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A Thought on the Integrated Development of Regional Brands

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Abstract

Today, places across China all try to establish regional brands, but most of the brands still focus on specific enterprise brands or local product brands. Many well-known regional brands have been developed with the help of the regional industry promotion policies. But whether the founding of regional brands is a purpose or a mean? This article will make a study based on the “regional values” of regional brands, and explore the necessity of integrated development of regional brands from three aspects: nature of the concept of regional brand, differences between enterprise brand and regional brand, and formation methods of regional brand.

Key words: Regional brand; Enterprise brand; Brand umbrella; Integration

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INTRODUCTION

In recent years, the discussions about regional brand's revitalization in local economy have won wide social attentions. Some areas develop their unique regional resources, such as crop, processed products and minerals as regional brands, and gain substantial economic returns. For example, Chongqing Shizhu County focuses on planting water shield and developing relevant processed products, gains an annual output value of 16 million yuan on fresh water shield, and annual output value of

more than 50 million yuan on its processed products. Their products are exported to Japan, and realize 24-hour accessibility to the Japanese tables. Shandong Jiaozhou City's Chinese cabbage, with its white juice, sweet taste, less fiber, rich nutrient, high yield, has been famous in domestic and abroad, and can reach the highest price of more than 50 yuan each. In 2011 its annual industrial value achieved 1.46 billion yuan. Therefore, places all over the country followed their successful experience trying to establish their own regional brands, but most of them were still composed of individual enterprise brands or local product brands. Some local governments even consider the establishment of a product brand or an enterprise brand equaled to the establishment of a regional brand. It has to admit that the idea of constructing a regional by means of developing an overall brand of the regional is still weak. From a perspective of “regional values” of a regional brand, this article will make an exploration on the necessity of the integrated development of regional brand in the following ways: nature of the concept of regional brand, differences between enterprise brand and regional brand, and formation of regional brand, and hopes to be helpful to the construction of China's regional brands.

1. REGIONAL BRAND

1.1 Concept of Regional Brand

The concept of regional brand was first proposed by Professor Kevin Lane Keller in Fuqua Business School at Duke University in the United States in his Strategic Brand Management: Like products and people, a geographic location or a space can also become a brand. Sun Lihui (2009) holds that regional brand means that in a specific administrative (geographic) regional, the collective brands or comprehensive brands well-known for the names of the regional and industries, formed based on the strength of the regional industrial cluster,

and forming a considerable scale, greater market share, higher awareness and reputation. Concerning the concept of regional brand, the domestic scholars have expounded in detail from different angles. Generally speaking, they agree that regional brand is a product of regional economic development, is the sum of business reputations composed of the enterprises and enterprise brands with considerable scales, strong manufacturing capacities, higher market shares and higher influences in a specific regional.

The author believes that the definition of regional brand should include two parts, the first is branding of the products or services of a regional. The second is to continuously improve the added values of the product brands or service brands, gradually establish a public image of the regional, continue to strength the regional brand so as to attract more capitals and talents and stimulate a sustained development of the local economy. Detailed illustrations are made in Figure 1.

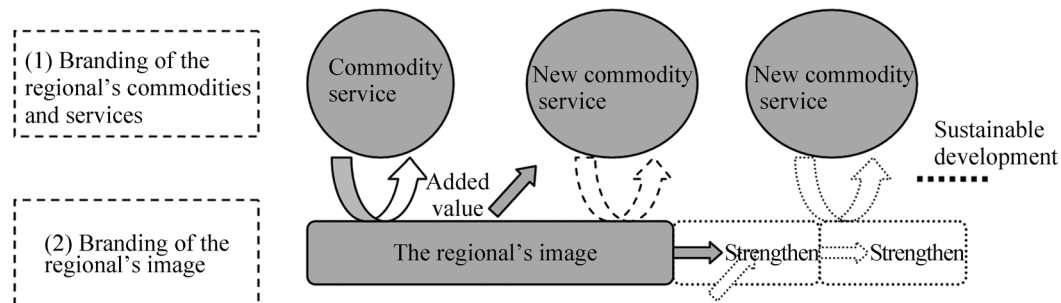


Figure 1
Concept of Regional Brand

The definition of regional brand is not much different from ordinary brands, but if the products and services of a regional are highly evaluated by consumers outside the regional, the overall image of the regional will be improved, and the economic development of the regional will also be greatly promoted.

