

**Brand images and North Dakota small businesses:  
Making that indelible mark**

A SBDC Small Business Research Project  
Sponsored by a grant from the  
North Dakota Small Business Development Center

*Submitted to:*  
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December 2005

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## **Abstract**

This article addresses how North Dakota small business entrepreneurs perceive their company's brand image and visual identity system. The process of branding was developed in the 1880s to protect both businesses and products from failure (Haig, 2003). More than 100 years later, branding continues to be significant to the success of businesses. Since the 1980s, when companies realized the financial value of brands, "image" has become everything. Branding transformed the process of marketing into one of perception building (De Chernatony, 1999; Haig, 2003).

The results of this research identified a sample of North Dakota small business entrepreneurs who were single-minded in their beliefs about the brand image of their respective companies. The study results also indicated that many North Dakota small business entrepreneurs do not give enough attention to developing and/or are not knowledgeable about how to develop a definitive visual identity system.

The difference between the success and failure of a small business can have everything to do with branding—both the brand image and visual identity. Companies that command attention create the basis for dialogue with consumers and markets. Dialogue, whether simple or complex, is the basis of commercial relationships—and it begins with brands.

## **Introduction**

Every new business will have a brand image. Every existing business already has one. "Brand image" to most entrepreneurs includes physical, measurable, and recordable aspects like the color, line, shape, and texture of a logo on company stationary, clothing or vehicles. And while it is true that the branding of many businesses begins with the important visual identity program, there is more to branding than a visual mark. The brand image also integrates the intangibles like a business's reputation, stability, appeal and personality. Successful branding helps to humanize business ideas like stability, dependability, character, and spirit (Spector, 1991). It gives an impression of the business and how its customers, whom the company depends on for its success, see and feel about the business. Both the business's brand image and visual identity program should be representative, mirroring the company.

The process of branding was developed in the 1880s to protect both businesses and products from failure (Haig, 2003). Large companies such as Campbell's, Heinz and Quaker Oats were growing ever more concerned about the consumer's reaction to mass-produced products. "Brand identities were designed to reassure a public anxious about the whole concept of factory-produced goods. By adding a 'human' element to the product, branding put the 19<sup>th</sup>-century shoppers' minds at rest. They may have once placed their trust in their friendly shopkeeper, but now they could place it in the brands themselves, and the smiling faces of Uncle Ben and Aunt Jemima, which beamed down from the shop shelves. The failure of mass-

produced items that the factory owners had dreaded never happened. The brands had saved the day” (p. 3, Haig, 2003).

More than 100 years later, branding continues to be significant to the success of businesses. Since the 1980s, when companies realized the financial value of brands, “image” has become everything. Branding transformed the process of marketing into one of perception building (De Chernatony, 1999; Haig, 2003). The entrepreneurs who do not bother with the “image thing” can be sure that their business identity is already apparent and, possibly, bad. If small businesses do not give enough attention to developing a definitive brand—one that articulates the company’s visual identity along with their objectives, the nature of the company, and a positive perception about the company’s services or products—they may subsequently experience less than satisfactory results in their goals to attain success. No matter what the product or service, the bottom line is that a well-focused brand image and positive identity are essential for long term success.

### *Purpose of Study*

Interest in small business entrepreneurs’ perceptions about their company’s brand images and visual identities compelled exploration of this topic. The study was designed to generate new theory about the branding of small businesses. It was based on the belief that branding has extraordinary value because it defines a business’s holdings in a realm of scarce resources—attention in the minds of customers. Successful brands signify relationships between companies and customers. Brands that are effective command consumer attention and in turn sell products and services. Brands that are less effective can mean that businesses end up selling their products and services at depressed prices and risk eventual failure.

Significant research has been conducted on business branding, but most of it has been about and directed toward large corporations. There has been little research conducted on the development and impact of small business branding. Furthermore, research that investigates the branding of small businesses that are tucked away in North Dakota was nonexistent. However, it is important to explore small businesses in North Dakota—a state with approximately 22,000 businesses, all of which are categorized as small businesses (Martin-Goldsmith, June 2005)—because those businesses, like in many other states, face significant challenges related to rural

population, location of major cities, consumer demand for products and services, and business competition for consumers' attention.

