Challenges of branding among SMEs in Ghana: A cross-sectional study in the greater Accra region

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Abstract

Small and medium-sized enterprises (SMEs) are struggling to grow and sustain a competitive edge in both domestic and global markets in the present economic climate. This study aims to investigate the challenges SMEs face in establishing and maintaining an effective branding strategy. This study used a cross-sectional study design as well as a consecutive sampling technique. The sample size of the study was 368 Ghanaian SMEs in the Greater Accra Region of Ghana. To explore the challenges of branding among SMEs, a pie chart was used. According to the results, the challenges SMEs face in branding are as follows. 27% of the population have no knowledge or understanding of branding, 33% indicated they do not have the financial resources for branding and 33% indicated that even if they are taught how to brand their business, they will not have the time to plan and implement the branding strategies. In conclusion, SMEs need to maximize their usage of available resources and knowledge to compete. They also need to minimize time spent on production and should increase focus on how to sell the products they make.

Keywords: brands, SMEs, Ghana, Greater Accra, challenges

JEL classification: M30, M31, M37

Introduction

Branding in the business world is an essential strategy for success. Not only does branding serve as a means of differentiation of companies' competitors but it also helps in building a loyal customer base. Small and medium-sized enterprises (SMEs), especially in developing countries like Ghana, often face unique challenges in establishing an effective brand strategy.

The rise of a nation's industrial sector as well as its economy are often driven by the nation's SMEs. They contribute to the creation of jobs, the expansion of the GDP, the equitable development of regions, a diversity of economic activity, and social stability. Companies that fall under the category of SMEs have an employee count that is below a specified threshold. According to the definition provided by the European Commission, SMEs are organizations that have fewer than 250 workers (Vahl, 2018, pp.1-62).

The establishment of SMEs as a critical foundation for the economic development of many African countries is a relatively recent phenomenon. This is because SMEs aid Africa's overall growth and have the potential to push the continent even further down the path of industrialization. According to Osei-Frimpong et al., SMEs are a primary factor in Africa's social and economic development (Osei-Frimpong et al., 2019 pp.103-121). Small and medium-sized enterprises account for around 70 percent of Ghana's GDP and 92 percent of the country's companies. They constitute seventy percent of Nigeria's manufacturing industry and ninety-one percent of South Africa's organized companies. Not only are small and medium-sized businesses the driving force behind the economy, but they may also serve as a catalyst for economic diversification in other parts of the economy (Osei-Frimpong et al., 2019 pp.103-

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121). SMEs that have introduced game-changing innovations may be able to expand internationally and enter new markets across the globe. Many countries in sub-Saharan Africa, and even on the entire African continent, might benefit economically and socially from increased support for small and medium-sized enterprises (Oyegoke, Folusho, 2020 pp.57-61).

There is frequently an obstacle when it comes to marketing and building a brand development exercise for a small or medium-sized company. Contrary to popular belief, developing a brand is not something that can only be done by very large companies or those who operate on a global scale (Oyegoke, Folusho, 2020 pp.57-61). Any aspect of a company's operations, regardless of its size or customers, might stand to gain by participating in brand-building activities, even those that are relatively little but significant. There are a lot of small and medium-sized businesses and sectors that operate on a shoestring budget, which makes it difficult to dedicate large quantities to marketing and attempting to promote their brand. Although establishing a name for oneself might be a costly endeavor, the procedure can be tailored to meet the requirements of smaller businesses operating in the region. The majority of small and medium business owners make the mistake of associating the process of establishing a brand with marketing, and, as a result, their organizations have difficulties reaching their full sales and growth potential. Branding, on the other hand, discusses consumer perceptions after use. Integrating a company's core beliefs and values into every facet of its marketing strategy is crucial. If there is no strong consumer base, a marketing campaign cannot bring in many new buyers (Oyegoke, Folusho, 2020 pp.57-61).

A solid brand may extend the reach of the same marketing effort, resulting in more sales and happier customers in the long run. The goal of marketing is to maximize revenues from clients who have previously expressed an interest in an offered product or service through a process of identifying, anticipating, and satisfying their expectations. Customers who have previously shown an interest in the product or service provided are given priority. When creating a marketing strategy, it is important to keep the product's branding and the brand's personality in mind for maximum effectiveness. Branding can take a business to new heights when coupled with well-planned advertising campaigns. Micro, small, and medium-sized enterprises are especially susceptible to this feeling of unease.

The purpose of this research is to investigate the challenges of branding encountered by SMEs in Ghana with emphasis on those experienced in the Greater Accra Region.

Research questions

1. Is it difficult for you to brand your company because of the level of knowledge you have about it?
2. Is your company's lack of brand recognition due to a lack of capital?
3. Is it difficult to establish a company identity due to a lack of time?

Literature review

Challenges of Branding

Manufacturers with established reputations face a variety of challenges in the creation and upkeep of their products. These difficulties may be tough to overcome. When referring to the difficulties faced by SMEs in marketing their goods under their names, the term ‘brand barriers’ is sometimes used. Gielens and Steenkamp state that severe constraints on resources like time, money, and people are the primary reasons for difficulties. Research by Gielens and Steenkamp suggests that most companies have to put the building of a long-lasting brand on hold due to a shortage of funding (Gielens & Steenkamp, 2019 pp.367-384).