1.2 Importance of Regional Branding

Region brand strategy must promote product brands and regional brand simultaneously so as to realize the overall economic development of a regional, so today every local government attaches great importance to the establishment of regional brand. Here we will analyze the importance of regional branding from the perspectives of consumers, products and inhabitants.

Firstly, from the consumers' perspective, a product without trust from consumers is unlikely to last long in the market. Keller (1998) holds that a strong brand can own high values because it not only gain higher awareness, more importantly, it establishes a deep relationship with the consumers, allowing the consumers to experience the benefits it represents. Once the consumers link the tangible and intangible benefits of the brand together, they will take the initiative to buy and are willing to pay a higher price for the loyalty. Therefore, consumers select products by virtue of their perception of the brand, which is called brand awareness, including brand functions, brand association, brand features and so on.

Secondly, from the products' perspective, producers generally hold that if they fail to keep improving products' performances or increasing the added value of products, they will be eliminated in the competition. So long-term product innovation, ability to maintain loyal customers, product quality assurance, flowing capacity and other factors are the essential conditions for brand expansion,

and the establishment of product brand is the goal of an enterprise's development.

Thirdly, from the perspective of regional governments and local residents, the development of regional economy relies on the improvement of the attractiveness of the regional. Whether a regional brand can be built or not, the understanding and support from the local residents is critical. The theory of internal branding holds that the formation of an enterprise brand must rely on the full understanding of the enterprise employees. Marketing scholars Kotler and Keller (2008) believe that internal branding is an activity and process to help inform and inspire employees. Especially in the service industry and retail industry, the deep understanding of all employees on the brand meaning and brand promise is extremely important to build the enterprise brand and enhance its values. For the formation of regional brand, the author of this paper believes that regionals must implement internal branding, and only when local governments and residents want to increase the attractiveness of the regional, the goal of developing the regional economy can be truly achieved.

1.3 Intangible Assets of Regional Brand

Similar with the concept of product brand, the concept of regional brand refers to the evaluations of consumers to a regional, and is intangible assets of the regional. The concept of intangible assets of a brand is affected by Aaker's theory on brand equity. Aaker's (1994) brand equity theory holds that the formation of product brands of an enterprise and the enterprise brand is the result of marketing activities, and the brand awareness can form an intangible recognizer in the minds of consumers, which can store, maintain, strengthen and flexibly use the intangible assets. Intangible assets of regional brand are formed the same with that of enterprise brand. Enterprise

brand has to be built by carrying out marketing activities to increase its intangible assets in a specific area. However, the building of regional brand is not a result of the efforts of a single organization or organization, but the result of the joint efforts of a number of enterprises, local governments, industry associations and local residents of the area, reflecting the publicity nature of regional brand.

Generally speaking, different interpretations on regional brand can be made from different angles, dimensions and objects, but the author believes that in essence regional branding requests to fully utilize and develop the regional resources including processing technology, produce safe and high-quality products, utilize the unique regional name as the trademark to sell products or provide services so as to win customers' recognition and trust. Meanwhile, a sustainable development of regional branding requests to achieve an overall branding of the regional.

2. COMPARISON BETWEEN ENTERPRISE BRAND AND REGIONAL BRAND

Region brand and enterprise brand are two different concepts, but they have a lot of commonalities. The differences between them can be drawn from different angles, and the author will make a comparison in three aspects: ultimate goal of branding, objects of branding and implementer of branding.

Enterprise brand and product brand make judgments and decisions based on the enterprise's own ideas or own value orientations, but regional brand takes maximization of the values of the total regional resources as the purpose, which makes it different from the formation of enterprise brand. Enterprise brand maximizes the interests of the enterprise by increasing sales of products or services; regional brand is aimed at developing local economy and improving the living standard of the local inhabitants. For objects of branding, enterprise brand is aimed at clients (consumers or enterprises) externally, and shareholders and employees internally; regional brand has more complex objects. The details can be illustrated in Table 1.