## **Method**

### *Participants*

Small business entrepreneurs from across North Dakota were surveyed regarding perceptions of their business's brand image and the their business's visual identity system. The names and addresses of the businesses were obtained from two sources. The first list was purchased from the Grand Forks (North Dakota) Chamber of Commerce. Of the 814 contacts supplied, 717 were useable and 97 were not usable because the names were either duplicated or the individuals listed were not business entrepreneurs. The Small Business Development Center (SBDC) in Bismarck, North Dakota made the second list available at no charge. All of the 252 names and addresses provided by the SBDC were useable. The total number of surveys mailed was 969.

### *Instrument*

The survey was designed and developed by the investigator with questions emerging from acquired knowledge and curiosity about business branding. The questionnaire was divided into four sections including: Cover letter, Demographics, Brand Image and Visual Identity.

The cover letter established the purpose of the survey and how it might benefit small businesses and agencies like the SBDC or Small Business Administration. It also assured the reader that there were no risks involved and that their identity would remain anonymous. A prepaid, self-addressed envelope was included for the participant's convenience and to encourage participation.

The Demographics section of the questionnaire included 10 questions. Those questions were included to compile demographic data and to assess characteristics that might impact participant responses including: status of the business, number of years in operation, type of business (existing or in development), location of business, position title, number of years at current position, gender, racial or ethnic identity, and highest educational degree earned.

The Brand Image section included four open-ended questions that were designed to be discovery-oriented and exploratory in order that the participants would provide descriptive

responses. The questions asked the participants to describe their business goals, whether or not they believed the business was on track in meeting their goals and why, to define success for their business, and if they believed the business was successful and why. In addition the participants were asked if they knew what their customer's perspectives were about the brand image, and if it was important to know their customer's perspectives about their brand image.

The Visual Identity section included a variety of questions about the creation and perception of their business's physical, visual identity. Once again the participants were asked to provide descriptive responses, which in turn supplied rich data. The eight questions asked the participants to define who designed the visual identity system, if the same visual image had been used since the inception of the business, what message(s) about the business they wanted to convey, if they believed their visual identity conveyed that message, if they believed the image was important to the business's success, and where the visual image had been used to advertise their business.

### *Procedure*

Data were collected during July 2005. The one-time mailing consisted of the questionnaire and a prepaid, self-addressed return envelope. On the cover letter the participants were asked to respond within two weeks of their receipt of the survey. Once the participants completed the questionnaires and returned them, the data was collected and analyzed.

## **Results**

### *Demographics*

Of the 969 questionnaires distributed to random North Dakota small business entrepreneurs, completed surveys were received from 310 individuals (32% response rate). All of the respondents said they were either the owner (92%) or manager (8%) of an existing small business (rather than a small business that was in development or had failed) that had been operating for an average of 10 years. All of the owners said they had been in their positions since the inception of the business and the managers who responded said they had served in their position an average of 8 years. The types of businesses that received the most responses were sales (31%), service (22%), and manufacturing (18%). The responses indicated that their

businesses were located primarily in eastern (60%) and central (30%) North Dakota with others (10%) scattered throughout the state. There were 46 (15%) female and 264 (85%) male participants. All respondents claimed White/Caucasian as their racial or ethnic identity. The participants were between the ages of 28 and 63 with 248 (80%) of them indicating they were in their fifties. The respondents' educational backgrounds ranged from high school to college graduates, with 74% achieving Bachelor's degrees.

### *Brand Image*

When asked to *describe the goals for the business*, participants revealed the following responses with the highest percentages:

<i>Participant response</i>	<i>Percentage</i>
Make a profit	82
Provide quality service	77
Provide quality product	66
Expand business and customers	35

The next question asked, "*Do you believe the business is on track in meeting those goals?*" Ninety-one percent of the respondents answered "yes" to the question.

When asked to *define success for this business*, participants revealed the following responses with the highest percentages:

<i>Participant response</i>	<i>Percentage</i>
Make a profit	80
Provide quality service	79
Provide quality product	76
Business growth	54

The following question asked, "*Do you believe the business is successful?*" Ninety-seven percent of the respondents answered "yes" to the question.

