

ANALYSIS OF FUNCTIONING OF THE REGIONAL BRAND VYSOČINA REGIONAL PRODUCT IN THE GLOBALIZED ENVIRONMENT

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Abstract. In the present days, there are many customers, who prioritize regional products. There are numerous reasons for this decision, greater trust in the quality of these products, support for local businesses, or an attempt to promote a given region. Regional labelling can help develop tourism in a given region, especially if it is a protected land area not affected by industrialization. However, the small businesses find themselves in a difficult situation to succeed in today's globalized market environment. The goal of this paper is to analyse how the regional label of Vysočina regionální produkt (Vysočina Regional Product) operates and to present proposals for developing this label using suitable marketing tools in the globalized environment. Labels have many important functions, for example, they help customers identify a product manufacturer or can provide positive or negative motivation to purchase a product, etc. The corporate goal is to represent a specific quality of products and services by the brand, causing return of satisfied customers, and thus ensure further business. Currently, there are dozens of regional labels in the Czech Republic; VYSOČINA regionální produkt®, is one of them. Compared to a number of other regional products, this brand also faces numerous problems, as these mostly small companies do not have sufficient funds and therefore are not able to promote their products. In this paper, a comparison of selected regional brands was conducted, including a customer questionnaire and a proposal for the use of marketing tools to ensure further development of the Vysočina regional product label.

Keywords: regional product, globalization, labelling, company, customer.

JEL Classification: M31, M37, M21

1. Introduction

Product branding has a very long history. Product brands have been used by tradesmen for many centuries and were later used to identify property owned by aristocratic families and the first evidence of trademark law appears in the period of early capitalism. In Czechoslovakia the socialist economy environment disposed of product label functions which were later restored after 1989 when the new Trademark Act (No. 137/1995 Coll.) was brought into force. This law removed any trade-related complications and in particular in relation to the status of the proprietor of that trademark. In the last decade there has been an incredible increase in the quantity and type of products available in all markets. At this time global markets are creating

more and more pressure on manufacturers thus the importance of product labeling is also increasing and their main objective is to differentiate themselves from their competition which is increasingly becoming a problem in today's global economy. This was studied by the global advertising company Young and Rubicam who developed a system called brand science. This is the process of branding without the product losing its marketability and yet remaining distinct. (Trout & Rivkin, 2006). The authors Pelsmacher, Geuens and Van den Bergh (2003) state that "a brand is a name, symbol, color and design combination used for identification of products or services, a vendor or a group of vendors and distinguishing them from competitors' goods and services." Not all brands are a guarantee of success and the so-called "top brand" must not only be a product of excellent quality but must also be accompanied by additional top-level services as well as long-term communication support. The importance of the brand can also be expressed by the financial value (so-called brand index). KL Keller (2007) states that the brand fulfills a number of important and irreplaceable features for the consumer such as identifying the manufacturer of the product, informing about the potential to meet their needs and reducing "product search" costs. For reasons mentioned above, company brands are irreplaceable and they are willing to pay large sums of money for them (especially in mergers and acquisitions) and some companies make up to 70 % of intangible assets.

2. Brands and their importance in a globalized world

Many authors discuss the importance of brands in the current global environment and state that labelling of products helps consumers navigate the large amount of offered goods and services. Stojanovic, Andrea and Curras-Perez (2018) discuss the effects of using social media for a brand listed on the stock exchange in a tourist destination in Spain. A quantitative study was conducted that demonstrated the positive effects of intense use of social media to increase brand awareness. The use of modern communication tools such as social media confirm the hypothesis that such communication for the consumer (for example, tourists) has a variety of benefits. At the same time this can dramatically help the tourist destination to increase their competitive potential. In many cases however, it is not enough to only offer content on social media but may be more suitable to use "Inbound Marketing" which evokes the interest of the target audience and their positive emotions (Halliha and Shah, 2009).

Furthermore, it was shown that brand identity positively correlates with the quality of the brand and customer values. Limitations in the reporting capacity of the study is related to the research sample (249 respondents) which were predominantly accommodated at youth hostels in the centre of Valencia.

The relationship of branding and globalization is addressed by Sanaa Ashour (2018), who examines the importance of internationalization and globalization of higher education. German universities provide this form of education to the Gulf states who have enabled the hosting of these educational institutions. An interesting aspect of this globalization of education is the attitude of the German government who prefers to receive no profit because it considers the educational process to be a public good (both in Germany and abroad). The focus of the study programs from the German higher education institutions is primarily in high demand fields such as Engineering, Natural Sciences, Music, Archeology and Egyptology.

