>
<td>31</td>
<td>Mr. Ly Xuan Nam</td>
<td>Director</td>
<td>5 April 2011</td>
</tr>
</tbody>
</table>

a. HELP Corporation – Personal Healthcare Service

HELP Corporation started in December 2010. It has private doctors and nurses and provides personal healthcare services for: individuals, families, organizations and enterprises. HELP
Corporation came into operation as a meaningful solution for treatment at reasonable cost. HELP Corporation focuses on health awareness and disease prevention to improve human health; physically and mentally. People at HELP Corporation assist the community with a dedicated, friendly and professional attitude. Today it has 70 employees of which 25 are doctors and 5 nurses are experienced.

b. Sandler Training Vietnam – Sandler Selling/Training Systems

Sandler Vietnam is a franchise of Sandler Sales Systems. It was launched in 2007. Sandler is one of the world’s largest firms for consulting, training, sales and management. Sandler has been running for over 40 years, has more than 260 representatives in 25 countries. Sandler brings innovation and sustainable change to clients while aiming for long-term solutions and growth. Sandler has been famous around the world with its popular reputation and success, especially in the US and big corporation with large firms. Sandler services are: strategy consulting, management solution, sales systems, customer relationship management, human resource management and evaluation.

c. TriTri Corporation – TriTri Education Group – Living Skills in Digital Life

Tri Tri Group is a foundation of consulting and training services in education, living skills in digital life, knowledge and experience in life. It Started 5 years ago, TriTri Group is a small company which provides various activities to connect young students with most successful businessmen, together to pursue the most meaningful and successful life. Leaders of TriTri Group have full inspiration of finding young and hidden talents in the society. TriTri Group works with a philosophy ‘Living Skills are the key to gain success and happiness’.

d. Eden travel Ltd. - Traveling Tour – Hotels – Flight tickets

Eden travel started business from 1998 as a branch of Eden Joint Stock Company (Eden Group), specialized in air ticketing and travel services. Then, in 2008 it was developed to be a member company limited (Eden Group is the only owner). Eden travel agency has connected with over 30 international airlines operating in Vietnam. It is a leading tour operator for both domestic and international markets. On global market, Eden travel focuses on Germany and English speaking
countries. The company turnover in 2010 was over 5 million US dollars. today it has 55 employees, 2 offices: in HCMC (40 employees) and in Can Tho City (15 employees)

e. Tinh Hoa Solutions Corporation – Information technology and consulting services

Started in 2006, providing biometric device (timekeeper), a device used to monitor the attendance of employees, particularly enterprises with large number of employees. Tinh Hoa Solutions has 31 employees and provides best services in order to handle a professional working style and respected labor discipline. Besides offering such technological equipment, Tinh Hoa Solution also provides added value to its services including consulting, warranty and software supports.

4.2.2 Branding strategies - building strong brand

One of the first branding strategies involves building a strong brand. Although simply defined, the process of making a brand strong is even more complicated. Florence Driffith Joyner, an American woman also known as Flo-Jo, the Olympic Gold Medalist and the fastest women of all times once revealed that she needs: concentration, discipline and a dream in order to be the best. In business there is also no exception. A strong brand or a brand identity must be working hard towards its branding value recognition. There are internal and external factors that hinder brand building. David A. Aaker (2010, p.27 introduced 8 barriers that one should understand to be able to develop effective brand strategies. (See appendix 4)

The number of SMEs in HCMC, Vietnam rose to almost 3million in 2006. And the number has been rapidly increasing since then. According to the newspaper Vn economy published on 2nd April 2009, Vietnamese population is approximately 86.2 million, which has more than 7 million inhabitants in HCMC, accounting for 8.34% of the total population. This figure has proved that a strong brand identity will keep SMEs stable. The number of potential customers is truly high but the SMEs brands are not yet well-known, especially at an international level. As Aakar already mentioned that price can be an obstacle in building trust for a brand. For every single market, the prices are set basing on the competition. Although some may argue that price does not affect most to consumers’ purchase decision, it is however a driven power of competition, especially
among highly valued and quality products. Wrong pricing strategies can affect customers who are sensitive about value as well as lead to business failure.

