

An Export-Led recovery Tool For Hokkaido: Place Branding



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The globalising world emphasises the need for local and regional responses to competitiveness. Such responses need to come from 'the bottom up' that is, from individuals, communities and firms who are at once conscious of the community and its local resources, and of the wider cultural and socio-economic environment from which the challenges emerge. Sustainability-focused marketing can contribute to this response because one of its core-skills has always been the ability to analyse consumers' needs and the capabilities of firms to satisfy those needs. Marketers are communicators, translators and facilitators and have developed a variety of tools to persuade and change behaviour. In this process, brands and branding have become the most powerful tools.

The art and science of branding has evolved. No longer is branding exclusively used for tangible products but now also extends to services. In more recent times, a fundamental discussion has taken place amongst marketers with the result that, for years, marketers' concentration on the differences between products and services have prevented the true benefits of branding to evolve (Vargo & Lusch, 2004). Today, the art and science of branding is also applied to places, that is, towns, cities, regions and countries with mounting success. The following article details some fundamental ideas and concepts about branding and branding places as a tool in meeting local and global challenges.

What is Branding and why do we need it?

Branding creates value over and above the immediate utility of a product or service. It has developed for a number of reasons and has grown into a phenomenon that helps both producers and consumers. Initially, the term branding has been related to tangible products. They were branded or marked with the producer's name, sign or logo so that it would help consumers to identify who had made it or where it came from. Over and above this role of identifying the source, however, the brand helps consumers to identify and distinguish one branded product from the next. This shortens both search and decision-making processes over time which is particularly important in highly competitive and saturated markets where consumers have an abundance of choice. This is the first instance of added value for both producer and consumer: the brand distinguishes similar products and helps choice and decision-making; it allows customers to develop habitual buying-behaviour and represents loyalty towards the producer.

All in all, these humble beginnings of added value through branding are still valid today, more than 100 years after marketers had begun to consciously perfect what had always been around: trading on the charisma of a good name. However, branding has evolved even further. Today, brands have a number of functions all of which add further value to both consumers and producers. Indeed, brands

nowadays brands indicate qualities such as the types of durability, reliability and satisfaction. In other words, brands signal to consumers a number of characteristics that they can expect consistently and over time; but not only for a particular product line, rather, they can be expected for all product lines with that same brand. In this way the producer can evolve and improve his products over time but does not have to begin marketing totally anew every time a new product or variation is introduced. We all know of this phenomenon when we think of, for example, how Toyota developed its Corolla model over the years. The customer got used to the type of class and quality the name carries and was able to expect and evaluate new editions on criteria he already was familiar with.

As this knowledge evolved through the consumption of brands, competition kept forcing companies to develop their brands even further, namely into brands as relationships with customers. Particularly during the 1980s, companies began to contact customers and gain insights into what they liked and disliked about their products in order to learn and improve on customer satisfaction. In addition, they found that consumers had begun to associate certain brands with certain lifestyles. Indeed, consumers had begun to use brands as expressions of themselves in terms of who they wanted to be and where they wanted to belong, that is, as a class or subculture, signalling taste and aspirations. This created an entirely new phenomenon, namely consumer sub-cultures.

Whereas in previous times we had the aristocracy, political elite or Hollywood film stars determine what was 'in' or 'out', what was desirable and what not, we have now the phenomenon that there are groups forming around the consumption of products that we can call communities or even subcultures. For example, those youngsters meeting regularly on Jingu bridge in Harayuku, Tokyo, form a community of like-minded people. They also show signs of a subculture in that they have developed certain patterns of behaviour, habits and rituals, that let them create a sense of identity and difference from others, all of which are hallmarks of sub-cultures. Indeed, subcultures of consumption now form around both product brands, such as the Harley Davidson Motorcycle brand, or around sports activities, such as surfing or soccer. Surfers can often be easily identified easily as they wear distinct clothes with certain brands, such as Quiksilver or Billabong, the boys often like to wear their hair long, preferably drive old Volkswagen 'beetles' or vans, and listen to certain kinds of music and particular bands.

The Structure and Role of Brands Today

At this point it is necessary to briefly outline the structure of brands because otherwise it is hard to understand how a sign, name or logo could possibly become such a powerful tool. There are three levels to a brand, the functional, the experiential and the symbolic levels. At the functional level we look at the utility of a product or service, that is, what the basic features are meant to do (a Toyota should drive; a Boeing should fly). At this commodity level competition is the strongest as there are always substitutable products or services doing the same thing. At the experiential level, however, a brand begins to signal differences. For example, it simply feels different from a Toyota when driving a Mercedes or flying a Saab plane rather than a Boeing. In addition, the combination of the functional

and experiential often produce different types of meaning at the symbolic level such as we have seen previously: wearing long hair, a T-shirt with Billabong on it while driving a VW is a quintessential stereotype expressing the lifestyle of a surfer, while Mercedes or Lexus may be seen as symbolising a certain style and class, apart from money and wealth. In this way both the use of individual and groups of brands become the markers of sub-cultures. Brands thus have additional value especially when they become central to lifestyles or the expression of personal values.

