

The Small Business Strategy: Impact of Graphic Design on Brand Identity and Competitive Advantage

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Abstract

Small businesses provide important benefits to the US economy, and yet face very high failure rates, which can be addressed by building an effective brand identity to promote customer loyalty, and engagement through using effective graphic design principles to create engaging logos and social media advertising. Many small business owners don't recognize the distinction between marketing strategies and brand management, believing that they can only rely on "word of mouth" and "they do not have to do any marketing" (Stokes, 2000,16). However, while word of mouth actually is a form of marketing, it is not a brand management strategy. To develop an effective brand identity for their marketing goals, small businesses should utilize graphic design to build an effective logo and social media content. Logo design acts as a medium to connect the customers with the brand which further leads customers to identify the brand as "parts of themselves" (Park et al., 2013). Advertisements on social media platforms generate more engagements and purchases from customers, since customers find social media advertisements more "interesting, innovative, and interactive" compared to traditional marketing (Hanaysha, 2016, 49). Small businesses maintain their stable competitive advantage in the marketplace through emotionally-oriented and multisensory content (Barger et al., 2016, 11). A two-stages study comparing respondent's reaction to various business logos showed that potential customers were more likely to be attracted by logos that are highly rounded. Creation of more management education websites and low-cost graphic design platforms will build better marketing and branding awareness and help small businesses survive in the market.

Introduction

A small business truism is that most small businesses can't survive over five years or more. Despite more entrepreneurs emerging after COVID-19, the difficulties of maintaining a small business have led to many people hesitating in creating their own businesses. In the past, many small businesses have often been ignored by the public due to their low visibility and lack of power of self-promotion. However, small businesses have been the driving force of the U.S. economy by providing small niche products and preventing monopolistic domination in the market. Nowadays, small businesses provide important benefits to the US economy, and yet they face the central challenge of very high failure rates, which can be addressed by building an effective brand identity to promote customer loyalty and engagement through using graphic design principles to create effective logos and social media advertising. Both small businesses and graphic design historically developed in America since the early European settlement age: small businesses have evolved from losing their importance during the industrial revolution to having a complementary relationship with large corporations. During the same period, typography became a visual and design element through undergoing art movements and eventually unified with imagery to nowadays practice of graphic design. Despite some critics doubting small businesses' ability to maintain a complete brand identity and competitive online presence, small businesses are capable of creating competitive brand image through authenticity and effective marketing strategy. In order to improve the survival rate of small businesses, having more management education platforms focused on branding and marketing while creating more cost-free graphic design tools can greatly help small businesses to increase their competitive advantage in the marketplace.

Historical Development of Small Businesses

Small businesses' historical development begins from the earliest colonial settlement from European immigrants and the individualism ideals that ownership of small business embodies. During the 17th and 18th century, the main forms of businesses created by colonial immigrants were farming and trading. In the early stage of the U.S. economy, farmers made up the majority of workers, Thomas S. Dicke (1996) stated, "Eighty-five percent of Americans in the colonial and early national periods farmed. Most of these considered farming a business" (p. 11). Each farmer considered themselves having a small business, and farming and small businesses were the main form of business entity in the U.S. society. At the same time, individual merchants and international trading contributed to the national economy as the other main portion of U.S. small businesses, as Dicke (1996) points at that merchandisers and international trading dominated the economy, and merchants like Aeron Lopez or Thomas Hancock ran the largest and richest businesses in the colonies through trading between three continents (p.12). Since the United States was undergoing a period of building its economic foundations, an encouraging entrepreneurial environment led to many people creating their own form of business, mainly through farming, trades, or international trading. Moreover, the idea of having a small business provided a social identity to the business owners. According to Dicke, "Since colonial times, Americans have pictured small business as an equalizing force providing social mobility, economic opportunity, and personal freedom" (p.11). For the colonial times Americans, possessing a small business meant far more than financial stability and independence; it symbolized early settlers' definition of freedom on a new continent. Having a small business met the early settlers' needs to be accepted and treated equally in the society. Therefore, small businesses played an important role in both social and economic aspects in the early 17th and 18th century.

After the late 18th century, the status of small businesses started to be threatened by rapid growth in technology and inland transportation which boosted the formation of large businesses. Mansel G. Blackford (1991) stated, "When [big businesses] did develop, first in railroads, a bit later in some industrial fields, big businesses came to dominate those sectors of the economy in which they arose and were sustained. By 1914, one-third of America's industrial workers labored in firms with five hundred or more employees" (p.5). Due to the improved transportation and communication, the overflow of technology development pushed the emergence of large businesses in the U.S. The improvement of industrial technology led to mass production and higher demand for workers. From the 1950s to 1970s, the total number of self-employed business people in America declined steadily (Blackford 5). As the number of small businesses declined, a new type of social concern arose due to the ideals business ownership represents. According to Dicke (1996), "if business ownership was the main source of economic freedom and social mobility and necessary to preserve political equality, then anything that threatened the future of small business was potentially degrading to the individual and dangerous to the Republic" (p.14). The ownership of small businesses provided individual freedom and social mobility which have been the representation of central American liberal ideals to aspiring entrepreneurs. The sign of large companies dominating the market increased the likelihood of potential monopolistic control and collusion of the market that would lead to disappearance of fair economic competition. This trend would suddenly reduce small business ownership and affect the long-term economic growth by promoting potential monopoly control of the market.

