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# Regional brand benefits for companies – comparison of 2013 and 2015/6

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## Introduction

•This article aims to compare the expected and actually received benefits of regional brands for companies in the Czech Republic in 2013 and 2015/6. The method used for gathering data was questionnaire survey. Analysis was done in IBM SPSS. Hypotheses were tested using ANOVA.

•The basis is a brief theoretical debate about the current state of knowledge regarding the regional brand benefits.

•The practical part deals with the actually received benefits of regional brands by companies.

•The results of current research are compared with the results of our research from 2013.

## Brand and Regional Brand

•A brand is a product or service and its features differentiate it in some ways from other products or services that are intended to satisfy the same needs.

•As an opposite effect to globalization, we can see a trend of increase of regional brands that serve as an assurance of quality and place of origin.

•Regional brand is a brand that is being used only in the region of origin and guarantees certain characteristics. These brands are created by local brand managers that in essence help to create markets and places.

•Brands offer a range of benefits to three groups: customers, traders, and producers.

## Benefits of Regional Brands

•Regional brands support local companies (especially small farmers, craftsmen, micro companies) due to promotion, diversification of economic activities in the country, and reviving local economies. For the local population it increases regional solidarity and initiates various forms of cooperation in the region between entrepreneurs, public authorities, the voluntary sector and nature protection.

•Strong benefit for traders can also be all marketing communication that producer offers (POP/POS materials). For producers, brands are again significant in terms of risk reduction, because consumers purchase a known product more often. Producers can utilize increased power when negotiating with traders if they have a known brand, protection against competition in the form of options to set a higher price for a well-known brand and reduction of costs of maintaining a stable customer base thanks to a known brand.

## Research Methodology

•Department started with Regional Brands in 2010. Continuous research. Focus on Moravian-Silesian Region, but also country-wide research.
•Usually questionnaire survey. But it proved challenging – mixed with telephone, face-to-face. Sometimes students get involved.

•We are focusing on companies from the biggest and most successful regional branding system – Association of Regional Brands (hereinafter as ARB). In 2013 it consisted of 640 companies in total, in 2015 it was 1028.
•Our research was based on years (2010-2012) of studying secondary data where we set our premises and expectations, created comprehensive overview of all types of product branding used in the Czech Republic, and created our initial plan of research. After that we have done 2 pilot studies in 2012 that helped us correct our research plan. In 2013 we have conducted our first research and in 2015/6 the second one.

•The research sample consisted in 2013 of 204 companies, in 2015/6 it was 234.

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## Research results

- The shares of answers for expected brand benefits (in %)

| Benefit | Most desired | Desired | Neutral | Undesired | Most undesired | Most desired | Desired | Neutral | Undesired | Most undesired |
|---|---|---|---|---|---|---|---|---|---|---|
| Demand | 45.1 | 22.6 | 14.2 | 13.7 | 2.5 | 41.4 | 23.5 | 14.5 | 14.1 | 4.3 |
| Promotion | 52.5 | 21.3 | 16.2 | 6.9 | 1.3 | 48.7 | 22.2 | 16.2 | 8.1 | 2.6 |
| Distribution | 45.1 | 15.2 | 21.1 | 15.2 | 1.5 | 43.5 | 18.4 | 14.1 | 14.1 | 1.7 |
| Prestige | 49.5 | 27.5 | 16.0 | 3.4 | 1.6 | 47.8 | 27.8 | 16.7 | 3.9 | 1.7 |
| Advantage | 34.3 | 22.6 | 15.7 | 10.3 | 15.2 | 31.2 | 25.6 | 15.4 | 12.4 | 13.3 |
| Pride | 47.6 | 21.0 | 9.8 | 7.0 | 12.8 | 43.1 | 22.6 | 9.0 | 10.7 | 12.4 |
| Contacts | 40.2 | 27.5 | 21.0 | 3.5 | 5.9 | 36.3 | 27.8 | 18.8 | 6.8 | 8.1 |
| Cooperation | 27.6 | 20.6 | 24.5 | 7.0 | 18.6 | 25.2 | 19.2 | 25.7 | 8.1 | 19.7 |
| Joint actions | 32.4 | 29.9 | 21.6 | 7.8 | 6.4 | 29.9 | 28.2 | 23.5 | 8.1 | 7.7 |

