

MINISTRY OF SCIENCE AND HIGHER EDUCATION OF THE REPUBLIC OF KAZAKHSTAN

AKTOBE REGIONAL STATE UNIVERSITY NAMED AFTER KUDAIBERGEN ZHUBANOV

FACULTY OF ECONOMICS AND LAW

**BRAND MANAGEMENT AND BRANDING DEVELOPMENT TENDENCY IN SMALL AND
MEDIUM ENTERPRISE: EVIDENCE FROM KAZAKHSTAN**

DISCIPLINE: ORGANIZATION AND PLANNING OF SCIENTIFIC RESEARCH

PREPARED: MANAGEMENT TEAM

- The main major component of national economies of developed countries is small and medium enterprises (hereinafter SMEs). Of course, in turn, large enterprises determine the scientific, technical and industrial potential of the country, the SMEs, the most common forms of business life. They provide stable development of the country, as social element, and economic. Increased dynamism, flexibility, innovative activity, ability to quickly create new industries and generate new jobs is the main differences between the SME sector.
- The basis of the economy of any state is the development of small and medium-sized businesses. When there is no development of entrepreneurship in the country, it is impossible to talk about stability of the macroeconomic situation in the state. Kazakhstan immediately after independence, the development of small and medium business as an important direction of the economy.

- A priority of state policy was comprehensive support for small and medium-sized businesses. And despite the difficult economic situation in the country in the early and mid 90-ies of the twentieth century, the number of subjects of small and average business and the number of people employed in this sector grew constantly.
- The crisis economic situation which developed in our country in mid-2015 and continued up to the present time, not much impact on the number of active subjects of small and average business.
- **The total number of active subjects of small and average business in the Republic on March 1, 2022 has made more than 1 million 409 thousand. The share of this sector in GDP is about 34,5 %. This figure again emphasizes the importance of state support of small and medium-sized businesses.**
- According to the statistics Committee of the Republic of Kazakhstan as of March 1, 2022 the number of active subjects of small and average business, in comparison with the corresponding date of the previous year increased by 1,5 %. The total number of subjects of small and average business, the share of individual entrepreneurs made up of 72.5 %, farming – 13,7 %, legal entities of small business – 13,6 %, legal entities medium enterprises – 0,2 %

- Marketing of products and creating value to the customer by managing their brand is important for a SME. Past research proves SME marketing is haphazard and informal because of the way the owners/managers carry out business (Gilmore et al., 2001). Owners usually decide on their own by responding to current opportunities and circumstances without planning, therefore, decision-making occurs in a chaotic way. Further, SME marketing is informal, loose, unstructured, spontaneous, reactive, built on conforming to industry norms. Storey (1994) suggested the main characteristic distinguishing small from large firms is the high failure rates of the small businesses. Often, businesses are susceptible to failure when they are still at the start-up stage and are small. According to the 'Enterprise and Small Business' only a small percentage of SMEs make it in a competitive market in the long-term, and over two thirds close a short while after they were opened (Carter and Jones-Evans, 2006).

QUESTIONS

- It is necessary to perform a number of tasks, To achieve these goals
 - 1) consideration of the definition of the concept of "branding" and a clear designation of the semantic load that this concept carries;
 - 2) separation of the concept of "brand" from the concept of "trademark";
 - 3) consideration of brand attributes;
 - 4) consideration of branding features in Kazakhstan.

The object of the study is the tools and methods of marketing used in the formation of the brand.

The subject of the study is the brand as a set of perceptions in the mind of the consumer.

