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Brand as an important element of regional development strategy at the example of Łódź

Introduction

In a modern world, globality and locality do not exclude each other. However, it is only virtual. In fact, global content needs to be filtered through that, which is local, while local content needs to appear globally. Glocalisation, in a cultural aspect, is mainly addressed by anthropologists and sociologists. R. Robertson¹ (no data) says: *Globalization is without meaning unless it takes with the utmost seriousness that this concept involves the complex linking of socially constructed "localities". Moreover, the present concern with the local being overwhelmed by the global is but another way of saying that (reified) localities are becoming too interconnected. [...] The local has been globalized; just as the global has been localized.*

It is hard not to relate this fact to the issue of local development. Creating regional brands and regions as products are hard evidence of 'localization' in a world of globalization. It is performed at a local level. Regular market laws apply to this phenomenon. As a result, not only product and brand, but also territorial marketing is developing. States, regions (provinces) and smaller territorial units (communes, towns) are being promoted and 'sold'.

In Central-Eastern Europe it is still a relatively new phenomenon. Unfortunately, most local governments are not aware of the fact, that a promoted product cannot simply consist of a commune and that a website in local language is not the best method of promotion.

The aim of this article is an attempted evaluation of building a local brand, at the example of Łódź. The article has been split in two parts.

The second part analyses the proposal of Łódź's brand strategy, elaborated by the company Demo Effective Launching at the request of Łódź's authorities. Until this day (February 2011) the strategy has not been officially approved by Łódź's officials.

¹ The author used the term 'glocalisation' for the first time in his article, published in 1995: "Glocalisation: Time-space and Homogeneity-Heterogeneity", in Mike Featherstone, Scott Lash and Roland Robertson (eds.), *Global Modernities*, pp. 25-44. London: Sage

The first part of this elaboration is an attempt to indicate brand qualities as an element of a development concept of an organization. In order to do that, the way of defining the term, functions assigned to a brand, the basics of brand management strategy, evolution of brand's significance in development concept and perception of brand's equity were referred to. The presented analyses were attempted to fit in the relation of the place of brand in a territorial marketing concept.

It seems that generally, brand can be defined as a promise to deliver a set of benefits, continuously fulfilling the standard for a specific recipients' segment, as a combination of name, logo, slogan or personal symbol used to distinguish a specific offer through a guarantee of constant quality level (L. Chernatony, 2003). On the outside, it is a synonym of placing a specific product in the hierarchy of relatively substitutive offers. The source of brand's influence lies in its communicative effects, such as *brand identity* and *brand image*, as well as behavioural effects, perceived as behaviour comprising loyalty to a brand. Brand identity is the ability to recognize it and associate it with a specific product category, fulfilled need or a situation enticing particular emotions. Brand image is a result of such associations, referring to product's features, functional benefits, benefits related to experiences accompanying brand usage or symbolic benefits (J. Kall, R. Kłeczek, A. Sagan, 2006). Loyalty is related to the perception of brand value, thus an evaluation of a specific offer in a long and medium term, which is related to a capital of trust of the recipients towards a fixed message, carrying a symbol, logo or a phrase.

Three basic functions of a brand result from the definition. The most important, practical function of a brand is the possibility to distinguish a specific offer (product) from others, advertised by other entities, functioning within the same market area. Brands individualize products and are responsible for products' identification and their psychological diversity. It is also related to brand's promotional function. Brand also functions as a guarantee, because its owner is obliged to maintain a constant level of quality (E. Gąsiorowska, 2005).

Building a strong brand is a process of constant investment in its supporting pillars. That is why the term of 'brand management strategy' is used. It indicates the ability to create and systematically implement a simple vision of a brand (L. Chernatony, 2003)² as a composite of actual advantages of an offer along with evolving expectations and dreams of the target group of recipients. It is about creating a kind of brand's genetic code, which cannot

² All stakeholder groups (employees, local communities, cooperating enterprises and institutions) need to be involved in a process of creation and development of a vision, as it brings multidimensional benefits.

be 'counterfeited' by copying only its outer attributes. The code determines brand's adaptation to the recipient as well as benefits and values of functional and emotional associations.

The vision of brand should be a foundation of a general development strategy - that is to point to the right direction, which is an attempt to durably enter the recipients' expectations. The elements, which enable to distinguish an entity from many others within a specific market segment (through brand) are a manifestation of this concept. Therefore, an organisation must define and persistently 'fill' its set of values with content. When building a clear and reliable brand, one has to realize that even small, short-term activities can affect brand's image. Effective branding requires determining a few values (no more than five), which form a foundation of a brand and involve 'adding' specific features to standard requirements of a particular area (branch of industry, region). Brand value is frequently used as a synonym of marketing value added. This means that among many products of similar characteristics, a specific brand is more competitive due to its unique character. Brand value is determined by many factors. In case of brands, which carry particular emotional values, their strength is determined by such issues as: suggesting a social status or belonging to a particular group (subculture). That is when brand, as an element of wider product layer, becomes more significant than the functional core of an offer (the so-called actual product)³.