Davis (2017) discusses the optimal timing of brand marketing and deciding when to introduce new products is very important for building and maintaining competitive

advantages. The role of this time-based competition (TBC) is further enhanced in the context of technological change, widening globalization and the aging population. Time is becoming a very important attribute to the competitiveness of a brand where these strategies are utilized successfully by global companies such as fast food giants McDonalds and Just Eat.

Maurya and Agarwal (2018) discuss in their study the influence of brands (companies) in attracting the interest of talented workers for a job within their company in today's globalized economy. The results of the research have shown a positive effect of the brand to attract skilled personnel to companies which strengthens their competitiveness. Gibson and Warren (2018) focus on the importance of brands within the creative industry in a globalized market environment. Their study showed that companies in this type of industry which were elevated from a local brand to a global brand recorded a massive retail expansion.

Authors Picha, Navratil and Svec (2018) discuss the competitiveness of local brands in a globalized market. It initially appears that small and medium-sized businesses cannot compete with the big manufacturers and retailers but their study shows that customers have a preference for products marked with "regional" or "national" branding. The issues of regional strategies, regional identity, customer preferences in countries and individual regions in a globalized market environment are addressed by a number of authors (Caliendo, et al., 2018, Hasan, et al., 2017, Markowska, et al., 2018, Li, et al., 2018).

Miguel Alcantra-Pilar, Del Barri-Garcia and Porcu et. al. (2017) focus on exploring the cultural differences that exist between different markets and indicate the language in which they are presented information about the brand on the internet is an important aspect of competitiveness. Their research has shown that the choice of language is of great importance for the internet user. Authors Roozen, Chia and Raedts (2017) explore regional branding in the era of globalization and specifically its role in Singapore's economic policy. Their study has shown the great importance of branding and regional brand communication.

Jean Noel Kapferer (2005) deals with the phenomenon of post-global brands which was also discussed by Theodore Levitt in his article 'Globalization of Markets' in the Harvard Business Review (1983). According to Kapferer branding has a different dimension in 2005 and states it is necessary to examine the costs and limitations of this phenomenon, selectively use globalization and preserve the national character of businesses. The global differences in customer preferences between states and regions are engaged in a number of authors (Battistin, et al., 2003, Corgnet, et al., 2018, Falk, et al., 2018, Verbeke, et. al., 2016, 2018).

Antonia Schimiz (2017) discusses the issue of the impact of globalization on the structure and layout of urban agglomerations and migration in particular to the major cities that are seeking new forms of their branding. More and more it has been confirmed that the ethno-cultural diversity of urban agglomerations is considered to be more of a benefit and can be beneficial for both the original and migrant populations.

3. Regional brands

In the last few decades in the Czech Republic as in other States of the European Union we have seen the introduction of regional brands. Although it initially appeared that in a global market their importance will decline but the opposite is true. Customers in developed countries are showing more and more interest in products associated with the region and with its character, tradition, culture and history. The term 'regional brand' is most often linked to

crafts (ceramics, glass, jewellery), food and agricultural products (bread, meat and meat products, milk and milk products) and natural products (such as herbal teas and herbaceous plants) and in recent times popular brands for accommodation and experiences as they are associated with a certain region which represents great potential for product development especially in the area of tourism. However, those interested in a regional brand often encounter specific problems as most business owners and small businesses do not have enough financial means to promote their products and often cannot compete with cheaper products made by multinational companies.

3.1 Comparison of selected regional brands

This section will compare selected regional brands from Germany, Poland and the Czech Republic. Each of these brands may help with the development and further distribution of regional products from the Vysočina region. Information obtained from websites may help in further development of regional products from Vysočina and are listed in the table below.

Table 1: Comparison of selected regional products

Regional products	Vysočina (Czech Republic)	Šumava (Czech Republic)	Hont (Slovak Republic)	Dolina Baryczy Poleca (Poland)	Echt-schwarzwald (Germany)
Certified products	Yes (66)	Yes (82)	Yes (41)	Yes (75)	Yes (5)
Certified services	No	Yes (16)	Yes (1)	Yes (116)	No
Certified experiences	No	Yes (9)	No	Yes (4)	No
Website	No	No	Yes	Yes	Yes
Registration fee	Yes	Yes	Yes	Yes	Yes
Coordinator	Yes	Yes	Yes	Yes	Yes

Source: Brodský, M. and Kožená, M. (2018)

3.2 VYSOČINA regionální produkt ®

The Vysočina tourist region belongs to an area that have preserved their environment and the region became one of the first Czech regions to become a member of the organization of clean cities and regions. There are several state protected areas and natural parks which is a prerequisite for creating interesting tourist destinations. The VYSOČINA regionální produkt® (VYSOČINA Regional Product) brand has been in use since 2007 and products with this brand are marked with a special logo. This label certifies that the products have passed the certification process which means that they meet the regional standards, are of sufficient quality, are environmentally friendly and unique in relation to the region of Vysočina. The VYSOČINA regionální produkt brand logo ® describes the nature of the

region; shows a typical hilly landscape with a potato field which symbolizes handmade work, a personal approach and history. (Fig. 1). Its main objective is to raise the profile of the Vysočina region by using regional products to inform the locals and tourists about their offers.

