

Local Product Brand Image: A Case Study of Small and Medium Enterprises in Muar, Johor.

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Abstract --- Malaysia, which has a variety of races and cultures, is booming with commercial activities. Currently, small and medium enterprises in Malaysia have received increasing attention from the public and government. Today, brand plays important roles which is to improve consumers' lives and enhance the financial values of firms. It can also differentiate companies' products with those of competitors'. Strong brands don't just happen. They are usually the results of a long-term strategy that guides how a company does business and is tightly bound to its understanding of customer needs. The focus of this research is an examination of brand and branding of local products produced by small and medium enterprises of local people at Bandar Muar, Johor. Branding theory signifies three important frameworks for this study, namely symbol, communication and behavior. Overall, branding benefits in terms of customer recognition. The brand image plays an important role when a customer decides to buy one product over another. Usually, well-established brands have good reputations and are immediately recognizable to consumers. Almost 86 percent customers who have been interviewed prefer good and attractive packaging, which is reflected in symbol framework. Around 82 percent customers demand that communication element uses all mediums of communication for wider reach. The most preferred product branding behavior by local customers and local product is equivalent competitive standing for local and foreign products. Basically, well-known brands are likely to be purchased rather than those that are unknown. People often trust what they know and distrust, or, at the very least, feel suspicious with unknown brands.

Keywords— Branding, Small and Medium Enterprises, Bumiputera

1. Introduction

Branding is really familiar in business world. Peter Cheverton said, brands are also considered genuine symbols that need marketing. Some of the brands

need higher emotional level and some would lie to be at the level [4, p. 13-14].

The distinction between brand and product is fundamental. Product is what the company makes; what the customer buys is a brand [7, p. 2].

James R. Gregory in 2002 defines brand as an important asset to the company which needs regular governance as well as other assets. In this global market, James says that many are aware of brand importance and corporate as a factor to build company value for not just in the country [8, p. 4].

However, James adds, to grow the brand in the market, company needs to have a strong brand which is presentable to users. Every company has its own way to the growth of their product [8, p. 16].

Therefore, this study will delve into an examination of brand and branding of local products produced by the Small and Medium Industries (SME's) of local people at Bandar Muar, Johor.

2. Literature Review

According to Suhaini Mat Daud & Nor Hasmini Abd. Ghani [6, p. 183], the findings from A Review of Branding Benefits Among Small and Medium Sized Enterprises (SME's) says that branding will benefit in terms of customer recognition. People often trust what they know and distrust or at least feel suspicious with unknown brands.

Muhammad Wasim Jan Khan and Muhammad Khalique said that SME traders play important part in expanding economies equally [2, p. 46].

As an addition, according to Nurulhuda Che Abdullah and Ramlee Mustapha [3, p. 162], their respondents agree that business which bases on food, beverages, and agricultural are businesses that have high prospect because in long term, whatever happens, people still need to eat.

They state strongly that product commercialization is really important in the market. Packaging is a critical factor. Nice packaging will need higher cost [3, p. 160].

A research done by Siti Arni Basir [5, p. 130-131] states that many traders have difficulty as they have low modal to do aggressive marketing, are

too dependent on traditional marketing strategy and are always reliant on the government.

3. Materials and Methods

The methodology used in this research is quantitative analysis. The main objective for this research is to give better understanding of this phenomena, including new discovery, or provide explanation on common knowledge or theory. Basic research was carried out without giving concerns about the outcome whether or not it is useful. On the other hand, consumable research is a science to solve a problem. Basic research has a lot of use and many can defend it [1, p. 4].

In this research, Branding theory by Olin's is used for the theoretical framework. Branding theory signifies three important frameworks for this study, namely symbol, communication and behavior. All these three factors are split into three divisions, namely Monolithic, Branded and Endorsed.

Monolithic is corporate brand or the single business identity, in which the organization uses one name and one visual system. Secondly, Branded is the multiple business identity where the organization owns a variety of brands, each of which is endorsed by a group name or visual style and its products carry their own brands and as there is no connection between each other. Lastly, Endorsed is the brand based identity, business and products that carry the brand name or family. For example, the organization owns a number of brands or companies which are apparently unrelated, both to each other and to the corporation.

Researcher also uses questionnaires and interviewed 150 respondents from Muar town area. The researcher uses SPSS system to analyze data gathered from the research questionnaire. This research is important to gather information from respondents and to be used as a guide for the interview.

The questionnaire was designed specifically for respondents to answer and give their views. Questions were designed to gather information about the research to prove whether or not the hypothesis is correct.