Entities, which value brand's significance for the implementation of development goals, usually use one of four main brand strategies: **company brand**, which is common for all the undertaken activities (all offered products); **brand portfolio** comprising all individual brands, created for particular activity areas (market segments); **brand umbrella**, which enables to 'stretch' the brand into new enterprises or **combined brand**, which involves creating a 'local' brand, supported by the respect and strength of a particular organization (institution, company, state, region). The choice of brand strategy should be adjusted to the specification of activity area, including distinguishing features of particular regions (J. Altkorn, 1999). It should take into consideration the mixture of cultures, religions, traditions and views for a particular area or the uniformity of codes and behaviour patterns. It should reflect pragmatics or 'spirituality' of a target group, acceptance for homogenization or glorification of national or regional identity. Shaping of a brand is therefore based on the knowledge (identification of preferences) of a target market.

³ Product, perceived as a set of benefits, consists of three layers: functional (basic, technical features), wide (brand) and global (additional services).

Due to the fact that brands can be recognizable in markets of different geographical ranges, the following brand types can be distinguished (E. Duliniec, 2009): **local brands** – destined only for a specific area, **regional brands** – indicating common features of larger areas, usually connected with civilization-cultural background, **global brands** – universal and offered globally in an unmodified form. With progressing globalization, apart from specific local and regional models, the multicultural model of image creation is becoming more and more significant (J. Wiktor, R. Oczkowska, A. Zbikowska, 2008). It involves adding special values to the commonly accepted standard, which has to be met.

Therefore, studies and scientific elaborations prove, that brand is a complex and multidimensional issue, which is commonly too often limited to its visual attributes. A diagram called the ‘branding iceberg’ seems to be a tool, which may help in clarifying this problem. It depicts a brand concept in form of an iceberg, which is 85% submerged (only 15% covers the visible elements of a brand). The invisible part is the foundation of a brand, created throughout years as a series of interdependent processes, building its strength (it is a value constantly being added within an organization). It seems that brand is a holistic unit, where these invisible elements protect the promises hidden in the exposed, outer symbols. Moreover, the ‘underwater’ part must constantly improve, as the increase in market’s requirements results in gradual increase of ‘demand’ towards a respected brand. It is related to connecting competence (functional dimension of a brand) with code of ethics, politics or spiritual aspect (emotional dimension of a brand – higher values included in a brand⁴).

M. Lindstrom indicated stages of brand’s role evolution within an organization, underlining dominant features in subsequent development stages⁵: offer uniqueness (1950s), emotional bond with recipient (1960s), institutional guarantee of quality – organization as an ambassador of a brand (1980s), brand cult – desire for brand, not as a product but as a set of functional features (1990s), creating a brand by clients – self-design (early 21st cent.). The author claims, that future belongs to holistic brands, which will express their identity through universal values (symbols and traditions) as well as individual sensual experience (sight, taste, touch, scent) and their ‘followers’ will treat them as a type of a cult, thus enabling identification with a particular group. In this context, brand equity (G. Urbanek, 2002)⁶ has to

⁴ Brand needs to determine social areas of its engagement. According to the consumers, the most important areas include: environmental protection (indicated by 88% of respondents as important), health promotion (86%), preventing poverty (84%), equal educational opportunity (82%).

⁵ *Brand-sense* – brand of five senses; Przyszły świat brandingu holistycznego; www.ksiazki.egospodarka.pl

⁶ Based on Marketing Science Institute’s definition, Urbanek indicates financial, marketing and extended dimensions in the analysis of brand equity. The extended approach means, that brand equity carries valuable

be built with the consideration for these three dimensions, and the entity creating a brand needs to fill them with particular contents, which will allow them to gain fixed groups of recipients. As a consequence, it needs to be stressed that brand equity is highly non-monetary in its nature⁷, which is a key factor for analyses in this elaboration, as it also indicates the possibility of using brand categories for improving the effectiveness of *non profit* activities.

Therefore, creating a strong brand is a very important element of every strategy, including regional development strategy. It is confirmed by the development of territorial marketing as a new, turbulent branch of knowledge. The implementation issues of marketing approach in the management of territorial, local government units is addressed more and more frequently in literature. An important part of these elaborations includes knowledge in the field of creation and management of cities' and regions' image.

