

Innovative Branding Approach of Startup Level SME's in Determining its Commercialization and Performance

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Submitted: 13 May 2025 Accepted: 19 May 2025 Published: 26 May 2025

doi <https://doi.org/10.63620/MKJGPSCD.2025.1013>

Citation: Thamarai, & Ramliy, M. K. (2025). Innovative Branding Approach of Startup Level SME's in Determining its Commercialization and Performance. *J Glob Perspect Soc Cult Dev*, 1(2), 01-04.

Abstract

Branding has become an essential element in business sustainability in the local and international markets. Branding serves the purpose of creating awareness of a particular product to end-users. However, branding management has evolved over time, and undoubtedly, Digital Era played a prominent role in a product's sustainability in the market especially in the cosmetic industry. Compared to Giant companies, local SME's are mislaid in digitalization and innovation in Branding. Previous studies cover traditional types of branding elements and many study suggesting for digitalization implementation in Branding. This study aims to explore about innovative branding approach of start-up level SME's in determining their commercialization and performance. Based on the Keller Brand Equity theory and Diffusion Innovation theory, this paper will analyze the role of innovation resources' role in branding performance and commercialization. At the end of this paper, a framework has been developed to contribute to further studies in branding management.

Keywords: Innovation, Digitalization, Branding

Introduction

Small and medium-sized businesses (SMEs) are recognized the world over as crucial elements of economic growth and development. Many governments, particularly in developing countries, have established policies aimed at enhancing the ability and sustainability of SMEs. Although there is government support for SMEs in terms of institutions and policies, there is grave concern and scepticism about whether SMEs will increase economic growth and development, especially in developing countries [1].

SMEs have problem adapting to marketplace alternate techniques and competing with huge companies. SMEs do now no longer have a dependent advertising plan. Business proprietors do now no longer recognize marketplace orientation and awareness most effective on customers [2].

As markets are getting more saturated, businesses are facing more competition that requires them to be more creative in developing new strategies and utilizing technology [3]. In many

industries there are companies of different sizes that compete against (SMEs) are often head-to-head with their larger industry counterparts. Larger businesses have access to more resources and professional expertise, which possess many challenges for SMEs. SMEs often deal with limitations such as limited financial, informational and human resources, thus, it is vital for them to be flexible and cost-efficient in order to manage these resources wisely each other meaning that small and medium-sized enterprises (Adekunle). One of the major challenges that SMEs face is the successful implementation of their marketing strategies and their capability to attract new customers [4].

During 2018, Ministry of Entrepreneur Development was re-established to align and coordinate Malaysia's SME to commercialize and increase performance achievements. Several programs was organized to provide more exposure to SME entrepreneurs [5]. Therefore, there is a need to perform a research to bring up issues or challenges that will help to improve the performance of SME firms in Malaysia.

Problem Statement

In Malaysia, SME plays important role in determining Gross Domestic Product growth. Even though year 2005 until 2012, SME growth in Malaysia showing increment of 32.7% but it's very less compared to other developed and other high-income countries which is exceeding 40 % in GDP. Main challenges faced by Malaysia SME's performance is lack in technology use (Ab Wahab, Mohamad [6].

Based on Malaysia Science and Technology Information Centre statistic, Over the period of 2013-2020, Malaysia ranking in Global innovation index dropped from rank number 35 to 33. Poor innovation performance in SME directly impacting Gross Domestic Product (GDP) growth in the country [7].

21st Century which is known as new era of globalization brings new challenges and opportunities to SME sector. Use of internet in business development has established as E-Commerce platforms and resulting high revenues. But as time changed, E-commerce platforms growth in many forms and its make local SME's left behind compare to large organizations.

Competitiveness and deficiency of marketing strategy being the major incapability among SME in Malaysia. Only some SME's brands successfully in market for more than 15 years and among this only very few enter to International Market [8]. Malaysia SME's have to competitive enough to compete along overseas brands by following their trendsetting.

Brands such as L'Oréal, Maybelline, Himalaya hold global market for long time with their constant innovation and creativity in

becoming trendsetter in Branding. SME's can only be successful if they have their own Brand Uniqueness. Unfortunately, Brand always contradiction in their business strategy view.

Branding, as a strategic marketing aspect, is a fundamental topic these days. Customers do remember the brand and relate what might be good things or bad things to that brand. While many companies may thrive in the market with no recognised brand name, they struggle with growth [9].

Most today, consider branding no less than the spine of an organization since it clarifies the position of a firm in the market it is acting. Sustaining through the times of change refers to ability to adapt timely and accurately in order to meet the market needs and wants. Markets, especially when referring to B2C arenas are comprised of societies, and societies are never in status quo. This does not necessarily mean a complete change to an existing brand due to an economical or a social climate change, but it does always require adequate adjustment of its position in a business arena [10-14].

