

“Evaluating the relationship between brand and supply chains on Turkish SMEs”

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Evaluating the relationship between brand and supply chain management on Turkish SMEs

Abstract

Supply chain management often represents a critical opportunity for the SMEs to build their brand. Without effective SCM, SMEs cannot deliver on the promises made to customers which in turn leads to customer disloyalty. SCM can be defined as the coordination of the flow of materials, information, and finances (credit terms, payment schedules, etc.) as they move in a process from supplier to manufacturer to wholesaler to retailer to customer. SCM as a branding tool includes all the connections between production and consumption centers, constitutes a vital process of conveying branded goods to the market in optimal time, at optimal cost. When the creation of a brand is related to management strategies, continuity and quality are possible by using supply chains management effectively. Supply chain management as a research subject has remained untouched in the branding literature. The primary objective of this study is to examine the impact of supply chain management on the creation processes of brand in Ankara which are receiving brand support from KOSGEB. Even if SMEs confront with some difficulties, they make a difference amongst the competitors, make use of Internet, and select qualified suppliers. Today the Internet provides an opportunity for demand data and supply capacity data to be visible to all firms in the supply chain. In the research it has been detected that SMEs gave importance to brand name creation and since they manufactured decent branded products they did not have problems in supply phases either. This paper explains the importance of the relationship between SMEs supply chains and brands.

Keywords: SMEs, small enterprise, brand, supply chain, SCM.

Introduction

Supply chain management (SCM) encompasses all activities associated with a firm moving its composite flow of information, materials and services from the raw materials stage through production and on to the end customer. Although there is no agreement in terms of the procedures constituting SCM, the eight procedures determined by the members of Global Supply Chain Forum is generally accepted (Croxtton et al., 2001). These are customer service management, order fulfillment, demand management, procurement, returns, manufacturing flow management and product development and commercialization.

There is a mutual relationship between brand and supply chains. Supply chains of well-known goods are continuous and coordinated. Intensive demands for branded goods provide an effective operation for the managers working according to the density of orders. Therefore, when a customer order is received, a backward data flow occurs and this leads to production. To put it another way, for brands which have no demand problems, the system is initiated from the last part of the chain according to the demand and thus production takes place. Once a coordinated communication is established between the brand and supply chains, the operation field of this system, namely pull system, expands. Furthermore, fast, reliable and effective nature of supply chain (SC) strengthens the brand and makes it well known. However, when there is a problem in SC, brand image is affected negatively. In the long run,

it may cause harm in matters of quality and trust and may also create cost problems. To summarize, there is a mutual relationship of financial, technical and economic matters between brand and supply chains.

Small and medium sized enterprises (SMEs) play a very important role in Turkey. According to the definition of the Turkish Undersecretary of Treasury which is considered the official definition in Turkey, SMEs are grouped into three main groups according to their size as follows: Companies that employ up to 9 employees are very-small-sized enterprises; companies that employ from 10 to 49 employees are small-sized enterprises and companies that employ from 50 to 250 employees are medium-sized enterprises. Their average profile is different from that of SMEs in the European Union or in most other OECD countries in that their average workforce and turnover are much smaller. According to the most recent estimates, the SME sector, including services, accounted in 2000 for: 99.8 % of the total number of enterprises, 76% of total employment, 38% of capital investment, 26.5% of value added, roughly 10% of exports and 5% of bank credit. Therefore, while SMEs dominate the economy in terms of employment, they evidently operate with comparatively little capital equipment, generate relatively low levels of value added, make only a small contribution to Turkish exports and receive only a marginal share of the funds mobilized by the banking sector. Only a small share of SMEs is in the manufacturing sector. According to State Institute of Statistics data on 1 January 2001 there were around 210,000 SMEs (1-250 workers) in the sector (99.8% of the total num-

ber of the manufacturing firms). Because of the size of Turkey's informal sector, these data underestimate the relative importance of SMEs in the Turkish economy (OECD, 2004).

1. Literature review

This section presents a literature review about three relevant topics for the relationship between brand and supply chains in SMEs: first, the applicability of supply chain management in SMEs, second, the significance of brand management in SMEs, and third, the role of supply chain management in brand creation.

1.1. The applicability of supply chain management in SMEs. Supply chain management is an integrated management of material, information and money flow that allows the right good to reach in the right time and place at the lowest cost in all systems (Şen, 2006). According to another definition, supply chain is a group of elements involving suppliers, distributors and retail dealers and providing the management of material, good and information flow (credit conditions, terms of payment) amongst them (Kopczak, 1997). It is supply chain's responsibility to convey the information of products properly in time, and let the customer receive the order in the right time, right amount and quality. If any

delay occurs in this chain, then it results in customer dissatisfaction.

