

## **ANALYSIS OF BRAND BARRIERS AND ITS IMPACTS ON SMEs PERFORMANCE (Case Study of Dagadu and Batik Soenardi)**

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### **Abstract**

The purpose of this study is to find out the brand development carried out by SMEs, the obstacles that occur, and the impact brand on SMEs performance. The in-depth interview method was carried out to the owners and managers of two SMEs in Jogjakarta namely Dagadu and Batik Soenardi. Interviews were conducted using a questionnaire as a guideline, with the intention of gaining an understanding of business practices and brand development processes. The data collection start from 15 November 2017 to 18 April 2018. Data obtained were analyzed using the within-case method, followed by cross-cases. Based on the research findings, it is known that the two SMEs have built brands through marketing strategies. The obstacles to SME brand development are limited human resources, intense competition, production and management. However, brand barriers do not significantly influence on sales, due there is a product uniqueness, which helps customers obtain the desired product.

**Keywords:** Brand, Brand Development, Barriers of Brand, Performance of Brand, Small-Medium Enterprise (SMEs).

### **Abstrak**

*Tujuan penelitian ini adalah untuk mengetahui pengembangan merek yang dilakukan oleh UKM, hambatan yang terjadi, serta dampak merek terhadap kinerja UKM. Metode wawancara mendalam dilakukan kepada para pemilik dan manajer dua UKM di Jogjakarta yaitu Dagadu dan Batik Soenardi. Wawancara dilakukan menggunakan daftar pertanyaan sebagai pedoman, dengan maksud mendapatkan pemahaman mengenai praktek bisnis dan proses pengembangan merek. Pengumpulan data dilaksanakan mulai 15 November 2017 sampai dengan 18 April 2018. Data yang diperoleh dianalisis dengan metode within-case, dilanjutkan cross-case. Berdasarkan hasil temuan penelitian, diketahui kedua UKM telah membangun merek melalui strategi pemasaran. Hambatan pengembangan merek UKM adalah keterbatasan sumber daya manusia, adanya persaingan yang ketat, produksi, dan manajemen. Namun, hambatan merek tidak berpengaruh signifikan terhadap penjualan, karena ada keunikan produk, yang membantu pelanggan mendapatkan produk yang diinginkan.*

**Kata Kunci:** Merek, Pengembangan Merek, Hambatan Merek, Kinerja Merek, UKM.

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## INTRODUCTION

Brand development is one of the marketing strategies to introduce a product so that it could be widely known. The brand that has obtained strong image can minimize the risk that may be borne by the consumers (Abimbola and Vallaster, 2007). Brand is often used by big companies, for example for financial products, cars, and electronics (Merrilees, 2007). Big companies are considered easier to establish their brands, because they have better financial condition and capital. The existence of those resources has made the establishment less complex (Wong and Merrilees, 2005).

Based on the brand theory, brand can effect on repeat purchase that finally can effect to selling and financial performance of the company (Opoku, Abratt, Bendixen and Pitt, 2007). Abimbola (2001), and Fombrun and Rindova in Abimbola and Vallaster (2007) added that specific brand that reached to customer's loyalty was considered as competitive advantage and value Added to the product (Aaker, 1991 in Opoku, et. al, 2007). Brand can be said as the core of entire marketing communication activities, brand can create character and value added to real product (Kapfener, 2012). Brand can finally give meaning to the users.

Despite little attention, brand development to the product of Small Medium Enterprise (SMEs) has been done, yet the result was far from satisfying (Opoku et.al, 2007). Within the number of 2 million SMEs, only 9% was aware the essence of brand (Herifaningsih, 2009), whilst SMEs was one of stimulus of economy of a country. Unfortunately, even though the brand has positif effect on the repeat purchase, SMEs in Indonesia using the brand is still limited (Herifaningsih, 2009).