METHODOLOGY

- Both qualitative and quantitative data will use for this study. The data will gather using survey questionnaires and by conducting personal interviews with owners-managers of SMEs. The questionnaire will be drawn from the theoretical information provided from the literature review and the objectives of the research. The questionnaire will pilot test to ten respondents and changes suggested by the respondents are incorporated. The questionnaire will divided into seven sections:
- Section 1: Questions 1, 2, and 3 intends to collect information about the owner's knowledge on brand management and understanding whether brand management is incorporated in the day-to-day activities of the company. Section 2: Questions 4 to 8 designed to understand fully the strategy the SME uses to create, develop and protect the brand identity. Section 3: comprises of questions from 9 to 14 are designed to identify if SMEs invested towards building brand distinctiveness to attract the target market. Section 4: Questions 15 to 20 measure the profitability of a brand in the SME. Section 5: (Questions 21 to 24) to understand the investment made by SMEs towards building a stronger brand. Section 6: Question 25 seeks to gain information from the SME manager's interpretation of what could be a barrier to build strong brands. Section 7: Question 26 understands the owners-managers attitude toward the importance of incorporating a branding strategy.
- The our research will describes the main directions of branding development in the domestic and foreign markets for goods and services.

BRAND MANAGEMENT AND BRANDING

- Today, the term brand is given a lot of definitions, here are some of the examples: Brand – is a guaranteed quality plus guaranteed emotions.
- This is an active experience, taking place in the process of any communications between the company and its key clients.
- Brand is a set of credible promises on the behalf of the product or service, which distinguishes it from the rest by means of positive, congruent, personally perceived motives, which are supported by logical tangible characteristics and properties of the product or service.
- Brand is a set of tangible and intangible assets, identifying the brand.
- Brand is a combination of names, symbols, statements, design and style that identifies and differentiates the product in the eyes of the customer.
- Brand is a promise which is based on the promises and is given regularly.
- At the present stage of market development in Kazakhstan, it is difficult to clearly answer the question of what a Kazakh brand is, what are its distinctive features and development directions. The situation is complicated by the fact that the majority of domestic and foreign marketing specialists have not come to consensus on this issue. Some believe that the branding in Kazakhstan is successfully developed, as evidenced by the widespread popularity of most large enterprises, such as Kazkommertsbank, Kcell, KazMunaiGaz and others. Others say that brands of Kazakh origin are just loud advertising statements made by domestic companies, which do not even have long-term loyalty from their consumers.

- This contradiction can be explained as follows:
- 1) As mentioned earlier, the legislation of the RK has no clear definition of the terms "brand" and "branding", as there is no criteria to distinguish the brand from a trademark.
- 2) The popularity of the branding concept leads to the desire of marketing specialists to equate any product to brand, regardless of the level of quality, the degree of fame or the availability of emotional values. This behavior causes a negative reaction from consumers, distrust of any advertising statements referred to the brand of a producer company - the manufacturer.
- 3) There are several historical brands on the Kazakhstani market, such as candy, "Borboris" and chocolate "Kazakhstan". The popularity and fame of these marks lead to the fact that the brand is often considered to be any company or product, which has existed on the market for a relatively long time.

- All the "Kazakh brands" can be divided into 4 groups. It should be noted that in this classification only commercial brands are considered. The geographic brand names, and personality brands, etc, are not taken into account.
- Foreign products and companies. These are the most numerous group. These include world- famous brands of foreign manufacturers, which have a solid position in the minds of consumers around the world. These include companies such as Coca-Cola, Nokia, McDonald's, BMW and etc.
- "Adapted" foreign products / company. This group consists of, first of all, the goods produced by foreign companies, but adapted to Kazakhstani market. The manufacturer may openly enter the market and offer consumers quality products under a well-known brand, but with a more familiar name, or a set of physical characteristics (Rastishka curds from the company Danone).
- Kazakh companies / products that claim to have the status of the brand. We include all of the products into this group, services or companies, rightly or not, but the ones that claim themselves to be a brand on the market of certain products. We can neither deny nor agree with the thesis that "branding on the Kazakhstani market does not exist" because this requires a thorough analysis of a set of products or firms to determine the degree of its branding. However, since this is not the purpose of this study, we shall agree with the opinion of many local and foreign marketers, that market brands in Kazakhstan are in their beginning stage and development, with many difficulties.

