REGIONAL BRANDING: BUILDING BRAND VALUE

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Abstract


Regional branding is one of several ways to promote rural regions and support development of socially, culturally and environmentally oriented economies in areas that are interesting due to their natural and cultural heritage. The article attempts to review the conceptual and theoretical underpinnings of branding as conveyed by leading authors in the marketing field. The aim of this paper is to define brand as a broad complex of variables, which are used in building of its identity as a basis for creating value proposition and the position of a brand. Article briefly describes the most comprehensive labeling system for regional products at the micro-regional level is the one guaranteed by Association of Regional Brands (ARB). The main contribution of this article is a theoretical model of strategic management of a regional brand, which captures the interdependence of the individual steps of brand building as well as stakeholders. The starting point for building of brand value is a strategic analysis of the brand, including analysis of customer and competitors. The analysis of external factors is followed by analysis of the brand itself. The resulting relationship between the brand and the customer is based on value proposition representing benefits (functional, emotional, self-expression). The concept of total product is connected with the concept of total brand and it is offered to the customer as a regional product. Finally it suggests possibilities for further research.

Keywords: marketing management, brand, regional branding, brand value, regional product, customer

INTRODUCTION

It is confirmed by various authors that it is possible to apply the general principles of marketing in the context of improving the competitiveness of countries, regions and cities (Ashworth and Kavaratzis, 2009, Kemp, Childers, and Williams, 2012, Žemla, 2013, etc.). Furthermore, some authors (Bruwer and Johnson, 2010, Medway and Warnaby, 2008, Warnaby et al., 2002, Thode and Maskulka, 1998 etc.) work with concept of place-based marketing. Medway and Warnaby (2008) mention as one of the essential role of place marketing practitioners creation of a positive holistic image for locality. As a result of this effort places are increasingly perceived as brands. Place branding can be defined as the process of applying branding principles to a geographical location to promote the place, its products or its businesses (Ashworth and Kavaratzis, 2009), Medway and Warnaby (2008) refer to de Chernatony and McDonald (2003) construct of brand as multidimensional device (brand as: a functional device, a symbolic device, a shorthand device, a legal device, a strategic device, a differentiating device, a risk reducer and a sign of ownership) and argue that many of those elements are relevant in context of places.

The research in the area of regional branding is in early stage, both locally (Czech Republic) and globally (Kaufmann and Durst, 2008). In Czech Republic regional brands are examined in context of geography and regional development (Semian, Chromý and Kučera, 2016, Kašková and Chromý, 2014), rural development (Lošťák and Kučerová, 2007) or rural tourism (Spilková and Fialová, 2013). Marketing area is partly reflected in the latest study by Čadilová (2014). This study provides suggestions
mainly in the field of communication. Complex study from marketing point of view is missing.

The aim of this paper is to define brand as a broad complex of variables, which are used in building of its identity as a basis for creating value proposition and the position of a brand. The main contribution of this article is a theoretical model of strategic management of a regional brand. Verification of the particular model is subject to further research aimed at identification of variables relevant for positioning of the regional brand and creation of customer opinion on regional products.

MATERIALS AND METHODS

The main methods used for that purpose involved a review of theoretical approaches and frameworks of brand building and management as well as regional brands, conceived by selected authors, including a synthesis thereof. The main output theoretical model was suggested using a summarising method. For model construction were particularly crucial publications of following authors: Aaker, 2003; Azoulay , Kapferer, 2003; Keller, 2007; Kotler, Armstrong, 2006; Přibová, Mynářová, Hindls, Hronová, 2000; Vysekalová, 2004.