The benefits of applying supply chain in SMEs (Özdemir, 2004; Chen et al., 2004): simplifying the process of supply chain and activating the operation, an increase in customer satisfaction, a decrease in stocks and stock costs, standardization in production and shortening the production process, an increase in quality, an improvement in distribution, payment, order taking and delivering processes, an increase in effectiveness, and the possibility of entering international market.

Those best activating producer-supplier relationship are generally big enterprises such as Tofaş, Ford, Türk Traktör. Even though SMEs have a significant share with a rate of 99.89% amongst all enterprises, still they have limited options for supply, production and financing. Supply chain managements of big and small enterprises are compared in Table 1. The survival and growth rates of SMEs depend on their effective allocation of resources and how they improve channel relations in SC. The critical factor in the success of supply chains is managing the units in the chain so as to let the activities in the supply chain operate simultaneously (Lummus and Vokurka, 1999).

Table 1. Comparison of Supply Chain Management practices: -large-small and medium enterprises

| Category | SCM by large enterprises | SCM by small/medium enterprises |
|--|---|---|
| Competitive priorities | Market dominance through sustaining large market share. | Market niches through sustaining profitable market position. |
| Key strategies | Exert influences in supply chain – both upstream and down stream; strategic alliances with suppliers and distributors. | Focus on specialized market; build on unique competencies; effective customer/supplier management. |
| External control structure | Command and control toward their small suppliers and distributors; collaborate with more dominant suppliers and distributors. | Either accepts command and control by OEM or 1 the tier suppliers or utilizes their negotiation strengths; pursues collaboration with other SMEs. |
| Internal control structure | Decentralized, structured and highly specialized; multiple core competencies development. | Centralized, semi-structured and moderately specialized; specific core competencies development. |
| Goals of Supply Chain Management processes | Operational effectiveness with multiple performance outcome requirements (e.g., cost, quality, delivery time, customer value, and disposal) bigger scopes of information flows and product flows. | Operational effectiveness with focused performance outcome requirements (e.g., specific definition of order qualifiers and order winners); smaller scopes of information flows and product flows. |

Source: Hong, P. and Jeong J., "Supply Chain Management Practices of SMEs: From a Business Growth Perspective", *Journal of Enterprise Information Management*, 19 (3), 2006, pp. 292-302.

The way to success for a SME in competitiveness amongst SMEs and big enterprises can be possible by practicing some strategies. As it can be seen in Table 1, SMEs should follow a strategy of orienting towards niche markets. If they are operating as suppliers, they should carefully position themselves as product or service vendors (Hong and Jeong, 2006). Those SMEs selling directly to the customer should make a difference amongst its competitors and orient towards strategic cooperation.

Supply Chain Management is built on a foundation of trust and commitment. Trust is conveyed through faith, reliance, belief or confidence in the supply partner. Commitment is the belief that the trading

partners are willing to devote energy to this relationship. Effective SCM in the new competition suggests seeking close, long term working relationships with one and two partners who depend on one another for much of their business; developing interactive relationships with partners who share information freely (Spekman, Kamauff, Niklas, 1998). The managements must share estimations and plans of stock, production and impact effects with the customer and suppliers. However, there are still many enterprises which tend to hide the information since they are afraid of losing the data to their competitors. Since some enterprises hide the data and abstain from using technology, the speed and effectiveness of supply chains decrease.

The rapid development in the industrial application of internet technologies, which has seen the transition from e-mail to e-commerce to e-business, requires a new approach to inventory decision systems in which all partners in the supply chain will dynamically view and manage both demand and capacity data (Kehoe, Boughton, 2001). An effective SC requires integration, collaboration, reliability, speed and flexibility to maximize both customer and supplier relationships. In today's world where transportation and communication are developing rapidly, SMEs internet usage can increase its importance as an SCM tool. But implementation of a fully integrated internet based supply chain is expensive (Lankford, 2004).

In addition to that, the deficiency of SMEs in technical information limits the use of technology in supply chains. Nonetheless, big enterprises which are at the same line with SMEs confront with the resistance of SMEs even though they support the system with their high technology. To put it another way, there are still some problems in the application of SC. The reasons for these problems stem from the resource limitations of SMEs, their desire to protect themselves from competitive advantages of big enterprises and continue to exercise their rights on their own entities (Chen et al., 2004). Some of the problems confronted with while applying SCM in SMEs are the deficiency in supplier management ability, high competitiveness in supply chain, the lack of cooperation in supply chain, information deficiency in customer management, the distance of customers and suppliers and the necessity of investment in information technology amongst partners. At the same time, supply chains' management lessens the structural advantages of SMEs. Therefore, SMEs confront with more managerial and risk problems (Arendt and Wisner, 2005; Easing and Arnold, 2001; Lee and Wang, 2001; Udomleartpresert et al., 2003).

