



The Impact of Brand Authenticity on Brand Trust and SME Growth: A CEO Perspective

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Synopsis

This research explores CEO perceptions of the impact of the authenticity of a brand on stakeholders trust of that brand and the impact that has on SME growth. In today's transparent society SMEs who aim to boost their brand authenticity face considerable challenges: brand authenticity (which for the purposes of this study consists of brand consistency, brand customer orientation, and brand congruency) is not about whether their communications are perceived as authentic, it is about whether the company as a whole is perceived to be authentic. The questions posed in this study are tested with new measures and data from 285 German SMEs using structural equation modeling. The results confirm that brand consistency and congruency foster brand trust, which in turn drives SME growth.

Introduction and Background

A successful brand can be defined as "an identifiable product, service, [organization] person or place, augmented in such a way that the buyer or user perceives relevant unique added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition" (De Chernatony and McDonald 2003; p. 18). A brand is seen to be authentic when different stakeholders experience exactly what the brand has promised. Authenticity consists of three concepts, brand consistency (where brand consistency refers to ensuring that all stakeholders experience the same brand at all brand contact points (for example, packaging, advertising etc.)), customer orientation (where brand customer orientation refers to the satisfaction of customer needs), and brand congruency (where brand congruency refers to staying committed to defined brand values).

To date most branding research has focused almost exclusively on large, multinational brands, this has led to a poor understanding of branding in small and medium-sized enterprises (SMEs). Given that SMEs provide approximately

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A full copy of the paper can be obtained from the authors at:

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<http://www.sciencedirect.com/science/article/pii/S1090951612000715>



75 million jobs and represent 99.8% of the 21 million enterprises in the EU, increasing understanding of the key determinants of their success (such as branding) is essential. The aim of this research is to improve our understanding of brand authenticity and its influence on brand trust which in turn leads to SME growth. We suggest that a brand provides benefits to customers while securing financial returns (ie growth), for the firm.

Issues and Questions Considered

Brand practitioners often promote the authenticity of a brand as a key source of competitive advantage and a brand panacea, particularly in times of distress and trust erosion. This erosion of trust is largely based on corporate dissonance, where there is no link between an organization's stated goals/values and its actions/achievements. This disconnect damages brand reputation and fosters lack of trust. While practitioners argue that authentic brands can counter this downward spiral of distrust and loss of brand equity, it is only in the last decade that academia has embraced the concept, providing studies on its significance and potential contribution to brand and business success.

Trust in brand management is regarded as one of the key ingredients required to create loyal customers, if customers trust a brand they will recommend it, use more of its products and services, or look to it first for the things they need. In this context this study considers four questions:

- Does brand consistency increase SME brand trust?
- Does brand customer orientation

- increase SME brand trust?
- Does brand congruency increase SME brand trust?
- Does SME brand trust increase SME growth?

Methodology

Based on measures derived and developed from relevant literature a structured questionnaire was administered to CEOs of 10,000 randomly selected German SMEs. 285 complete responses were received, giving a response rate of 2.85%, which is considered good for an online survey in an SME context. Exploratory factor analyses (EFA; using maximum likelihood with varimax rotation) identified factors upon which structural equation modeling was based (SEM; using maximum likelihood method on covariance matrices and list-wise deletion for missing data) to test the hypotheses (using AMOS, v. 18, PASW, Inc.).

Outcomes and Findings

In answering the first question 'does brand consistency increase SME brand trust?' the results show CEO's perceive that organizations can considerably enhance brand trust by being consistent in whatever they do. A defined vision and strategy, along with a single set of values that come from within the company, rooted in the company's history driving brand actions and decisions is critical. This helps guide company actions so that the brand is seen to convey 'the real thing', which facilitates the perception of brand authenticity across stakeholder groups, and therefore brand trust.

However, in addressing the second

question (whether or not brand customer orientation increases SME brand trust) it was found that even if customer brand expectations are not satisfied brand trust is not diminished. In contrast, the response to the third question (does brand congruency increase SME brand trust) illustrates that staying committed to defined brand values strengthens brand trust. Thus, our study shows that from a CEO perspective brand consistency and brand congruency are significant drivers of brand authenticity, which in turn impacts brand trust.

The final question, 'does SME brand trust increase SME growth?' explores the impact of brand trust on SME growth and finds that building a brand benefits the long-term prospects of start-ups, who find strong evidence in support of a significant association between brand trust, and customer purchase patterns and attitudinal loyalty. Therefore the research demonstrates that SME CEOs believe that brand consistency and brand congruency increase SME brand trust, and SME brand trust increases SME growth. This study confirms that brand authenticity helps fuel SME growth in today's over-traded markets, as consumers and other stakeholders search for greater meaning and sincerity from the brands they choose.

De Chernatony, L., & McDonald, M. (2003). *Creating Powerful brands* (3 ed.). Oxford: Elsevier Butterworth-Heinemann.

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