A STUDY ON THE BRAND-BUILDING STRATEGIES OF KYONGGI PROVINCE

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ABSTRACT

A STUDY ON THE BRAND-BUILDING STRATEGIES
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This thesis examines the strategies that have been adopted by companies to build strong brand equity and describes strategies and programs for brand-building of Kyonggi Province.

A unique, favorable and strong brand equity offers firms a number of benefits, such as greater brand loyalty, less vulnerability to competitors, lower cost and larger margin. Public organizations, like products and people, can also be branded. A brand in the public sector can be a particularly important signal because most services provided by public organizations are intangible and heterogeneous.

Kyonggi Province, however, has neither fully recognized the importance of brand nor managed it. Kyonggi Province should start by differentiating itself from other local governments in establishing a brand equity. Through a series of innovative programs and effective marketing, Kyonggi Province needs to position itself as a leader in the future knowledge-based society.

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I INTRODUCTION

1. Objective of the Study

Kyonggi Province faces a number of opportunities and challenge as the environment surrounding it continues to evolve and change rapidly. With the globalization of competition and the introduction of the local autonomy system, competition has been intensified among non-profits and public organizations.

Under these circumstances, Kyonggi Province needs to secure competitive advantage by building a unique, favorable and strong brand equity. A brand is often recognized as "the 4th asset" in addition to traditional assets such as equity, facilities and human capital. However, Kyonggi Province has neither perceived the importance of brand nor properly managed its brand equity.

This study will identify the strategies and programs for building the brand of Kyonggi Province as a way to secure competitive advantage.

First, this research focuses on the strategies that have been adopted by companies to create and improve their brand equity.

Second, this thesis examines the resources, capabilities, current brand image and service offerings of Kyonggi Province.

Third, this thesis applies strategies that have been adopted by companies to Kyonggi Province and describes strategies and programs for brand-building of Kyonggi Province.

2. Organization of the Study

This study is organized into the following five parts.

Chapter Ⅰ will cover the objective and overview of this thesis.

Chapter Ⅱ will describe the concept of brand, brand equity and the benefits from brand equity that will serve as the organizing framework for the rest of the research. This chapter will also examine what brand is and should be in the public sector.

Chapter Ⅲ will analyze the basic conditions of Kyonggi Province, including changes in the environment surrounding it, and various problems in connection with Kyonggi Province as a brand.

Chapter Ⅳ will examine the brand-building strategies and programs for Kyonggi Province. In particular, this chapter focuses on brand identity based on development strategies, product, organization, personality of Kyonggi Province and brand positioning for implementing the brand identity.

Chapter Ⅴ will review and summarize the key findings of the thesis.

II BRAND EQUITY

1. Concept of Brand Equity

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. The word "brand" is derived from the Old Norse word "brandr," which means "to burn," as brands were and are the means by which owners of livestock mark their animals to identify them.[1]

According to the American Marketing Association, a brand is a name, term, sign, symbol or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.[2] Creating a successful brand entails blending all these elements together in a unique way.[3]

While a product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need or want, a brand is a product, then, one that adds other dimensions to differentiate it in some way from other products designed

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[1]) Interbrand Group, 『World's Greatest Brands: An International Review』 (New York: John Wiley, 1992).

[2]) We can call these different components of a brand, which identify and differentiate it, brand elements.

[3]) John Murphy, 『Brand Strategy』 (New York: Prentice-Hall, 1990).

to satisfy the same need.[4]

Brand equity is defined in terms of the marketing effects uniquely attributable to the brand. That is, brand equity relates to the fact that different outcomes result from the marketing of a product or service because of its brand name or some other brand element, as compared to outcomes if that same product or service did not have that brand identification.[5] Brand equity represents the "added value" endowed to a product as a result of past investments in the marketing for the brand.[6] Understanding the needs and wants of consumers and devising products and programs to satisfy them is at the heart of successful marketing.

Brand equity represents enormously valuable pieces of legal property, capable of influencing consumer behavior and providing the security of sustained future revenues to their owners.[7] For these reasons, companies have paid more and more for building strong brands.

According to Interbrand, the brand equity of Coca-Cola, 1st rank among all the

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[4] Theodore Levitt, "Marketing Success Through Differentiation-or Anything," 『Harvard Business Review』, January-February 1980, pp.83-91.

[5] David A. Aaker, 『Managing Brand Equity』 (New York: Free Press, 1991). He defines that brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and to that firm's customers.

[6] Kevin Lane Keller, 『Strategic Brand Management』 (New York: Prentice-Hall, 1998), pp. 41-84.