The last questions in this section asked *if the participants knew their customers' perspectives regarding the business's brand image and if it was important to know their customers' perspectives about the business's brand image*. Eighty-two percent of the respondents said they did not know what their customers' thought about the business's brand image and 94 percent said they believed it was important to know what their customers' perspectives are about the business's brand image.

### *Visual Identity*

In this section participants were initially asked, "Who designed this business's brand image?" One hundred ninety two (62%) of the respondents said they created the brand image, while 93 (30%) participants said a design person or design agency created the brand image. In addition, 279 (90%) of the respondents said their business had used the same visual image since the company had been in operation.

When asked *what message they wanted the business's brand image to convey*, participants revealed the following responses with the highest percentages:

<b><i>Participant response</i></b>	<b><i>Percentage</i></b>
Excellent service	75
Superior quality	73
Great value	71
Trust	42
Longevity	32

The next questions asked, "*Do you believe the brand image conveys those message(s)?*" and "*Do you believe the brand image is important to the business's success?*" The respondents answered, "yes" to both of the questions 92% and 91% respectively.

In the last question participants were asked *where their business's brand image had been placed*. Eighty-five percent of the respondents said their visual identity had been placed on buildings, stationery, business cards and printed advertisements. Fifty percent of the participants

said their brand image had been placed on a website, and 25 percent said they had used it on television.

### **Discussion**

The findings of this study revealed participant response patterns making it possible to formulate two, distinct composites. One is a representative small business in North Dakota and the other is a representative North Dakota small business owner.

The composite small business has been in operation for more than 10 years, is sales-based and is located in one of the larger cities in the Eastern region of the state. The composite business owner is a white male in his fifties who is college educated, says the goal of his business is to make a profit, defines business success as making a profit, and believes he has attained both. In addition, this composite business owner believes it is important to know what his customers' perspectives are about the company, but he does not know their perspectives.

This representative business owner has created his own physical, visual brand image and agrees that it is important to the success of his business. He believes the company's visual identity should and does convey excellent service, superior quality, great value, trust and longevity, and he has engaged in advertising his business using the company's visual brand image.

### *Intangibles*

The "brand image" term has a wide scope of meanings, of which visual identity is only a part. For clarification purposes in this study it is best to put it this way; the brand image is the way the business "seems" and the visual image is the way the business "looks." Responses to the questions in the Brand Image section of the survey addressed the "the way the business seems" aspect of the investigation.

The small business participants in this study expressed clear goals and successes, just as any large corporation would. They communicated their business goals of growth and profit, and believed that providing excellent service and superior quality helps them achieve their goals. Most of the respondents expressed that they had a positive brand image. Their responses

generated the theory that small businesses could benefit from the same management guidelines for developing or sustaining of a company's brand image as large corporations.

An additional and interesting aspect of this study revealed that the participants communicated that they had not asked for their customers' perspectives about the business's brand image. These findings suggest that many small businesses make the all too common mistake of overlooking their customers' experiences. This pattern of responses may mean that the entrepreneurs' perception about their business's brand image is biased, unreliable, and possibly false.

Whether a company is small or large, creating and managing a business's brand image must include interaction with and feedback from customers about visual identity, messages, ideas, values, products and emotions (De Chernatony, 1999). This begins by the business owner taking the lead in developing a brand image for the company, and then engaging the employees to support that message by creating and delivering consistent, positive customer experiences. The secret of successful business branding is to deliver a positive experience on a consistent basis to its customers. Conversely, a poor experience—whether it is an inexperienced sales clerk unable to answer questions or a faulty product—can damage or end even a strong customer relationship. It is emotions that play the greatest part in consumers' purchasing decisions.

Vice President of IT Scot Struminger works for the global corporation FedEx. His perspective about meeting customer expectations is as applicable to small business owners as it is to large corporations: “Companies will go to great lengths and spending on sales, but all their efforts—and cost savings—can be wiped out by one bad customer experience” (p. 10, CRMMagazine, January 2005).