Due to the significance of branding as a strategy for competing against other companies, Klerk and Muir (2022) suggest that it may be particularly challenging for SMEs to develop a

reputation for themselves. Therefore, to stay competitive, SMEs need to make the most of their current pool of expertise and resources. Incorporating media communications and media coverage into branding efforts may cost a lot of money, which dilutes the impact of traditional media (Klerk & Muir, 2022 pp.365-391). When the economy is bad, there is more competition between brands, the media changes how they cover news, and people have to take on more responsibility, SMEs may have to pay more (Klerk & Muir, 2022 pp.365-391).

Due to lower market awareness and less available resources, branding might be particularly difficult for SMEs (Gielens & Steenkamp, 2019 pp.367-384). Some of the major challenges that SMEs face today include the rise of trade powers, the rise of private label competition, the expansion of brand families and portfolios, the inability to differentiate, operating in big markets, and the decline of brand loyalty across many product categories (Gielens & Steenkamp, 2019 pp.367-384). SMEs also confront the problem of private label competition.

According to the findings of research conducted by Lawrence and colleagues on eight different Australian companies, SMEs have limited knowledge of what constitutes branding (Lawrence et al., 2018 pp.1851). According to Lawrence and colleagues, contrary to what the general public believes, smaller companies are just as forward-thinking as their larger counterparts (Lawrence et al., 2018 pp.1851). Many authors have argued that only very large corporations can afford to invest in branding (Lawrence et al., 2018 pp.1851; Gielens & Steenkamp, 2019 pp.367-384).

SMEs believe that the most important aspects of the branding process are the brand name and logo, as well as the advertising efforts. Increasing advertising costs, introducing and supporting new products, focusing on short-term success, staff turnover, and cyclical economies are only some of the obstacles that brand-builders confront (Gielens & Steenkamp, 2019 pp.367-384). Other challenges include focusing on long-term success, focusing on short-term success, and concentrating on short-term success. According to Peterson and Rakshit, the majority of small enterprises emphasized production above sales (Rakshit & Peterson, 2022 pp.1-26). Problems impacting SMEs are identified as having a negative product reputation and having a low demand on an international scale (Gereffi, 2018 pp.33-58). According to Leonidou and Theodossious's research, SMEs have been successful on a worldwide scale although they must overcome internal informational, functional, and marketing constraints (Leonidou, Theodossious, 2004 pp.12-36).

Methodology

The study used a cross-sectional study design and a consecutive sampling technique. The term cross-sectional research design refers to the study of data from a population at one point in time. This is a quantitative investigation. Quantitative studies are the methods or techniques for gathering and understanding numerical data. To research the study goal, questionnaires were circulated. A quantitative study provides the researcher with a greater understanding of its investigation. The study focused on SMEs in the Greater Accra Region of Ghana. The prevalence rate of SMEs in Ghana is 60.6% (Quaye, 2016 pp.1). The sample size was calculated with the Cochrane equation and arrived at a sample size number of 368 respondents.

The researchers used a consecutive sampling technique which means that only eligible participants can participate in the study. The eligible criteria were a Ghanaian owning a business with a shareholding of 51% and above. Ethical Clearance was obtained from the Committee on Human Research, Publication and Ethics of the Kwame Nkrumah University of Science and Technology, Kumasi. During the study, anonymity, confidentiality and participants' informed consent were observed. These considerations were taken into account for a successful study.

Results

Challenges of Branding among SMEs in Ghana

The challenges were classified in three parts

1. Lack of knowledge in branding
2. Lack of finances
3. Lack of time to plan and implement branding.

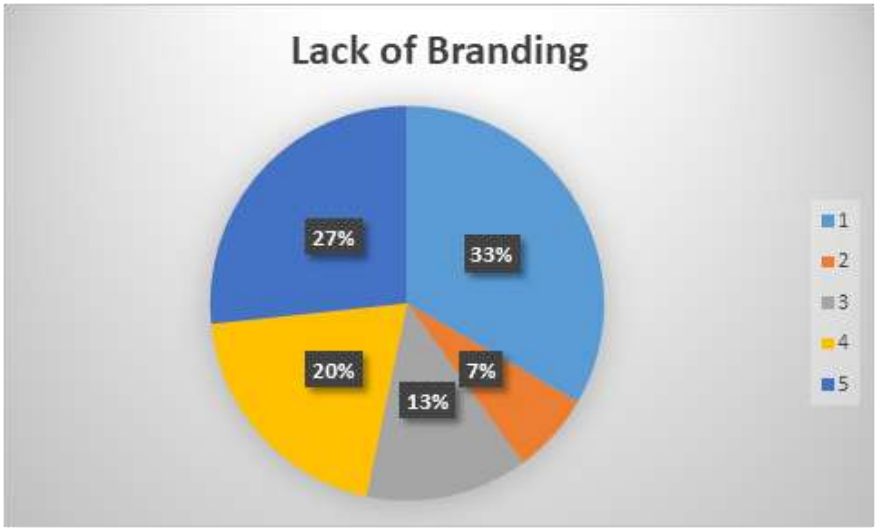

Figure 1: *Under lack of knowledge in branding, it was indicated that 27% of respondents have no level of knowledge of branding, 20% have basic knowledge of branding, 13% have average knowledge of branding, 7% have an understanding of what branding is. 33% indicate they are knowledgeable about branding.*
Source: *Amankwah, Miller, 2023*