This research uses Slovin's formula to get the correct amount of respondents. Below is Slovin's formula.

$$n = \frac{N}{d + (N \times e^2)}$$

n = total sample
 N = population
 e = tolerancy fault 0.05²

Based on the formula, below are the calculation steps:

$$n = \frac{240}{1 + (240 \times 0.05^2)}$$

$$n = \frac{240}{1 + (240 \times 0.0025)}$$

$$n = \frac{240}{1 + (0.6)}$$

$$n = \frac{240}{1.6}$$

$$n = 150$$

Population (N)	Formula	Sample Total (n)
240	$n = \frac{240}{1+(240 \times 0.05^2)}$	150

Figure 1 Total sample for the questionnaire

4. Time Frame

150 respondents who are usual customers of medium and small businesses were selected randomly at Muar town area. Respondents were handed the questionnaire and willingly participated.

5. Sample

The researcher interviewed 5 people from SME's at Muar town, Johor. In order to be selected as sample from SME's, a few requirements must be met which includes the condition that the business must be 5 years and above. SME's must be owned by Bumiputera and the owner is willing to participate as sample. Based on this, researcher randomly selects the SME's in Muar town area.

6. Result and Discussion

The components in theoretical framework are Monolithic, Branded and Endorsed which are split into symbol, communication and behavior.

1. Symbol

In this research, a total of 150 questionnaires were collected and identified. As seen in chart 2 below, for Monolithic, as a new brand, a good branding gives a good acceptance about the products and services. 16 percent of the result shows strongly agree while the other 84 percent states that they agree with this statement.

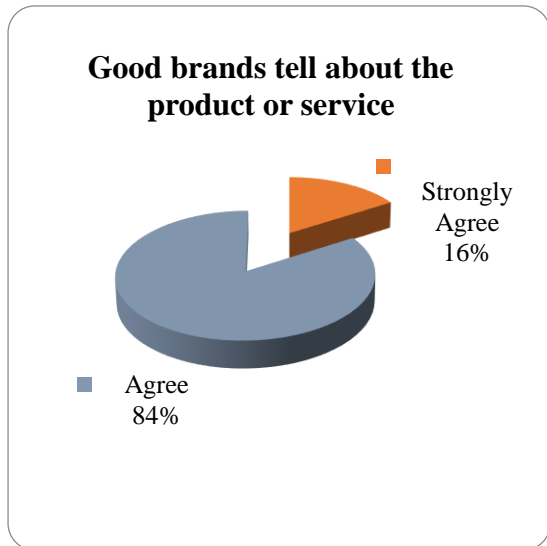


Figure 2 I believe that good brands tell about the product and service

For Branded product, Table 1 shows that 2.7 percent respondents strongly agree if Bumiputera traders use special packaging for selling their products. 85.3 percent respondents agree that packaging is particularly important for them. But, there are 4 percent respondents who are unsure of special packaging. There are also 6 percent who do not agree and 2 percent strongly disagreeing against using special packaging for local product.

	Special Packaging	
	Respondent	Percentage (%)
Strongly Agree	4	2.7
Agree	128	85.3
Not Sure	6	4
Do Not Agree	9	6
Strongly Disagree	3	2
Total	150	100

Table 1 Packaging is particularly important for me

For Behaviour section, there is an equal result showing that 75 respondents know about the local product which is a family branding for generations. But, half of the 150 respondents are unsure of local product family history.

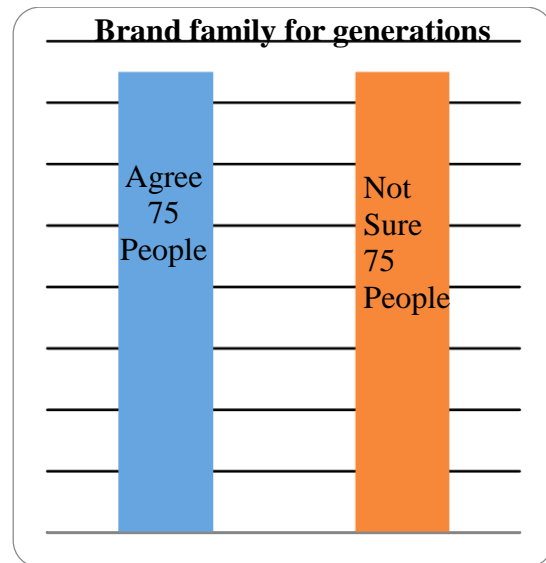


Figure 3 Products sold are brand family for generations

2. Communication

For Monolithic section that has a variety of brands, there are 24 respondents who are uncertain of what they are buying, speaking on behalf of the dealer. But, 126 respondents agreeing of what they have bought is speaking on behalf of the organization itself.