[7] Charles Bymer, "Valuing Your Brands: Lessons from Wall Street and the Impact on Marketers," 『ARF Third Annual Advertising and Promotion Workshop』, February 5-6, 1991.

companies in the world, is 72.5 billion dollar, which is 15 times larger than its tangible assets such as factories, buildings, etc.[8] Korean company having the highest brand equity is Samsung whose brand equity reaches 5.2 billion dollar. SAMSUNG plans to raise its brand equity to 20 billion dollar by the year 2003. The company sponsored 200 million dollar for 2000 Sydney Summer Olympics and was estimated to build about 600 million dollar of brand equity. When it sold A-frame car to American Clark, it contracted to receive 3 percent of total selling as the brand royalty.[9]

Korea Management Association Consulting has evaluated the power of local major brands in order to have people understand the importance of brand since 1999. And a website tries to estimate the value of brand by translating brands into stocks.[10]

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[8]) Coca-Cola declared in its annual report that it creates value for stakeholder by strengthening its brand.

[9]) "Brand Value 5.2 Billion Dollar," 『The Korea Economic Daily』, March 4 and October 16, 2000.

[10]) www.brandstock.co.kr

【Figure 1】 World Ranking of Brand Equity (unit:$0.1billion)

Ranking	Company	Brand Equity
1(1)	Coca-Cola	725(838)
2(2)	Microsoft	702(567)
3(3)	IBM	532(438)
4(7)	Intel	390(300)
5(11)	Nokia	385(207)
6(4)	GE	381(335)
7(5)	Ford	364(332)
8(6)	Disney	336(328)
9(8)	McDonald	279(262)
10(9)	AT&T	255(242)
43(-)	SAMSUNG	52(-)

(   ):the year 1999   (Interbrand: July 18, 2000)

Brand equity occurs when the customer has a high level of awareness and familiarity with the brand and holds some strong, favorable and unique brand association in memory.

Brand awareness is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions.[11] Brand

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[11]) John R. Rossiter and Larry Percy, 『Advertising and Promotion Management』 (New York: McGraw-

awareness consists of brand recognition-reflecting the ability of consumers to confirm prior exposure to the brand-and brand recall-reflecting the ability of consumers to retrieve the brand when given the product category. Brand awareness is created by increasing the familiarity of the brand through repeated exposure(for brand recognition) and strong associations with the appropriate product category or other relevant purchase or consumption cues(for brand recall).

【 Figure 2 】 Flow of Brand Building

Company

Consumer

brand awareness

brand image

brand elements

brand positioning
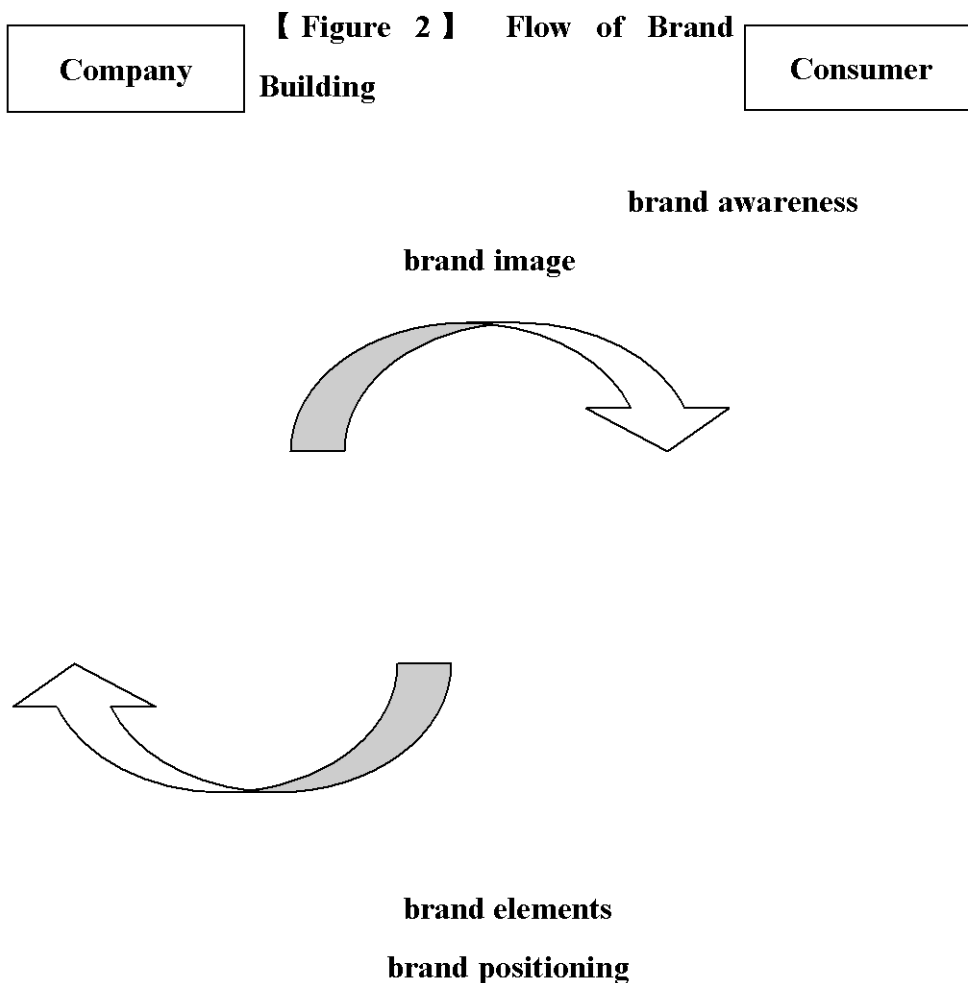
Two general guidelines are offered for establishing brand awareness. First, it is