Mr. Liem from Eden travel admitted that small companies can use cheap prices as competitive advantage to divide the market share, while big companies can utilize the best benefits of quality to get a large number of high classes. Based on the high population density of the country, all of the pricing advantages can attract a large market share. Nevertheless, pricing strategy is not only barrier to branding building. It is also an important tool for successful brand recognition. According to Mr. Tuan, providing suitable pricing package means clearly defining the market segmentation whether it is a five star brand for luxurious customers, or a 3 star brand for average income customers.

“The big companies compete for the quality, small companies compete for price. They are both big competitors.” (Mr. Liem, 5.4.2011)

“Middle class is my most suitable segmentation to target. For them, we can approach the realistic budget, and provide reasonable services. This is a sensible approach, which differentiates you from other competitors.” (Mr. Tuan, 30.3.2011)

“Some businesses are usually confusing, and do not focus on the objectives of their own business. Some of them want to jump from small to big in a short period and by doing so, they often make mistakes.” (Mr. Chien, 3.4.2011)

More still, price promotion can be used in managing the costs. For instance, cutting unnecessary expenditures and costs, setting efficient budgets are one of the best investments on building brand.

In addition, all the respondents agreed that brand positioning should exist together with competitors. Without the competitors, the business does not have a proper solution on adjusting and handling the market demand. Since it is always difficult to lead the market without any experience, competitors may be motivated to take risks and unfamiliar attempts. Similarly, Mr. Liem mentioned that Eden travel is always linking and connecting to the mother company Eden
Group and Saigontourist (a big share holder of 17%). Eden travel has learnt from the experience and challenges that the bigger companies have been facing. In fact, building a strong brand is as same as defining the current strengths of a company.

“Our Eden is 100% owned by Vietnam, but we want to build it as a strong and luxury brand for travel services. Our target market is clients or customers who use high class services.” (Mr. Liem, 5.4.2011)

HELP provides personal healthcare services; therefore the business deals very much with personalization.

“Personal interests of customers have to be taken into account. That is how we differentiate ourselves from general hospitals. We bring customers the best convenience of time and economy.” (Mr. Tuan, 30.3.2011)

Branding strategies are complex especially with the continuous change in the business environment and increase in the demand for new innovations from business owners and consumers. Mr. Chien, who has worked in sales and marketing management for Unilever, Vietnam and 5 years in consulting said that a strong brand is always aiming for efficiency and sustainability thus the researchers should keep this in mind.

4.2.3 Branding interaction, challenges and solution

The brand interaction in different sectors involves: communication, response and feedback from customers. The interview involved the different communication channels used by the SMEs.

To appear different from competitors and to gain a different position on the markets, all of the SMEs have been seeking for their own identities: firstly, by defining their brand and business, secondly by targeting a certain group of customers. All the respondents clearly defined their customers. At the same time, they also receive feedback and try to respond as best as they can. Nevertheless, different communication channels are used. Mr. Liem mentioned that Eden travel is an agency, they have been directly communicating to customers by letter, email of information
and monthly visit. As they already defined the target customers are high class, the communication channel is taken personally, face to face. Slightly different from Eden travel, Sandler Vietnam has another type of customer communication. The president, Mr. Anh explained that the feedback from customers can be received immediately after each training session, especially in every conference and events. Mr. Anh also mentioned the efficiency of each training session, how productive it was due to the long-term relationship with majority of customers. He said “communication channels and feedback is a must.” It is important during the cooperation process. All respondents agreed that the feedback can be used to cut costs, and increase efficiency in management. In relation to this matter, Mr Nam, director of Tinh Hoa Solutions, added that the company has built a customer care department with 2 people working and dealing with customers complaints.

A table below briefly describes how these 5 SMEs are using their communication channels.
It is easy to see that most of the SMEs are interested in offering efficient services to their customers. Feedback is very important for the growth of the company. In addition, customer complaints enable a company make changes in management of their brands. These changes promote customer satisfaction thus building a strong brand.