In order to maintain social mobility and fair economic competition inside of American society, the U.S. government has enacted various laws to bring large businesses under control to prevent the disappearance of small businesses. The U.S. government's first attempt to maintain small business from the emergence of larger companies was through enactment of the Sherman Act in 1890 and the Clayton Act in 1914 which generalized the desire to protect small firms from the perceived "unfair" encroachments of larger companies (Blackford 9). Even though the U.S. government enacted this legislation to help small businesses to survive under the competition with large firms, most of the laws were not effective. Christopher Conte (2006) stated the aftermath

of these laws: the Sherman Act, for instance, did not crack down on bigness per se, and in fact often was used to prevent collusion among small businesses as well as big ones. Similarly, the Clayton Act did not outlaw size of the business, but merely prohibited “unfair” methods of competition (p.8). Both the Sherman Act and Clayton Act were originally designed to prevent monopolies and collusion by larger companies in order to keep fair competition between firms, yet these acts didn’t increase the competitiveness of small businesses. In fact, both acts only spread the idea of large businesses having greater advantage compared to small businesses in the competitive U.S. market. The federal government took a different approach in 1953 through the establishment of the Small Business Administration (SBA). Christopher Conte (2006) described it as a federal agency that provides training and helps small enterprises secure financing, land contracts with government agencies and raise equity capital (p. 8). The creation of SBA helped small business owners to request financial resources and helped various self-employed individuals to have the courage to start their own small business under the high pressure of competing with larger firms. Government’s efforts in maintaining the small businesses in the competitive market show the importance of small enterprises through social and economic aspects.

Despite the domination of large companies since the late 18th century, some small businesses endured the 1970s economic recession through their flexibility and strengths. During the 1970s economic recessions, the foreign competition led to the decline of large businesses in the U.S. According to Conte (2006), “In the new global economy, services became relatively more important while manufacturing became less important, and that meant a growing role for small companies, which traditionally have dominated many service sectors” (p.8). Small businesses had a distinct advantage in customization and one-on-one services, and therefore, lower demand for mass production due to foreign competition gave many small businesses an advantage to survive during the 1970s economic recession. Small businesses’ higher adaptability and greater flexibility in international trading led to more small business emergence during the 1970s recession. Through the small businesses’ survival from the recession, various researchers rediscovered small businesses’ strengths in the overall U.S. economy. Dicke (1996) claimed, “Since the 1980s, small business has taken the lead in job creation [...] In terms of technological innovation, small firm’s advantage comes from their dominance in new industries and their high birth [rates]” (p.16). Small firms possess the unique advantage in innovation of technology based on their “high birth rates.” This allows small firms to have various solutions when the national economy faces challenges, and several small businesses with the right technology can survive under most economic conditions. At the same time, the flexibility of starting and ending a small business can ensure a constant increase in job opportunities. Through the 1970s economic recession, small businesses proved their own extraordinary advantages compared to large companies.

In the modern economy, small businesses and large businesses form complementary relationships and create a unified American economy through balancing strengths and weaknesses. Thomas S. Dicke (1996) described the process through which small business and large businesses complement each other:

Large scale enterprises provide efficient, high volume production and low-cost mass distribution. They are unquestionably the engines which power the economy. Small business fills the cracks left in the market, plays a key role in job creation, technological innovation, and provides much of the flexibility needed to meet rapid changes in the marketplace. (p. 15)

Small businesses and large-scale businesses create a unified complementing relationship and form a balanced economy in the competitive market. Small businesses’ higher flexibility and birth rates cause them to have a higher plasticity in facing economic problems. On the other hand, larger companies are mainly in charge of high demand for mass production with high efficiency and industrial technologies. In present days, the combination of both types of business forms a healthy economic cycle that can face various economic situations undergoing less economic risks. Based on the findings from Christopher Conte (2006), “The small business share of the U.S. gross domestic product, for instance, which was 57 percent in 1958, has hovered at around 50 percent since 1980” (p.9). Nowadays, small businesses and large businesses share almost an

equal amount of gross domestic product which is the main measure of economic growth. Through the historical development of small businesses, small business' unique advantage has been acknowledged by U.S. society and it has become a vital part of the U.S. economy.