RESULTS

A Marketing management considers the relationship between the product/company and the customer to be the foundation of every business. Brand management is practically the same: “A brand is a person's gut feeling about a product, service, or company” (Neumeier, 2008). The product remains the bearer of value and a brand becomes the bearer of an offer. Its key role is to generate profit by offering value, for which the customer is willing to pay (Kozel, Mynářová, Svobodová, 2011). Brand thinking overcomes product thinking that sees brand as a “label” of a product by making everything depend on the brand, which, among other things, incorporates also the product. A brand is primary; a product only moves within borders set out by the brand. The relation between a brand and a consumer takes place as a dialogue of two identities – the identity of a brand and the identity of a consumer (Přibová, Mynářová, Hindls, Hronová, 2000).

A product is conceived very broadly here. A marketing offer includes material things, services, persons, places, organizations and thoughts. It further applies that a product is not perceived merely as an object with its intended use (the so called core or base use) but it is also formed by a series of components, which contribute to its ability to satisfy the customer. These extending features of a product may include the packaging, brand, quality, style, warranty, service, delivery conditions, the possibility of commercial credit, installation, etc. A complex (total) product represents a sum of all physical and psychological properties, through which the needs and requirements of customers are fulfilled (Kotler, 1998; Keller, 2007). Despite increasing the utility value of a product by adding other properties, a company offer begins to lose its uniqueness and thus the ability to differentiate. Gradual commoditization of products and services means that customers perceive all competing products as similar and reject arguments of sellers about the contrary. Therefore, a new value proposition must not be simply a matter of choice as one of many options, but the object of desire of a customer. Emotional innovations are one of the possible solutions (Košturiak, Chal, 2008). Innovations are such quantitative and qualitative improvements of a product, process or business model that significantly add value to the customer, a company or, ideally, to both at the same time. If the added value is realized through a transaction within the market, innovation itself is formed in the market at the time of sale. In fact, it is realized by the customer (Zelený in Košturiak, Chal, 2008).

Even a brand can be looked at as a product of a specific character and the conception of a total product can be used for it. The content of individual layers is as follows (Marhounová, Velčovská in Vysekalová, 2004): A/ The first layer (brand core) is determined by the function which a brand has to fulfil (i.e. identification function). B/ The second layer (the so called perceivable brand) is formed by basic attributes of the brand – name and logo creating the brand, lettering style, shape, colours, jingle, etc. – i.e. all that serves for identification of the brand and all that makes it distinctive. C/ The third layer (extended level of a brand) means differentiation from the competition by an added quality for the consumer – specific guarantees, assurances of safety, reliability, etc. associated with the specific brand. D/ Image of a brand can be mentioned as a separate layer, which can be understood as a generic term for prestige, strength, “personality” of a brand, etc. Image is frequently connected with the image of the guarantor or bearer of a brand. “The customer can perceive usefulness in different levels of value, which are determined by his expectations from the brand. His or her expectations may be – the same way as in a product in general – connected with the basic function of a brand as well as with fulfilling the second or third layer (or other layers) of the conception of total brand.” (Vysekalová, 2004). Therefore, a brand is a product. A product that adds another dimensions, making it differ from other products created to satisfy the same need. These differences can be purposeful and specific – related to performance of a product under the brand – or rather symbolic, emotional and indefinable – then they relate to what the brand represents (Keller, 2007). “What distinguishes a brand product from a non-branded one and what gives it the value is the sum of customer experience and perceptions in terms of the product features and how it works in terms of the brand
name and what it represents, as well as the company that it is associated with the brand.” (Achenbaum in Keller, 2007). The difference between a brand and a commodity can be summarized under the term “added value”, i.e. other values that are perceived by the customer as those embodied by the product. A product with a strong brand is something more than just several parts put up together (McDonald, Wilson, 2012). Brand = product + added value (Bártta in Vysekalová, 2004).

According to the American Marketing Association, key to creating a brand is to choose a logo, symbol, packaging design and other characteristics, which define the product and make it distinctive from others (Keller, 2007). “A brand is a name, logo, creative expression or a combination of all. Its purpose is to distinguish the goods or services of one seller or group of sellers from goods or services from competing sellers.” (Kotler, 1998). These distinguishing components of a brand, which make it specific and define it, are called elements of a brand. These include the name, logo, representative, slogan, jingle and packaging (Přibová, Mynářová, Hindls, Hronová, 2000).