The perceptions of supply chain management vary amongst different SMEs. Some researches show that unlike big firms, SMEs view their suppliers not as partners but as a procedure protecting them from production deficiency (Udomleartpresert et al., 2003). Another significant problem SMEs face lately is the necessity of a particular technology due to environment standards. Particularly in developing countries, it is difficult for SMEs to attain new technology, use environmentally-conscious materials, activate recycling programs. They go through difficulties since certificates such as ISO 14000 have prohibitive costs (Fox, 2005).

1.2. The significance of brand management in SMEs. Brand is defined as the names, symbols or differentiating logos that give an identity and char-

acter to the product determine the identity of the goods or services and enable its separation from the competitors (Kotler, 1995; Czinkota et al., 1997). Differentiating signs are the words, numbers, letters or drawings that are presented together with the shape or package of the product.

Many SMEs mistakenly assume that brand is simply the logo or design on the package of a product. Knowing how the SMEs in Turkey perceive branding is important in terms of understanding why they do not give enough importance to marketing communication. In the "Market Potential Research" carried out by the Researchers Association, 33 percent, the largest part, of the 270 SMEs replied to the question "What does the workplace's becoming a brand mean?" was "High quality production/high quality product". These data show us that most of the SMEs in Turkey consider branding as high quality production. SMEs' perception of branding is not only contrary to the definition of branding, but also shows that the businesses' long-term plans are wrong and unachievable. Branding is not only high quality production. Today, as literally everybody can perform high quality production, branding is adding intangible values to high quality production. The tool used in order to add these intangible values is marketing communication. SMEs' mistake in correct perception of branding indicates that they are lacking of knowledge. SMEs in Turkey should be informed on marketing communication and branding, as an essential point with respect to developing the economy of the country and taking part among national and global brands (Bozkurt, 2004).

The reasons for the significance of brands are that they increase the sales and customer loyalty, offer quality, trust, service web, spare part support, enable the customer to look for his/her rights in case of dissatisfaction, create a difference amongst similar products which resemble each other in terms of their functions (Baynal and Boran, 2007). Based on a strong brand, the selling company is likely to get premium prices and in the best case competitive products will be rejected, successful branding may even open up licensing opportunities (Ojasalo, Natti, Olkkonen, 2008). Also since online shopping increased and there emerged a tendency to choose well known brands so as to eliminate risks and because brands offer quality and value when compared to other generic products, brand management gained importance. SMEs operate as industrial buyers (producers, agents). Prior to buying technical and complicated high cost industrial products, they give importance to research, quality, comparison, facilities of payment and also they take into account firm reliability, after-sales service, guarantee, technical

support, regular maintenance and repair from the suppliers. In short, when it is risky to buy the product, brand and firm reliability come to the stage (Balta, 2006). In a study of SMEs industrial firms, Sashittal and Tankersley (1997) have found that market planning and implementation are highly related. A good implementation of brand oriented strategy results in successful outcomes.

Information Technology alignment with supply chain partners means that technology is available within the firm to integrate activities across the supply chain. Such technological ability should help firms reach customers with a brand that delivers enhanced values, which will eventually influence the subjective assessment of customers on the brand positively (Seggie, Kim, Cavusgil, 2006). According to Opoku, Abratt, Bendixen and Pitt, the web site clearly enhances SMEs ability to communicate clear and distinctive brand personalities. An online business has a greater chance for success if those who buy its offerings recognize its brand. SMEs can connect with their customers and engage their market as an e-firm, although one may argue that this approach may not ensure emotionally connection with customers (Abimbola, Vallaster, 2007).

The owners or directors of SMEs are the ones to take the lead in branding; however, they either seldom have the time for it or are not even aware of "brand management" as a concept (Ojasalo, 2008). Brand management is the decision of an enterprise to make use of brand strategy not as a one-time activity but accept it as an eternal approach of its marketing policy. First of all, it is the nature of SME owner which will enable that approach. Generally the owner and manager of the enterprises is the same person in SMEs and this person undertakes a significant role as the manager in determining the structure of the organization and the scope of brand management application. As an entrepreneur, the manager himself is actually the brand and he plays a direct role outside in providing brand communication. Compared to big enterprises, in SMEs the role of enterpriser to create a brand is greater and the integration between the enterpriser and brand is stronger. Co-branding, in other words working with other companies to boost the value of a brand, receives very little if any attention in SMEs. According to Krake's model (2005), the brand management activity leads to brand recognition and association, reflecting, sympathy, quality, attractiveness and chic, as well as to turnover (Ojasalo, 2008). Many SMEs would perceive that they have not enough time or resources to conduct branding activities. This is an inference because no studies have confirmed such views (Wong, Merrilees, 2005). Abim-