Importance of Small Businesses

In the present time, the U.S. small businesses remain crucial by contributing to the gross domestic product (GDP) through their high proportion of economic activity and U.S. exports. One of the reports from the U.S. Administration of Small Businesses (2019) states, “[Small businesses] account for 44 percent of U.S. economic activity” (U.S. Small Businesses Administration). As one of the main measures of the U.S. gross domestic product, small businesses' high percentage of the overall U.S. economic activity shows the impact of small businesses on the economy of the United States. Besides huge contributions into economic activities, small businesses also contribute to U.S. exports. Small businesses hold the advantage of having flexible trading processes and costs compared to established larger companies. Based on the article of the Office of the United States Trade Representative (n.d), “Small businesses which export grow faster, and pay higher wages, accounting for 98 percent of all identified U.S. exporters and supporters” (Office of the United States Trade Representative, n.d.). Exports stand as injections to the U.S. gross domestic product, and maintaining a higher level of exports compared to imports can ensure stable economic power of the U.S. small businesses' role in U.S. exports show the importance of small businesses to the U.S. economy.

Small businesses also benefit the U.S. economy through entrepreneurship and net job creation. As Roy Thurick and Sander Wenekers (2004) state, “Small businesses [...] are seen more than ever as a vehicle for entrepreneurship, contributing not just to employment and social and political stability, but also to innovative and competitive power” (p.141). Small businesses offer a positive effect on the overall U.S. economy through improving social stability and entrepreneurship. They create more innovation and new ideas inside of the U.S. economy and embark on new potential industries. They increase the competition in every market and industry which contributes to long term economic growth of the United States. Additionally, more small businesses can also decrease the percentage of unemployed population by creating more jobs in the market. According to Robert Jay Dilger (2014), “In 2010, a SBA study found that over the previous 15 years small businesses accounted for about 65% of private-sector net job creation” (p.5). Through creating more jobs for job seekers and unemployed people, small businesses improve the U.S. economy by using more scarce resources like labor. As part of the factor of production, more and more employed people can pose a positive effect on the U.S. economy.

Despite the benefits small businesses hold on the U.S. economy, small businesses are prone to failures compared to other larger business entities. Robert A. Peterson (1983) asserts, “According to the SBA, the chances of failure for a firm with [10 or fewer employees] are greater than 60 percent” (p. 16). Small businesses have a higher likelihood of failure rates compared to larger firms with more expertise and experience. Small businesses also can't endure the high potential financial risk with their low starting capital. Scholars like Robert A. Peterson (1983) started research to investigate the main reasons behind small businesses' failures through empirical approach. He noticed that the most frequently answered reason is the lack of management expertise and the most frequently cited suggestion from small businesses' owners was “increased management education” (Peterson et al; 1983). The lack of management education causes the high failure rates of small businesses in the U.S. More practical and hands-on management education are requested from small businesses owners. Therefore, small business' owners should have more access to management resources and education.

Importance of Branding

One of the most prominent management problems faced by small businesses owners is how to develop a complete brand image and awareness. Small businesses relatively take less attention to the brand image

building and brand management. This further caused the short survival rate of the small businesses due to lack of impression inside of the competitive market. Small business owners tend to mix up the concepts of branding and marketing which causes their business to have only a strategy to keep their small audience instead of expanding it to a larger crowd. As a result, small businesses have a relatively low brand awareness among potential consumers.

Small business owners misunderstand the concept of branding, believing the process of branding as unnecessary, and limiting their marketing efforts to word-of-mouth for existing customers. David Stokes (2000) described small business's owners' skewed perception of marketing, "Many owners suggested that their business was reliant on word-of-mouth recommendations and therefore 'they do not have to do any marketing'" (p.6). Small businesses owners have been actively being involved in the market by communicating one on one with their customers through "word-of-mouth" communication. Even though these business owners don't perceive "word-of-mouth" as a way to market the business they owned, they expand their networks and customer base through actively interacting in person which forms long-term customer loyalty. However, small business owners overlook the branding process and consider it less important. Goldberg, Cohen, and Fiengenbaum (2003; as cited in Berthon et al. 2008) argues that "few small businesses follow a reputation-building strategy and when a need for 'image management' is recognized, it is often limited to implementing a public relations campaign" (p. 30). Small business owners only consider branding as a process of "reputation building" and "image management." Branding is a process of building connections with potential customers, but small business owners consider lack of branding as another public relation issue. Their solutions show that small business owners have misunderstandings about branding without any benefits of branding.

Small businesses owners should start on brand identity management before they have started their business, because brand identity management helps a firm to distinguish itself from its competitors and eventually improves a firm's likelihood of success. Schmitt and Simonson (1997; as cited in Ghodeswar 2008) argue, "companies that present a cohesive, distinctive, and relevant brand identity can create a preference in the marketplace, add value to their products and services, and may command a price premium" (p.5). A consistent brand positioning and brand identity can help the brand hold a competitive advantage when competing with other brands selling similar products. The firm can even claim its own "price premium" and receive better recognition from customers on their "products and services." Moreover, a unique brand identity ensures the small businesses to have unique recognition from the public. The image and identity of a brand needs to be managed carefully since it is a crucial factor in determining whether consumers will remember the brand.