<table>
<thead>
<tr>
<th>No.</th>
<th>SMEs</th>
<th>Feedback</th>
<th>Communication Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HELP Corporation</td>
<td>Regularly</td>
<td>Hotline, HELP actively call to inquire customers about the service, Surveys every 3 month/500 customers, Website (<a href="http://www.healthonecall.net">www.healthonecall.net</a>)</td>
</tr>
<tr>
<td>2</td>
<td>Sandler Training Vietnam</td>
<td>Projected Regular</td>
<td>Events, Conference, Seminars, Partners, Business Associations, Organizations, Networks, Website (<a href="http://www.sandler-vn.com">www.sandler-vn.com</a>)</td>
</tr>
<tr>
<td>3</td>
<td>TriTri Corporation –</td>
<td>Projected Regular</td>
<td>Open to all of customers, Straightforward proposal for the service’s efficiency, Website (<a href="http://www.tritrilivingskills.net">www.tritrilivingskills.net</a>)</td>
</tr>
<tr>
<td>5</td>
<td>Tinh Hoa Solutions Corporation</td>
<td>Report Daily and Weekly</td>
<td>Customer Care Department, Sales Department,</td>
</tr>
</tbody>
</table>
“In business, you need to listen to your customers. Any compliments or complaints are gifts to your business. It is always better to encourage and maximize the contribution from customers.” (Mr. Tuan, 30.3.2011)

A service that does not receive any feedback from customers is always facing more risks. First it is difficult to understand the customers, whether they are happy with the service or not also why they leave the service and never come back. Once feedback is received, the business is able to make some changes in relation to customer satisfaction. This encourages the customers to return. Nevertheless, companies receive feedback but are still not able to use the feedback to make all the necessary adjustments. This is a common challenge faced by SMEs. Mr. Liem from Eden travel said:

“We act immediately but as the result, it does not change much. Sometimes the management team is too busy with so many jobs.” (Mr. Liem, 5.4.2011)

Besides, Mr. Liem also mentioned that it was difficult to get the honest comments from customers using their services at Eden travel. The challenge that limits the service improvement is when most of customers are not satisfied with a service but instead decides to remain quiet and not speak out how they feel. To avoid this problem, Mr. Liem added that it is must to have a fully available customer care service to regularly consult them.

Mr. Anh stated that a common mistake by SMEs in doing business is over-expectation. Instead of understanding the customers and their needs, SMEs tend to set very high and unreasonable goals. Also, many businesses are managed spontaneously.

“It always takes time to get the market share. To make customers understand the long-term development of the business, it needs to change at least in the management practice. A company needs to build a homogeneous and fully working system, instead of spontaneous action.”(Mr. Anh, 4.4.2011)
Still, Mr. Anh confirmed that one of the most successful solutions to these challenges is to build a strong brand. To do this, they have to identify what differentiates the company from the competitors and then focus on it.

Every business can take risks. Nonetheless risks can be useful to create high morale and an efficient working environment. Mr. Nam from TinhHoa Solution also agreed that taking risks is better than nothing. For Tinh Hoa Solution, the challenge is balancing the resources such as human and capital resources. Nevertheless, with a great working passion, flexibility and eagerness to learn, Mr. Nam recommended that each business should spend more time training, mentoring, supervising and even dedicating if necessary.

Mr. Chien who has for more than 5 years worked as a management consultant for TriTri Group, added some essential factors needed for a company branding strategy. Firstly, a branding name should be commercialized for people to willingly buy brand. For good company performance, a company must understand the customers. Furthermore, Mr. Chien provided three most important factors for the brand positioning which are related to company performance in general.

- Segments: high/low income, small/large enterprise, size of the problem
- Concentration: quantitative, qualitative, time
- Demand/Needs: supply (past, current, hidden)

Positioning: market, product, value, added value

Mr. Chien also stated that all of the factors above can be used to determine the most appropriate price in pricing strategies.
4.2.4 Branding benefits

Company performance

In general, all of the respondents have been successful in building their brands especially regionally in Ho Chi Minh city, Vietnam. Mr. Tuan from HELP Corporation evaluated his company in general by 4 out of 5. However, he added that the service quality must be improved frequently. The prospect of the company is to obtain the efficiency of 5/6, 6/7, 7/8, among others.