Hill, 1987).

important to visually and verbally reinforce the brand name with a full complement of reinforcing brand elements. The second guideline is to creatively pair the brand with its corresponding category or other appropriate cues through a wide range of communication options(advertising, sponsorship, promotion and public relations).

Brand image is defined as consumer perceptions of a brand as reflected by the brand association held in consumers' memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. Associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself.

A positive brand image is created by marketing programs that link strong, favorable and unique associations to the brand in memory. Brand associations can also be created in a variety of other ways: by direct experience, media vehicles, word-of-mouth, channel of distribution or some other particular person, place or event.

【Figure 3】 Examples of Possible Apple Computer Associations

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- User-friendly
- Apple logo
- Macintosh
- Creative
- Cool
- Educational
- Desktop publishing
- Graphics
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2. Benefits From Brand Equity

A number of benefits can result from a strong brand, in terms of both greater revenue and lower costs. There are many benefits, as illustrated in 【Figure 4】, to the firm of having brands with a high level of awareness and a positive brand image.[12]

Brand loyalty is closely related to brand equity but is a distinct concept. It is often measured in a behavioral sense through the number of repeat purchases. Brand loyalty provides predictability and security of demand for firms and creates barriers of entry that make it difficult for other firms to enter the market.

A brand with a positive brand image is more likely to successfully weather a brand crisis or downturn in the brand's fortunes. Brand with positive brand equity should be able to command a price premium. In addition, consumers should also be have a more inelastic response to price increases and elastic responses to price decreases for the brand over time. Consumers loyal to a brand are less likely to switch in the face of price increases and more likely to increase the quantity of the brand purchased in the face of price decreases.[13]

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[12] Keller, op. cit., pp.53-68.

[13] Lakshman Krishnamurthi and S. P. Raj, "An Empirical Analysis of the Relationship Between Brand Loyalty and Consumer Price Elasticity," 『Marketing Science』, Spring 1991, pp. 172-183.

【Figure 4】 Brand Equity Benefits

- Greater loyalty

- Larger margins

- Less vulnerability to competitors and market crises

- More inelastic consumer response to price increases

- More elastic consumer response to price decreases

- Increased marketing communication effectiveness

- Possible licensing opportunities

- Additional brand extension opportunities

A host of advertising and communication benefits may result from creating awareness of and a positive image for a brand. A brand with a great deal of equity already has created some knowledge structure in consumers' minds. Thus, stronger brand associations exist, lower level of repetition may be necessary.

A strong brand has associations that may be desirable in other product categories. To capitalize on this value, a firm may choose to license its name, logo or other trademark items to another company for use on their products and merchandise. The rationale for licensing-the company obtaining the rights to use the trademark-is that consumers will pay more for the licensee's product because of the recognition and image lent by the trademark.

When a firm uses an established brand name to enter a new market, this is brand extension. Extension can be classified into two general categories: a line extension-entering a new market segment in the existing product class-and a category extension-entering a different product class. An extension allows the firm to capitalize on consumer knowledge of the parent brand to raise the awareness of and suggest possible associations for the brand extension.

Another factor that makes brand become important is related to diffusion of internet. In the time of internet, initiative of trading transfers suppliers to customers, who choose goods or service not by product itself, but by its brand.[14]

3. Building Brand Equity

Building brand equity requires creating a brand that consumers are aware of and with which consumers have strong, favorable and unique brand associations.

Brand equity can be built in the following ways: (1) through the establishment of brand identity based on development strategies, products, organization and personality, (2) through the introduction of brand positioning for implementing the brand identity, (3) through the proper choice of brand elements and (4) through the design of the supporting marketing programs.[15]

Major principles in these ways to build brand equity are supplement and consistency. Supplement involves choosing different brand elements and different supporting marketing activities and programs such that the potential contribution to brand equity of one particular brand element or marketing activity compensates for the shortcomings of other elements and activities. For example, some brand equity may be designed primarily to enhance awareness, whereas other brand equity to facilitate the linkage of brand associations.

At the same time, a high degree of consistency across these elements helps to create the

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[14] Shin, Hyun-Am and Jang, Young, "Brand Value and Strategy for Sucess of Internet," Samsung Economic Research Institute, October 1999.