It can be seen in year 2018 the economy developing such as in Special Autonomy Yogyakarta (*Daerah Istimewa Yogyakarta*) that depended on SMEs predicted around 5.2%-5.6% YoY. The

number was increasing in 2017 5.26% (Ika, 2018). Yogyakarta is very rich in creativity, creating surplus of competition of souvenirs of Jogja. From the number of SME in Indonesia, around 2 million of the SMEs, only 9% of them were aware of the importance of brand (Herifaningsih, 2009). Many barriers can be dealt by SMEs in developing the brand. The fee of registering the brand and long period of time of birocracy has been part of the obstacles experienced by the SMEs (Iswidodo, 2017). Certification of Intellectual Property Rights may take up to 8 months after the application, based on the laws (Yasmin, 2017). In addition, some of SMEs have used brands that were not registered the authorized institution. These SMEs were legally in a weak position if other SMEs use the same brands by other SMEs (Oemar, 2008).

Other barriers that effected on brand development have not yet effected on SMEs duet to the presence of cultures and togetherness among the SMEs, therefore this presence reduced the sense of competition among the businessmen of SMEs (Oemar, 2008). Therefore it is important to raise awareness among brand users in Indonesia by understanding the benefit of brand in order to compete. The usage of brand in SMEs often attracts misunderstanding among the word itself. This is because the brand applies only for big companies, and SMEs thought that brands are only commercials such as on television and other media, plus the name given and logo (Wong and Merrilees, 2007).

Dagadu and Batik Soenardi are some examples of SMEs established more than 10 years. The two SMEs have maintained their companies until now, with the bustling of brand competition happened in souvenirs market in Jogjakarta. Some researchers showed the actual obstacles among SMEs in developing their brands. The barriers occurred are the limitation of resources and cost (Wong and Merrilees, 2005; Abimbola, 2001; Abimbola and

Valaster, 2007). Some known as barriers of SMEs when using the brand has correlation with the sense of brotherhood among the small business enterprises (Oemar, 2008), this happened especially in small secluded city. The owners of SMEs genuinely give permission to others to use the same brand with the reason to uphold togetherness principle. In details, the issue that will be researched in this study is to analyze the barriers happened in Dagadu and Batik Soenardi in developing their brands at the moment some SMEs restricted the use of their brands of their products. This study aims to analyze the SMEs brand development process, including analysis of brand barriers and brand performance in SMEs. But perhaps the findings will not be the same, which will adjust from a cultural, time and geographical perspective. This research was conducted in Jogjakarta. In addition, it is hoped that the results of the study will provide an overview of the process of brand development by SMEs in Indonesia, and contribute knowledge about the behavior of SMEs in developing marketing strategies related to brands.

## LITERATURE REVIEW

### Brand

Definition of brand as according to American Marketing Association (AMA) and Aaker in Kotler (2003) is name, term, sign, symbol or design or combination of things mentioned to identify a product or service from the competitor. Brand can be as a sign to create an image, owner of symbol for successful key (Balmer and Gray, 2003). The same authors also added that brand was described as identity and used as tools to give enjoyment to the customers.

A brand is reflected as a promise of sellers to the purchasers in appearance, profit and service, and quality assurance (Vrontis and Pappasolomou, 2007). According to Kotler (2003), a good brand has some characteristics; easily to remember, it can show the benefit of the product, it

contains culture, it has strong personality and it preserves consumers that are ready to consume the products. Brand development is one of the ways of marketing strategy that emphasized on the continuing and attachment of the company with the social environment that is the customers as the decision makers (Abimbola, 2001).

### Brand and SMEs

The use of brand by Small Medium Enterprise (SMEs) is still considered less important, brand is still considered as area for big companies and not for small business (Opoku et.al, 2007; Powell and Ennis, 2007; Runyan et al, 2007; Merrilees, 2007; Abimbola and Kocak, 2007). The researches mentioned some of the examples of big businesses that had been done by the financial institutions, car producers, big retails as part of the business that has always used brands, and the management of 5 companies managed their own brands as part of strategies of the company. Current research about the brand usually use the brands of big companies, while the research focuses to the use of brand by the small business was still limited (Merrilees, 2007; Wong and Merrilees, 2008).

Mostly research in SME's brand used qualitative method (Spence and Essoussi, 2010; Merrilees, 2007; Abimbola and Kocak, 2007; Wong and Merrilees, 2005) due to the field that was considered new, therefore its nature was still explorative. Until today, the research in SMEs brand is still limited in using quantitate (Wong and Merrilees, 2008).