Brand identity building can also create long-term customer loyalty through building connections with customers. Aaker (1997; as cited in Alnawas & Altarifi, 2015) states, "Consumers usually associate a brand with human personality traits" (p.3). Consumers can relate their personal emotion and build a relationship with a brand. Through identifying brands with "personality traits," consumers unconsciously view a brand not as a name but as a human being with a human personality. This humanization process builds the foundation for the consumers to build a "real life" relationship with the brand itself. According to Fournier (1998; as cited in Alnawas & Altarifi 2015), "Consumers tend to identify with a brand if it has a distinctive and prestigious identity" (p.5). Consumers are more likely to be drawn to associate with a brand that has a unique and luxurious identity. Consumers are psychologically inclined to be more unique and have a prestigious social status. A "prestigious" or "unique" brand identity helps the customers to have the same identification of themselves by building a psychological relationship with the brand. Through building this "invisible" relationship with the brand or small company in the market, the consumers will unconsciously have responsibility to maintain the relationship. As Park (2010; as cited in Alnawas & Altarifi, 2015) concludes, "brand loyalty is determined by the intensity of the emotional commitment a consumer has to a particular brand" (p.6). As the consumer is emotionally and mentally connected to a brand identity, then the consumer automatically forms brand loyalty with the brand. Consumers will be more likely to buy the products and services created by the firm if they have

a unique or a prestigious brand identity. Therefore, it is crucial for small businesses to form a distinctive brand identity to secure an emotional connection and brand loyalty from their consumers.

The importance of utilizing branding as a tool for businesses is evident in a case study presented by Ravindra Dissanayake and Thushan Amarasuriya that compares distinct branding strategies in Apple and Samsung and their effects on these two established technology corporations. Two researchers pointed out Apple's "secret" in having more successful customer preference in the market than Samsung. Both researchers analyze the brand identities of two brands inwardly and outwardly. The inward branding perspective is how the consumers associate a personality trait with a brand, and the outward branding perspective is the brand's outward physical appearance such as package design and logo design. According to Aaker and Joachimsthaler (2002, as cited in Dissanayake and Amarasuriya 2015), "Apple has successfully built a sense of genuineness and feelings of energy to the personality of their brand, whereas Samsung has an edge over it sense of ruggedness through its functional dimensions" (p. 433). Samsung doesn't have a 'human personality' branding strategy which customers can relate to the brand immediately, whereas Apple has portrayed its brand in a genuine and energetic way which customers can associate with the brand. Apple's more "emotional" approach on their inward branding strategy contributes to Apple's evident customer preferences in the market compared to Samsung despite Samsung being a larger company (Dissanayake & Amarasuriya, 2015). Thus, building a brand identity that can inwardly be associated with the customers is one of the determinants in a firm's future success in building customer connections.

Refutation over Necessity of Branding Strategies

Small businesses have developed and employed various strategies to maintain a high survival rate in the economic market despite their prevalent failing rate over the years. Branding and marketing strategies have been viewed as most effective to help small businesses walking towards success. However, both scholars and business owners have posed doubts towards these tactics. An assertion has been made by Bootcamp Media that branding is a practice specifically designed for corporations because the practice costs an immense amount of financial budget and time. Furthermore, they argue that the branding process will likely diminish the unique differentiator of small businesses of being operated on a small scale (Bootcamp Media, 2019). Small business owners have confessed that they are facing hardships in competing with larger firms for online presence (CBS News, 2020). Nevertheless, small businesses are able to execute a complete brand identity since the only requirement for a successful branding strategy is the authenticity and initiative of the business rather than financial resources. Small businesses still retain the chance to boost their online presence through usage of social media marketing and search engine optimization (SEO) management.

Even though organizations like Bootcamp Media state small businesses are incompetent to create a complete brand with their limited financial resources and time, many have a skewed understanding of branding's definitions. Branding is not a process of promotion and advertising, but a way for companies to build long-term connections with their customers and create a brand identity for each and every consumer. Therefore, the most essential part of branding is authenticity and intention dedicated to maintaining the business-to-customer relationship. In an article in Forbes, Brian Sullivan (2021) described how authenticity and intention applies to branding: "[Every] business - large or small- has opportunities to interact with customers, prospects and employees. Whether these are in person, online or on the phone, the tone and manner of these interactions matter and represent an opportunity to reinforce elements of your brand DNA" (Sullivan, 2021). Authentic and intentional interactions apply to both "large or small" businesses hence branding is not a corporation exclusive practice. What truly matters in the process of branding are not financial resources and time but the "tone and manner" of the interactions. Through these interactions, customers form their unique perception and impression of the business and it further helps business build a loyal and trusting customer base. Small businesses still have the ability to create a successful branding process just as larger corporations.

Bootcamp Media asserts that branding diminishes the small-scale differentiator of small businesses and comparative advantage, yet branding is a process of increasing recognizability and customer loyalty for small businesses to be more competitive in the market. In a journal article, Fournier (1998; as cited in Ibrahim Alnawas and Shadi Altarifi 2015) states, “Consumers tend to identify with a brand if it has a distinctive and prestigious identity” (p.5). Branding pushes more customers to recognize the businesses amongst competitive markets since the strategy builds a “distinctive” identity for any type of business. The brand’s unique identity leads the public to identify the business faster and purchase products and services accordingly. Furthermore, a complete brand identity provides stable customer loyalty and brand equity. A journal article by Chernatony and McDonald (1998; as cited in Ghodeswar 2008) stated the benefits of having a successful brand: “A successful brand aims to develop a high-quality relationship, in which customers feel a sense of commitment and belonging, even to a point of passion” (p. 6). Small businesses are able to attain a high level of customer loyalty through creating a unique brand identity. The creation of a loyal customer base gives small business opportunities to raise their value in the market and competitiveness. The smaller scale of small businesses pose an advantage for creating a customizable relationship with each customer, so the branding process largely increases the likelihood for small businesses to survive in the market despite larger competitors.