- At the present stage of development of the state and society, Kazakhstan is actively cooperating with foreign countries. This leads to the fact that the territory of our country's has imported goods from different countries, the total cost of which is more than two trillion of tenge annually. Thus, confirming the idea that a group of foreign brands of products / companies are the most numerous, therefore, we can conclude that the trends and directions of development of branding abroad, are also applicable to the Kazakhstani market. Let us examine this in detail.
- As mentioned earlier, one of the most striking trends in branding abroad is a widespread transition from the world of goods to the world of brands. In other words, the creation of a successful brand, based on a specific scientific approach, is less sporadic and is transformed into a strategic goal of most companies. The management of an organization, which understands the importance and value of branding for effective competition, integrates business processes under a common brand idea, to transform all areas of a strong system to be capable of resisting both competitors and fluctuations in the outside uncontrolled environment.
- Thus, the brand becomes a strategic asset that is capable to attract more customers and generate profits for the company for a long time . The transition from development strategy and promotion of the brand strategy is also accompanied by a transition from a commodity orientation to a focus on the value that this product offers the consumer.

- On the one hand, this trend of branding abroad began more than 10 years ago. On the other hand, today it takes on new characteristics. The decline of some of the giants of the business, which began in the mid-2000s, shows the imperfection of the established system of brand building. The Western model of branding (strategy of "stand-alone brands") is increasingly demonstrating its lack of viability in terms of mass communications overload. This strategy involves the promotion of each product on the market under a separate brand, along with a separate metaphysical value, independent of the corporate brand. Thus, the consumer loses a sense of integrity, trust and commitment to a particular brand, as in this case, there is no such important quality of the brand, the constancy and consistency. This is explained by the fact that in today's world, overloaded advertising messages and value-messages, the consumer is becoming more discerning and demanding. Therefore, in the opinion of the "guru of branding," like T. Gad, M. Lindstrom and J. Kunde, only the firms with a clearly defined value-message will survive in a highly-competitive market.

- Let's assume that there are 3 companies offering their products on the market. Each firm produces three different products. According to the Western concept, companies promote their products separately from each other by using advertising like print ads, TV advertising, and various BTL activities, etc. Also, companies want to capture greater market share, so they try to diversify their activities, so they often offer goods that are not only in different price segments, but belong to different groups of commodities. In other words, as the case with Mars, the firm can produce a wide range of products, from chocolate and confectionery products to food for dogs. This leads to the fact that different brands of products of one company carry different values for the customer. Thus, the market gets 25 advertising messages with different value-messages from only three companies and their three products. In practice, the number of these kind of firms and goods produced is much more than we have chosen as an example. As a result, the consumer is confused in this flow of valuable-messages and it is difficult to choose the one that is the closest. In this case, the most effective model is the eastern model of building a brand. The company, which offers a variety of consumer products, but under one brand, is more likely to be heard in the market noise. This allows the company to establish a personal relationship with the consumer, by offering something very important and valuable.

- Numerous sociological and marketing researches are aimed at identifying consumers' loyalty to a specific set of brands and the relationship between social status and consumer choice. Indeed, the choice of a product is influenced by many factors and often the level of income plays the least important role. In the framework of the theory of branding, it is proved that a certain social status and social role of the person corresponds to a specific set of brands, which allows it to maintain the status and the role. However, it is becoming increasingly difficult to determine what product categories are of more importance to consumers.
- A large firm, producing a large number of products that are not united under a common corporate brand, is able to win many market segments, however, due to the dispersion of promoting efforts, the share of each product in each segment will not be high. At the same time, relying on the promotion of corporate values, small firms, win one segment , but it is globally spread.
- In order for the brand to have a high value, it must be given direction, accuracy and clarity. However, this means that it is necessary to limit the freedom of actions in each product category. Emphasis should be placed on the uniqueness of the few products, rather than the usage of all the products. Today the market is moving towards a smaller number of more powerful and trusted brands, and the best defense is the saturation of brand maintenance and reliability.

