



A Study on the Formation of Regional Brand Based on Industry Cluster

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Abstract

As a new economical development measure, the establishment of regional brand is a work with characters of specialty, technics and system. Regional brand is a sort of resource with independent principal part, but not appendant or decoration. The formation of regional brand is based on industry cluster, takes the regional history and culture as the background, adopts international brand registration method, accordingly enhances the international competition of regional industry cluster and establishes the international brand. The regional brand formation has close relations with industry cluster, and in the formation of regional brand based on industry cluster, various principal parts should exert influences together.

Keywords: Regional brand, Industry cluster, Relationship

1. Introduction

As a sort of industrial space organizing form between enterprise and market, industry cluster has active influences to the regional economy development. However, when the regional economy is prosperously developing, the industry cluster still has factors to restrict and influence the developments of regional economy, which include problems such as low technical content, strong product homogeneity and absence of brand support. Under this situation, to make domestic industry cluster breakout, upgrade and sustainable development and actualize enterprise to confront international brand in international market competition, the establishment of regional brand is the necessary choice.

Regional brand is the sum of enterprises which have considerable scales and strong abilities of making and production, high market occupancy ratio and influences and business reputations of enterprise brand. It includes two characters. One is regional character, and the regional brand is limited in the range of special area or city with strong regional feature and is the comprehensive embodiment of enterprise collective behaviors in some certain area. The other is brand effect which always represents the principal part and image of one local industrial products, holds the balance to the economical developments of that area, and forms reputation, attraction and loyalty of some certain industrial products in that area such as China porcelain capital, Jingdezhen, and China shoes capital, Wenzhou and so on. The appearance of regional brand indicates the industry cluster of this area has developed to some certain phase.

2. Relations between regional brand and industry cluster

Regional brand is established on the base of industry cluster, but it is different to industry cluster and is the high-level form of the development of industry cluster. It is not to simply list the same kinds of industries or relative industries, but to systematize the relations among enterprises in industry cluster. Though industry cluster also emphasizes the corporations among enterprises, but it further emphasizes enhancing the competitive ability of various enterprises in mutual competition, which standardizes the competitive activities through establishing orders. The establishment of regional brand cannot weaken the competition among enterprises, on the contrary it can induce enterprises entering "benign" competitive phase from malignant competition, and this competition with orders will inspire enterprises to unceasingly innovate for obtaining the cognition of market. Therefore, industry cluster and regional brand have close and mutual promotion relations.

2.1 Influences of industry cluster to formation, spread and maintenance of regional brand

2.1.1 Industry cluster is the original impetus to form regional brand.

The formation of regional brand is gradually formed with the production and development of industry cluster, because large numbers of mutual associated enterprises and institutions are connected to be local network through specialization labor division and collaboration, which can not only overcome the decentralization and uncertain risks that single enterprise participate market trade, but also avoid low efficiency of grade enterprise. At the same time, these enterprises adopt flexible and professional production method, forms study and innovation mechanism through competition and cooperation, mutual

collaborations and complements, and drive regional developments and sustainable innovations of enterprises together. Just this industrial cluster with interior mechanism of centralization, competition, cooperation, study and innovation and flexible and professional production method, creates the marketing predominance of industry cluster, and accordingly forms the formation of regional brand. In all ages, the formation reasons of many regional brands rest with regional natural resources and industry cluster. In days with undeveloped economy, the regional natural resources have decisive influences to the formation of regional brand. For example, the resplendence of Jingdezhen porcelain industry just is derived from that Jingdezhen possesses special argils, so the regional brand of “thousand years’ porcelain capital” comes into being. In modern society, with the development of economy, the advancement of technology and the fluidness increase of production elements, influences of natural resources to economy gradually are reduced, the opening degree of market, system environment and economical developments more and more decide the regional developments. Therefore, some regions may not possess special natural resources which some industries needed to develop, but because of historical accidental means or governmental guiding, they also can attract some relative enterprises in the industry to develop in the region, and form industry cluster. Because of self strengthening functions of industry cluster, through accumulations in period of time, enterprises which are centralized to special industry become more and more, and labor division becomes more and more elaborate, and the production scales become larger and larger. The centralization of enterprises, large scales and elaborate labor division make enterprises in the region obtain extensive scale economical effects and area economical effects, and costs of enterprises in the region are generally reduced, the products of these enterprises can fast occupy the market, compete with their competitors and occupy inside track in the market competition by means of their quantity, price, variety and other advantages. Finally, the region will become the main supply place for some products, and it influencing range will gradually enlarge, accordingly it will form reputations and strong market influences of regional industry in certain regional range, that is to say, the regional brand is formed.