Small businesses are able to compete online presence with larger corporations through utilizing social media marketing and SEO management despite having limited financial resources. Many small business owners hold the stereotype that advertising on search engines like Google improves their revenues since this platform reaches most potential customers as the most used search engine. However, promoting on Google requires large marketing funding and large corporations hold absolute advantage on the financial resources. Small business owners should gear towards social media platforms with low cost and scalable online marketing when improving online presence. In an article published at Forbes, Beth Worth (2022) stated that owners should “[consider] expanding your business’s digital footprint to expose your brand and products to the growing number of online shoppers. Create a seller account on platforms such as Shopify or Etsy to maximize your online reach” (Worth, 2022). Higher online reach does not equalize constant exposure on popular platforms like Google, but consistent exposure on various online platforms. Promoting on social media platforms such as Instagram, Twitter, Shopify or Etsy are low-cost and convenient in promoting a business to a larger audience. It is an effective online marketing strategy for small business owners that lack financial resources and time. At the same time, controlling Search Engine Optimization (SEO) regularly is crucial and cost efficient for small businesses to raise its presence in search engines. According to Max Bevan (2022), “Activities associated with SEO include keyword research, content creation, link building, and analysis with tools like Google Analytics. SEO takes much longer to see results, but the advantages are longer lasting” (Bridges, 2022). SEO optimization is highly effective for the search engine marketing for small businesses. It costs less compared to posting advertisements on Google and it has significant results that are long-lasting. As long as small business owners dedicate themselves to improving SEO and promoting on multiple social media platforms, small businesses can hold the same online advantage as larger businesses.

Small businesses must employ branding and online marketing strategies to leverage their survival rate in the market. Despite various scholars and business owners holding doubts about these strategies, small business owners need to learn the most effective way to utilize these techniques. Branding helps small businesses to build a long-lasting customer base and higher recognizability in the market while social media marketing and SEO helps small businesses maintain a stable online presence. Small business owners should utilize these strategies to better promote their products and services in order to maintain a stable revenue stream inside of a competitive market.

An effective method of building an established brand identity is the utilization of graphic design. Amongst all of the graphic design techniques, logo design and social media content design are most crucial in presenting a complete brand identity for firms both visually and digitally. Therefore, the employment and understanding of graphic design principles is necessary for small business owners to execute a complete brand.

Historical Development of Graphic Design

The utilization and concept of graphic design developed under the influence of European settlers in the late 18th century and the practice was initially characterized by precision and clarity. European settlers not only introduced the individualism ideals but also the practice of type cutting and book printing during the colonial time. Type cutting and book printing are the root of present-day graphic design practice and these art forms are mainly utilized in the publishing houses (McCoy 5). From these practices, the fundamental element of graphic design, typography, was introduced as one of the ways of communication. Typography was viewed as one of the verbal communication tools through both daily conversations and book printed content. In "The Evolution of American Typography," Katherine McCoy (1990) stated, "Decisions in type design emphasized clarity over expression, relying on the words themselves for the expression of content. Although letterforms were often inherently expressive, typography was neutral to the message and made no attempt to be interpretive" (p.5). Even though typography is visually expressive, type was mainly designed to be clear and precise. The only purpose of typography is to make it readable and distinct to the reader. Typography was not utilized as a visual medium and artistic expression, but a "neutral" medium that communicated the message by itself without adding any further visual effects. In a way, typography was not recognized as an art form but a tool of verbal communication.

However, as the revolutionary artistic movements like Bauhaus occurred, typography became a new artistic technique for artists to express their ideas visually. According to Alexandra Griffith Winton (2007), "[The Bauhaus] core objective was a radical concept: to reimagine the material world to reflect the unity of all the arts" (p.1). Bauhaus was one of the revolutionary art movements that introduced the idea of unified all forms of art by blurring the boundaries between each visual element. More people started to accept the fact that non-art forms such as typography can be a form of art since it's a visual appeal in people's daily lives. As one of the leading graphic design researchers, McCoy stated, "These European revolutionaries explored new approaches to structuring language and imagery that were radical rejections of the classical text tradition. Their visual poetry used typographic forms and composition to interpret and extend the meaning of words" (p.6). European art movements contributed to the new form of usage of typography. The expressive side of typography was accepted by artists and crafters, and typography started to be used as a visual element in art expression. Movement like Bauhaus unified more expressive elements as an art form and typography has become an expressive language as well as a verbal communication tool.