[15] Keller, op. cit., pp.78-83.

highest level of awareness and the strongest and most favorable associations possible. Consistency involves ensuring that diverse brand and marketing mix elements share a common core meaning, perhaps in some case literally containing or conveying the same information. For example, brand equity may be designed to convey a certain benefit association that is further reinforced by a highly integrated marketing program.

Given that brands come from consumers, it is critical to understand what consumers think and feel about brands and then plan marketing programs. On the other hand, brand equity must be understood by all employees of the organization and actions must be taken to reflect a broader organization perspective as well as a more specific product perspective.

4. Brand in the Public Sector

The public sector, being largely monopolistic in nature, often lags behind the private sector in being responsive to the needs and service requirements of its citizens. Non-profits are now forced to reexamine their reasons for existing in light of a market that rewards discipline and performance and emphasizes organizational capacity rather than for-profits or non-profits status and mission. Non-profits are no longer considered automatically entitled to provide social services. [16]

Public organizations have found it difficult to stay and enjoy such a previously stable situation. The ongoing globalization has made local public organizations play a more

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[16] William P. Ryan, "The New Landscape For Non-profits," 『Harvard Business Review』 , January-February 1999, pp.127-136.

active role and take a broader responsibility than before.

As mentioned above, strong brand equity allows organizations to lower cost and improve the profitability of products. A number of benefits firms enjoy from brand equity are also valid to the public sector. Public organizations can improve the satisfaction level of their services and secure confidence from residents by establishing a unique and favorable brand image.

Another reason brand equity becomes important in the public sector is related to the nature of products. Because services produced by public organizations are intangible and perishable, unlike physical goods, it is hard to evaluate and interpret attributes and benefits of products. Therefore, brand may be a particularly important signal to consumers of these types of products.[17]

However, public organizations, such as local autonomies and the central government, have not recognized the roles and benefits of brands. Some public organizations have introduced CIP(Community Identity Program) since the mid 1990s. But they neither considered it as a part of brand-building projects, nor developed it into a scientific management system. Introduction of the program, to them, meant only change of logos, characters and symbols.

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[17]) Allan D. Shocker and Richard Chay, "How Marketing Researchers Can Harness the Power of Brand Equity." New Zealand Marketing Research Society, August 1992.

III ANALYSIS OF KYONGGI PROVINCE AS A BRAND

1. Conditions of Kyonggi Province

1) Size, Growth Rate and Composition of Population

Kyonggi Province is the local government having the second-largest population in Korea. According to projection by the National Statistical Office, the population of Kyonggi Province will pass, in 2003, Seoul's, which accounted for 21.8% of the national population in 1998.

Region	Population
Seoul	10,321
Pusan	3,831
Inchon	2,524
Kyongnam	3,093
Chungbuk	1,497
Kyonggi	8,982

【Figure 5】 Population of Regions(unit: thousand)

Source: National Statistical Office, Regional Statistics Yearbook 1999.

Year	1994	1995	1996	1997	1998	1999
Kyonggi	6.0	5.0	4.9	4.0	2.3	3.1
Nation	1.01	1.01	1.00	0.98	0.61	0.78

The population growth rate of Kyonggi Province has been four to six times higher than the national population growth rate since the early 1990s.

Due to the rapid growth of the population, the demand for public services has exceeded the supply. It is very difficult for Kyonggi Province to prepare and meet the demand in public service under this situation.

【Figure 6】 Comparison of Population Growth Rate

Source: Kyonggi Province, Statistical Yearbook of Kyonggi 1999.

Another feature related to the population concerns the problem of constitution. While

the majority of residents consist of people having the same regional origin in Kyongsang Province or Chonlla Province, residents in Kyonggi Province consist of people from various regions across the country.

The reason why they flock into Kyonggi Province is that they think they can get more opportunities to amass a fortune or improve their lives there than in their original regions. Kyonggi Province is a land of opportunity for them.

The fact that population is very large, population growth rate is very high and resident composition is too diverse, makes it difficult to establish and keep the regional identity of Kyonggi Province.

2) Economic Strengths

Kyonggi Province enjoys competitive advantage especially when it comes to the economic strengths. Kyonggi Province is the region where the largest manufacturing industries, around one fourth of the national total, are located while Seoul shows its strong point in service industries.

【Figure 7】 Comparison of Regional Economies

(unit: percentage of total)

	Gross Regional Production	Number of Mining	Economic Activities
Seoul	22.7	18.5	22.2
Pusan	6.4	10.2	8.1
Inchon	4.9	7.6	5.2
Kyongnam	12.0	7.0	6.4
Kangwon	2.9	1.5	3.1
Kyonggi	18.2	27.2	18.9

Source: National Statistical Office, Regional Statistics Yearbook 1999.

Especially, number of small and medium companies including high-tech firms have been steadily growing in this region.