According to Vysekalová and Mikeš (2009), a brand is composed of two parts: symbolism of a brand (logo, name, lettering style, colour), which allows the consumer to identify the brand, and meaning of a brand (how the brand is understood by consumers in terms of rational and emotional advantages for them), presenting the advantages of a brand to the consumer.

Strategic brand management includes designing and implementation of marketing programmes and activities which serve to build, measure and manage brand values. The process of strategic brand management is defined in four main steps (Keller, 2007): 1. identification and determination of positioning and values of a brand; 2. planning and implementation of marketing programs of a brand; 3. measuring and interpreting of brand performance; 4. improving and maintaining the brand value. Building brand value depends on three major factors – these are: (1) original selection of brand elements which form the brand or of its identity, (2) the way in which the brand is integrated into the supporting marketing program, and (3) associations indirectly transferred onto the brand due to connection of the brand with another entity (e.g. with a company, country of origin, distribution channel or another brand).

Brand value is a set of assets (and liabilities) associated with the name and symbol of the brand that increases (or decreases) the value, which the product or service brings the company and/or customer. Main categories of brand value are (Aaker, 2003): brand awareness, perceived quality, associations related to the brand, brand loyalty and other brand assets. Each brand asset forming the brand value creates a product value in many different ways (e.g. popularity of the known, signal of reliability and commitment to customers, reduction of marketing costs, attraction of new customers, a reason to buy, differentiation/position, process of helping/obtaining information, creation of positive attitude/feeling, advantage over the competition, etc.).

Brands fulfill important functions as far as the consumer is concerned – they identify the source or manufacturer of a product and allow the consumer to assign responsibility to a specific manufacturer or distributor. If consumers recognize a brand or are informed about it, they do not have to continue thinking and looking for information to opt for the particular product. Drawing attention to certain characteristics of a product plays also an important role (Keller, 2007). For companies a brand presents a valuable, legally defined property that has the ability to influence customer behaviour, it can be bought or sold, and it provides certainty of sustainable future profits to its owner (Bymer in Keller, 2007).

The brand management system also includes the so-called “brand equity”, i.e. how customers perceive the brand (brand awareness and associations related to the brand) and how the fact that they know it affects their relationship and behaviour towards the brand (brand loyalty and price “premium”), i.e. what customers are doing (Vysekalová, 2004). The basic premise of the CBBE model is that the strength of a brand consists in what consumers know about the brand, what they feel about it, what they have heard or seen during their long-term experience, i.e. the strength of a brand is based on consumer opinion (Keller, 2007). Brand value is characterised as follows (Přibová, Mynářová, Hindls, Hronová, 2000):

- it is defined as a distinctive effect on purchasing behaviour of consumers in relation to products under the specific brand evoked by its knowledge; a brand has a positive distinctive effect when customers take a branded product more positively than a non-branded one.
- price sensitivity of customers is influenced – it is lower.
- brand loyalty is built, which is manifested by willingness to wait for a branded product, when not available, look for the brand in other distribution channels, etc.

Brand identity should help establish a relationship between the brand and the customer by creating an offer of a certain value that has functional and emotional significance for the customer and significance related to his/her self-expression. Brand identity is composed of twelve dimensions organized

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1 customer-based brand equity
in four perspectives (Aaker, 2003): the brand as a product (product range, product attributes, quality/value, use, users, country of origin) brand as an organization (organizational attributes, global vs. local dimension), brand as a person (brand personality, brand-customer relationship) and brand as a symbol (visual design/metaphors and brand heritage). Brand identity means its uniqueness and the defining characteristics of its nature. These include the (Přibová, Mynářová, Hindlís, Hronová, 2000): physical characteristics, brand personality, cultural values, values and relationships that the brand represents, the typical reflected consumer, self-perception, i.e. “self-image expression” of the consumer of the brand. The sources of identity can include the typical products, name, visual elements, geographical and historical roots, the creator and propagation (communication) of the brand. The unifying effect of a brand is expressed by the so-called “brand system” – a pyramidal arrangement of the meaning of existence of a brand, aspects of the brand value, brand promise, brand personality, general characteristics of the product that is the bearer of the brand (3-5); product A, product B, product C … (outside the area of the brand).