The biggest difference between regional brand and enterprise brand is the limited implementers of enterprise brand, while the implementers of regional brand are extensive. On the other hand, the purpose of enterprise brand is to increase sales quantity and sales price to ensure returns; the purpose of regional brand is to attract more outside investments, revitalize local industries, increase regional product sales, strengthen external exchanges and tourism, introduce talents, and ultimately achieve the purpose of developing the regional economy as a whole. Therefore, in order to expand investments and revitalize industries, enterprises, investors, exchange organizations, tourists and human resources become the objects of regional brand, which are more extensive compared with the objects of enterprise brand.

Table 1
Comparison Between Enterprise Brand and Regional Brand

	Enterprise		Region			
Purpose	Profit (Sales quantity, sales price) Increase the sales of regional products		Travel, communicate	Develop economy Enlarge investments, revitalize industries Attract talents		
Object	Consumers	Enterprises	Consumers	Tourists	Enterprise investors	Job seekers
Implementer	General manager, department managers, employees		Industrial and commercial administrative departments	Tourism administrative departments	Investment promotion departments	Human resources departments
	Governments of the regional					
	Residents of the regional, enterprises					

Regional value means that when enterprises or organizations with humanistic, commercial and other values in a regional interact with the enterprises or organizations also with humanistic, commercial and other values in the surrounding regionals to form a cluster advantage and highlight the unique values of the regional. In this sense, regional value is jointly owned and influenced by local residents, enterprises and relevant organizations, so the consistency of the interests of various components of the regional is crucial to the formation of the regional brand. As shown in Table 1, for ordinary

enterprise brands or product brands, the realization of consistency of the interests of the management, employees and customers are necessary, because once the consistency is achieved, the huge influences of the brand will be displayed. For regional brand, if enterprises, farmers, tourists, outside target customers and relevant logistics service providers can build consistent interests, the regional brand will be able to develop rapidly.

Therefore, direct economic effects of regional development depend on the operation of the government departments, social organizations, enterprises and

residents within the regional. The formation of the values of a regional brand firstly relies on the enterprises within the regional, otherwise the regional brand is like a tree without roots. The purpose to build a regional brand is to develop the local economy, or to be more precisely, to achieve the overall regional economic spillover effects. As economic entities, enterprises or producers in the regional shoulder huge responsibilities. Of course, supports from industrial and commercial authorities, tourism authorities, investment promotion authorities and assistance of government policies will play a catalytic role in building the regional brand.

3. FORMATION METHOD OF REGIONAL BRAND

3.1 Subject of Regional Brand

Academia have different opinions on who is able to be the subject of regional brand. Product brands make contribution for the improvement of the regional reputation. For example, when we mention ham we will firstly think of Jinhua city. The best wine is recognized to be produced in Bordeaux, French. Nagoya is world-renowned because of Toyota motor. But we should also note that product brand could be established after the establishment of regional brand. Meanwhile, we must be aware that the values of a regional brand are closely related with the images of several product brands or enterprise brands within the regional, but the product brands or enterprise brands can reflect only one aspect of the regional brand.

Many regional brands in China have been built by the promotion of local governments, and the primary promoter is the promotion organization or special institutional sector within the regional. It is effective for regional governments to lead and favorable policies to assist in this regard. However, when a local government has no ability to support the regional brand, it will be very difficult to build an umbrella brand. On the contrary, an umbrella brand is mainly established by a local government, so either the ability of the government or its understanding of the brand is likely to cause the umbrella brand to fail. Many scholars believe that local government is not the only party to create an umbrella brand, and non-governmental organizations or enterprises can also undertake the task. However, when private organizations or enterprises act as the leader they will encounter various difficulties.

3.2 Role of Brand Umbrella in the Construction of a Regional Brand

Scholars proposed the conception of “brand umbrella” in the researches of regional brand. The basic idea is that among all resources of a regional, some product brands or service brands can act as an “umbrella” to promote other

products or services to win consumers’ trust and good reputation to the regional.