Year	94	95	96	97	98	99
Number	18,657	19,804	20,676	20,057	21,173	23,908

【Figure 8】 Number of Small and Medium Companies

Source: Kyonggi Province, Kyonggi Statistics Yearbook 1999
        & White Paper of Kyonggi Provincial Affairs 2000.

3) Geographical Location

Another important characteristic is that Kyonggi Province is part of the metropolitan area. Seoul, the capital city and the biggest local government, has a strong influence on Kyonggi Province and Inchon City. But Inchon enjoys a relatively high regional identity as an international communication hub by capitalizing on its regional merits. Inchon has put priority on establishing itself as a "tri-port," consisting of airport, seaport and teleport.

Especially the small local cities and counties adjacent to Seoul, such as Sungnam, Anyang, Kwachon and Guri have difficulties in conveying a unique and independent regional image because of Seoul's absorption power. Kyonggi Province's close proximity to Seoul works in favor of its development, while simultaneously posing an obstacle to the establishment of a regional image.

Another weakness comes from the fact that Kyonggi Province is not only located in the metropolitan area, but is also adjacent to North Korea. The central government has tried to turn the population and industrial facilities concentrated to Kyonggi Province into

Metropolitan Management	Green Belt	Paldang Reservoir	Protection of Military Facilities
100	13	21	24

other regions under the principle of inter-regions balance development since the 1980s. It has been regulating the enlargement of existing firms and entry of new companies according to the Metropolitan Management Planning Act. Also, land development has not been allowed to preserve the water resources of Paldang Reservoir for 20 million people in the metropolitan area, as well as to protect the military facilities.

【Figure 9】 Multiple Regulations on Land Use

(unit: percentage of total)

Source: www.provin.kyonggi.co.kr

or   www.kg21.net

4) Position in Administrative Hierarchy

The position of Kyonggi Province matters in the hierarchical structure of the national public administration. Kyonggi Province as an upper local autonomy is placed between the central government and the lower local governments. The central government and the lower local governments offer public services under their own names. There is not much room for the upper local government such as Kyonggi Province to intervene.

Kyonggi Province is "stuck in the middle" between them. The 31 cities and counties within Kyonggi Province prefer to use their own names, rather than use that of Kyonggi Province even when they drive projects heavily depending on financial support from Kyonggi Province.

5) Market Structure

Traditionally, local governments have considered only residents and companies as their customers. As the environment surrounding them changes, local governments need to take a broader perspective of their customers. They should embrace the central government, reporters, Non-Governmental Organizations (NGOs), foreigners as well as residents and local firms as their customer groups.
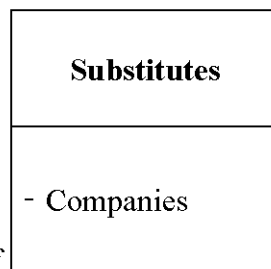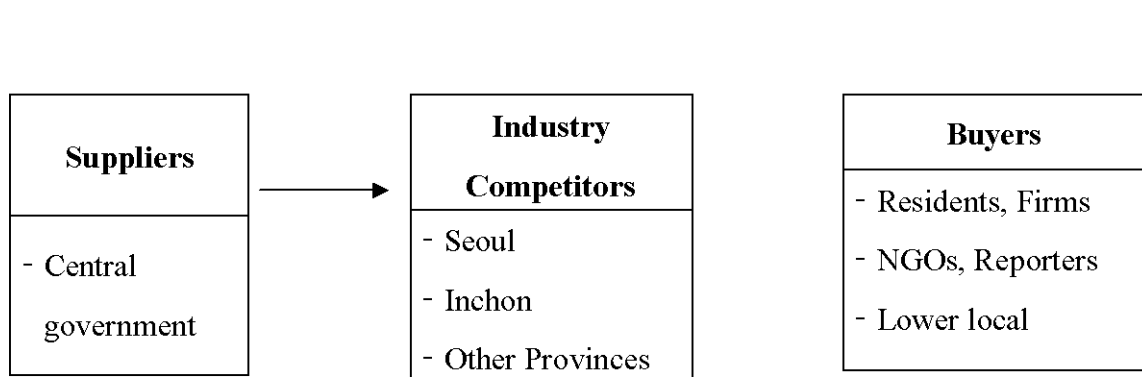
Kyonggi Province has to inform and persuade the central government of what it tries to do in order to attract projects supported by the central government. It is necessary to make sound relations with reporters so that Kyonggi Province gets support from residents or outsiders for what it has done or will do. Also, it needs to hear or accept opinions from NGOs, which play important roles in the establishment of economic justice and the preservation of environment.

We can define three levels of competitors: superior competitors, peer competitors and weak competitors. The key problem here is to figure out how to improve the odds over peer competitors and catch up with superior competitors in the long-term.[18]

Even though there are no big differences in the size of the population between Kyonggi and Seoul, the former falls behind the latter in legal status. This is because Seoul is granted special status by law, being the capital city of Korea. In addition, Kyonggi Province is inferior to the capital city in key competitive elements such as manpower, financial resources, infrastructure, etc.