### Brand Developing in SMEs

Brand development or branding or brand building, is an effort of organization in building an image of a company (Boyle, 2003). Brand awarding will be successful if a company exercises some steps (Rooney, 1995), the steps include choosing the right name, using an appropriate promotion, using the exact marketing strategy and applying the most precise

marketing technic. Wong and Merrilees (2005) explained that SMEs really narrowed the term of "branding" with the advertising activity or only gave a name and logo to their product. In addition, SMEs were not really concern about brand, they more concern of how high was their selling.

Brand awarding in SME, has the same process as the way given to big companies (Abimbola, 2001). However, in the process, there will be some barriers, especially because of the limitation of cost and resources in building SMEs brand. These barriers can be overcome if the brand awarding is carefully planned and supported by the resources especially human resources in SME.

According to Abimbola (2001), to build a brand in SMEs; first, there has to be one or two instruments of brand that are considered strong instruments. This first step is crucial; SMEs should decide which the real competitor is. Second, effective marketing program should be created in order to build association to the brand. In this step, SMEs should choose an exact creative marketing program, and create attractive and package (Murphy in Abimbola (2001). An exact and appropriate marketing Program will effect the product sustainability. Third, SMEs should use many integrated brand element that can strengthen awareness and brand image. The purpose of this step is to make the brand easily to remember and recognize by the customers. Furthermore, SMEs should design an appropriate communication program in the target market. Communication Program to build brand should be focusing on the power of product brand. For SMEs, marketing program should be by strengthening networking and spreading information by word of mouth. In addition, SMEs should create as many as possible brand association with a lot of power of company. In this step the company correlate brand with the supports of the company in marketing, for example spoke

person, represented by the owner or by hiring a trusted person. All the steps should be planned in a long term. Merrilees (2007) in his study suggested that SME can use corporate branding and not only use brand to superior products, because this can help SME to interact with the stakeholders such as customers, and suppliers and financial institutions, plus it can help to market other new products or less recognized products. In order the whole process brand determination can run smoothly and increase brand affectivity, therefore brand development needs systematic strategy, though the strategy may not guarantee the successful of a brand (Wong and Merrilees, 2005).

*Question 1. How was the brand development done by Dagadu and Batik Soenardi?*

### **Brand Barriers**

When a company is going to establish and build a brand, this will need a lot of time and strength (Wong and Merrilees, 2005; 2008). Some companies may have difficulties to build their brands, because establishing and building a brand need high cost and high risk. However, the investment that has been done to build the brand cannot be guaranteed successfully operated. Furthermore, the availability of time as part of the obstacles to develop brand, may not have a lot of time except to exercise operational activity (Wong and Merrilees, 2005).

Wong and Merrilees (2008), identified brand barriers as many barriers that effect the development of a brand. Brand barrier will hinder a brand to be more famous in the targeted market. According to Wong and Merrilees (2005), barriers that impose SMEs in building and developing brand included limitation of resources, especially about finance and human resources and time limitation that can be facilitated by the management to develop brand, because usually the time was spent to run operational activity. According to Wong and Merrilees (2005), with the limitation, SMEs was forced to

focus on activities to accomplish what they thought the most important matter in operational. In other words they only have short term target. Other limitation such as finance can effect to the budget of promotion to build the brand. Identified brand development barriers can effect high and low of selling.

*Question 2. Do Dagadu and Batik Soenardi experience barriers in their brand development?*

### **Brand Performance**

Brand performance is part of result of development and implementation of good brand strategy to achieve competitive advantage compares to competitors. Discussed concept in brand performance emphasized on the success of the brand. Successful indicator of the brand can be reviewed from many angles and can not only be measured using financial measurement, but also other measurements such as brand awareness, product quality/service and product image (Wong and Merrilees, 2008) Other than that there is another measurement such as competitive advantage from competitors and market evaluation strategy and powerful and solid product image achievement (Rajagopal, 2008, Wong and Merrilees, 2008). The performance measurement can be done by measuring the performance of the company financially (in this matter can be the result of selling, the cost of brand building, retain profit) customer perception, and the brand performance itself (Rajagopal, 2008).

A company can be successful when the company can develop different products than others (Wong and Merrilles, 2005) and this can be supported by the successful brand. In order to be successful, the company should give full attention to develop one specific product. This means the higher brand performance the higher the value of selling of product/ service.

