

KNOWLEDGE OF REGIONAL BRANDS IN MORAVIAN-SILESIAN REGION**ZNALOST REGIONÁLNÍCH ZNA EK V MORAVSKOSLEZSKÉM KRAJI****ING. MICHAL STOKLASA****DOC. ING. HALINA STARZYCZNA, PH.D.****ING. KATE INA MATUŠINSKÁ, PH.D.**

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Annotation

This article deals with regional brands in the Moravian-Silesian region in the Czech Republic. Research was focused on finding out if consumers know regional brands and how this knowledge depends on demographic factors. The data were obtained by questionnaire survey and analysed by IBM SPSS. From the thousands of respondents the representative sample of 719 for MS region was created based on demographic factors of gender, age, education and income. The research analysis disclosed that consumer knowledge of regional brands in MS region depends on education and income and is independent on gender and age.

Key words

regional brands, demographic factors, brand awareness, brand recall

Anotace

Tento lánek se zabývá regionálními zna kami v Moravskoslezském kraji v eské republice. Výzkum byl zam en na zji-t ní, zda spot ebitelé znají regionální zna ky a jak tato znalost závisí na demografických faktorech. Údaje byly získány dotazníkovým -et ením a analyzovány pomocí IBM SPSS. Z tisíc respondent byl sestaven vzorek 719 respondent z MS kraje reprezentativní na základ demografických faktor pohlaví, v ku, vzd lání a p íjmu. Analýza výzkumu odhalila, že znalost regionálních zna ek spot ebiteli v MS kraji závisí na vzd lání a p íjmu a je nezávislá na pohlaví a v ku.

Klí ová slova

regionální zna ky, demografické faktory, znalost zna ky, vybavení si zna ky

JEL classification: M31

Introduction

Regional branding and local products are the hot trend in the Czech Republic but no one has done a research on a representative sample for Moravian-Silesian region to find out the actual brand awareness of customers and demographic factors influencing it. Thus the aim of the article is to research the knowledge of regional brands in the MS region, with focus on how it depends on demographic factors.

Regional brands are in the Czech Republic part of product protective marking. This brand program is however not regulated by government. It functions on a basis of voluntary rules that should ensure customers about higher quality of the products. That is why this article defines the terms: brand, regional brand, brand programs and brand awareness as a part of brand value for a customer

1. Theoretical background of Regional Brands

American Marketing Association (in Vysekalová et al., p. 136) defines brand as follows –A brand is a name, character, creative expression, or a combination of previous elements. Its purpose is to distinguish goods or services of one seller or group of sellers from goods or services of competing retailers.øThis definition is used by many authors (Kotler and Keller, 2007; Keller, 2007; Pelsmacker, Geuens and Bergh, 2003). The brand is a product or service and its features differentiate it in some way from other products or services that are intended to satisfy the same needs (Kotler and Keller, 2007).

The marketing concept of –brandø is not clearly established in the Czech legislation. Only the term –trademarkø is established. It is governed by Act No. 441/2003Sb., about Trademarks. The law is clear that each trademark is a brand, but a brand is a trademark only if it was registered as a trademark. Brands guaranteed by the state can be seen as the beginning of integrated systems of product branding, so-called multi-level brand, which is used to connect various fragmented systems of product quality marking. More effective joint marketing communication could help individual protective marking, whether it is for any kind of product (food, toiletries, textiles, art products, souvenirs, etc.). (Dolefalová, 2007)

Brand programs are made up of several previously separate brands that use the same criteria. Thus facilitating the consumer market orientation, that is currently uneasy due to a wide range of brands. Paradoxically, consumers today know the meaning of fewer brands because of their excessive quantities (Hesková, 2006). These brands then cannot affect consumer behaviour, as was the intention of the creators of the brand. This happens due to the lack of marketing communication of brands, lack of consumer education and problems with the guarantee of quality for the consumer (Hesková, 2006). Small and medium enterprises usually lack a marketing department and a thorough strategy so a unified brand programme can make a big difference (Bednar ík, 2012, p. 372).