【Figure 10】 Market Structure of Kyonggi Province

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[18] Philip Kotler, Donald H. Haider and Irving Rein, 『Marketing Places』 (New York: Free Press, 1993), pp. 82-83.

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                    ┌─────────────────────┐
                    │  Potential Entrants  │
                    ├─────────────────────┤
                    │ - Local governments │  ←
                    │   of North Korea    │
                    │ - Foreign local     │
                    └─────────────────────┘

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│
│
  ┌──────────────┐        ┌──────────────────┐        ┌──────────────────┐
  │  Suppliers   │        │    Industry      │        │      Buyers      │
  │              │        │   Competitors    │        ├──────────────────┤
  ├──────────────┤ ─────► ├──────────────────┤        │ - Residents, Firms│
  │ - Central    │        │ - Seoul          │        │ - NGOs, Reporters │
  │   government │        │ - Inchon         │        │ - Lower local     │
  │              │        │ - Other Provinces│        └──────────────────┘
  └──────────────┘        └──────────────────┘

                    ┌─────────────────────┐
                    │     Substitutes      │
                    ├─────────────────────┤
                    │ - Companies          │
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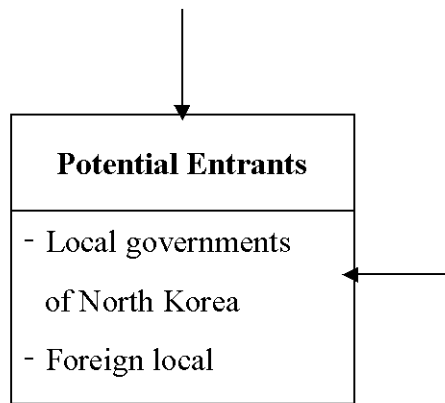
Inchon, which once was part of Kyonggi, is the major peer competitor to Kyonggi Province. Both have competed over the procurement of national projects like the construction of high-tech industrial complex, metropolitan convention center,[19] and environmental technical center. The reason is that both, as part of the metropolitan area, have common favorable conditions such as well-established infrastructure and highly-educated manpower.

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[19] 『Hankyoreh Daily』, March 24, 1999.

It can be expected that the threat from potential competitors and substitutes will be stronger in the future as the difference between the public sector and the private sector is diminishing. Furthermore, the bargaining power of buyers will be stronger while that of suppliers will not be reduced to a great extent in spite of the introduction of the local autonomy system in 1994. It is absolutely necessary, for this reason, that Kyonggi Province achieves competitive advantage through redefined strategies.

2. Problems Related to Kyonggi Province Brand

1) Perception and Brand Elements

A brand concept should be viewed as a long-term investment developed and nurtured to achieve long-run competitive advantage. In the course of selecting a brand concept, organizations must consider resource capabilities, its image and current service offerings.[20]

Kyonggi Province as a supplier of public service, however, has not recognized the value of brand. There has been neither personnel nor organization in Kyonggi Province which develops and manages the brand called Kyonggi Province. It needs an understanding that well created and managed brand is an intangible but precious equity.

Brand elements, sometimes called brand identities, are those trademark-able devices that serve to identify and differentiate brand. The main brand elements are brand names,

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[20] C. Whan Park, Bernard J. Jaworski and Deborah J. MacInnis, "Strategic Brand Concept-Image Management," 『Journal of Marketing』, October 1986, pp.135-145.

logos, symbols, characters and slogans. Independent of the decisions made about the product and how it is marketed, brand elements can be chosen to both enhance brand awareness and facilitate the formation of strong, favorable and unique brand associations.[21]

In general, there are five choice criteria in choosing brand elements. Brand elements can be chosen to memorable, in terms of brand recall and recognition, meaningful so that they convey information about the nature of the product category or attributes of a brand, transferable within and across product categories as well as geographical and cultural boundaries, adaptable and flexible over time and protectable in a legal and competitive sense.

- Memorability
- Meaningfulness
- Transferability
- Adaptability
- Protectability

It is necessary to mix and match these different brand elements to maximize brand equity. The entire set of brand elements can be thought of as making up the brand identity. The cohesiveness of the brand identity depends on the extent to which the brand elements are consistent.

【Figure 11】　Criteria of Brand Elements

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[21]) Keller, op. cit., pp.130-172.

Kyonggi Province has viewed its brand name as simply the name of an administrative agency or region and has not placed it in front of its activities. But the brand name, called Kyonggi Province, should represent a general term for all products produced by it and be a key to brand association.

Logos have a long history as a means to indicate origin, ownership or association. There are many types of logos, ranging from corporate names or trademarks written in a distinctive form, to entirely abstract logos that may be unrelated to word marks or corporate names.[22]

CIP(Community Identity Program) was introduced in 1995. However, lasting and systematic measures which could develop the image of the organization based on CIP were not implemented. The new logo created by CIP consists of three elements of hope(future and creativity), energy(passion and progress) and prosperity(stability). The elements, however, are so general and comprehensive that they could not convey the unique image of Kyonggi Province.