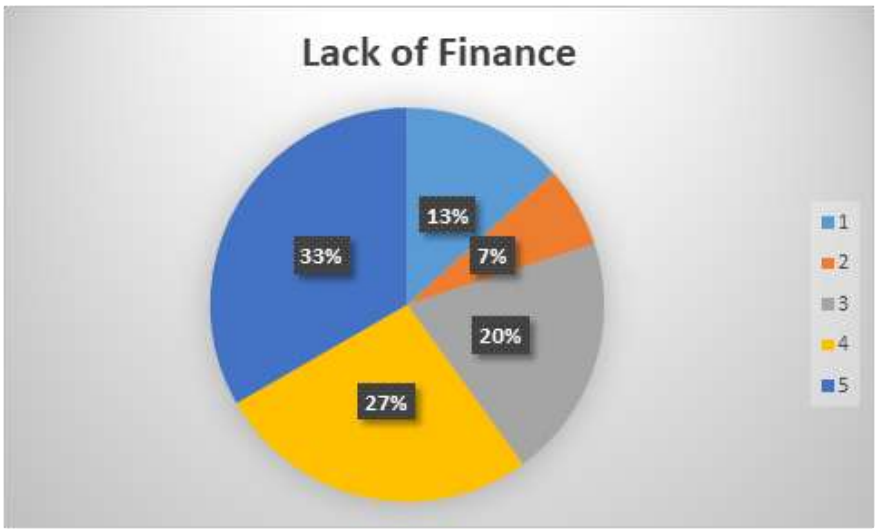

Figure 2: *Under lack of finance in branding, it was indicated that 13% of respondents have the financial resources for branding, 7% have adequate finances for branding, 20% have an average level of finances for branding, 27% have little finances for branding. 33% indicate they have no finances for branding.*
Source: *Amankwah, Miller, 2023*

Figure 3: *Under lack of time for branding, it was indicated that 20% of respondents have the time to plan and implement branding knowledge, 7% have adequate time to plan and implement branding knowledge, 13% have an average level of time to plan and implement branding knowledge, 27% have little time to plan and implement branding knowledge. 33% indicate they have no time to plan and implement branding knowledge.*
Source: *Amankwah, Miller, 2023*

Discussion

Challenges of Branding among SMEs in Ghana

1. Lack of knowledge in branding

According to Gielens and Steenkamp's (2019) research, the majority of businesses are forced to prioritize their day-to-day operations due to lack of capital, which might hinder the development of a long-lasting brand with time (Gielens & Steenkamp, 2019 pp.367-384). Since 27% of the respondents have no level of knowledge of branding, this will make it impossible to compete with other brands locally and internationally.

2. Lack of finance

Due to lower market awareness and less available resources, branding might be particularly difficult for SMEs (Gielens & Steenkamp, 2019 pp.367-384). According to this study, 33% of respondents indicated that branding is expensive, and they do not have the finances to fund it or to improve their product presentation.

Some of the major challenges that SMEs face today include the rise of trade powers, the rise of private label competition, the expansion of brand families and portfolios, the inability to differentiate, operating in mature markets, and the decline of brand loyalty across many product categories (Gielens & Steenkamp, 2019 pp.367-384).

3. Lack of time for planning and implementation

According to Peterson and Rakshit, the majority of small enterprises emphasized production above sales (Rakshit & Peterson, 2022 pp.1-26). Evidence in the study shows 33% have no time to plan and implement branding knowledge because their focus is on production, without looking at how to attract potential customers to sell their produce. Problems impacting

SMEs are identified as having a negative product reputation and having a low demand on an international scale (Gereffi, 2018 pp.33-58).

Conclusion

In conclusion, SMEs need to make the most of their existing resources and expertise to scale up their business. They need to cut down time in manufacturing and instead concentrate on marketing what they produce.

SMEs should learn how to properly recognize colours, interpret their meanings, and implement them into their corporate identity. Although SMEs indeed lack the financial resources to brand their products to meet market standards, they can gain at least some basic knowledge to improve the appearance of their products, which will help them retain and attract new customers.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest for the research, and/or publication of this article.

Ethical Statement

The Institution's Ethical Evaluation Committee provided ethical review and approval for this study on human subjects. Furthermore, informed consent was obtained from all participants involved in the study.

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Author Contributions

Study concept and design: Ebenezer Rexford Amankwah.
Acquisition of data: Marian Esther Miller.
Analysis and Interpretation of data: Marian Esther Miller.
Drafting of the manuscript: Ebenezer Rexford Amankwah.
Final review of the manuscript: Ebenezer Rexford Amankwah. and Marian Esther Miller.

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