Besides the historical development of typography, the emergence of advertising and the European "big idea" approach form the current day practice of graphic design as a form of art unifying both imagery and typography. In the late nineteenth century, advertising, magazines, and posters were the main forms of communication to the public and this led to the growing field of illustration (McCoy 7). Imagery used to be viewed as a "high art" form instead of a form of art that is interpretive and a tool for commercial messages. Illustration served as the main technique for commercial advertising and a literal way to express commercial narratives and products. Since then, the usage of imagery started to become a normal form of art that can be accessed by the public. As the field of illustration developed, a second revolutionary European art movement was introduced named the conceptual "big idea" approach. According to McCoy, "Unexpected combinations of images and contexts created ambiguity and surprise. This 'picture is worth a thousand words' semantic approach maximized the process of reading text and image simultaneously" (p.10). American designers for the first time utilized their creativity to the maximum by randomly placing images and typography together. The artists used their intuition instead of commercial outlines when creating their graphic design. Ironically, this led to further development of graphic design in the advertising industry since viewers tend to spend more time reading the advertisements through this approach. The "big idea" method led to current bold layouts and close incorporation of imagery and typography. Through these historical developments, it is obvious that graphic

design has been evolved and shaped by various artistic movements and historical events and it is still a prominent art form that is constantly evolving.

Logos Design on Brand Identity

Through the historical development of graphic design, graphic design has become a practical art form. According to the American Institute of Graphic Arts (AIGA) (2022; as cited in Malvik 2020), the present definition of graphic design is “the art and practice of planning and projecting ideas and experiences with visual and textual content” (Malvik 2020). Graphic design is an art form that aims to communicate to its audience through the expression of textual content and visual symbols. Based on Rasmussen University’s graphic design description page, Callie Malvik (2020) introduces graphic designs foundational elements as color, form, line, shape, size, space, texture; he also presents six main graphic design principals: balance, contrast, emphasis, movement, proportion and rhythm (Malvick 2020). These rules of graphic design are meant to be utilized by the graphic designers when creating branding artworks for companies such as logos. Graphic design should be an essential practice known to business owners who would like to form a complete brand identity and develop brand equity.

The design of a logo is one of the crucial ways the business's brand connects to their customers. In an article published in the Journal of Business Research, C. Whan Park mentions a statement made by MacInnis (1999, as cited in Park et al., 2011), states that “Visual symbols may personalize a brand and provide customers with a sense of connection better than brand names alone do, possibly because symbols are an effective means of communicating information to people” (p. 182). Logos act as a visual representation of a brand which goes beyond the name of a business’s brand. It acts as a more effective tool for a business’s brand to build stronger connections with consumers and make the brand more memorable. It will further a firm’s performance if the logo can clearly represent the brand's identity distinctly. Moreover, the brand identity of a business’s logo can also create an interpersonal connection with their potential customers. Based on the same business article, Park states, “A brand’s logo can be a critical tool for conveying associations between the brand and the self, which in turn helps people see the brand as part of themselves” (p. 182). A business’s logo acts not only as the symbol representing the brand but also it communicates the association between the brand and the customers. The customers can identify part of themselves through looking at the logo. As time goes by, the customers are likely to recognize the business’s brand’s identity as part of their unfulfilled or missing identity. Through this process of identification, the customers will form an unbreakable bond between themselves and the brand. Therefore, logo design creates a visual direct representation of the business’s brands’ identity and forms long term loyalties from customers.

The recognizability of the logo design is crucial when deciding whether or not the logo is effective in communicating a brand’s identity. According to a study presented by Chiranjeev Kohli (2002), Logo design consists of two main dimensions, one of which is the content and the other part is the style of the logo (Kohli, et al, 2002). Upon two main parts of the logo design, content of the logo is emphasized especially when the content of the logo includes the product. While the content is important in most of the marketer’s eyes, the design of the logo can help the recognizability of the brand if use the correct form of design principles. Two main marketing researchers named Henderson and Cote have found what kind of logo design can improve the brand’s recognition. Both Henderson and Cote (1998, as cited in Kohli 2002) states:

Strong positive affect logos can best be created with high levels of naturalness (representative of commonly experienced objects) and elaboration (a combination of complexity, activeness, and depth). Elaborate logos maintain the viewer’s interest. A high level of naturalness makes them more satisfying to look at and leads to a stronger positive [effect], which is particularly helpful in high-image logos. (p. 61)

Based on Henderson and Cote’s findings of highly effective logo design, a more elaborate logo is better to be recognized and remembered by the audience compared to a simplistic logo design. As the design of the logo follows more closely to the familiar objects and patterns in people’s lives, people will likely recognize the logo even more. Consumers and viewers tend to recognize and favor logos that can spike their interest and flow more naturally. These two main design principles can help the graphic designers to create highly performed logos that can raise the favorability of the brand.

The shape of the logo is considered another crucial element when designing a successful logo. Most of the well-known brands such as Pepsi and Starbucks have redesigned their logos and the practice of redesigning logos shows the brand’s commitment in developing a better relationship with their customers visually with icons and symbols. According to one of the research studies about the shape of the logo, Walsh and other researchers (2011, as cited in Dolah 2021) have found most of the textless iconic brands are inclined to a round shape and the majority of businesses have shifted to a round logo (p. 49).