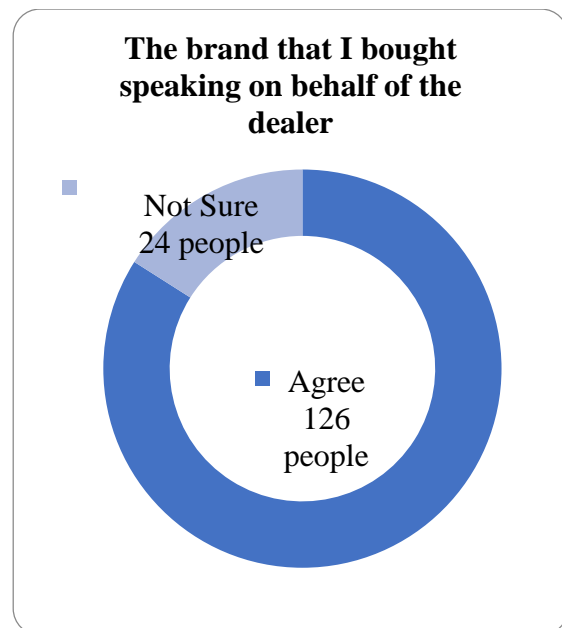


Figure 4 The brand that I bought speaking on behalf of the dealer

For Branded section, the chart below illustrates the result. 81.3 percent respondents in Muar town agree that all Bumiputera traders should use all types of business communication medium to promote their product. 2.7 percent respondents strongly agree with this statement and 16 percent are unsure regarding this statement. Bumiputera traders should utilize all types of business communication. This case is agreed by James R. Gregory [8, p. 37], in which he listed some of the characteristics of a strong brand such as the brand itself needs to use all types of communication and marketing activities.

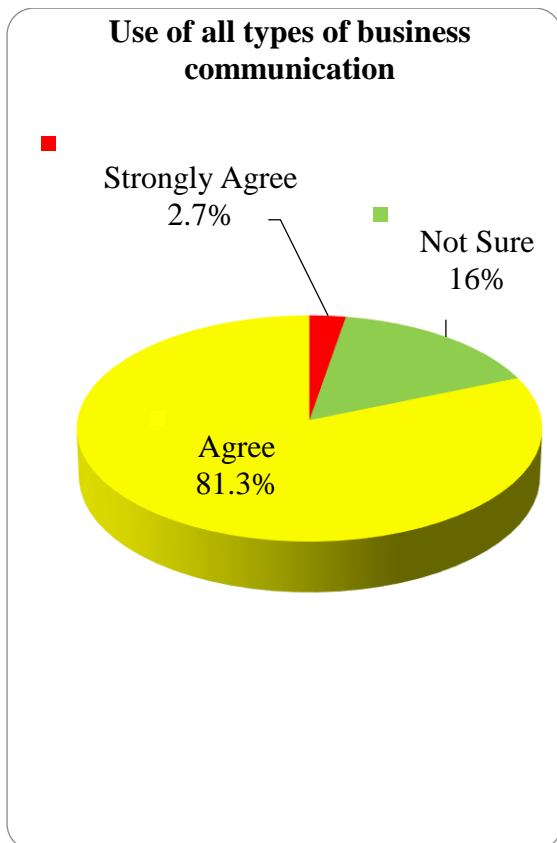


Figure 5 I encourage the use of all types of business communication and business activities

For Endorsed, there are 3 respondents who strongly agree and 36 respondents who agree that local products can be sold to the public without using advertising methods. 7 respondents are not sure about this. But, 80 respondents do not agree and 24 respondents highly do not agree with this statement. They prefer all Bumiputera traders using advertisement to promote and advertise the products.

Products can be sold without advertising	Strongly Agree	Agree	Not Sure	Do Not Agree	Strongly Disagree	Total
	3	36	7	80	24	150
	2	24	4.7	53.3	16	100

Figure 6 The company products can be sold to the public even without advertising

3. Behavior

In the behavior section, for Monolithic, there are 2 percent respondent who are unsure about Bumiputera traders who face a shortage of capital problem. But, there are 81.3 percent respondents agreeing and 16.7 percent respondents strongly agreeing the statement that many Bumiputera traders are facing financial problem when starting business.