Mr. Tuan further mentioned that, trust is important especially when convincing the consumers to use the service. He said that every service has its own width and depth. By width of a service he meant brand awareness. For example, a customer will trust a brand after hearing positive remarks from other customers using a similar brand while a depth of a service defines brand positioning. For instance, a good differentiation and uniqueness of a brand compared to other business providers. A company which can handle these two factors can provide comprehensive performance and grow quickly.

Similarly, Mr. Anh from Sandler Vietnam also added that branding enables the company to understand customers and in turn lets customers understand the business. Although the market demand is high, and Sandler Vietnam faces the risk of overloading, Mr. Anh still strongly repeated that they maintain the market segmentation by targeting segments. Mr. Anh believes that in 3 to 5 years, Sandler Vietnam will make a change of proportion in its two main market segments: 90% of LEs will be replaced by SMEs to be Sandler Vietnam’s customers.
## Future Prospects

<table>
<thead>
<tr>
<th>SMEs</th>
<th>Performance 1 to 5 (highest)</th>
<th>Future Prospect and Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HELP Corporation</td>
<td>4</td>
<td>Frequent improvement to 5/6, 6/7, 7/8.</td>
</tr>
<tr>
<td>Sandler Vietnam</td>
<td>N/A</td>
<td>Change in proportion the customer of LEs and SMEs in 3-5 years: 90% of customers for SMEs</td>
</tr>
<tr>
<td>TriTri Corporation</td>
<td>N/A</td>
<td>Maintain the size of current business; focus more on consultancy and education. Preferably joint</td>
</tr>
<tr>
<td></td>
<td></td>
<td>marketing, co-branding among others.</td>
</tr>
<tr>
<td>Eden travel</td>
<td>2</td>
<td>Be among the top 10 leading tour operators in Vietnam</td>
</tr>
<tr>
<td>Tinh Hoa Solutions</td>
<td>N/A</td>
<td>Use technology to support human talents and solve problems</td>
</tr>
</tbody>
</table>
5. Analysis

Comparison of Branding Strategies in Vietnam and Uganda

The results from the empirical investigation and interviews will be analyzed in this chapter to compare the branding strategies of SMEs in Uganda and Vietnam. The first part will analyze the similarities while the second part will analyze the differences of the SMEs in Kampala and HCMC using data from the interviews that were conducted.

5.1 Similarities

Communication

All companies studied are in agreement that communication with the customers is vital in brand recognition. The managers interviewed mentioned the different communication channels they use. From the results, the company website is the most commonly used means of communication in both countries. Other companies like crane crafts and engravers, Uganda and Sandler training Company, Vietnam are using sponsoring events as a means of communicating to their customers. Ugachick in Uganda and Sandler also identified seminars as another communication channel.

In addition, the interviewees expressed great appreciation for the feedback they receive from their customers. With this feedback, they are able to address their weaknesses and also further improve and maintain the strengths of their business. Similarly, Mankins and Steele, 2005 (cited in Wong and Merrilees 2007 p.390) state that high-performing firms might continuously and concurrently track their performance, enabling feedback to reallocate resources in a short period of time. This potential real-time strategic capability might allow marketers to spot and remedy deviations from the plan.
Effective Means of Brand Communication

<table>
<thead>
<tr>
<th>Country</th>
<th>SMEs</th>
<th>Word of mouth</th>
<th>Phone</th>
<th>Email</th>
<th>Websites</th>
<th>Social network</th>
<th>Newspapers</th>
<th>Magazines</th>
<th>Brochures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>SMEs</td>
<td>Word of mouth</td>
<td>Phone</td>
<td>Email</td>
<td>Websites</td>
<td>Social network</td>
<td>Newspapers</td>
<td>Magazines</td>
<td>Brochures</td>
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<td>Yes</td>
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<td>Yes</td>
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<tr>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
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<td>4</td>
<td>Yes</td>
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<td></td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>5</td>
<td>Yes</td>
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<td>Yes</td>
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</table>