Brand value is a –set of benefits (assets) and disadvantages (liabilities) associated with the name and symbol of the brand, which increases or decreases the value that the product or service delivers to enterprise and / or customer (Aaker, 2003).øThis value consists of five categories (Aaker, 2003, p. 8): knowledge of the brand, loyalty to the brand, perceived quality, associations connected with the brand, other proprietary brand assets.

Brand awareness includes two categories, brand recognition and brand recall. Brand recognition is the ability to confirm earlier acquaintance with the brand (Keller, 2007), others call it brand identification (Aaker, 2003). Brand recall is the ability to recall a brand for a product category (Keller, 2007).

The EU began to use the geographical branding after 1995 (Germany, the Netherlands and Ireland) to support some lagging sectors (Hall, 2004). The main idea of using the concept of brands for regions is the utilization of closer cooperation and integration of often fragmented cities, communities, regions and neighbouring countries that target to create a synergy effect for the factors of competitiveness, thus overcoming obstacles of differences and budgetary constraints (Kaufman and Durst, 2008).

To understand the regional branding it is important to realize that the perception of the brand as something that is created and managed by managers is insufficient. Brands are not owned by company or brand managers, but are shaped and created by consumers in dialogue with marketers, within the cultural context. Therefore, to explore the potential of regional brands, it is important to capture the view and understanding of consumer brands in their context. (Cayla and Arnould, 2008)

We need to differentiate between brands of regions and regional brands (Kirchgeorg, 2003). Both are showing the same motivation to help the region, but both do it in a different way. Regional brands promote specific products or services from the region and generally remain in the region, while the brands of regions represent the region on the outside (Kirchgeorg, 2003). There are very few studies dealing with regional brands, only Asian country have in this sense a positive trend with overcoming the negative associations with country of origin and trying to capitalize on newfound pride in their cultural heritage (ethnocentrism) (Cayla and Arnould, 2008).

Regional brands support local businesses (especially small farmers, artisans, small businesses) 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. From an environmental point of view it supports local production and consumption in terms of reducing traffic load, support of friendly production and expansion of opportunities for sustainable tourism. (Asociace regionálních zna ek, 2013, online)

2. Methods and Sample

For the own primary research quota sampling was used (based on data from the Czech Statistical Office), four demographic factors were taken into account: gender, age, education and income. Overall, there are 1.048.000 inhabitants in Moravian-Silesian Region in the category of 15 and older, so with a 5 % error the minimum number of questionnaires is over 384.

In total, 1.956 questionnaires were collected in several phases. From these, representative sample has been formed (according to demographic criteria of gender, age, education and monthly net cash income) for the Moravian-Silesian region consisting of 719 questionnaires. Demographic characteristics of the sample are shown in Tab. 1. For each demographic factor the values shown are: target value (as determined by the Czech Statistical Office for the whole region), the actual relative value and absolute value. The highest deviation of the sample is 0.2 %, for example in the category of net monthly cash income of 30.001 CZK and more, that is in absolute terms one respondent.

Tab. 1: Demographic characteristics of the Sample

Factor	Category	Target (in %)	Actual relative (in %)	Actual absolute
Gender	Female	51	51.2	368
	Male	49	48.8	351
Age	15-24	14	13.9	100
	25-34	16.4	16.6	119
	35-44	18.1	18.2	131
	45-54	15.9	15.7	113
	55-64	16.4	16.4	118
	65-74	11.8	11.9	86
	45+	7.4	7.3	52
Education	Primary or none	18.3	18.1	130
	Secondary	37.1	37.3	268
	Secondary diploma	31.7	31.7	228
	Tertiary	12.9	12.9	93
Income	10.000 CZK	39.7	39.5	284
	10-20.000 CZK	53.6	53.7	386
	20-30.000 CZK	5.8	5.8	42
	30.000 CZK+	0.8	1.0	7

Source: own research, 2013

The whole questionnaire consisted of 11 questions structured into 5 areas based on brand value for customers by Aaker (2003). For this article, only the first three questions focused on brand awareness are used. The first one is focused on general knowledge (awareness) of regional brands, the second

tries to identify, whether respondents actually mean regional brands or if they confuse them with other protective marking, and third question test brand recall.