2.1.2 Industry cluster is the accelerator to spread regional brand.

After the industry cluster is formed, it can accelerate the spread of regional brand. In one region, enterprises in industry cluster can strengthen marketing network to get cooperated effects and build market predominance through establishing cluster regional integrated brand. Cluster with larges numbers of enterprises can centralize the powers of advertisement, utilize the colony effects, and form cluster integrated brand. For the advertisement drumbeating, it is easy to inspirit the enthusiasm of enterprises, and can change the situation that single enterprise doesn’t want to devote much because of too many advertisement charges, and centralize resources of numerous middle-sized and small enterprises to develop advertisement drumbeating and make every enterprise benefit. At the same time, comparing with single enterprise brand, cluster integrated brand is more visual and direct, and has extensive and sustainable brand effects.

2.1.3 Industry cluster is propitious to maintain regional brand.

When the bargainers of the products have more information than the bargainees, the “lemon” market may occur, which makes commodities with low qualities drive out commodities with high qualities. Furthermore, the problems of “lemon” can not be stopped and solved by the market price mechanism. To solve these cheating behaviors that induce market failures or low efficiency of single enterprise or person, we have to effectively make and spread “active market information”. However, industry cluster has advantaged predominance to avoid above “lemon” problems, make and spread “active market information”. Thus it can effectively protect regional brand.

2.2 Promotion influences of regional brand to developments of industry cluster

The developments of industry cluster offer material bases for the formation of regional brand, on the contrary, the regional brand also will promote the developments of industrial cluster. Once the regional brand is formed, its influences will impel more enterprises relative to regional industry to centralize in the region, simultaneously many factors such as abundant capitals, plentiful labor forces, advanced technology and timely market information will swarm into the region ceaselessly, and these conditions offer powerful supports for the scale expanding and technical updating of the industrial cluster. Abundant capitals makes the scale expanding of industrial cluster become simple and easy, advanced industrial technologies create advantages for the technical updating of industry cluster, plentiful labor forces resources reduce the labor costs of enterprises in the region, and timely market information will ceaselessly induce enterprise in industrial cluster to adjust themselves and cooperate, adapt the demand changes of exterior market, and the market status of industrial cluster will be further strengthened. Into the bargain, because of the common attributes of regional brand, it needs cluster enterprises create and maintain itself together, accordingly making for the cooperation among enterprises and increasing the cooperated effects among enterprises.

Anyway, regional brand is the important invisible capital of regional industry, and tremendous fortunes of regional development. The tremendous influences of regional brand to regional development is indubitable, but as invisible capital, the exertion of influences must be restricted by the visible capitals. In nature, the invisible capitals and visible capitals cannot be separated. The visible capitals are the carriers of invisible capitals, and invisible capitals “arm” the visible capitals, which make them possess abilities obtaining additional benefits. In certain regional range, regional brand establishes the image of regional industry, radicates the status of regional industry, influences the cognition of exterior market to

regional industry, but which cannot mean regional brand can independently exist being devised from industrial cluster. The industrial scales, centralization and market occupation rate formed by the industrial cluster are the original formation bases for regional brand, and without the predominance and monopolization of products, the regional brand can not be formed, and after the regional brand is formed, whether it can ceaselessly enlarge its influences or not more depends on further developments and grandness of industry cluster in the area of visible capitals, so as the visible capital principal part of regional brand, the development of industry cluster directly restricts the exertion of regional brand influences.

3. Forming mechanism analysis of regional brand based on industry cluster

The formation and management of regional brand is a system project with strong specialty and technology, and it is not the business of single enterprise, and its formation needs many principal parts including enterprise cluster, regional governments and industry associations to push together. Many aspects such as government, chamber of commerce, industrial associations and enterprises should actively devote themselves into the construction and maintenance of regional brand and exert their responsibilities and functions in the marketing of regional brand.