### *Tangibles*

Responses to the survey questions regarding the business's visual identity addressed the “the way the business looks” aspect of the investigation. In this section participants communicated details about their business's physical, visual image.

The respondents communicated that 62 percent had created the business's visual identity while 30 percent of the participants said a design person or design agency created their visual image. The common messages that the study participants said they wanted to convey through

their visual identity systems were service, quality, value, trust and longevity. Nearly all of the participants (92%) said they believed their visual image conveyed the messages intended and 91% of the respondents said they believed the business's physical visual image was important to the company's success. All of the respondents said they had engaged in advertising utilizing the company's visual identity.

These findings suggest that many small businesses make the all too common mistake of underestimating the value and role of graphic design in branding their businesses. The majority of the participants took on the significant responsibility of a designer without having sufficient expertise to create a strong visual identity for their company. The reasons why a small business's visual identity program should be given the most careful attention a company can afford are the same as for a large corporation: it helps establish consumer confidence; suggests stability to the community; improves relations with suppliers, consumers and external agencies; and makes advertising and sales promotion more effective by building a favorable attitude toward company and product (Balmer and Wilson, 1998). Visual design techniques can assert many advantages. One is speed: it is an all-at-once message. And there are greater variety of avenues of approach from color and light values to scale, texture and dimension. Visual communication may be sustained in time or instantaneous; it can be controlled to reflect or influence emotional qualities. Yet, visual communication is too often overlooked.

Rosen (1970) said, "A company that intends to move forward aggressively and responsibly frequently signals its intent with a strong visual identity program" (p. 4). The first visible evidence of things to come is most often the new graphic design program with logo, color scheme, advertising, and sales promotion efforts. They are the signal of intent and first tangible evidence that the business is on the move.

Most consumers make a flash appraisal of a company on the way that business looks to them in terms of its visual identity. This appraisal is a meaningful component that profoundly affects the countless "yes" or "no" decisions that, big or small, important or insignificant, rational or impulsive, all combine to direct the course of business-based lives. Visual identity is integral to, emanates from, and develops around every business. And to not give it serious consideration is a negative action that will project its own image.

Today a new sense of visual experience has taken hold in small business communities and society. The present generation, which has never known a world in which there was no television, is much more visually oriented than its elders. And they have a significant impact on the profit margin of small business.

### **Conclusion**

The results of this research have identified a sample of North Dakota small business entrepreneurs who are single-minded in their beliefs and perhaps overconfident about the brand image of their respective companies. They have calculated that their business's branding is successful but have not included customers' perceptions in the equation. Understanding how customers feel about a business's brand image may be more important than what the owners think about it. When promises are made and inferred in these [brand] messages, and are satisfactorily delivered, loyal customers are born and reinforced (Gordon, 2004).

The study results also indicate that many North Dakota small business entrepreneurs do not give enough attention to developing and/or are not knowledgeable about how to develop a definitive visual identity system. The companies who underestimate the value of a professional graphic designer subsequently may not be experiencing the full potential of their business.

The difference between the success and failure of a small business can have everything to do with branding—both the brand image and visual identity. Companies that command attention create the basis for dialogue with consumers and markets. Dialogue, whether simple or complex, is the basis of commercial relationships—and it begins with brands.

When branding was first broadly deployed, it was at the turn of the 20<sup>th</sup> Century when the U.S. economy was starting to industrialize with the twin innovations of mass production and mass marketing. In that period, consumer demand consistently outpaced supply, as people craved for the products that new modes of production and distribution made possible. Half a century ago, demand outstripped supply. Today, the world is a different place where supply outstrips demand. Nearly every sector of the economy, whether in products or services, has achieved over-capacity in the industrialized world. Sources of supply are no longer the scarce resource; sources of demand—customers—are the scarce resource (Haig, 2003).

Any hope of small businesses inducing customers to buy products or services demands first that those businesses attract and retain their attention. And branding is the tool that businesses use to claim consumers. Furthermore, the more choices business presents to customers, the more precious that brand image becomes. Successful brand images are the competitive weapon for business in this century. They can make an indelible mark, an unforgettable, lasting impression.

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