The development of such sub-cultures of consumption has signalled yet a further step in the theory and art of branding. Not only are companies now compelled to form relationships with their customers, they also had to concede that customer themselves are in fact the creators of meaning and value. Indeed, customers have created a network of products and brands that help define themselves and their lifestyles; brands have created differences and points of distinction. In fact, it has emerged that producers of products and services make only propositions of value; it is indeed the customer who actually creates the full value once he or she uses a brand. And this use is more than what the producer can offer because it requires the consumer's input, his/her lifestyle and sense of meaning; in our society products and services are no longer just utilitarian; they have become expressions of who people are and what they want to be for themselves and in the eyes of others. This, of course, has added tremendously to both the role and the value of brands for customers and producers. While customers have added to their own meaning and the creation of their selves as persons and social beings, companies have learnt to decide and define who they are and wish to be. So, brands are not just signalling values to from one consumer to the next and to markets outside, they also point back towards the companies and who they are, their personalities and aspirations.

But why is this important in our discussion for the future development of Hokkaido Prefecture? Because if we consider this notion of branding further we may ultimately apply it as a mechanism that helps create value for the Prefecture as a whole and each individual company within it. A brand for the Prefecture can help both signal its value propositions to others and determine who the Hokkaido people are, what qualities they produce, and in which direction they wish to develop in terms of lifestyle and the form of prosperity they seek. Yet, the reader may ask, are products and services not different from places where people live? How could these be branded? Would it be ethical to 'brand people' including their living environment?

Branding Places

If we simply define branding as 'trading on the back of one's good name', then we can see that places have always functioned as brands. For example, after the Second World War Great Britain once meant to punish and ostracise German producers and products on world markets. They forced Germany to stamp each export product with 'Made in Germany'. Yet this 'brand' turned out to become a mark of quality and assurance world-wide, similar to 'Made in Japan' today. Likewise, 'Spices from India' or 'Wool from New Zealand' all carry the quintessential hallmarks of brands that are attached to the names of places. Also, in their capacities as brands, the city names of Paris, Berlin, New York,

and Tokyo all promise distinct qualities of experiences that both consumers (visitors) and inhabitants have learnt to associate and expect. Indeed, and as indicated, places as brands have helped product brands in the way that Made in Germany has helped leverage the Mercedes brand. Conversely, however, there are also instances where a product brand has helped leverage an entire country, as what Nokia did for Finland (Hakala, Lemmetyinen, & Gnoth, 2010).

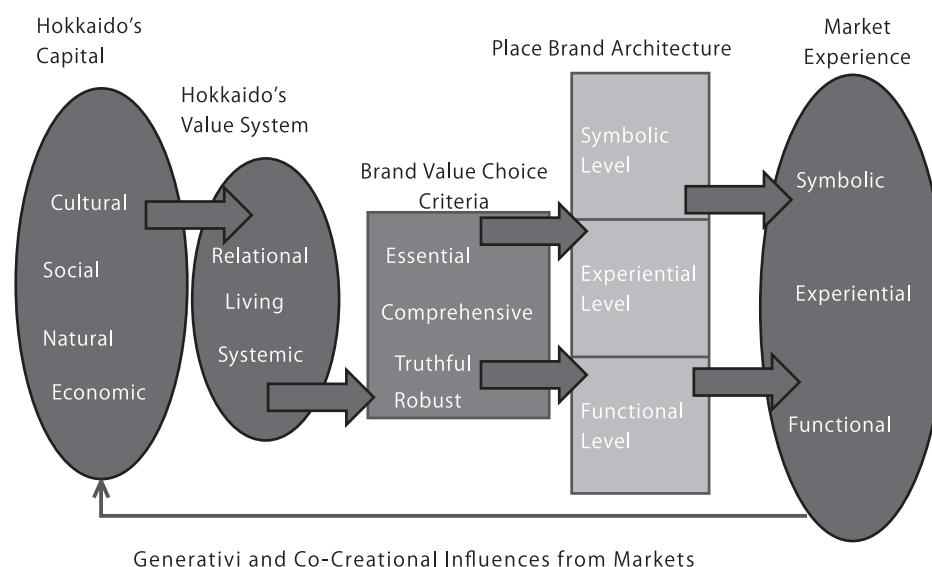
Similarly, of course, Hokkaido is already a well-known name for many people outside of the Prefecture itself. The question is, though, what do these people associate with that name? Is that an accurate or even desirable association? What could be done to turn these associations into preferences in terms of people wanting to visit, migrate, live and work, or even invest there? For these are the purposes of place brands. They can become a powerful tool for communities and their administrations if understood and handled appropriately; but they can also be a bottomless pit into which the same communities pour their money without a return unless the technique of place branding is understood properly. Like for firms and their brands, this requires a number of checks and balances. These can however, be created only if we understand what it actually is that is branded. Once this is accomplished it will be possible to outline ideas of how Hokkaido and its various industries can make use of a place brand and leverage its products in order to benefit from the powers of branding.