The concept of brand umbrella is mentioned separately and studied in-depth by scholars. Wernerfelt (1998) firstly proposed the strategy of umbrella branding, defining it as new products using the brand of existing products. Afterwards Erdem and Sun (2002), Hakenes and Peitz (2008) defined brand umbrella as that, when the brand of existing products is applied to new products, this brand is promoted from an individual brand to be a family brand, and all products under the family brand have associations, such as product attributes, functions and interests. Iverson and Hem (2008) proposed the concept of place umbrella branding, which means that, similar as product brand, umbrella brand can provide a guarantee for the product qualities under the umbrella brand, and when a place brand combines with other brands of the place, or a place brand becomes the brand of an industry, it is called place umbrella branding. Scholars have different understandings on umbrella brand, but they unanimously stressed on the vertical protection and promotion from the superior brands to the subordinate brands in the hierarchy.

3.3 Implementation of Regional Brand

Entities of regional brand are touristic facilities, agricultural products or processed products, etc.. With the improvement of the strength of several brands in the regional, the regional economy will certainly produce the spill-over effect and cause widespread economic effect. Therefore, many scholars believe that the objects of regional brand are not necessarily confined to local products, but also cover tourism, businesses, regional experiential activities and other regional resources. Generally speaking, regional brand can be classified into three categories: tourist resort brand focusing on place, special product brand focusing on product and cultural brand focusing on living. If the three categories can be integrated and strengthened, a huge multiplier effect of the regional can be achieved.

The author believes that the purpose of regional brand is not to establish the image of a product or an enterprise, but a unified image of a regional. Although the income of local products or tourism to some extent can accelerate regional economic development, the real meaning of wealth is to put emotion value and concept value into product, which is actually very difficult. Regional branding in the true sense is not special product sales or visitors’ numbers, but the performances of the customs, habits, cultures and mutual relationships among the residents. On the other hand, if we want to differentiate the regional’s special products, tourism, nature, history and cultures from that of other regionals, we must flexibly treat and closely coordinate with the regional’s governmental departments, supporting groups, enterprises, individuals and their mutual relationships.

However, in real life, many successful regional brands pay their main attention to the building of local products and tourism brands, and lack an awareness of building an integral brand of tourist resources or other resources. Many regionals attach importance to the sales of local product brands. They gained remarkable short-term economic benefits to make tourists visit, taste and buy in the regional, but leaves no impression to the public and weaken the regional branding. Historical reason for this phenomenon is that the implementers of these regional brands are certain enterprises rather than the regional society as a whole. From another point of view, we should firstly establish or select a leading umbrella brand, carry out a series of activities to influence other brands in the regional, and eventually promote the cause of the establishment of the regional brand.

The above analysis shows that each regional has different regional resources (crops, processed products, minerals, histories and cultures, etc.). Some enterprises made good use of these resources to gradually expand and keep growing. If the enterprises can improve added values of their products, maintain qualities of their products and services, and manage to win trust and good reputation from consumers, they can gradually establish a regional brand and achieve the purpose of developing local economy. Therefore, regional brand is established and valued by the joint supports of local product brands (processed brands or agricultural product brands), tourism brands and commercial brands, etc.. A strong regional brand is created based on the consistency of the interests of the local society, so that various activities of the regional can be steadily promoted in a broader and more objective perspective.

CONCLUSION

Establishment of a regional brand requires to be based on the unified interest of various components of the regional, and constitute an interest integration by overcoming multiple obstacles across industries. If the organizers can

take into account the enterprise brands, product brands and other factors while planning the establishment of the regional brand, they must take positive changes in their operations. At the same time, the entrepreneurs of the agricultural products or processed products made out of the raw materials of the regional tend to be private enterprises or small medium enterprises, which compared with the brands of large enterprises, have more difficulties in sustainably using human, financial and material resources and successfully implementing brand strategy. The formation of a regional brand cannot just rely on a single resource branding, but must integrate all resources to form a true regional brand.

How is a regional brand formed in the end? Many well-known regional brands are developed with the help of the regional industry promotion policies, but it's not clear that whether the formation of a regional brand is a purpose or a mean. Actual instances show that the methods to fulfill a "purpose" and a "mean" are not necessarily the same. The author believes that the formation of a regional brand is the mean to achieve the "purpose" of developing local economy, and formation method of a regional brand is what the local government should think about after the purpose of local economic development has been achieved.

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