3.1 Government is the main propellant to form regional brand.

Better system and trade environment are guarantees to ceaselessly enhance formation and reputation of regional brand, and the government has its own predominance in the establishment of system by its special status. Industry cluster should find out its own orientation of special economy in the new situation and current of the whole country even global economical development. Firstly, the local government should list the construction of regional brand into the total layout of regional economical development in the developing process of regional economical development based on industry cluster. The government should fully exert local industrial predominance, gradually exert the centralized effect and scales effects of famous products, actualize industrial structure adjustment induced by famous products, resources scheme and industrial centralization induced by famous brand layout, form industrial regional brand by the centralized effect of industrial centralized place, establish industrial regional brand by famous enterprise cluster, and finally establish regional brand. The government should also establish developmental total strategy of regional brand according to the local concrete situations. Secondly, the government should centralize necessary policy resources to offer support conditions for the formation and development of regional brand through system innovation, for example, the government can decrease regional administrative costs and market trade costs, or the government can centralize powers and resources of relative departments effectively to form resultant forces to promote the construction of regional brand and establish a suit of effective work system, or the government increases its devotions and support the development of regional brand by special capitals. Thirdly, the government should try to mine and foster historical or cultural resource gifts, institute local regulations to regulate quality and market orders, strictly strike counterfeit behaviors in the industrial cluster, protect results of technical innovation and honest businessmen, and establish regional brand according to the law. Through above measures, the regional brand which is mainly impelled by the government can be formed. For example, France Airbus settled Tianjin, just because the government wanted to build cluster brand of our national plane making, and the manufacturing industry cluster of Shandong Jiaodong was mainly impelled by the local government, which wanted to construct the regional brand of industry cluster including electronic information, home appliances, autos, ships. At present, according to the characters and actuality with "low, small, dispersive, chaos" of our national cluster development, it is difficult to impel the formation of regional brand only depending on self power of cluster enterprises, so it is very important to enhance the marketing cognition and abilities of the government and exert the guiding functions of the government for establishing regional brand.

3.2 Various industrial associations are managers and supervisors to form regional brand.

Many agency organizations such as chamber of commerce and various industrial associations have indispensable agency status in the establishment of regional marketing and regional brand. Generally speaking, the rudiment of the regional brand is always endowed naturally by the market, but with the perfect of industrial cluster and implementation of regional brand strategy, the orientation, design, registration, drumbeating and spread of the brand will become very important. And the agency organizations should cooperate with the government, accept the governmental authorization by specialty function, assume missions such as industrial self-discipline, right maintenance, exhibition organizing, services, harmony and management, impel the establishment of professional market and institute regional industrial standards and use constitutions or regulations of regional brand through establishing regional enterprise catalogs, organize and lead enterprise to participate various project promotion meetings, trade fairs, products expositions, exhibitions, consulting meetings, proseminars, forums and other activities, support emphases enterprises by giving professional guidance such as technology, information and financing. The industrial associations can promote the sale of regional products and extend regional brand through these series of designed management activities.

3.3 Enterprises in cluster are the uppermost activity principal part to form regional brand and the maximal beneficial enterprises under the regional brand influences.

The resultant forces from government and agency organizations decide the direction and speed of enterprise development, and their functional cooperation is the important part for the enterprise development in the cluster. However the government and agency organizations only exert their assistant influences on the formation of regional brand, and the cluster

enterprises which are the leading actors in the production and management activities are the uppermost principal part to form regional brand. Firstly, enterprises in industrial cluster should try to decrease costs from basic managements through economical centralization, regulate interior management of enterprise from quality of products, build better bases of enterprise brand, establish enterprise brand establishing platform, enhance enterprise management diathesis and integrated image, quicken independent innovations, produce production with excellent quality, implement honest trade, improve product connotation and market covering rate, increase enterprise credit, reduce trade costs and finally enhance the comprehensive competitive power of enterprise. Secondly, enterprises should plan productions surrounding market opportunities and core enterprise, persist in the production direction of specialty, abandon the “small and complete” management ideas, and perform managements according to their own core abilities. Thirdly, enterprises should innovatively integrate local resources, integrate local or industrial special historical and social cultural resources into the resource system of industrial cluster, and really form the special industry and brand belonging to enterprise cluster, strengthen technical innovations and form regional brand supported by deep technical innovation ability. Fourthly, cluster enterprises should strengthen mutual cooperation among interior enterprises and produce effective cooperation and cooperation effects among enterprises, accordingly offer exterior environment with competitive powers for the survival and development of enterprises in cluster. In a word, enterprises are the eggs and concrete participators of regional brand formation, and enterprises offer basic guarantees for the constructions of enterprise brand and regional brand through optimizing self managements. For example, Wenzhou lighter, IT products of Silicon Valley, and software designed in Indian Bangalore all had proved that the impulsion function and participation of enterprises in the formation of regional brand based on industry cluster.

4. Conclusions

In conclusion, three parties including government, agency organization and enterprises in cluster are organic integration with mutual associations and influences. “Invisible hands” and “visible hands” are all exerting influences, where, enterprises exerts basic functions of resources scheme, and the government has leading functions on industrial development, the establishment of industry environment, supply of common products and common services. The driving function is effectively exerted through relative agency organizations. Three parties are integrated, and constructed by the labor division mode of “leading status of government, agency function of associations, participant roles of enterprises”, and finally promote the formation of regional brand on the base of industry cluster developments.

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