It is noteworthy, that in the spatial development management concept, brand is perceived as in a general marketing concept, thus the presented theoretical elaborations can be directly applied in the analysis of territorial, local government units' brand strategy creation. The functions assigned to brand are also identical, for example skilful exposure of local 'distinctness' in terms of identity (e.g. ethnic or historical) can be an important element of distinguishing a regional brand (P. Rumpel, T. Siwek, 2010).

The brand management strategy creation procedure does not differ from the general standards, with the exception, that in this case, product is perceived as a city or region. When attempting to build a brand of city/region, a framework, sequential plan of action needs to be determined. The preliminary stage of establishing a brand strategy is the preparation of region/city development condition study and competitiveness (attractiveness) improvement study, which requires creation of the attractions inventory (buildings, events, people). Next step includes the analysis of current image and indication of key opportunities and threats. Not until the SWOT analysis is performed, can the brand creation program and image management concept be implemented. An important point of this programme is the choice of key entities (people, institutions) and objects (locations, events), which can become the ambassadors of the city/region. It is these elements that require the main promotional focus. Just like in the case of promotion of traditional products, there is a need for finding an adequate commercial phrase/slogan. It is noteworthy, that building brand identity and image

virtues, connected with beneficial impressions (set of associations) and consumers' attitudes (patterns of behaviour), influenced by brand strategy.

⁷ Financial dimension of brand equity is reflected in the brand value, expressed in funds. This led to creation of lists of the most valuable brands, such as The Top 100 Interbrand (The Business Week), The Best Global BrandZ (The Financial Times), Global Consumer Brands (Institute Strategy One Edelman's).

of locations, as symbols of city/region is a long-term process. It is necessary, among other things, to have support from different sides, when implementing such projects. It can be achieved through establishing a system of connections with the surrounding environment (A. Szromik, 2010).

As a conclusion of the undertaken theoretical elaborations, it needs to be emphasized that brand creation, as an element of development strategy does not require a special adaptation for the requirements of territorial marketing. Almost all the aspects, relating to traditional goods and services can be applied to spatial development management, when the appropriate interpretation of some terms is applied. In relation to the steps of evolution of brand's significance in developmental concept and perception of brand equity, territorial marketing receives a ready-made holistic model.

Brand strategy of Łódź

Łódź is the third largest city in Poland. Its history is unique – although it was founded in the 15th century, it was not until the 19th century when Łódź actually started to develop. Since that time, its economy has been based on the light industry. After the 1989 transformation and the collapse of textile industry, the city started to fall into decline. Nowadays, the depopulation and economic problems (such as relatively high unemployment rate) are clearly visible. In the ranking⁸ of the friendliest cities in Poland, Łódź has been awarded only 18 points, and got a 14th place (out of 16). The image of the city was also reduced by negative phenomena, such as the 'skin-hunters' scandal⁹ and murder in the parliamentary office of one of the members of parliament.

In order to prevent such phenomena, "Brand strategy and its promotion for Łódź in years 2010-2016" was presented in January 2011 by Demo Effective Launching. In the introduction, the authors say: "This document fills the gap, giving guidelines on the goals and concept of a brand and the ways to implement it, in order for the city to take a special place among other municipalities on the perception map of Poland and other parts of the world" (Strategia..., 2011).

As indicated above, in order to create a brand it is necessary to have a product and to evaluate its strengths, weaknesses, opportunities and threats, thus conducting SWOT analysis.

⁸ The ranking was based on TNS OBOP survey. People were asked for their evaluation of: education, culture, tourist attractiveness, road infrastructure, cleanness and order, professional development opportunities and city's image. The first place was awarded to Wrocław with the score of 74 pts.

⁹ The media released news about information on patients' deaths being sold by ambulance workers to the funeral parlour owners. The ambulance workers were also accused of murdering several people during their rescue operations.

These elements appear in the presented paper. The SWOT analysis was elaborated for four civic sub-products: economy, culture (cultural heritage and cultural product), education and tourism. These four elements mainly influence the perception of the city. The economy, perceived as ‘Economy/business in Łódź is characterized by modernity and creativity’ was particularized as:

- commerce and services – Manufaktura (shopping-entertainment centre), Galeria Łódzka (shopping centre), Centrum Handlowe PTAK near Łódź, logistics, Business Process Outsourcing, IT branch, white goods production (assembly),
- culture – film industry, textile-clothing industry, fashion (such companies as Monnari, Top Secret, Troll),
- fairs – using fairs for cooperation in creating festival products, such as Fashion Week; new trends in fairs and exhibitions, aesthetic medicine, etc.