Figure 1: Microsoft's Internet Browser Logos, 2006-2019



Figure 2: Pepsi-Cola's Logos, 1898-2022

As the most well-known brand is moving towards a round shaped logo, it shows the public is naturally attracted to logos that present soft and harmonious features. The shape of circle and rounded fonts can convey a sense of naturalness and familiarity to the consumers which make the logo of the brand recognizable and memorable in the market. According to the research Jasni Dolah (2021) who researches redesigning of firm's logos, she states "Marketers should also use design cues (such as angular/ rounded) that correspond to the typical shape in consumers' minds[...] Positive [effect] is elicited by logos that are moderately natural, moderately elaborate, and highly harmonious (p. 55). The designer of the logos can correlate the design cues with what is already inside of the consumer's psychological scheme. Therefore, a rounder shape is preferred by consumers since it is a common shape correlates with a lot of objects. The rounder shape of the logo also presents a harmonious feature which is essential for effective logos. These research findings show a trend in the market on round logos performing better than an angular shaped one. The shape of the logo makes up an essential part in forming an effective brand identity in communicating with customers.

Methodology and Survey Results

Investigation of effective logo designs strategy has been conducted to help small business owners on raising their competitive edge in the market. Twenty logos were collected from local businesses in Irvine California. There were two rounds of surveys. Primary round of the survey presented eleven sets of logos of two to ask participants to blindly choose which logos they considered as more effective which refer to longer impressions of the logos. All of the participants didn't receive any prior knowledge upon graphic design and logo effectiveness. The main participants are Irvine Valley College's students and all of the respondents are volunteers. In the second round of survey, the logos were scored on Likert scales for four criterions: elaborateness, naturalness, and symmetry, and harmony. A high score reflected high compliance with that criterion (e.g., a score of 5 for symmetry meant that the logo was highly symmetrical). The data for each criterion was collected and analyzed separately, and also a mean was calculated for the combined scores. Participants were receiving training beforehand on how to evaluate logos on four criterions.

The five most effectively perceived logos are mainly evaluated and their mean score for four main criterions has been compared. In conclusion, Roundness is the most prominent feature of the logo design small business owners should consider of it being the highest 63.15%. The second most prominent feature is harmoniousness. (Figure 3). Therefore, the two rounds of survey clearly illustrate roundedness as the most significant logo characteristic.

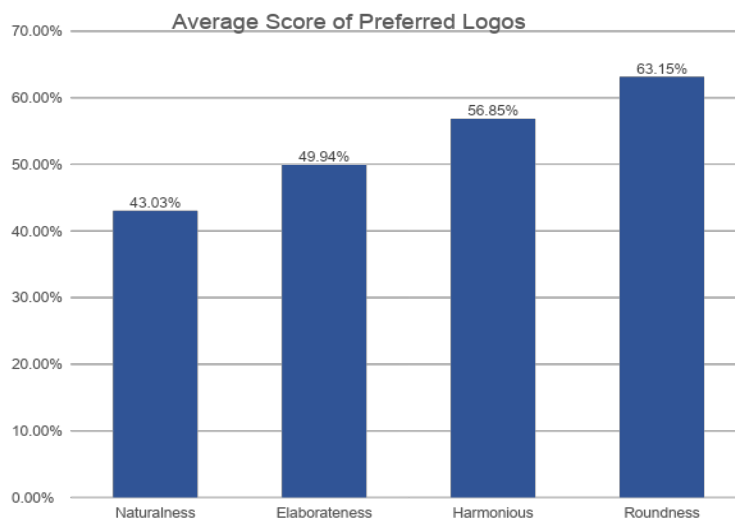


Figure 3: Comparison of logos' features on most preferred and effective logos

Social Media Design on Brand Identity

Despite customers forming their first conception of brand identity through looking at the firm's logo, nowadays, the deep impact of social media in our daily lives cause social media marketing to be an essential part of forming brand identity as well. In an article from the *International Journal of Innovation, Management and Technology*, Jalal Hanaysha (2016) presents his findings by saying that "The findings suggest that consumers usually prefer to buy from brands that advertise their products and services through social media. [...] [Consumers] may consider the advertisements using social media more interesting, innovative, informative, and interactive as compared to traditional marketing" (p.49). Social media marketing mainly shapes the brand identity in a more favorable way compared to traditional marketing strategies. The customers will automatically prefer to buy from the firm that creates more "interesting, innovative, informative, and interactive" advertisements through social media platforms. Through the practice of social media marketing, the firm can gain a friendly brand identity and image by communicating daily with the customers through interactive touch screens instead of rigid posters posted on a billboard. Therefore, social media marketing is one of the essential tools for companies to raise their brand awareness and create an approachable brand identity.