A slogan is a short catchcall phrase that embodies an overall vision of the place and is useful in generating enthusiasm, momentum and fresh ideas. However clever, the message must be backed by real performance. The purpose of image positioning is to develop an image that communicates benefits and unique attributes that make the region stand out among other regions.[23]

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[22] John Murphy, 『Brand Strategy』 (New York: Prentice-Hall, 1990).

[23] Philip Kotler, Donald H. Haider and Irving Rein, 『Marketing Places』 (New York: Free Press, 1993), pp.139-161.

【Figure 12】 Change of Slogans

The slogans adopted by Kyonggi Province failed to convey a consistent and differentiated brand association because they were made of contrastive words and were constantly changing. Slogans should be simple in expression, valid in reality and consistent in context so that they convey to people a favorable, strong and unique image.

Governor	Period	Slogan
Yeom, Bo-Hyun	1980.9-83.10	New-Era New-Kyonggi
Lim, Sa-Bin	1987.12-90.6	Reliance Participation Development
Lee, Jae-Chang	1990.6-92.4	The Best Kyonggi with Love and Fruit
Yoon, Se-Dal	1993.3-94.3	Frank Administration Wealthy New-Kyonggi
Rhee, In-Je	1995.7-97.9	First-Rate Korea, First-Class Kyonggi
Lim, Chang-Yuel	1998.7-	Kyonggi, A Land of Challenge, Creativity and Hope in 21st Century

2) Existing Brand Image

Image is a critical determinant of the way residents and businesses respond to the region. An image of a specific region consists of the sum of beliefs, ideas and impressions that people have of the region. So it can be stated as a simplification of a large number of associations and pieces of information connected with the region. For an image to be effective, it must meet several criteria. It must be valid, simple and distinctive so that its intention is effectively conveyed.

Kyonggi Province has a dynamic(economy), convenient(social infrastructure) and embracing(residents from various regional origins) image. On the other hand, Kyonggi province has a kind of unstable, conflictive, and bed-town image which results from an imbalance between supplies and demands in public services due to rapid growth of the population and top-down development policies driven by the central government.

To overcome these negative images, it should manage-and even curb- the continued inflow of the population from other regions which tends to aggravate the quality of residents' lives. And it should plan and pursue self-created development strategies which are appropriate to its conditions and capabilities.

Ⅳ BRAND-BUILDING STRATEGIES AND PROGRAMS FOR KYONGGI PROVINCE

1. Brand Identity

1) Development Strategies

Kyonggi Province established "Kyonggi 2020 Vision and Strategies" in the mid 1990s. According to the report, Kyonggi Province positions itself as an economic engine of national growth, an advanced political base for unification and a socio-cultural area of harmony among regions.[24]

In actuality, it had remained as an ordinary local government, excepting its extraordinary size, under monopolistic conditions in the public sector. Without making efforts, it could enjoy the advantages and benefits resulting from population, economy and geographical location. Yet, it had barely managed to supply public services to residents and local firms. The degree of competition it faced was limited and the number of competitors was merely one or two. It did not make efforts to develop its great potential power into a reality.

However, it will have to face quite different circumstances than previously. Its customers will become so demanding and the competition it will face will become so intensified that it will not survive without innovation. It should change its organization and management into a market-oriented style so that its efficiency and outcome can

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[24] Kyonggi Development Institute, 『Kyonggi 2020: Vision and Strategy』, 1997.

improve. Also, it needs to differentiate itself from other local governments and build a premium brand.

First, it has to pursue quality-oriented growth instead of quantity-oriented development. Rapid growth of the population has caused serious problems such as traffic, housing and waste. These things have stopped quality of life from improving in accordance with economic development. It should manage, even curb, the growth of the population to keep a healthy balance between population growth and service supply.

Today	Future
status quo	innovation
similitude	differentiation
quantity-oriented	quality-oriented
top-down	self-created

It needs, in this context, to foster high-tech and venture industries rather than the existing heavy manufacturing industries. Because high-tech and venture industries, by their nature, produce higher value-added products, demand more qualified manpower and emit less pollutants in comparison to traditional manufacturing industries, those kinds of industries are appropriate to the conditions of Kyonggi Province.[25]

【Figure 13】 Strategies for the Future

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[25]) Kyonggi Province & Kyonggi Development Institute, 『Seminar on Vision of Kyonggi in the 21st Century: Knowledge-based Industry』, February 2000.

And it needs to move away from top-down development to self-created development. Top-down development by the central government has weakened regional independence and led to similitude among the regions of the nation regardless of their features. Kyonggi Province should strengthen its bargaining power to the central government and other local governments, let multiple regulations on the region be relieved and establish a differentiated development program.