bola (2001) suggests SMEs, having fewer resources, require greater focus and effectiveness. For example, an SME should focus on the corporate brand or just one or two brands and run very tightly specified and targeted campaigns (Merrilees, 2007). SME should focus on one brand and give importance to logo, packaging and labelling. Another method can be creating a difference amongst the competitors through constructing supply chain.

Brand strategy is based on differentiating the product amongst its competitors and making it more valuable in the eyes of the customer. It takes time to create a brand. A conscious effort needs to be performed while introducing the brand. The management owner has to explain this to everyone in the organization, relay the organization and prepare the budget even though it may be hard. Most of SME owners blindly want to create a well-known brand. In order to accomplish this, it is significant to note in marketing budget that brand creation is an important goal.

SMEs can use their brand names in their cars, front of the buildings, in packaging, truck fronts and as many communication instruments as possible. They can make use of Internet, tabloid and newspaper ads, brochures, and billboards. By receiving necessary financial supports, they may attend domestic and overseas fairs and make use of public relations. In order to acquire a different character from its competitors, SMEs have to perceive customer needs well and designate and submit products according to these needs. They should try to find out through which qualities they can find a place in the minds of customers. This is called positioning or perception differentiation. In short, perception differentiation is having a position in people's minds with a different quality. A strong brand can be seen as a good way of differentiating from the competitors. For that purpose a suitable person can be selected as the authorized personnel in performing daily-based brand management duties.

Complex business environments, enhancing the subjective assessments of a firm's customers on its brand requires coordinated efforts and attention from the supply chain as a whole. An individual firm separate from its supply chain may not be able to monitor changes in customers' preferences effectively. Furthermore, firms well integrated with their supply chain partners are exchanging timely, accurate information about customers, markets and even competitors (Seggie, Kim, Cavusgil, 2006).

1.3. The role of supply chain management in brand building. The process of brand creation and SCM has gained significance not only for the enter-

prises producing consumption goods but also for enterprises manufacturing industrial goods. In the process of brand creation, SME has to create a reliable management image and entertain successful and continuous customer relations. At the same time it is important for a SME to establish a relationship based on mutual trust with the members of distribution channel and physical distribution firms (seller, transporter, etc.). Also, the structure of the market SME operating on should also be taken into account during this process. It is significant for a SME to be innovative in all phases from design to production and to produce high quality, original and differentiated products. Compared to big enterprises, SMEs have limited budgets, thus, they cannot spend huge amounts of money in the process of brand creation. Therefore, it is important to support their brand creation processes with SCM. In fact supply chain management in brand creation covers managing all the processes coming from suppliers to production centers and from production centers to consumption centers.

If the development of Japanese brands is taken into account, zero stock is aimed in their philosophy of "Just in Time" which intends to respond to customer needs as quickly as possible. The Japanese have introduced well-known brands especially in automotive, electronics and machine industries. Amongst these brand names, multinational ones such as Toyota, Nissan are all attached to SC functioning in different levels in the system. Automotive manufacturers such as Toyota have decreased the number of its suppliers and chosen a limited number of competent, loyal suppliers, established long-term relations based on mutual trust and operated with minimum stocks (Wu, 2003). In SCM, all of the managements forming each of the circles in the chain act as the potential customer of the management in the next circle. Also, by integrating all the elements in the chain, a synergy is created in the system integrity and effectiveness is accomplished. In such a case different brands that are created by SMEs taking parts in each circle feed one another in the system integrity.

2. Research method

2.1. Significance, purpose and scope of the research. At the present day the topic of whether SMEs can or cannot create brands is under discussion. In an increasingly competitive environment, in order to be the first brand recurring in people's minds, to be well known and ensure awareness, an enterprise has to lead a successful brand management. When the suppliers transmit a high quality product to the producer in a timely manner, the producer's capacity to compete in the market increases.

Therefore, it is significant for SMEs to cooperate with the right suppliers in brand creation process. This research aims to investigate brand and supply chain creation processes of SMEs receiving brand support and determine the relationship between them. For that purpose an interview has been held amongst 10 SME owners located in Ankara, following a strategy of brand creation. These 10 SMEs who accepted interview received support from KOSGEB¹ in 2004-2006 are asked detailed questions in-depth interview regarding their brand creation process and supply chain managements.