Besides effective logo design decisions made by businesses, the social media design plays a significant role in creating a firm bond with the consumers on social media platforms and researchers suggest using emotional oriented content has a positive effect on consumer's engagement. According to social media researcher Swani states, (2013, as cited in Barger et al., 2016) "consumers were more likely to engage with posts that were not overly commercial and that included emotional sentiments" (p.11). Consumers are likely to interact more with the advertisements posted on social media if the content gears towards the consumer's emotional needs. When designing the content of social media posts, the business owners should use the combination of posting commercial content and a relatively larger percentage of emotional oriented content when interacting with consumers online. Furthermore, multiple researchers suggest more interactive social media content design can boost the engagement with the consumers. For instance, a social media content researcher named de Vries (2012, as cited in Barger et al., 2016) suggested that "multisensory and interactive posts were more likely to generate engagement than posts that lacked multisensory and interactive elements" (p.11). Social media content that contains a multisensory experience provides an experience when consumers interact with the advertisements and social media feeds. Due to the interaction multisensory social media posts creates, nowadays a myriad of companies use videos, motion graphics and the other communicative visual forms as the main format of their social media posts. Since social media platforms are used as connection building tools in people's daily lives, consumers want to create online relationships with companies and brands as well. More interactive and interesting content design can not only help customers to engage with the brand consistently but also create online relationships with customers. Thus, small business owners should utilize graphic design in both logo design and social media marketing to boost their brand identity and awareness in a competitive market.

Solutions for High Failure Rates of Small Businesses

Small businesses in the United States have struggled to survive for a long period of time despite its evident contribution to the national economy. According to an article published in Forbes by Chas Otter (2018), "Only about half of small business survive passed the five-year mark, ranging from 45.4% to 51%" (Otter, 2018). Small businesses face the challenge to maintain longevity in the U.S. market. Over the years, various scholars researched and surveyed the main cause behind the high failure rate of American small businesses. Studies found out that the central problem of a small business shorter lifespan is business owners' lack of awareness of branding and marketing strategies. Based on a study conducted by Outbound Engine (2019), "nearly 55 percent of small business owners spend less than 5 percent of annual revenue on marketing" (Outbound Engine, 2019). The lack of usage of marketing strategies in promoting products and services remain prominent among small business owners. As part of marketing, the execution of branding, creating a connection between

customers and business, does not exist in small business strategies. Nevertheless, having more management education platforms focused on branding and marketing while creating more cost-free graphic design tools can greatly help small businesses to increase their competitive advantage in the marketplace.

More organizations like SBA should provide more education on branding and marketing to truly help business owners to have more knowledge base on managing their businesses. The lack of management knowledge is considered as the most prominent factor contributing to small business failures from a business owner's perspective. According to study conducted by Robert A. Peterson (1983), "Five out of 10 individuals interviewed cited internal problems as the primary cause of small business failures, with the most frequently cited cause being a "lack of management expertise" (Peterson, 1983). Most of the small business owners started their businesses without knowing everything about the market and their products and this lack of knowledge hurt the overall longevity and profitability of the business. Through having educational platforms specifically designed for small business owners, small business owners can employ this knowledge while operating their businesses. Among all of the organizations, the Small Business Administration (SBA) will be the best suited platform to conduct free educational resources for small business owners. Even though SBA does have several free business courses for small business owners, the content remains on surface level and doesn't provide specific and useful instructions for small business owners to utilize in real life situations. As a federal organization founded in the 1900s, the Small Business Administration should provide free resources with renowned university lecturers to educate small business owners and this solution will be a key to improve small businesses longevity in the future.

In order to create a complete brand identity, small business owners must have access to low-cost graphic design software to design unique business content and products. Many small business owners consider marketing as a costly move as entrepreneurs, but more and more free online design platforms provide only zero to little cost in marketing and branding. For instance, a commonly used graphic design platform like Canva is completely free to their users and Canva Pro targeted to business owners only costs around 120 dollars per year (Canva, 2022). More and more small business owners can utilize websites like this to design their unique logo, poster, social media post, and even website without spending any money. The Federal government and American Marketing Association (AMA) should encourage more app developers to create free online graphic design apps and platforms for small business owners to use. This way, more small business owners can improve their business image without cost and create their brand identity with ease.

Even though small businesses in the U.S. face the challenge of high failure rates, the usage of effective branding strategies through employment of adequate logo design and social media marketing increase the competitiveness of small businesses. The high failure rates shouldn't hinder more entrepreneurs from creating their own small businesses which will slow down the overall U.S. economy in the long term. Through increasing more awareness and support on creating an effective brand identity and marketing strategies for small business owners, more small businesses can increase their longevity and provide tangible benefits to the U.S. economy. The ownership of small businesses has been a symbol of personal freedom throughout the development of the United States and it keeps a stable competitive economic environment for every type of businesses inside of the U.S. economy. Both the public and federal government should collectively keep the stance and existence of small businesses. However, besides lack of management knowledge and branding resources, small business owners are also facing other challenges such as the feeling of isolation and lack of financial resources. More research and attention should be given to small business owners and small businesses in various aspects in order to diminish the hardships of maintaining small businesses.

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