3. Results and Discussion

Question No. 1 -Do you know the concept of regional brandøexamines brand awareness. The premise from research done by other authors (Stoklasa, 2014) was a high ignorance of the concept of regional brands by consumers. The outcome of 52.6 % of respondents who say that they know regional brands was very surprising (in absolute terms it's 378 respondents), followed by 37.1 % (267) that do not know the brands and 10.3 % (74) not sure.

The first question was followed by question No. 2 -If yes, please indicate which regional brands you know.øThe premise was that the respondents only think that they know the regional brands, but in reality they confuse them with other protective marking systems. Of the 378 positive responses to question one, 59.8 % of respondents knew the regional branding (226). Another 32 % of respondents (121) stated a consumer brand (KLASA, Bio) as a regional brand, 8.2 % of respondents (31) stated geographic protective marking (Olomouc cheese, TMramberk ears), see Tab. 2. Relative to the entire research sample, the actual knowledge of regional branding is only 31.4 %, with 68.6 % of respondents not knowing regional brands.

Tab. 2: Actual Knowledge of Regional Brands

Type of brand	Frequency absolute	Frequency relative to Q. No. 1 (%)	Frequency relative to the whole sample (%)
Regional branding	226	59.79	31.43
Consumer brands	121	32.01	16.83
EU protective marking	31	8.2	4.31

Source: own research, 2013

Question No. 3 -Regional brand is - (explanation) - do you know any?øinvolved the description of the regional branding according to a prepared text and logos. This question examined brand recall. The result is 56 % of the respondents know regional brands (403) and 44 % do not (316). A number of respondents stated after the explanation: -I saw that on TV / newspapers / printed materials, only I did not connected it with the term regional brandsø

Verification of this hypothesis was carried out using chi-square test, a statistical test of independence. Tested is brand awareness (recall) from the question 3, and demographic factors: gender, age, education and net monthly cash income. The starting point is the observed frequency and the expected frequency. A test is performed at the significance level = 0.05, i.e. 5. The output of the statistical program IBM SPSS for chi-square test may have 2 variants: Sig. (Significance) < meaning that variables are related, Sig. > meaning that variables are not related. The value of Pearson Chi-Square test then indicates the criterion. If it falls within the field of adoption, at a significance level of 5 % the null hypothesis (H0) on the independence of the characters not reject. If it does not fall into the field of adoption, the alternative hypothesis (H1) can be accepted.

To determine the influence of gender on the knowledge of regional brands we have formulated following two statistical hypotheses:

- H0: Knowledge of regional brands does not depend on gender.
- H1: Knowledge of regional brands depends on gender.

The results of the test are shown in Tab. 3. The value of Sig. 0.313 is greater than the specified value level of significance, the variables are related. The test criterion is 0.315 and thus falls within the field of adoption, at a significance level of 5 % the null hypothesis (H0) on the independence of the characters is not reject. We can say that: knowledge of regional brands (recall) does not depend on gender.

Tab. 3: Chi-Square Tests Knowledge * Gender

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.315 ^a	1	0.313
Likelihood Ratio	0.315	1	0.313
N of Valid Cases	719		

A. 0 Cells (0,0 %) have expected count less than 5. The minimum expected count is 154.26.

Source: own research, 2013

To determine the influence of age on the knowledge of regional brands we have formulated following two statistical hypotheses:

- ÉH0: Knowledge of regional brands does not depend on age.
- ÉH1: Knowledge of regional brands depends on age.

The results of the test are shown in Tab. 4. The value of Sig. 0.620 is greater than the specified value level of significance, the variables are related. The test criterion is 4.417 and thus falls within the field of adoption, at a significance level of 5 % the null hypothesis (H0) on the independence of the characters is not reject. We can say that: knowledge of regional brands (recall) does not depend on age.