Keller Equity Brand

Keller's Brand equity model is also known as the CBBE model which stands for Customer based brand equity. The CBBE model or the Brand equity pyramid is actually a pyramid which tells us how to build brand equity by understanding your customers and implementing strategies accordingly. When there is a link between the brand and the customer, it results in good brand equity and a better likelihood of recruiting and retaining customers, giving companies and products that are regarded "brands" a significant advantage.



Diffusion of Innovation Theory

DIT is a Vast Social and Psychological Theory that Seeks to Anticipate

how individuals will decide to adopt a new innovation by identifying and analysing their adoption patterns. Specifically, DIT presents five innovation characteristics that are antecedents to any adoption: 1) relative advantages (economic gains or perceived convenience), 2) complexity (relatively free of effort to

use or try), 3) compatibility (being consistent with the existing values, needs, and past experiences of potential adopters), 4) observability (assessment of implication), and 5) trialability (experimented with before adoption). DIT encompasses more particular aspects of open innovation that are valuable in explaining why consumers accept the innovation or how they decide to adopt it [15-18].

Definition of Terms

Variables	Author	Definition
SME	(Fitriasari, 2020)	Small Medium Enterprise
Start UP	(Kim, Kim,&Jeon, 2018)	Entrepreneurs combine Ideas and resources in process to begin New Business with products and services.
Digitalization	(Trașcă, Ștefan, Sahlian, Hoinaru, & Șerban-Oprescu, 2019)	A change in business model/products implementing by digital Technologies.
Commercialization	(Ganjeh,Khani,&Tabriz,2019)	Process introducing product/services by commerce method. Combination of efforts to bring the products to market with new strategy.
Branding	(Apolosova,2020) (Bastos&Levy,2012)	A brand is a term, design, color, features that create the identity of the products. Branding is process featuring the products to consumer mind.
Performance	(AbWahabet al.,2020)	Continuous and flexible process which reflects the end result of business activities and strategies while identify performance as work achievement and result.

Independent Variable

In this research, there are 4 branding elements is being studied. Brand Awareness, Brand Equity, Brand Likeability, Brand Experience was identified to relates with Keller Equity Theory and Diffusion of Innovation theory. Brand awareness is described the effectiveness of the brands that [19].

Can reach Customer Mind and Memory. Brand Equity is Closely Linked with

Brand resonance. Both is defined the intensity or depth of the psychological relation created with brands. Brand equity is the key elements develops to brand loyalty. Brand likeability is defined as a brand strategy based on attractiveness, credibility and expertise in order to create attachment and love by delivering beneficial outcomes for consumers and brand alike. Brand Experience is a strategy involving experiential marketing that incorporates a holistic set of condition created by a company to influence the feeling a customer has about a particular brand. In Digital world, all our independent variable is highly related to online branding such as influencer, blogger, youtubers and even common social media users [20].

Dependent Variable SME's Commercialization Performance

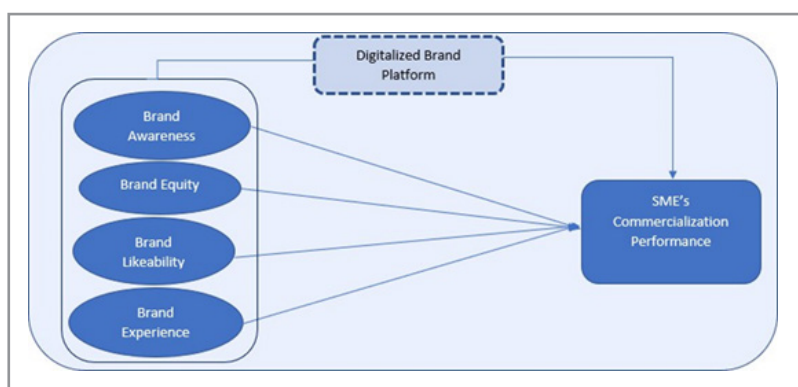
Commercialization is the process of bringing new products or services to market. This will be involving many processes since

beginning until its reach customer which are production, marketing, sales, customer support, and other key functions critical to achieving the commercial success of the new product or services. Brand success is determined by its performance on market. High sales, repetitive purchase, customer retention is a sign of good trend of Brand performance [11].

Moderator Digitalized Brand Platform

Over the previous decade, digital branding has grown in popularity, having its roots in direct marketing. As the number of personal devices on the market grows, so does the number of ways brand marketers may communicate directly and interactively with their target consumers or customers. Given this, it's no surprise that branding concepts should be applied to digital media and technology to developed brands through interactions with consumer on their digital devices [12, 13]. Marketing Technology or 'Martech' is described as a range of software and tools that assisting in achieving marketing performance. The future of modern marketing is data-fueled and more reliant upon technology to deliver product to consumers. Focusing on Martech become one of the strategies to improve the customer experience across channels and mediums [21].

Proposed Conceptual Framework of the Study



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