Figure 1: VYSOČINA regionální produkt logo



Source: <http://www.regionalni-znacky.cz/vysocina/>

To ensure that the manufacturer has obtained permission to use the brand of the VYSOČINA regionální produkt ® they must comply with the demanding certification criteria (Regionální značka, 2018) These include:

- a local entity carrying on their activities and responsibilities in Vysočina for production,
- qualification for production documented by a valid document eg. a trade license,
- no debts and the company must not be in bankruptcy or have any arrears on taxes or social insurance,
- guarantee that the standard of production quality fulfils legal regulations, standards of hygiene and safety etc.,
- production does not damage the environment and the manufacturer complies with principles regarding management of water, energy, raw materials etc.,
- furthermore must meet criteria specified for the product itself.

The region of Vysočina has permission to use the regional brand for 66 products, most notably Prosetínské tubes, Medovina, Harrach Beer, Benatske pasta, leather and haberdashery goods and women's handbags.

3.3 Research of regional brands and VYSOČINA regionální produkt ®

The initial question examined whether respondents were familiar with a survey was used to conduct research from the 26. 2. 2018 until 30 June 2018. The questionnaire was public and took place mainly in the region of Vysočina. The survey was completed by a total of 208 respondents from 10 regions of the Czech Republic. The survey contained a total of 14 questions that focused first on the general knowledge of regional brands and further to the brand of VYSOČINA regionální produkt ® as well as gathering product characteristic information. The aim of the survey was to determine knowledge and awareness of the Vysočina regional brand and also to learn how people perceive this brand and how they are satisfied with the brand.

The concept of a regional brand and 75 % of those surveyed were aware of the Vysočina regional brand. When asked where the respondents learnt about the regional brand, most of them reported through the internet, retail stores or through print. 74 % of the respondents advised that their knowledge of the VYSOČINA regionální produkt ® was either from the internet or direct retail purchase of these products. Respondents who have used some of these products was quite high at 87 %. Satisfaction with products of this brand was expressed by 90 % of respondents and 55 % expressed regular purchase of these products. Most of the respondents were from the Vysočina region and 164 were from the neighboring Pardubice region and many of them had a university and high school education. An interesting finding was that the majority of respondents ranged in the lower income band (up to 25 thousand CZK) and regularly purchased these more expensively branded products.

4. Discussion

Comparison of regional brands from the Czech Republic, Slovakia, Poland and Germany showed that the regional brand, VYSOČINA regionální produkt ® does not offer some attributes like the others such as services, experiences and does not have a website. The product that fared the best was the Polish brand Dolina Baryczy which can satisfy demanding customers both with services, experiences and they have a web page where customers can find a description of all their products/services offered. There are also downloadable maps, routes for pedestrians and cyclists along with marked products, services and experiences, as well as videos and upcoming events. The Slovak regional brand presents itself similarly to the VYSOČINA regionální produkt®, and shows photos of past events. The German regional brand Echt-Schwarzwald enables its customers to purchase products online.

Regions of the Czech Republic offer natural beauty and special regional products and services. Regional branding is intended to contribute to the visibility of regions as well as products, services and experiences. The objective of regional labeling is to make the region and its products and services more visible. Customers of these products appreciate in particular their quality, regional origin, are environmentally aware and are unique to that region. Regions are trying to attract as many visitors as they can and alert them to local products and services. Visitors can be assured that local products are made from local sources and made locally. It is not only about the products that the regions offer but also about the regional services and experiences offered.

5. Conclusion

The research has confirmed that interest in regional products is both from local residents and tourists visiting the Vysočina region. In spite of the higher price of these products customers are interested in them and a large proportion of them buy them regularly. Increased interest in regional products would be strengthened by using a mix of components targeted toward a marketing strategy. There are many product items in the regional area (66) but other brand options have not yet been developed for example, services or experiences. More and more customers (particularly from larger cities) are interested in spending their free time for example, on farms and experiencing rural life. According to research results, the price of the product is not a decisive factor for the majority of respondents but the origin and quality of the products. However, the availability of products for non-local customers is not at an adequate

level as there is a lack of online purchasing especially for non-perishable products. Collaboration with business chains where most customers shop regularly can be implemented, for example, through utilizing a facility dedicated to regional food. The weakest element in the marketing mix of VYSOČINA regionální produkt ® is its promotion through modern media (internet, facebook) which is utilized and followed by a younger generation of consumers. In addition, it could be possible to implement QR codes which would be used by smart phone users.

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