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# Regional brand benefits for companies – comparison of 2013 and 2015/6

## Research results

The shares of answers for actual brand benefits (in %)

| Benefit | Most desired | Desired | Neutral | Undesired | Most undesired | Most desired | Desired | Neutral | Undesired | Most undesired |
|---|---|---|---|---|---|---|---|---|---|---|
| Demand | 14.2 | 18.2 | 25.5 | 21.6 | 20.6 | 23.5 | 21.4 | 20.1 | 16.7 | 16.2 |
| Promotion | 14.2 | 28.9 | 25.0 | 18.1 | 11.8 | 12.4 | 29.9 | 29.5 | 15.8 | 10.3 |
| Distribution | 11.8 | 27.5 | 24.5 | 24.5 | 9.8 | 11.5 | 27.4 | 24.8 | 24.8 | 9.4 |
| Prestige | 27.9 | 30.4 | 25.5 | 6.5 | 9.7 | 25.6 | 29.5 | 23.5 | 10.7 | 8.5 |
| Advantage | 16.7 | 16.2 | 32.4 | 6.8 | 27.9 | 14.5 | 14.1 | 28.2 | 13.7 | 27.4 |
| Pride | 31.9 | 42.2 | 4.9 | 5.4 | 15.7 | 32.1 | 37.6 | 6.8 | 6.4 | 15.0 |
| Contacts | 27.4 | 22.7 | 12.8 | 18.6 | 18.6 | 26.1 | 20.5 | 13.7 | 18.8 | 18.8 |
| Cooperation | 20.2 | 14.3 | 27.5 | 6.8 | 31.4 | 19.7 | 14.5 | 21.4 | 8.1 | 34.2 |
| Joint actions | 25.4 | 20.0 | 28.5 | 5.9 | 20.2 | 22.2 | 24.4 | 24.8 | 5.1 | 21.4 |

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## Discussion

•Our premise was that companies would expect promotion, product quality confirmation, and increase in demand. We were right for all three items.

•We can say that ARB has managed to dial down the expectations between 2013 and 2015/6, and make them more reasonable. However if we take a look at the actual benefits, the numbers are still worse than expected, with demand being the worst perceived actual benefit!

•After extensive talks with the companies, we can clearly state that companies have exaggerated expectations for still relatively small branding system, and ARB is not communicating clearly. We would say that the only out of this situation is for ARB to change the way how they promote the brand and state what benefits companies could get with examples of how much it will manifest (put it into context).

•The second suggestion we have for ARB would be to take into account which of the benefits are perceived as the worst and try to improve them ASAP. The worst categories are practically the same as in 2013, which were published and made available to regional coordinators.

## Hypothesis Testing

- H01: The region of company origin has no statistically significant influence on the expected benefits of regional brand.
- H02: The region of company origin has no statistically significant influence on the actual benefits of regional brand.

- The results of ANOVA to determine the influence of the region on the expected benefits are: F 16.044 and Sig. 0,000 (less than a specified value $\alpha = 0.05$), so at the level of significance of 5 % the null hypothesis (H01) is rejected and we accept the alternative hypotheses (H11) that says that the impact of the region on the expected benefits is statistically significant.
- The results of ANOVA to determine the influence of the region on the actual benefits are: F 17.451 and Sig. 0,000 (less than a specified value $\alpha = 0.05$), so at the level of significance of 5 % the null hypothesis (H02) is rejected and we accept the alternative hypotheses (H12) that says that the impact of the region on the actual benefits is statistically significant.

## Conclusion

- We can see a substantial difference between what companies expect before acquiring the certificate and what benefits they perceive manifested during utilization of the certificate. We can also see some differences in our results if we compare research from 2013 witch our latest one from 2015/6.
- The most anticipated benefits were confirming the quality of the product, promotion, and financial effect through demand, in 2015/6 with slightly lower numbers.
- The actual benefits were however perceived as much worse (compare the average of promotion 1.81 expected with 2.81 perceived on Likert 5 scale, or demand 2.14 expected and 2.8 perceived).
- We have formulated some suggestions, mainly we think it would be beneficial if ARB would put communicated benefits into context so companies know better what to expect and what they will get, other suggestions were to create how to guides based on best practices, and online network for better company cooperation.

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