Brand identity described using the above-mentioned elements by its creator (brand owner) is transferred to the receiver (potential or current customer) as complex information. A certain image of a brand is formed in the mind of the receiver (a series of influences). Brand identity perceived by the consumer is referred to as the brand image.

Positioning is the part of brand identity and value proposition which has to be actively communicated to the target audience and which demonstrates advantages over competing brands (Aaker, 2003). By defining the target market and the nature of the competition it is possible to determine the base of positioning as such. Determination of the correct positioning requires the creation of correct associations of parity and difference (Keller, 2007). Placement of a product in a certain segment determines its customer perception in comparison with competitive products. The position of a product represents a way in which the product is defined by customers from the viewpoint of important attributes; it is a place the product is taking in the customers’ minds (Kotler, 1998).

Regional products can be understood as products associated with a particular, relatively bordered territory, with the region of their origin (Kašková and Chromý, 2014), and represented specifics of the region (Kirchgeorg in Kaufmann and Durst, 2008).

Čadilová (2011) sees regional brands as “one of several ways how to promote rural regions and support development of socially, culturally and environmentally oriented economies in areas that are interesting due to their natural and cultural heritage. This view is supported by findings of Lošťák and Kučerová (2007), they emphasize regional label as the most tangible result of the cooperation among local farmers and endogenous initiatives. They state that regional label could promote region as a whole due to link with products that uniquely represent local traditions. Regional brands could also contribute to development of sustainable tourism as they enable tourists to find their bearing when shopping in tourist regions (Čadilová, 2011).

Although sustainability has become significant topic in many areas including regional development and various studies (Bask et al., 2013, Park and Ha, 2012, Kim and Chung, 2011 etc.) suggest that sustainability affects consumers purchase decision, some authors (Luchs et al., 2010) stress that sustainability is an asset that is difficult to sell on its own and that will usually provide only a marginal return on investment. However, branding can make a difference, as brands can represent and communicate added value (Willemsen and van der Veen, 2014).

At present, examples of local or regional branding of various, usually agricultural, products can be found in almost all European countries. Growing demand for products with known origin and guaranteed quality is a natural response to globalization of production and supply (Čadilová, 2011).

The range of branding possibilities for regional products is quite wide in Czech Republic. There are a lot of systems that operate on a multinational, national, regional or micro-regional level. The most comprehensive labeling system for regional products at the micro-regional level is the one guaranteed by Association of Regional Brands (ARB).

Along with a marked and unified graphic design, all of the brands in the ARB also have common granting principles. Their basic characteristics include the guaranteed origin and respect for the environment in all phases of both production and sale. The brand also concerns proportion of manual or mental work and local raw materials (Čadilová, 2011).

Currently there are 26 regions participating in main system of regional brands in Czech Republic. According to available information in total 1047 local producers hold regional brand awarded by ARB. The following Figure 1 shows their distribution by regions.

Most of the certificated producers occur in the Jeseníky, Šumava and Haná region. On the contrary, the least producers participate in the regions Poohří, Znojmo and České středoohoří. All those regions are relatively new members (Poohří, České středoohoří – 2015, Znojmo – 2012) of the ARB, which is likely to interfere with number of certified producers.

In all regions involved in the system, the brand is granted to handicrafts, food, farm and nature products. There are some regions that includes accommodation and restaurant services and
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experiences. Figure 2 shows the percentage of each type of products.
In each region are certified food, farm and nature product and handicrafts (except one – Poohří). On the other hand, the accommodation and restaurant services are approved only in less than half (12) of the regions and experiences only in third (8) of them.