*Question 3. Can a brand used in both SMEs effect and impact on the performance of SME?*

### **RESEARCH METHODS**

The implementation of qualitative research is based on research method done by Abimbola and Kocak (2007). It is mentioned that research or question in research should be well-formulated, furthermore there is a need of a concept study as the base of research reference. Then, analysis can be done by comparing gathered data to the built concept.

This research is a qualitative research that has been done to analyze barriers brand development in SMEs. Research method used was a case study method, because this method can be used to analyze many events, in connection to development and role of the brand of SMEs (Wong and Merrilees, 2005). Furthermore, the method can facilitate the researchers to explore and gain insight (in a form of many views, understanding and perception). Data was gathered through deep interview by using question guidelines semi-structure to the owner of SMEs that has used the brand (Spence and Essoussi, 2010; Abimbola, 2001; Merrilees, 2007). Also, the interview could be done to the customers of SMEs who came and shopped in the SME. First, the list of questions was listed before the gathering of data and then developed on the base of concept in literature review. Mostly, questions were made in open questions. The sequence of questions listed in a relatively general question proposed to gain general information for example type of the business, when the company is established, information of the owner and brand development to understand real barriers of brand. After that many questions were used to answer the research questions. Before the list of questions was used, some valuation was done to the questions by four researchers in SME and trial was also given to one respondent (SME). To probe information that was needed to answer questions of the researchers, probing technic was delivered. There were 6 indicators given to create a list of questions based on Brand Barriers Dimension and Brand Performance.

Information was gathered through the owner of SME Dagadu and Batik Soenardi that was in the area of Jogjakarta. This activity was in line with the opinion of Eisenhardt (1989), that the number of samples used in qualitative research depended on saturation level of incremental learning of obtained data and there is no guideline or specific standard that mentioned the compulsory of number of samples in research qualitative (Eisenhardt, 1989; Wong and Merrilees, 2005). When the obtained information was sufficient and able to answer all the questions of the research, the interview to the informant can be stopped (Eisenhardt, 1989; Mort and Weerawardena, 2006).

Gathering data directed to the concept that has been built prior the research, on the other hand, information that stated in the same table, it was used to analyze data especially to run on coding to gathered data. Code was created prior the interview (Table 1). This code was compiled based on theory and research that have been done prior the interview. Other than grouping of the data base don code, gathered data was analyzed with content

analysis. Content analysis is an analysis done to the content or contained message in the data, in this matter is the recording of interview, video or any other forms (Zikmund and Babin, 2010). The data included in analysis is a relevant data with the concept or theory used as the basis of research, included the data of interview result, observation of business location, product, and interactive employees with the customers and production process.

The researchers investigated using multiple investigators type of research to increase creativity and faith to the findings, because of convergent perception of the researches (Eisenhardt, 1989). Within-case analysis and cross-case analysis (Eisenhardt, 1989) were used before general conclusion drawn. Within case analysis was done to analyze every case of SME as one secluded entity. This way can facilitate researchers to understand every case that in correlation with the issue of the research. Cross-case analysis was done to compare every case, to avoid early conclusion or wrong/ less precise, due to limitation of data or bias.

**Table 1.** Dimension and Indicators

No.	Dimension	Indicator	References
1.	Brand Barriers	a. Cost Barrier in building the brand. b. Operational Barrier to build the brand c. Faith Barrier that the brand is not suitable with SMEs product (benefit, performance of brand etc.) d. Human resources barrier to build the brand	Wong and Merrilees (2005, 2008)
2.	Brand Performance	a. Customer awareness towards the brand b. Brand effects when choosing and purchasing the product.	Wong and Merrilees (2008) Rajagopal (2008)

## RESULT AND DISCUSSION

As mentioned before in the method of research, findings obtained from interview result was analyzed using method separate timing of within-case analysis done by the researchers, and continued with group discussion to check findings obtained from the gathered data. After the analysis, another step of analysis was done using cross-case analysis, by comparing every case, in this research the researchers compared gathered data for every case, to avoid early drawn conclusion or even wrong / less precise, because of limitation of data or bias.