Vietnam

<table>
<thead>
<tr>
<th>Vietnam</th>
<th>SMEs</th>
<th>Word of mouth</th>
<th>Phone</th>
<th>Email</th>
<th>Websites</th>
<th>Social network</th>
<th>Newspapers</th>
<th>Magazines</th>
<th>Brochures</th>
</tr>
</thead>
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<tr>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>2</td>
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<td>3</td>
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<td>Yes</td>
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<td>Yes</td>
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<tr>
<td>4</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Yes</td>
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<tr>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Uganda: (1) Megapix (2) Ugachick (3) Colline hotel (4) SESACO (5) Crane crafts & Engravers

Vietnam: (1) HELP (2) Sandler (3) Tri tri (4) Eden travel (5) Tinh Hoa

Challenges

Among all companies interviewed, insufficient capital ranked as the most severe hindrance for SMEs growth. Without funds, the companies are not able to acquire high technological machinery, purchase raw materials from which they can produce and provide high quality products and services. The companies are seeking financial assistance to solve this problem. According to Krasniqi, (2007, p.80) the resources of small firm owners are usually limited,
especially for young and small businesses thus the growth oriented firms wishing to expand will need external sources of finance such as loans or grants from public sector assistance. However, a large theoretical body of literature (Bannock, 1981; Storey, 1994; Chilosi, 2001; Beaver, 2002; Bridge et al., 2003) (cited in Krasniqi 2007, p.80) shows that market for loans are imperfect, restricted in scope and fail to address the financing needs of small businesses. In other words, banks are more likely to credit larger firms whose ability to provide collateral is greater than small firms which are less able to provide required collateral.

Another challenge commonly mentioned by some companies was lack of skilled labor force. This factor is also a great hindrance to several Small and Medium businesses today. The SMEs leaders and managers acknowledged that they need highly skilled staff in order to produce strong brands. Some companies are introducing training programmes for the staff to improve their skills and knowledge in the different business operations. Bacon and Hoque (2005, p.1979) stated that unskilled employees are highly dependent and have little option but to accept a “sweating” strategy. Companies employing highly skilled workers are more likely to value their workforce and develop employees as a potential basis for competitive advantage. By contrast, SMEs employing unskilled labor are unlikely to regard employees as strategic human assets given that unskilled labor can be easily acquired in the market.
Branding Strategies

From the interviews that were conducted and data collected, the researchers were able to develop a diagram as shown below which explains some of the similarities in branding strategies in SMEs in Kampala and HCMC.

![Branding Strategies Diagram]

Brand positioning was mentioned by some managers from both countries as an effective branding strategy. The companies are using price and quality attributes to position their products in the market. Small and large companies use different Pricing strategies in order to achieve competitive advantage. With a rise in the number of businesses today, the level of competition is also rapidly increasing. The company leaders and managers mentioned that to compete favorably in the market, prices can be lowered or increased in a bid to attract more customers but also based on the competitors’ price. Sometimes there is an increase in repeat customers even with the high prices because of the strong brand as well as company’s reputation of providing high quality products and services.

Some managers mentioned that companies must focus on their vision and objectives in relation to branding strategies. According to De Chernatony and Riley, 1998; Mosmans, 1996; Urde,
Brand recognition for long term business growth – A case of SMEs in HCMC- Kampala

1999) (cited in Wong and Merrilees 2007 p.390) strategic brand management starts with a brand vision which provides an initial direction of what and how business activities should be carried out as well as guidance for internal staff of the firm on the basis of implementation of the branding strategy.

A brand’s position in any competitive market is perceived by how similar or different the products appear in comparison to other brands. A marketer can choose to position the brand in the market as a differentiated product. The traditional view of market differentiation strategies is that a brand must distinguish itself from competitors on an attribute that is meaningful, relevant and valuable. The introduction of new features to an existing product differentiates brands in the market. (Nowlis and Simpson cited in Kalra and Goodstein 1998, p. 212)

All the companies interviewed were able to identify the differentiating features of their products and services. The managers emphasized: uniqueness of products and services, quality, innovation and creativity, packaging and price as some of their differentiating attributes.