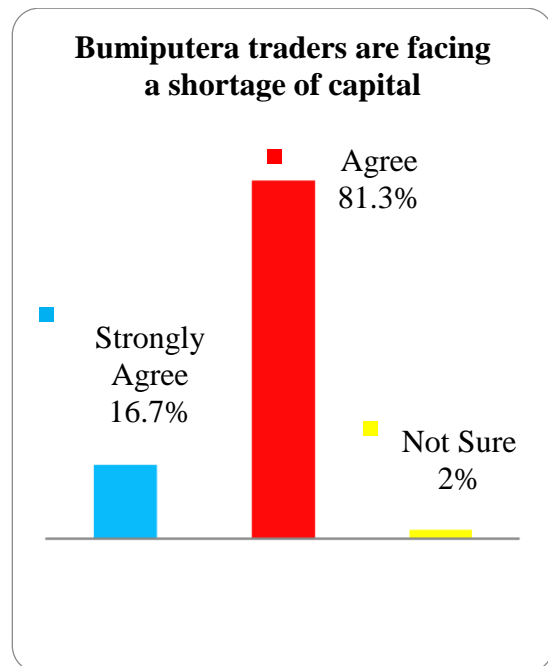


Figure 7 Bumiputera traders are facing a shortage of capital

Figure Branded below shows that 4.7 percent strongly agree while the other majority of 83.3 percent respondents agree that they purchase to meet their need. But, 8 percent are unsure and 4 percent do not agree that they are buying for their need.

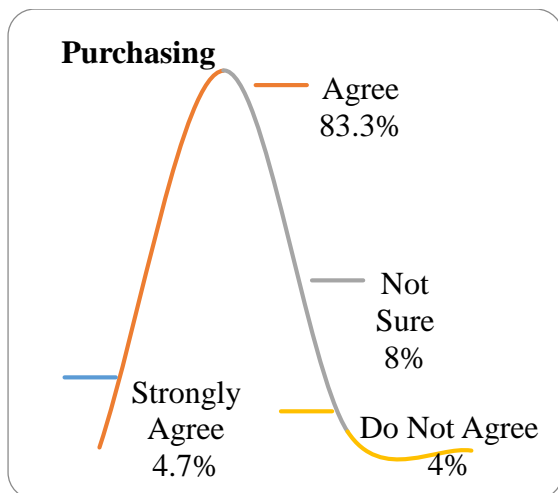


Figure 8 Bumiputera traders are facing a shortage of capital

Lastly, for endorsement. There are 10 percent respondents strongly agreeing and 68 percent respondents who agree that Bumiputera traders can compete with non-Bumiputera brands. 2 percent respondents are uncertain. 15 percent respondents do not agree and another 15 percent respondent strongly disagree that Bumiputera product can compete with non-Bumiputera products.

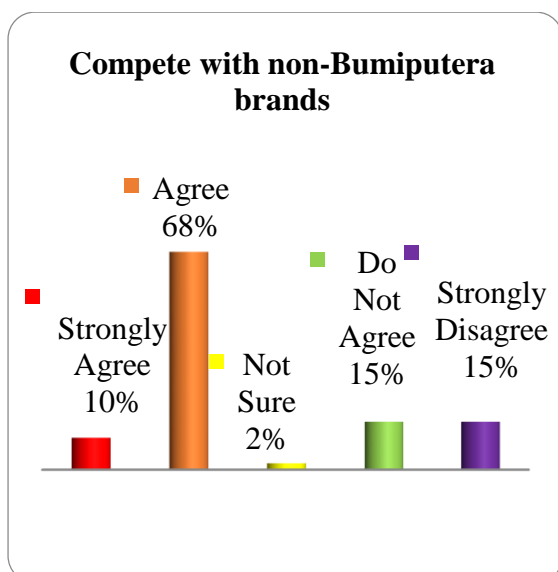


Figure 9 Bumiputera traders can compete with non-Bumiputera brands

7. Conclusion

As a conclusion, Bumiputera traders must use all the opportunity to promote their product. In this modern era, they should grab the chance to enhance their business growth.

Bumiputera traders cannot rely on traditional method and must make changes to gain business knowledge which can make their business

grow rapidly. They also should not rely only on government's help but must grab the privileges given by the government to Bumiputera.

A lot of aspects need to be considered to make Bumiputera moving forward in business. Government or private sector must provide training and course regarding business to Bumiputera.

The youth needs to be aware and should be given utmost support by the elders to get involved in business considering that nowadays, businesses are mainly ruled by non-Bumiputera.

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