The actors of SMEs have realized the importance of brand to their business. Even though there are many barriers to develop brand, limitation of human resources, competition, production, business management, especially in correlation with brand development.

The result of analysis answered every question of the research could be followed to the next part of the report. Analysis was done for every Small Medium Enterprise, and then followed with analysis from all SMEs as samples. This was done as accordance to analyze the result of the research (within and cross case analysis). The research followed by the analysis using cross-case.

### Cross-Case Analysis

After within-case analysis was done from every SMEs that successfully interviewed, another step was to use cross-case analysis by comparing every case.

*Question 1: How was the brand development done by Dagadu and Batik Soenardi?*

Literature showed that brand development has to be carefully planned through marketing strategy (Abimbola, 2001; Wong and Merrilees, 2005). From the gathered data, it can be identified that Dagadu and Batik Soenardi have built their brand using marketing strategy that has been done previously (Table 2). The

difference between the two was Dagadu produced their own product, while Batik Soenardi included the retail stores that sold batik from many places in Java.

Brand development started with product development that has been done by introducing the needs of products, this was done by introducing the customers for the products of SMEs. Dagadu understood for the demand of T-Shirt products from different market. Therefore Dagadu fulfill the demand of T-Shirts that have unique and creative Yogyakarta theme. Not all products could get the special place in customers' hearts, this would need name or special brand, this proved by which was done by Batik Soenardi, and the owner of the brand has become the trusted brand that can provide products that fulfilled their needs. A way to expand brand introduction and awareness, the owner has made many efforts especially using promotion strategy. Promotion strategy was compiled suitable with the market segment of each product and the effort was done in continuation and well-organized, using affordable media by SMEs. Promotion effort that has been done by Dagadu, other than creating program regularly with many communities in Yogyakarta, Dagadu always using newspaper advertisement and local newspaper and persuade local rickshaw and taxi drivers as tourist transportation to "persuade" those tourists to visit Dagadu stores retails. Dagadu always tries to associate with Jogja, so they build a slogan: When to go to Jogja again?. And currently Dagadu is better known as the brand with DGD. This effort was also done by Batik Soenardi; they made efforts for the customers to find the stores by putting readable signs and satisfying service to the customers that came to Yogyakarta to shop for Batik. The owner of brand was very attentive to guard their brand so that the brand could still exist in increased competition for example by always showing their new product, so when their product was imitated by competitors, then

the imitators could only imitate the old products. In addition, they always gave their effort to feature their brand and avoid selling their product brandless.

*Question 2: Do Dagadu and Batik Soenardi experience barriers in their brand development?*

Based on information received from SMEs, in developing their brands either well-developed or less-developed, the greatest barrier faced by SMEs is human resources (Table 3). This barrier is difficulty in managing human resources, for example the limitation of skilled full human resources, the skill to manage business, plus discipline of work, business relations among employees, work skill, the behavior of the employees that easily to quit from one company to another. Furthermore, competition barrier, production and management have also become the barriers faced by SMEs in developing their brands. SME business actors felt the difficulties in this, while the competition was getting intense, this condition affected on the unhealthy efforts to avoid the competition for example product fraud and human resources hijacked. Production barrier partly was sense by the SMEs in brand development, because the respondents from SMEs mostly from handicraft industries. In this matter the customers were not fully aware that products produced manually and using machinery, therefore the result of the products could not be mass-produced and as quickly as possible. The barrier of management in brand development was sense by the SMEs because mostly SMEs business actors started their business without any management background. Based on Literature, the barriers faced by the SMEs in Indonesia to develop their brands are the ones that mostly faced everywhere (Wong and Merrilees, 2005; 2008), especially human resources limitation that has capability to run the business. Due to the limitation of human resources, in general business focus that

has been done by table is to exercise the most important activity in operational, increasing the selling. In this matter, SMEs has short term orientation, to increase the selling and less observed in brand developing due to its nature of irregularity profit in the selling.

*Question 3. Can a brand used in both SMEs effect and impact on the performance of SMEs?*

Dagadu has membership mostly named relative card, therefore the card can identify the returned customers that bought their products. Dagadu products identify by their customers for their uniqueness of humorous designs. From the uniqueness is a competitive advantage that made the product of Dagadu widely-known by the customers or consumers everywhere. And they were recommended to other new customers. The repeat customers then have become the guides to family and friends that visit Jogja and always suggest their family and friends to buy the product of Dagadu as special souvenirs of Jogja (Table 4).