A successful brand gains momentum from innovative products or process. Product innovations may be in form of product improvements or development of new products while process innovation involves integration of operation steps or reduction in cycle times that improve operation’s efficiency and effectiveness. Therefore, a firm needs to have a strategic know-how system in place to put the innovations into use and the creation of an innovative product or service can provide marketers with a sustainable competitive advantage. (Wong and Merrilees 2007 p.389)

More still, when studying small and medium sized firms’ behavior, Maclaran and McGowan (1999) (cited in Wong and Merrilees 2007 p.390) found that quality service was an important factor to achieve differentiation, which appears to be the key element in fending off larger firms that possess more resources. Further, Customer service quality was emphasized not only in service sectors such as financial services (Jones, 1991; Meister, 1990) and health (Mangold and Babakus, 1991), but also in manufacturing firms thus perceived superior quality can turn into a strategic marketing edge. (Maclaran and McGowan, 1999) (Cited in Wong and Merrilees 2007 p.390)
Staff Training and Knowledge was pointed out as important strategies for building strong brands. It is very important internal staff of a company to possess both the knowledge and skills for required business operations.

5.2 Differences

Communication channels

<table>
<thead>
<tr>
<th>Communication Channels</th>
<th>Uganda</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Suggestion Box</td>
<td>Hotline</td>
</tr>
<tr>
<td></td>
<td>Radios</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td>Television</td>
<td>Proposal</td>
</tr>
<tr>
<td></td>
<td>Exhibition</td>
<td>Business Forum</td>
</tr>
<tr>
<td></td>
<td>Trade shows</td>
<td>Letters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Care Department</td>
</tr>
</tbody>
</table>

In general, communication from both sides has a common expectation to make customers stay closer to the businesses. In fact, communication connects SMEs to customers through provision of necessary knowledge of products or services and also expresses a desire to be developed in a sustainable and long term. Besides the high quality and values needed for each product, every business is dealing much more often with customer services. From the list of communication channels used by SMEs in Uganda, it is quite obvious to believe that SMEs in Uganda are taking advantage of both traditional and modern methods of communication. Although the respondents from Vietnam are using the modern methods of communication, it does not mean that the traditional communication method such as television or radio is not used elsewhere in the country. Using these communication channels is costly and the SMEs today are making an effort to reduce expenses by using other alternatives which also have strong effects.
Although there are many challenges SMEs are facing today in building strong brands, a summary of the factors listed below were mentioned by the respondents from both countries.

**Challenges**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Uganda</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of foreign Market demand.</td>
<td>High and unreasonable goals, (some goals are over-estimated)</td>
</tr>
<tr>
<td></td>
<td>Power failure</td>
<td>No decision can be made without manager’s approval.</td>
</tr>
<tr>
<td></td>
<td>Climate change</td>
<td>Customer satisfaction due to:</td>
</tr>
<tr>
<td></td>
<td>High initial production costs</td>
<td>• Insufficient feedback</td>
</tr>
<tr>
<td></td>
<td>Poor Machinery</td>
<td>• Customer keep quiet/untruthful comments</td>
</tr>
<tr>
<td></td>
<td>Lack of permanent premises for conducting the business moreover rent fee is high.</td>
<td>Production over load due to high market demand</td>
</tr>
<tr>
<td></td>
<td>Exchange rate fluctuations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High labor turn over thus inconsistency in delivery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liquidity problems since debtors delay in making payments</td>
<td></td>
</tr>
</tbody>
</table>

Most respondents from Kampala, Uganda mentioned Competition as one of the biggest challenge they are facing today. The findings from the interviews that were conducted show that competition is a big challenge faced by the SMEs especially in Uganda. The discussions above by the SMEs managers explain how competition has affected the businesses and what they have done to curb it. On the other hand, the respondents in Uganda placed much emphasis on producing quality products and services as a tool for brand recognition. From their discussions above, it is very obvious that without quality, the businesses would be no more. On the other hand, a great emphasis was put on the price in HCMC. Since SMEs in HCMC Vietnam are more sensitive in price, it can be use as one of business strategies to define the target customers.