2.2. Data gathering method and sampling selection. The empirical data were collected through interviews of the owners in 10 SMEs that operate in izoler glass industry, ready-wear textile, aluminum frame, construction, electrics, and electronics sectors. The reason for using purpose sampling in this research is to benefit from the views of SME owners who are considered to have sufficient information and experience regarding the subject matter of the research (Şimşek and Yıldırım, 2004). The reason for using typical sampling which is a type of purpose sampling is to determine the most typical ones when an innovation or activity is wanted to be introduced. The aim is not to make generalizations. It is to inform the ones having limited information about the process by interviewing and making use of the sights of SME owners who have an idea of brand creation processes and supply chains.

In this study, a depth interview is made with 10 SME owners working in Ankara. The owners of the firms were called by phone; they were given information about the purpose of the study and asked for an interview. A face to face interview lasting one hour was made with these ten enterprise owners who had accepted the interview and who were available in Ankara at the time of interview, September 2007. The owners were informed beforehand that the information they provided were not to be shared if they did not want. Also they were told that their names and the names of their enterprises would not be written on the report. In order to ensure validity of the research, multiple sources of evidence were used to check the information from existing publications, the findings were attained from a variety of SME owners. Afterwards these findings were shared with the interviewees and also the sights of other researchers working on the same field were consulted. In order to ensure reliability, an interview form where the research questions are clearly stated

¹ KOSGEB (Small and Medium Industry Development Organization), a non-profit semi-autonomous organization was established by the Government by a special Act No:3624. in 1990. KOSGEB developed new programs aimed at strengthening the SME's component of Turkey's industrial structure.

was used. The data gathered were quoted directly without any comments and, interviews were made with two researchers.

The questions were previously prepared. All the respondents were SMEs owners. The final design of the interview form was shaped after interviewing two SME owners. SME owners were asked to reply to the following questions:

- ♦ What are the activities for brand recognition in the SME?
- ♦ What are the effects of the brand on supply chain formation? How are the supply chain and

brand related?

Each respondent was also asked the questions related to production and stock management, supplier relations, order giving, selection methods of supplier, significant points in supply, customer relations and service management, storage and loading policies. The results are summarized in Appendix B.

2.3. Findings of research. *2.3.1. Information about SMEs.* The detailed information regarding these enterprises having at least ten years of is given in Table 2 eight SMEs export to different countries.

Table 2. Information about the procedures

| Categories SMEs | Establishment date | Number of employees | Sector | Capacity utilization rate | Starting date of exportation | Countries the goods are imported to |
|--------------------|--------------------|---------------------|---|---------------------------|------------------------------|---|
| SME 1 | 1992 | 250 | Glass | 60-70% | 2006 | Russia, Ukraine, Kazakhstan |
| SME 2 | 1994 | 55 | Textile ready-wear | Low | 2004 | EU countries |
| SME 3 | 1990 | 25 | Aluminium frame | Low, once a month | 1996 | Russia, Uzbekistan, Lebanon, Israel, Turkmenistan, Tajikistan |
| SME 4 | 1990 | 3 | Construction | 70% | None | None |
| SME 5 | 1998 | 13 | Construction, lift manufacturing | 65% | 2003 | Greece, Azerbaijan, Iran, Brazil |
| SME 6 | 1987 | 45 | Electrics, electronics | 100% | | Georgia, Albania, Russia, Israel, Iraq, Saudi Arabia |
| SME 7 | 1997 | 50 | Work & construction machines | 65% | 2000 | Italy, Spain, Kazakhstan, Dubai, Azerbaijan |
| SME 8 | 1984 | 80 | Furniture decoration construction | 100%, contractor | 1999 | Cyprus, Kazakhstan, Azerbaijan. |
| SME 9 | 1982 | 15 | Analyze equipment, chemistry etc., high temperature lab | 100% | 1995 | Algeria, France, Germany, Tunisia, Italy, Thailand, Slovenia, Egypt, Pakistan |
| SME 10 | 1940 | 100 | Leather-confection | 100% | None | None |