Brand of Dagadu is considered well-representative to the city of Jogja, so mostly the customers deliberately spend time to the official stores to buy the T-shirt as everlasting souvenir. Dagadu has made collaboration with many partners (Rickshaw and taxi drivers) to send the message of information of their products to the customers, establish program for community of their future customers, and communicate the existence of their product to mass media.

On the other hand Batik Soenardi, made a name board of their stores with colorful and interesting designs to be noticed by the customers (Batik Soenardi Store) in order to attract the attention of the customers (Table 4). Batik Soenardi has been well-received by the customers. Some of the customers who came to Beringharjo market from all over the city to visit Batik Soenardi. Many customers who came from all over areas who did not know where to



buy batik then they knew to buy in Batik Soenardi. Soenardi store is easily to be identified by the customers due to their red colorful name boards. So, to spread the uniqueness of their products, then SMEs

have to plan communication and the program established not only for short term, also long term (Murphy in Abimbola, 2001; Abimbola (2001); Wong in Merrilees, 2005).

**Table 2.** Marketing Strategy

No	Marketing Strategy	Dagadu	Batik Soenardi
1	Product	<ul style="list-style-type: none"> <li>- T-Shrt Design produced has Jogja theme and tagline that Dagadu is 'Smart, Smile and Jogja'. Smart has been chosen for the theme with sufficient research, so not only it's humorous but also argumentative. Smile, it has to invite people's smile, "Jogja," showed all the things with Jogja as the theme.</li> <li>- Design Theme has two themes: (1) regular, where the designer is free to create a design and no boundary, (2) Special Theme, within a year there are 3 special themes and in one theme can be broken down into 4-6 designs and one design was only made 50 pieces.</li> <li>- Dagadu Design product is collective participative designs.</li> <li>- It was given "Dagadu" in Javanese meaning as "Your eyes". It was decided to give the name of "Dagadu" to make it more attractive, easier to pronounce, even though the consumers not Javanese.</li> <li>- The market segment of Dagadu is middle-uppermarket just like domestic tourist because the price is considered high.</li> </ul>	<ul style="list-style-type: none"> <li>- Product sold came from several craftsmen and suppliers that have been working quite long time. With the store owner.</li> <li>- Selling products are never the same with other stores</li> <li>- The owner chooses different designs from each supplier to guarantee there is no identical product from different suppliers.</li> <li>- Other than following the development of Batik fashion. Currently the most updated is bright color Batik, compared to natural traditional batik.</li> </ul>
2	Location	<ul style="list-style-type: none"> <li>- At the beginning Dagadu did not have their own store, however at the moment they grew to 4 stores for their products located in Malioboro Mall, the big hall of Jogja (alun-alun), at Paningkatan, and Plaza Ambarukmo.</li> <li>- Dagadu product exclusively sold only in official stores with the name of 'Posyandu' or Service Post Dagadu,</li> <li>- Virtual stores with the name of Airplane or Message through Wire.</li> <li>- In cooperating with Mekarsari and theme park recreation such as Fantasy world (Dunia Fantasi/Dufan) and Waterbom Pantai Indah Kapuk.</li> </ul>	<ul style="list-style-type: none"> <li>- Starting with only 1 store , at the moment they grew to 9 stores in location such as Beringharjo market and 2 stores in Malioboro</li> <li>- Position of these stores are very strategic in front of Beringharjo market, other stores located in the middle and corner, however to help the customers to easily find the stores, clear signs were made for customers to find the stores.</li> <li>- The store in Malioboro offered different product from the market to give other options to the customers.</li> </ul>
3	Promotion	<ul style="list-style-type: none"> <li>- Promotion through the community of Jogja as the people who recommended products of Dagadu to the customers or friends and relatives outside Yogyakarta.</li> <li>- Held a routine program every month with different themes to the community such as Biker community, film, blogger, and Kaskuser.</li> <li>- Put advertisement in local newspaper.</li> <li>- Dagadu maintained business relations to number of Rickshaw and taxi drivers to deliver the customers to 'Posyandu'</li> </ul>	<ul style="list-style-type: none"> <li>- Batik Soenardi used bright colorful board name (red color) easily noticed, this board helped customers to find their stores in overcrowded Beringharjo market</li> <li>- The owner primarily upholds the quality of the product matched with the needs of customers, the price. Satisfaction of the customers is used by the owner to re-visit the stores and bring another customer through word of mouth.</li> </ul>
4	Price	The price of the products start from Rp.70.000,- above .	The price offered is very competitive so the customers need no effort to bargain. The price has been given label or specific price, but it is not to deceive customers or too high.