SMEs in HCMC and Kampala differ in doing business, especially the business strategies toward brand building. Nevertheless, considering the differences in geographical conditions; it could be possible to draw some conclusions. The population in HCMC was approximately more than 7
millions in 2009 and the number is still rising due commercialization and urbanization (US Department of State, www.state.gov) The population in Kampala is approximately 1.5 million in 2009 and it is the largest city in Uganda (The World FactBook, Centre Intelligence Agency, www.cia.gov) Therefore, SMEs in HCMC Vietnam seem to have more options in choosing customers. It is also one of the reasons why competition is not as tough as in Kampala. In addition, business strategies of SMEs in Kampala Uganda are more aware of the climate change and provide environmental friendly products. They also focus on team work and job safety as priority in keeping pure image of the business. Although consumers in Vietnam are well cared for, there is still a problem of distinguishing people according to social status and class, namely: the rich and the poor and the average income earners.

**Strategies**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Uganda</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Diversify production/ multi brands.</td>
<td>Market Segmentation (define the target group</td>
</tr>
<tr>
<td></td>
<td>Produce environmentally friendly &amp; healthy</td>
<td>to sell based on lifestyle, income, loyalty)</td>
</tr>
<tr>
<td></td>
<td>products</td>
<td>Personalization of services.</td>
</tr>
<tr>
<td></td>
<td>Use of Proper Legal systems</td>
<td>(dialogue with the customers by offering</td>
</tr>
<tr>
<td></td>
<td>Strong Leadership skills</td>
<td>free useful and realistic advice to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>customers)</td>
</tr>
</tbody>
</table>
6. Conclusion & Recommendation

Summary of major strengths and weaknesses of SMEs towards brand recognition

<table>
<thead>
<tr>
<th>Country</th>
<th>Uganda</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td>Business- to- customer communication orientated</td>
<td>Business to customer communication orientated</td>
</tr>
<tr>
<td></td>
<td>Use both modern and traditional communication.</td>
<td>Use both modern and traditional communication.</td>
</tr>
<tr>
<td></td>
<td>Good customer and supplier relationship</td>
<td>Market segmentation</td>
</tr>
<tr>
<td></td>
<td>Business are operating legally</td>
<td>Potential market demand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good business networks</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
<td>Lack of high technological machinery</td>
<td>Insufficient teamwork</td>
</tr>
<tr>
<td></td>
<td>High production costs</td>
<td>Lack of management expertise &amp; skills</td>
</tr>
<tr>
<td></td>
<td>Insufficient financial resources</td>
<td>Poor customer satisfaction due to diverting of market segmentation goals.</td>
</tr>
<tr>
<td></td>
<td>Lack of market demand</td>
<td>Risk of overloading due to high market demand</td>
</tr>
<tr>
<td></td>
<td>Poor raw materials</td>
<td>Insufficient modern facilities of business operations.</td>
</tr>
<tr>
<td></td>
<td>Lack of management expertise &amp; skills</td>
<td>Business Localized</td>
</tr>
<tr>
<td></td>
<td>Power / electricity shortages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lack of access to information and communication networks</td>
<td></td>
</tr>
</tbody>
</table>
The research was a comprehensive investigation of branding strategies of SMEs in Uganda and Vietnam, with focus on 2 cities: Ho Chi Minh and Kampala. The researchers have explored the theory related to brand recognition and strategies, which was a good foundation for further studies in analysis and comparisons of SMEs. The relevant information for the study was successfully collected through qualitative interviews from 5 respondents in different SMEs in each city as shown above. Although some limitations were faced during the research process, the various theories and models used in the theoretical framework reflected the core values of the research toward brand recognition and branding strategies. Therefore the conclusions in this section will be based on the findings in the empirical investigation.

Research question: What is the significance of branding strategies for increased brand recognition and growth of SMEs in Kampala, Uganda and Ho Chi Minh, Vietnam?

The empirical investigation showed that all the SMEs interviewed are aware of brand recognition, and have strategies in place to manage and develop their products and services. The brand strategies used by SMEs to increase brand recognition were revealed by the respondents. Among others: brand positioning, clear vision and mission, differentiation strategy, training and knowledge, customer care services are used in both cities to target and create a positive memorable experience in the customer’s minds. However there is less social cohesion within certain groups of SMEs, that is to say that businesses are out to make profits and sometimes as they pursue larger profits, this gets in the way of their goal and values of customer satisfaction.