2.3.2. Evaluating the data and the findings. The data of the research were summarized in Appendices A and B according to the themes in interview form. The SMEs interviewed were each given a number and listed. Thus, the speeches of ten SME owners were compared, the collected findings were organized in a table format. The first question in the interview aimed to discover the perceptions of SME owners regarding “brand supply chain”. Next questions are related to the significance of supply chain in the process of brand creation, how to form a SC, the gaining of it to the brand, the activities SMEs are engaged in for introducing their brand and the processes after support. All of the SMEs have registered their brands at different times. SMEs’ definition of a brand is “being the first name in the market that procures in customers’ minds, image, and recognition, being strong and long-lived”. Supply chain is explained as “the relations of SMEs with the enterprises they receive input during their activities”. The managers did not take into account the importance of the stage of transmitting goods to the cus-

tomers, bidirectional data flow and technological substructure. SME owners received support from KOSGEB in 2004 in order to attend overseas fairs, advertise, and introduce their brands between the years of 2004 and 2006. The process of after-support is explained this way by SME 1’s owner: “After support, we made a deal with a good agency. The catalogues and brochures both in English and in Turkish were prepared and posted to chambers of industries. We participated in the fairs abroad. In fairs there is a huge participation of the whole glass technologies and it is not difficult to find a supplier. Our supplier is exclusive and it is quite a well known firm in Turkey. We make a yearly contract. The main reason for our growth is that we have a successful supplier. Our supplier is a legendary firm in the country and thus it is our biggest advertisement”. SME 1’s owner also emphasized the need for forming memberships in various associations and clubs so as to attract new customers. The activities aimed at increasing brand recognition are publishing catalogues and brochures, sending them to custom-

ers, advertising in sector magazines and local TV channels, sending personal sample copies and participating in the fairs overseas. SME 4's owner stated that they received orders from abroad thanks to their ads on local TV channel but they were unable to meet these orders because of their limited capacity. The owner of SME 5 who is an interim supplier of lifts said that they had sent the products to colleges so to let the products get recognized amongst the students who may be their future personnel. SME 6's owner stressed the importance they gave to research and development, their preference to work with reputable suppliers equipped with necessary qualifications helped them to obtain a good position in the market. SME 7's owner stressed the importance of brand and also he said that to enable variety in production it is necessary to make high quality inputs. SME 8's owner summarized their main principles this way: "High quality production, tolerant service and safe shopping".

Six SME owners answered the question regarding the effect of brand on supply chain by stating that first of all, supply mattered more. They said that without supply chain, brand could not be real. Also, according to them, operating with high quality input increased the guarantee of product and strengthened the brand. Three SME owners who believed the priority of brand creation asserted that being a well-known brand increased their brand recognition in the market. They also said the supplier web could be formed after creating a brand since a good brand was already followed by suppliers. The question "What is the rule of branding?" is answered as differentiating, having shops, giving importance to research and development, being the first name procuring in minds, creating image, customer satisfaction, high quality and forming trust. According to SME 2's owner the rule of branding is related to increasing the number of shops and he also states that regular supplies enable a rise in the capacity. According to SME 3's owner "When you manage to define what you do, then you become a brand. It is only possible if people recognize your job upon hearing your name".

SME 3's owner answered the question regarding supply by stating that there was not a raw material source in the country and import raw materials were very expensive due to all the quotas and taxes. Since high quality is important and there are no suppliers in the country, raw material is imported. Even though toy elements were asked from China, this could not be actuated due to the high cost and low capacity. The increase in the sectoral competitiveness leads to a decrease in quality. It is because in the tenders called for, the firms which ignored chil-

dren health and safety by using low quality raw material gave the lowest price offers and thus their proposals were accepted. Since there is not an effective supervision on the market, reliability comes after money. The owner of SME 4 stated that final customers directed him the question "Whose materials are you using?" This, according to him, proved the significance of suppliers whom they worked with for the process of brand name creation and for customers as well. SME 9's owner noted that in Turkey they were the sole producer of the particular good and they gave much importance to exportation and quality. Especially even though it was possible to attain the raw material from China at a lower cost, he said that they continued getting it from Europe so as to maintain their high quality. Their internet web sites initiated overseas online sales. In domestic sales, since their main customers are university laboratories, they mostly contact with academic personnel. Most of the SMEs give orders via Internet. Improvements in supply chain and using Internet provide reduced inventory and faster customer response for SMEs. SME 10's owner asserted that they were the ones who gave the first sectoral quality certificate, they produced their own raw material and they continued their production by paying attention to customer needs together with factorizing. All of these factors helped them to obtain a good position in the market.

Respondents were asked the supplier relations. Most of SMEs prefer to set up long term relationship with one or two suppliers. Both trust and commitment contribute to satisfaction between trading partners. Selection methods of suppliers are the quality certificated, lab results, sectoral fairs and selecting through distributors and market research. Quality, trust and delivery in short time are found most significant points in customer relations and service management.