- Thus, high-quality products in the future can become brands, but under present conditions there are several negative factors that hinder the development of the concept of branding in the domestic consumer market:
- 1) Perhaps the main problem of the Kazakhstani market is the complete lack of regulatory framework for the development of branding. That is, as mentioned earlier, the legislation of the RK does not have the basis for the brand development and management, as there is no clear theoretical definition of branding. This leads to the fact that each manager understands this marketing phenomenon as it is convenient for him or her at the moment.[2, p. 55]
- 2) Insufficient development of marketing skills. Most of the leaders of Kazakh companies, when creating marketing departments, and developing a strategy to promote products and services, confidently declare about the usage of the principles of brand management. However, brand management - is much more complicated than just the definition of distribution channels, development of promotional activities, etc. In some cases, brand management at the domestic enterprises is based on a scientific basis, that is, it uses certain brand theory and methodology. Often these techniques are designed by Kazakhstani marketers, who mix the concept of "branding" and "marketing".
- 3) The skeptical attitude of some leaders of Kazakhstan to western branding technology, despite the fact that they have proved their viability and effectiveness on the Kazakhstani market. In other words, despite the fact that most of the world-famous brands exist and develop successfully in the domestic market, many marketers and Kazakh managers of organizations still believe that the use of foreign technologies for brand building is not applicable in Kazakhstan.

- 4) Big investment in the promotion of a product on the market in Kazakhstan is compounded by a tax on advertising, that is, expenditure on advertising and brand building over the limit, established by law, increase the taxable profits of enterprises. It should be noted that in no developed country has such tax, so mainly this is the reason why the progress of domestic brands promotion is held back.
- 5) In addition to the lack of legislation in the field of brand relationships, it should also be noted that the Kazakhstani legislation on the protection of trademarks is imperfect. In contrast to the practices of Western countries, where the principle of "initial" trademark is practiced, while there is an adopted registration system for their protection, in which the trademark receives legal protection only after it is registered in the Patent Committee. Any novelty must be registered and must be patented in order for it to be legally protected. This exacerbates the struggle of domestic producers for their trademarks, and creates favorable conditions for the emergence of all kinds of counterfeit. When taking into account the speed of changes and activity of competitors in all markets, this problem goes beyond the "imperfections".
- 6) Some uncertainty in the consumer orientation of the individual brand names is related to the fact that many domestic manufacturers of foods produce their products according to common recipes, approved standards, under the same names, sometimes without the ingenious packaging. At the same time buyers prefer familiar names, they do not pay attention to the manufacturers, and this complicates the identification of their trademarks on the market. This problem is closely connected with the existence "Soviet brands" on the market. An additional complication is the inability to register the rights to manufacture this product, because unique formula is enshrined in the state standards. The only way to get ownership of the brand name - is to bring some uniqueness to an existing recipe or formulation. In this case, however, there is no guarantee that the consumer will keep the old degree of loyalty, because the product will no longer be familiar.

- Thus, we see that today there are more problems than concrete achievements on the market in of branding today. However, despite the constraints, branding in the consumer market is developing, many domestic companies still turn to the international experience of building a brand, try to examine consumer behavior in order to determine the correct approach to the positioning of their brands. However, branding in Kazakhstan remains virtually unexplored with poorly developed marketing direction, both in theory and in practice. In modern conditions, that dictate the need to survive in the market and create strong opposition to foreign competitors, Kazakh leaders and marketers need to understand the relevance of this problem and begin to actively seek ways of developing branding in Kazakhstan.

REFERENCES

1. Kazakhstan in Figures – 2009 year. 525 pages.
2. Thomas Gad, 4-D Branding: Cracking the Corporate Code of the Network Economy, 1st Edition, 256 pages, 2000.
3. Kunde I. The uniqueness now ...or never.Brand - the driving force behind the company in the new economy values. Stockholm School of Economics. – 2005. 349 pages.
4. Chernatoni I. From brand vision to brand evaluation: a strategic process of growing and strengthening brands. 2nd edition. – M: 2007.
5. Richard Rosenbaum-Elliot, Larry Percy, Simon Pervan, Strategic brand management, 4th Edition, 2018, 368 pages