Culture in Łódź was described as independent (‘indie’). In terms of the 20th century, the output of Łódź’s avant-garde groups, such as Łódź Kaliska or Konstrukcja w Procesie was indicated (unfortunately the works of Grupa AR were omitted). The term ‘modernity’ was associated (quite enigmatically) with film festivals, sound, music and modern productions. Culture has also its industrial dimension. One of its manifestations, according to the authors of the “Strategy”, includes moving museums into post-factory halls. Finally, culture in Łódź also has its design dimension, reflected in design, comics, video games and fashion festivals.

Education in Łódź was referred to in these words: “Education in Łódź is artistic, it is interesting!”. Naturally, it was a reference to numerous artistic schools and, surprisingly, to “Explorer Festival¹⁰”. Unfortunately, Demo Effective Launching did not manage to describe tourism in a precise way. It may be partly related to the fact, that it can be classified within the scope of economy. The phrases used, such as: Piotrkowska Street, Manufaktura, sports and recreation are not even a fraction of the solutions, proposed in “Strategy of tourism development in Łódź” (S. Liszewski et. al., 2006).

Promotion of Łódź as “Centre of Creative Industries” became the main marketing value and element of city’s positioning. Creating a brand has been described as a strategic goal with a detailed planning proposed accordingly (Fig. 1).

Fig. 1. Structure of goals of the Łódź brand

| | |
|---|-------------------------------------|
| 1. Strategic goals (general) related to creating the brand of the city of Łódź (perceptions) | |
| 1.1 To create the image of Łódź, as a | 1.2. To promote Łódź as a Centre of |

¹⁰ The organizers of this event have actually called it “Explorers Festival”!

| | | | |
|---|--|--|--|
| creative, energetic, open, enterprising, independent and valiant location | Creative Industries on the map (of perception) of Poland, Europe and World | | |
| 2. Strategic goals (detailed) related to creating the brand of the city of Łódź (perceptions) | | | |
| 2.1. To build the perception of Łódź's attractiveness based on indie culture, where creativity meets business | 2.2. To promote Łódź as a city of modern economy based on creativity and entrepreneurship of people and institutions | 2.3. To build a perception of Łódź, as a place offering a high level of artistic education | 2.4. To promote Łódź as a city offering attractive, 'city break' tourism |

Source: Strategia Zarządzania Marką Łódź na lata 2010-2016, <http://kieruneklodz.pl/strategia.pdf>; 2011.02.11.

The operational goals have been announced in detail, according to the aforementioned civic sub-products:

- culture – to promote Łódź as a place of unique atmosphere to create indie culture; to create the perception of Łódź as a cradle of avant-garde art (traditions); to promote key cultural-artistic events of international range (e.g. Fashion Week, Złota Nitka (*Golden Thread*), Design Festival); to promote Łódź's artists outside Łódź (hosted shows and exhibitions); competing for awards, titles and prizes (participation of Łódź's artists in competitions and festivals),
- economy – to create an organization supporting creative industry sector and to inform potential beneficiaries about its functioning; to create and promote Łódź's art incubators and entrepreneurship incubators; to build the perception of Łódź as a location attractive for investments among the potential investors, especially in the creative sector in Poland and abroad; to promote self-employment with the emphasis on the creative sector; to promote the Piotrkowska Street as a location, particularly attractive for setting up creative business,
- education – to build the perception of Łódź as a place offering a wide range of artistic-cultural education; to promote unique, creative and artistic specializations; to promote the most creative individuals (professors, students, pupils); to promote creative teaching methods through series of programmes for teaching staff, scientific conferences, workshops (e.g. imagination workshops for

children); to set up partnership with universities from other countries (England, Germany, Holland) with creative-artistic faculties, enabling student exchange, internships or student practices,

- tourism – promotion of post-industrial Łódź as an interesting, both historically and architectonically, and unique place in Poland; to promote cultural-entertainment events (such as fashion shows, exhibitions, concerts, plays, sports events) of both national and international level; to promote Łódź's shopping centres, located in post-industrial facilities, as attractive shopping venues for both, Polish and foreign customers; to promote Łódź as a sentimental destination of multicultural roots.

Conclusion

The marketing specialists claim, that everything can be a product. Regions, provinces, communes and cities can surely be considered as products. In territorial marketing, the same mechanisms as in other types of this activity are used. The key issue is to determine what and how to sell and what profits it would bring. In case of territorial marketing, the profits need to include the increase in the standard of living of the local community. It can only be achieved, when new, well-paid jobs are created. This is possible with the inflow of investors.

Does the proposed strategy of the Łódź brand give hope for the inflow of investors? It does, but only if they intend to invest in independent culture. It seems, that the creators of the document, worth 600 thousand zlotys, firmly believed in another commercial slogan – “Łódź – European capital of culture”. Unfortunately, this proved to be yet another one of Łódź's failures.

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