Conclusion

In this study we have shown how supply chain management can impact the brand building and success factors of SME owners. SMEs stressed their desire to establish long-term and reliable relations with suppliers for the benefit of supply chain, the importance of high quality inputs, quickening the order receiving-giving processes, the necessity of lessening the stocks and focusing on customer satisfaction. SMEs who give importance to quick delivery of orders prefer fax, phone and Internet orders and they take confirmation for sure. They say that since some inputs are imported, the stages last longer, the supply process is lengthened and costs increase. Nonetheless it was found out that three sectors provided its basic input from monopolies and they did not

have flexibility in supplier selection. Also, seven SME owners stated that they did not take into account the input prices to build brand quality and continuity. Other three SME owners asserted that low prices did actually matter and thus lately they have started to prefer the suppliers in China.

It is significant for SMEs to make a difference amongst its competitors in the process of brand creation. The SME owners who were interviewed regarded themselves as better and more distinct than their competitors in terms of research and development, design, production, after-sales services, customer relations, price and variety provision. SME owners were asked the question regarding the benefits of supply chain for the brand. Receiving supplies from managements having a strong quality policy enables the wellness of a brand, increase in quality and trust and enables growth. Supply chain and brand are related to one another. They both influence each other. For SMEs, central pillars of economy, brand creation is closely related to developing these brands and a continuously effective supply chain management. The efficiency of backwards data flow and physical flow both from the managements providing inputs to production units and from production units to customers depend on quality and trust elements. The importance SMEs give to brand name in suppliers so to make high quality production helps their brand recognition on the market. In an increasingly competitive environment, in order to lessen the risks, industrial buyers take into account the input names used in production phase. For SMEs, brand recognition can be possible through entrepreneurship of the managers, presen-

tation, and advertising, differentiating amongst its competitors, providing quality in supplies, and selecting certificated and qualified suppliers to work with. The possibilities of establishing cooperation with a strong brand or creating a joint brand may be investigated. If brand name is better known than the name of the management, SME may consider changing its name to the brand name. Thus, brand awareness may be heightened. So as to maintain customer awareness. The new entry in a supply chain activity to help SMEs take advantage of the brand supply chain relationship more quickly leads to greater global competition, increasing product variation, rapid rate of product innovation and the shortened time to market.

In the research it has been detected that SMEs operating in izoler glass industry, ready-wear textile, aluminum frame, construction, electrics, electronics sectors registered their brands soon after their establishment, they gave importance to brand name creation and since they manufactured decent branded products they did not have problems in supply phases either. Those SME owners who trusted their brands claimed that both the suppliers and customers themselves found their firms. Even if SMEs confront with capital insufficiency, once they maintain their high quality policy, they make a difference amongst the competitors, make use of Internet, select qualified suppliers and establish a cooperation with a successful enterprise until they create their own brand, even after finalizing the cooperation then they will be able to continue their own activities as a well-known firm.

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Appendix A. Information about the brand

| SMEs Categories | SME 1 | SME 2 | SME 3 | SME 4 | SME 5 | SME 6 | SME 7 | SME 8 | SME 9 | SME 10 |
|--|---|---|--|---|---|--|---|---|---------------------------------------|---|
| Date of registration of brand | 1993 | 1997 | 1990 | 2002 | 1998 | 1987 | 1998 | 1990 | 2000 | 1980 |
| Reason for applying brand support | Advancement | Presentation, advertising, the necessity of producing high added value goods in textile | Market, research presentation | Brand presentation | Brand presentation | Brand presentation | Brand presentation | Presentation, advertising, fairs, etc., all support except for software | Overseas fair, brochure and catalogue | Brand presentation |
| Activities oriented towards enabling brand recognition | Catalogue, brochure, computer software support, participation in overseas fairs, catalogue posting to construction firms, furniture firms and customers via chambers of industry, Internet, advertising offices | Material Requirements Planning (MRP), brochure, magazine ads, overseas fair | Communication with the municipalities, sending personal samples to customers | Advertisement on a local TV channel, overseas fair | Giving ads on sectoral magazines, guides, influencing the personnel of the future (college students) by sending brochure to their schools | Overseas and domestic fairs | Overseas and domestic fairs, brochure, catalogue, giving ads on sectoral magazines, | Giving ads on sectoral magazines and TV | Overseas fair | Ads on sectoral magazines, catalogue, fairs |
| The effect of the brand on supply chain formation | Synchronic | First brand, secondly SCM | First SCM, secondly brand | First brand, secondly SCM | First SCM, secondly brand | First SCM, secondly brand | First brand, secondly SCM | First SCM, secondly brand | First SCM, secondly brand | First SCM, secondly brand |
| The rule of branding | Differentiating, presentation, quality | Opening shops, creating a shop chain, keeping high quality all the time | "When you manage to define what you do, then you become a brand. It is only possible if people recognize your job upon hearing your name". | "If you integrate the product to the system with the help of a good supplier web, participate in fairs, advertise then you become a brand". | Image, its ability to create a feeling | Product development, taking heed of research and development and thus being "the first name that procures on mind" | Quality, service, variety in production and reliability | Quality | Quality, product reliability | High quality production and customer satisfaction |