Furthermore, the empirical analysis in each country builds crucial factors for the comparison. Moreover, each respondent was inspired and pro-active in their current work. It is certainly more necessary to evaluate the research. In addition, differences and similarities of the SMEs were mentioned. The researchers notice that in some cases, SMEs are similar in brand strategies. Nevertheless, there were still some differences mentioned. For instance, SMEs in Vietnam are highly concerned about the systematic working environment and also determine brand by identifying the target group of their own. In fact, the SMEs in Vietnam preferably target high and average income consumers, rather than low income consumers. On the other hand, SMEs in Uganda focus on achieving competitive advantages through price, legal business operations. In addition, SMEs in Uganda prefer to minimize production costs and produce high quality products. Some of SMEs in Uganda seriously care about environmental friendly working
condition and work safety. It is a good signal of doing business in terms of sustainability and long-term development.

Yet, communication was listed as one of the most concerned factors toward the SMEs potential growth. By using many effective means of communication channels, SMEs seem to be more aware of customer satisfaction. Besides, this is the when the development of SMEs worldwide is almost indispensable, the research has been successful of bringing SMEs voices together while carrying this investigation towards branding studies. It is true that most of SMEs are extremely aware of brand building for survival and growth. The question ‘How do you do it?’ has been partly answered in this project.

This research has identified a good connection between SMEs in Uganda and Vietnam, theoretically by providing available data. It provides an opportunity for many readers as well as future business managers and entrepreneurs to understand SMEs and their roles in the society.

The researchers recommend that the SMEs focus on long term orientation especially in terms of making profits. These profits can be used to develop training facilities as well as research of the products and services. More still, market segmentation is an important brand strategy but also increase the gap between the rich and poor thus companies should diversify their production to be able to reach out to all people of all categories without discriminating in class or status.

SMEs should also incorporate Corporate Social responsibility in their business and brand strategy. By doing this they are able to build positive reputation in public as a good corporate citizens for example in terms protection of environment, promote health and safety in society, voluntary and charities work among others. Having such ethical values within a company promotes competitiveness; innovativeness and builds customer loyalty thus brand recognition.

The government, financial institutions and respective organizations should continuously work together and strengthen efforts in supporting SMEs especially in establishment, financing and in other areas to enable them play a better role of providing employment opportunities, poverty reduction and economic development among others.
The research was limited to a small number of SMEs in Uganda and Vietnam. It would therefore be good for future researches to focus a large number of SMEs in different regions of each country to be able to gather more information for a detailed study on the topic.
7. Bibliography


David A. Aaker, (2010), Building Strong Brands, Pocket Books, UK


Appendices

Appendix 1: questionnaire

Section one - background Information

1. Company name
2. Position
3. Company size
4. Number of employees
5. How long has this business been running?
6. Brief background/history of your business?

Section two – brands, communication, challenges and Solutions

7. Briefly, define your business?
8. Who are your customers?
9. Briefly state differentiates your company from the others?
10. What are the Challenges you experienced in the past and how did you solve them?
11. What challenges are you facing today? And how do you plan to solve them?
12. How do you communicate with your customers?
13. How frequently do you receive feedback from customers concerning your job performance? (choose a category)
14. Based on the feedback you received, are there any changes you have made in your services or products?

Section three - brand strategies

15. Brand recognition is a “key” for SMEs growth and performance. Briefly explain why?
16. What factors have contributed to the survival of your business to date?
17. In your own opinion, how can companies build strong brands?
18. What is the most effective means of brand communication for a company?
20. Where do you see your company in five or ten years?

b) On scale of 1 to 5, how would you evaluate your company performance in general?

Appendix 2

<table>
<thead>
<tr>
<th>Region</th>
<th>Area (sq. km)</th>
<th>Population (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>61,403</td>
<td>7,750,600</td>
</tr>
<tr>
<td>Eastern</td>
<td>39,479</td>
<td>7,692,500</td>
</tr>
<tr>
<td>Northern</td>
<td>85,392</td>
<td>6,652,300</td>
</tr>
<tr>
<td>Western</td>
<td>55,277</td>
<td>7,497,300</td>
</tr>
</tbody>
</table>

Appendix 3:


IMF - Trading Economics (Accessed 2011)
Appendix 4:

Why It Is Hard To Build Brand (Aakar, 2010, 27)