Unlike traditional products and services, places are usually historically grown. They are the outcome of people interacting with their environment. It is precisely this interaction that turns geographical space into a PLACE that people call home. In fact, it is not the physical buildings, streets and other landscape features that make the place but it is the process and outcome of all this. It turns out that it is the interaction itself that creates both the meaning and the value of the place. And whatever is constructed during this interaction it then becomes the capital with which people work and that constitutes their wealth. This wealth is, however, not just of economic or commercial value but also has a cultural, social and natural aspect to it. While all of this economic, cultural, social and natural capital can be turned into commercial assets, they are all valuable in their own right. In addition, a place and its capital is always unique to that place because nowhere else does precisely the same exist as at that place.

Cultural capital embraces a particular world-view and values but also relates to social capital. Experientially, culture relates to its manifest expressions, such as unique architecture, music, and artefacts or dress-codes. Social capital is created through peoples' ways of interacting; their behaviour, rituals and habits by which they build trust, form hierarchies amongst themselves, and produce predictability of outcomes. Natural capital usually comprises elements of the landscape that help shape the interaction between people and space. Mountains, rivers or open fields all help create a people's particular way of living and their sense of place. Tourism often builds on such natural assets but it can also be formed on the particular social or cultural capital or all of them together. Lastly, economic capital comprises the traditional means of production such as factories and the quality of

the workforce. None of these forms of capital are independent from each other, however. This is one of the reasons why each place is different and therefore unique. Conversely, this interdependence is constantly changing and evolving. Disturbances in one sector always create consequences in all other capital sectors. It is in the awareness of these dynamic processes that place branding can become a tool: it can help determine what the community wants and where it is heading. Similarly to a company's mission statement, Hokkaido can determine its own vision and where it wants to compete, thereby creating measures for the future against which it can compare itself.

Source, Structure and Impact of Hokkaido's Place Brand



The pictured diagram summarises the branding process for a place (J. Gnoth, 2007). Of course, not all attributes of a place's capital can be selected for a brand. It is also true that not all attributes are of importance for each market. But in order to make sure that the essence of the place brand is maintained and truly reflecting the place's values some criteria are given. From the pool of values and attributes that characterise the capital of the place, the set of values extracted always needs to be relational (relating to people's processes rather than objects), are living (not ancient, historical or not relevant anymore), and systemic (interrelated; demonstrating the uniqueness of the whole capital system). From this total value system relevant values are chosen targeting each market following the criteria listed in the diagram. They are then translated at each brand level into functional, experiential and symbolic expressions. This needs to occur in order to create the best possible impacts in the relevant market and at each level of the experience.

As an example, we may consider the tourism market. Hokkaido is blessed with a beautiful and

unique landscape, rolling hills, as well as beaches and snow-clad mountains in the winter. However, at the functional level, similar things could be said of many places around the world. In order to attract tourists and propose a unique experience, these assets need to also be imbued with the social and cultural values of the place. Particular effort then needs to be made in determining and inter-locking the functional with the experiential and the symbolic content of that tourism experience. The unique feature about tourism is that it is an export market that actually comes to the producer (Juergen Gnoth, 2002). It is therefore a captive market which needs accommodation, transport and hospitality services. This would permit Hokkaido to turn each tourist into an ambassador for its products and services provided that these are distinct and developed in such a way that they create and confirm Hokkaido's brand image. For this to occur, all service providers related to tourism in Hokkaido should therefore be encouraged and taught how to translate particular brand values into service attributes for their own enterprise. This would not mean that all companies do the same but all provide their own unique interpretation with a common flavour. In accordance with the explanation of what makes a place, this does not so much mean what is delivered in the service process but rather *how* the service is delivered- the Hokkaido Way.

Companies from other industries than tourism could also leverage off that industry. For example, New Zealand has managed to link its agricultural products to the 'clean and green' image that has been fostered through tourism, while using its rough climate and outdoor-oriented people to further promote honesty, sturdiness, inventiveness and excellence. New Zealand's wine and apparel industry uses these established images as a means to promote its products as sophisticated – in the case of fashion, as well as image of sturdy, weatherproof, and reliable, in the case of outdoor clothing. Even New Zealand's fledgling software industry manages to punch above its class by linking it to its sophistication in sports (especially sailing) and film-making. Essentially, New Zealand's success in developing its place brand is based on the tightly-knitted connection between functional, experiential, and symbolic attributes and the 'echo' or repetition of quintessential qualities in all products and services that bear the fern-leaf as New Zealand's logo. Hokkaido has its own unique qualities. Developing a place brand could offer added value in many ways but needs careful planning, execution and control mechanisms to also prevent many mistakes New Zealand has made.

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