Appendix B. Information about supply chain

| SMEs Categories | SME 1 | SME 2 | SME 3 | SME 4 | SME 5 | SME 6 | SME 7 | SME 8 | SME 9 | SME 10 |
|---|---|--|---|---|--|--|--|---|---|---|
| Production and stock management | PAO, continuous production, MRP, RS | PAO, HS, MRP, FS | PAO | PAO, FS | PAO, , continuous production, FS | PAO | PAO, FS | PAO, FS | PAO, RS, 2 product types have stocks | Quick, special design and production according to the order and order giver, FS |
| Purchasing and sales | | | | | | | | | | |
| Supplier relations | A long-term, sole supplier | It varies | In the first years, long-term and reliable suppliers. Currently a great deal of suppliers | A long-term, sole supplier | A long-term, a few number of suppliers | A long-term, sole supplier | A long-term, a few number of suppliers | A long-term, a few number of suppliers | A long-term, a few number of suppliers | A long-term, a few number of suppliers |
| Order giving /taking method | Fax/ Fax , Internet | Internet, fax, phone/Internet | Internet/Internet | Order form/Internet, fax | Internet, fax, phone/Internet, phone, fax | Internet, fax, phone/Internet, fax phone | Internet, fax/fax, phone | Face-to-face talk, contract/Face-to-face talk, contract | Fax / fax, Internet | Phone, fax, Internet / Internet, fax, phone |
| Selection method of supplier | In the sectoral fairs organized twice a year | 70% main supplier, 30% agents | Selecting through distributors and market research | Providing the desired raw material at a reasonable cost | Supplier selection after learning the prices | That they should be registered and possess the criteria of contractor evaluation | Quality certificated lab results | Quality certificated | Quality certificated | Quality certificated |
| Significant points in supply | Quality, trust | Quality, price and trust | Trust | Price | Trust | Quality | Delivery in time, continuity | Trust, record, quality | Quality | Quality, trust |
| Customer relations and service management | DST, 10 years guarantee, insured in transportation | DST | DST, always adhering to high quality principle | DST | DST | DST | DST | DST | | The products have a 2 year guarantee, the firm itself deals with the problems |
| Storage, loading, off loading policies | Three days of storage for final customer, transportation by company vehicles | By cargo companies | Their own facilities | Their own facilities | Working with conventional transporters | Working with suburban transporters | Their own facilities | Their own facilities | Cargo is used in overseas delivery. They receive importation counselling | Their own facilities |
| Others | | | | | | | | | | |
| The reflections of the problems faced in supply | Cost | Capacity | Lead time | The psychology of manager, customer | Quality, lead time | Cost, trust | Trust | | | Trust |
| The gaining of supply chain for the brand | In glass industry supply chain is particularly important quality, supply from a well-known enterprise | Enables a rise in capacity. A delay in late delivery affects the production phase badly | A good supplier chain determines a good brand. Otherwise brand name's reputation deteriorates. | Final customers direct the question at enterprises "Whose materials are you using?" | "Employing the same latheman working for defence industry. Employing reliable and decent people" | Enables the increase in feelings of trust and quality | Quality | Vision, mission, marketability rate, reference, growth | Quality increases customer trust | All of them are related to one another, quality |
| Differences from the competitors | For the customer, the possibility of finding everything at one place, providing transportation and off-loading. | That they produce for important brands as well, develop their own design, and wash the goods after production, quality | Patent, differences in approach "leaving the mentality of producing low quality products at low costs but instead searching for the ways to produce high quality products at lower costs" | "Being the sole producer of the system" | Their not using CAD (computer aided design) and having the designs they created themselves | "Taking heed of research and development and product development" | That they are local firms. They focus on quality, price, after-sales service and customer oriented | Boutique, producing special editions and preparing free design projects | Sole enterprise providing a variety in terms of heat, capacity and functionality for the product. Low cost and quick service overseas to market | Manufacturer firms, special design for the customer, 2 years of guarantee. Customer satisfaction is of great importance |

Note: Production According to Order (PAO), Materials Requirements Planning (MRP), Raw Material Stock (RS), Finished Product Stock (FS), Delivery in a Short Time (DST).