**Table-3.** The barriers that Faced by SMEs in Brand Development

No	Barriers to Develop Brand Development	Dagadu	Batik Soenardi
1	Competition	√	√
2	Product fraud	√	-
3	Human Resources	√	√
4	Supplier Raw material	√	-
5	Production	-	-
6	Management	-	√
7	Product export	-	-
8	Finance	-	-
9	Suitable Distributor	-	-
10	Family	-	-

**Table 4.** The effect of brand in SMEs Performance (Selling)

No	Brand Name	The Effect of Brand Towards the Performance of SME
1	Dagadu	Dagadu is well-known as T-shirt especially from Yogyakarta, while mostly the customers purchase Dagadu products are domestic tourists who desire souvenirs from Yogyakarta. More than 70% store visitors are buyers who repeatedly buy Dagadu products. The buyers repeatedly come to the stores together with new customers with relative or friends.
2	Batik Soenardi	Batik Soenardi is well-known by the customers who shop in Beringharjo Market in Yogyakarta and receive fully trust from the customers. Soenardi store is easily to identify by the colorful red board names so the customers can easily identify the stores. The quality of product Batik Soenardi has been well-received, with the design suitable with trends, plus the unperceivable price to the customers. The customers who return (mostly from outside Yogyakarta) recommended by Batik Soenardi to friends and relatives to shop in Batik Soenardi store.

## CONCLUSION AND RECOMMENDATION

Brand is an important asset to a business, not only big companies, also for SME. Based on the findings, Dagadu and Batik Soenardi SME have successfully built their brands. Both SMEs developed their brands through precise marketing strategy, started from choosing the strategy to the introduction of consumers need. When Dagadu and Soenardi Batik learned their competitive advantage of their products, then SME widely introduced their competitive advantage to the

customers and future buyers continuously. They independently exercise multi marketing communication program, through several communication programs. Marketing communication program was creatively organized in line with the ability of SMEs and the interest of marketing target. Therefore communication program required low cost budget.

Based on the previous result of the research, it showed that the barriers faced by the SMEs were the same, included the barriers of human resources, competition, production and capability of running the

business. However, Dagadu and Soenardi Batik were successfully managed the barriers. Dagadu faces many fake products that use the same brand, but they try to focus on educating consumers how to distinguish genuine Dagadu products. The barriers, they faced mostly in Jogjakarta did not effect the performance of the brands. Both Dagadu and Soenardi Batik were highly desired by the customers who visited in Jogjakarta as souvenirs. A few things that need to be known, when the barriers do not have a significant effect on sales means that there is a unique product (which is related to the brand). Brand distinctive that ultimately helps customers make it easier for them to get the products they want. Thus SMEs have competitive advantages (Romanuk et. Al, 2007; Wong and Merriles, 2008).

The data gathered from the research came from both different industries; batik and fashion. The research for both industries was substantial to find the different findings, brand development and the role of the brand to their performances. In addition, the limit of respondent available for interview effects on the limit of the findings, for example in explaining their performance of the brands, in correlation with the selling. Not to mention, when the respondents reluctant to explain selling data to show the number of the selling yearly before and after the building of the brands, this condition has made the performance of the brands solely based on the growing number of the stores (distribution and feedback of the consumers of products in the market that were observed during the gathering of data). This occurred because the disclosure of respondents in giving complete information due to the tight schedule of the owners of SME in running the business. To get the general better image of the performance of SME, it is suggested that quantitative research to be done to obtain more respondents. Using this quantitative research the more representative general

conclusion results of numerous SMEs in Indonesia can be obtained.

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