DISCUSSION

Building of brand value is captured by the “House of Regional Brand” model (Figure 3). The starting point for building of brand value is a strategic analysis of the brand, including analysis of customer trends, motivations and structure of customer segments. The second part consists in finding the position of competing brands and defining their strengths and weaknesses. Influence of the external marketing environment is captured first in the form of trends, which in turn influence the purchasing behavior of consumers (motivation), secondly by analysis of competitors (objectives, strategies, differences). Attention is paid to sub-areas of the environment at the macro and micro level, as defined by Kotler and Armstrong (2006).

The analysis of external factors is followed by analysis of the brand conceived as a system, in which individual attributes are arranged into certain levels of a pyramid scheme – the top represents the meaning of the existence of the brand, while the base (outside the scope of the brand) represents individual products intended for the target groups (Přibová, Mynářová, Hindls, Hronová, 2000). This completes the strategic brand analysis as understood by Aaker (2003), i.e. the customer analysis, competition analysis and brand and organization analysis.

The findings of a situational analysis are used to specify its identity based on the definition of the

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1: Regional Brand holders by region
Source: Author (based on the data from Asociace regionálních značek, 2016)

2: Registered products by type [%]
Source: Author (based on the data from Asociace regionálních značek, 2016)
brand as a product/capabilities (materialized manifestations of the brand), as a person/personality (personification of the brand – character), as an organization/shared values and community (relations between people, organization formed by a certain type of people, values and programmes) and as symbol/internal culture and values (tradition of a brand, cultural values). The resulting relationship between the brand and the customer is based on value proposition representing functional benefits, emotional benefits and benefits of self-expression, all in connection with the price or relative price. This part of the model combines Kapferer’s Brand Identity Prism (Azoulay, Kapferer, 2003) and brand identity system, as defined by Aaker (2003).

These basic characteristics are reflected in the formulation of the positioning strategy and its symbolic expression in the form of brand elements (name, logo/symbol, slogan/jingle, representative and packaging). These elements contribute to strengthening of awareness of the brand and facilitate the creation of strong, favourable and unique associations with the brand. Correct choice of brand elements, based on a series of criteria, as such contributes to building of brand value, but the primary input is given by marketing programmes. In the model, they are connected with the 4P marketing tools – i.e. product, price, place and promotion. This connection represents the tools and brand-building goals as defined by Keller (2007). A classic marketing mix can be extended for example by people. The concept of total product (A) is connected with the concept of total brand – regional brand /RB (Vysekalová, 2004) and it is offered to the customer as a regional product. The created identity, combining activities of the creator of the regional brand and the producers of the regional products, is transformed on the part of the customer into brand positioning, which is derived from the knowledge of the brand, determined by brand awareness (recognition/recall), brand image (strength of association, favourable associations and unique associations), brand loyalty and perceived quality. All these elements combine to create brand equity (Aaker, 2003). Ideally, brand value is manifested simultaneously to the customer, manufacturer and provider of the regional brand as well as other parties involved.

3: House of Regional Brand
CONCLUSION

Based on a thorough literature search, the significance of the topic was proved on a global scale and its relevance was proved under the conditions in the Czech Republic. Based on literature focused on the topic of strategic brand management and sources dedicated to regional branding, a model combining the findings from both fields was created. The model is specified in chapter Discussion. Its verification is subject to further research, which takes into account three main stakeholders (providers/creators of the regional brand (RB), user/producer of the RB and customer/consumer of the regional product), the existence of which is reflected in the presented model. During the review another research opportunity arose, further definition of a regional product, which so far in the literature has not been satisfactorily resolved. The research will therefore focus on extension of definition. Perspective of all three stakeholders mentioned above will be involved.

Acknowledgements

This paper was supported by Internal Grant Agency (IGA) FEM, CULS Prague [nr.20161030 – Regional Branding: building brand value in the context of consumer perceptions].

REFERENCES


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