Tab. 4: Chi-Square Tests Knowledge * Age

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.417 ^a	6	0.620
Likelihood Ratio	4.443	6	0.617
N of Valid Cases	719		

A. 0 Cells (0,0 %) have expected count less than 5. The minimum expected count is 22.85.

Source: own research, 2013

To determine the influence of education on the knowledge of regional brands we have formulated following two statistical hypotheses:

- H0: Knowledge of regional brands does not depend on education.
- H1: Knowledge of regional brands depends on education.

The results of the test are shown in Tab. 5. The value of Sig. 0.012 is less than the specified value level of significance, the variables are related. The test criterion is 10,876 and thus does not fall into the field of adoption, at a significance level of 5 % the null hypothesis (H0) on the independence of the characters is rejected and we accept the alternative hypothesis H1, that there is some dependence. We can say that: dependence of regional brands knowledge (recall) on education is statistically significant.

Tab. 5: Chi-Square Tests Knowledge * Education

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.876 ^a	3	0.12
Likelihood Ratio	10.989	3	0.12
N of Valid Cases	719		

A. 0 Cells (0,0 %) have expected count less than 5. The Minimum expected count is 36.48.

Source: own research, 2013

To determine the influence of income on the knowledge of regional brands we have formulated following two statistical hypotheses:

- H0: Knowledge of regional brands does not depend on income.
- H1: Knowledge of regional brands depends on income.

The results of the test are shown in Tab. 6. The value of Sig. 0.002 is less than the specified value level of significance, the variables are related. The test criterion is 14.554 and thus does not fall into the field of adoption, at a significance level of 5 % the null hypothesis (H0) on the independence of the characters is rejected and we accept the alternative hypothesis H1, that there is some dependence.

We can say that: dependence of regional brands knowledge (recall) on income is statistically significant.

Tab. 6: Chi-Square Tests Knowledge * Income

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.554 ^a	3	0.002
Likelihood Ratio	14.556	3	0.002
N of Valid Cases	719		

A. 1 Cells (12,5 %) have expected count less than 5. The minimum expected count is 3.97.

Source: own research, 2013

Additional testing revealed that higher education and income mean higher regional brands knowledge. These results are exactly the same as the results in our concurrent research on consumer ethnocentrism, where we found out that consumer ethnocentrism (CE) in MS region depends on education and income. Higher education and income mean stronger CE. These results are completely unique for MS region. Only a few studies have been done on CE and regional brands in Central Europe and none of them on a scale such as ours (representative sample of 719). But the few that have been done indicated dependency on age and income, or age and education. This knowledge enables us to create new and working strategies for regional brands in our region.

Conclusion

The first part of the questionnaire investigated knowledge of regional brands in the Moravian-Silesian region in two categories, brand recognition and brand recall. The premise was a majority of respondents do not know regional brands. The outcome of the research is surprising because 52.6 % of respondents say that they know regional brands. However, after further investigation it became clear that they confuse regional brands with other systems of protective marking and the actual knowledge is only 31.4 % (brand recognition). After thoroughly explaining what a regional brand is and a demonstration of logos and pictures, 56 % of respondents answered that they know regional brands (brand recall). The brand recall is very good for such a young system of protective marking (regional brands of -Gorolsko Swobodaø and -Moravske Kravarskoø were established in 2007 and region -Beskydyø in 2005). If we take into account practically non-existent budget for marketing communication (compared with an estimated 250-300 million CZK of competing protective system -Regionalni potravinaø), it is a great success.

The dependency of regional brand knowledge on demographic factors has been verified for the factors of education and net monthly cash income, has not been verified for the factors of gender and age. These results are exactly the same as in our concurrent research where we analysed the statistically significant influence of demographic factors on consumer ethnocentrism in MS region. The idea is that a strong consumer ethnocentrism in a region forms a good environment for regional brands (consumers prefer local products ó regional brands certify only local products). Thus, it was shown that knowledge of regional brands and consumer ethnocentrism in the MS region are dependent on the same demographic factors. If ethnocentric consumers buy more regional products, then there is confirmed influence of factors of education and income on this buying decision. This understanding enables us to create new communication strategy for regional brands (Stoklasa, 2014).

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This paper was supported by the project Innovation of Educational Programs at Silesian University, School of Business Administration in Karviná no. CZ.1.07/2.2.00/28.0017.