Kyonggi Province should position itself in coordination with shifts in the environment. It should not be complacent with existing advantages resulting from size and location, which were easily acquired without specific effort and strategy. Rather, it has to differentiate itself from other local governments by adopting quality-oriented and self-created development strategies. If it continues to stick to the quantity-oriented development policies, it may not survive in an increasingly competitive world.

2) Brand as Product

Services produced by public organizations are intangible and inseparable, as compared to physical goods. Customers have a tendency in their selections not by product but by brand because of these characteristics of services. So, brands of public organizations play a greater role in the selection of products and the formation of image than those of

companies producing goods.

The level or quality of services produced by Kyonggi Province, from an overall perspective, is not high even if some are estimated to be good when compared to other local governments. With the population steadily increasing, on top of that, the supply of services is neither ample nor timely.[26] To meet increasing demand in public services, there is an absolute need to improve quality of services and increase the amount of services through innovative changes in organization and personnel, and curb inflow of population from other regions in the long-term.

【Figure 14】 Differences of Goods and Service[27]

Goods	Service
Tangible	Intangible
Separable	Inseparable
Homogeneous	Heterogeneous
Not Perishable	Perishable

Kyonggi Province recently tries to improve the quality of agricultural and other manufactured products through the introduction of a guarantee system by the governor.

[26] In case of Kyonggi Province, number of residents per one public official is 1,589, two to three times higher than other regions.(『White Book of Kyonggi Provincial Affairs 2000』)

[27] Barry E. Langford and Robert M. Cosenza, "What is Service/Goods Analysis?," 『Journal of Marketing』, Winter 1998, pp.16-26.

3) Brand as Organization

An organization is usually more enduring, complex and permanent than a particular product line. A perception of an organization is therefore more difficult for competitors to combat than specific product attributes, which can be easily surpassed. Thus organizational association can be a major source of an organization's sustainable advantage.[28]

A price emphasis is further fostered by aggressive or desperate competitors and by defensive players unwilling to cede market position. Product innovations are quickly copied or attract only small niches. One way to differentiate the brand and secure an advantage is to base the brand identity in part on the organization behind the brand. These organizational characteristics, values, cultures, people, programs, assets and skills, can provide a basis for differentiation and a customer relationship.

Associations driven by those elements are usually less tangible, more subjective and less tied to a product class. A representative few of the most prevalent and useful include below:

◎ Society/community orientation
◎ Innovation
◎ Concern for customers
◎ Going global

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[28] David A. Aaker, 『Building Strong Brands』 (New York: Free Press, 1995), pp.107-136.

To be good models, organizations need to prove themselves in many ways including environmental sensitivity, sponsorship of worthwhile charities, interest and involvement in their communities and even treatment of employees.

The Body Shop, an international manufacturer and retailer of skin and hair care products, bases its philosophy on a "profits with principle," unlike most cosmetic brands which stick to glamorous user imagery and powerful emotional benefits supported by dramatic packaging and heavy advertising.

The Body Shop pursues social and environmental change and makes lots of meaningful efforts, including an opposition to animal testing, aid for economically stressed communities, campaigns to help save the rain forest and promoted recycling. The Body Shop identity reminds employees that goals and values are as important as product and profit and stimulates loyalty and commitment from customers.

Japanese firms are interested in proving they are decent citizens by being responsive to the environment, supporting the arts and taking part in other civic programs and causes. Firms such as Sony, Honda, Canon, Mitsubishi and Toshiba promote this message by investing in name-exposure activities, for example, the establishment of lights in most of the leading cities in the world, aggressive sponsorship of events such as the Olympics.

Kyonggi Province, as a public organization, should put emphasis on social and environmental causes. To distinguish itself from other local autonomies and make friendly relationships with residents, it needs to show concerns of poverty and environment, sponsor worthwhile campaigns and place residents as a priority in all activities.

However, the most important focus which Kyonggi Province must have among those is an innovation. Having strength on an intangible dimension like innovation provides an advantage that is more durable, credible and up-to-date in competition.

Perceived innovation is a key competitive weapon and priority for firms. In the United States, 3M has created a strong culture that emphasizes innovation, mandating that 30 percent of sales comes from products introduced within the previous four years. The company rewards entrepreneurial activity and innovation, and employees are encouraged to spend up to 15 percent of their time thinking up new product ideas. To reflect this corporate philosophy, 3M's advertising slogan has been "Innovation Working for You."

The majority of public organizations, tradition-rich agencies, have enjoyed benefits from their monopolistic characteristics and consequently face the problem of being considered old-fashioned and incompetent. But the environment surrounding the public sector has changed greatly. They need innovation for creating strong and durable organizational associations as well as for surviving as an organization. Kyonggi Province should introduce comprehensive innovative programs throughout the segments, including the decision-making process, application of personnel, run of projects. If Kyonggi Province consistently pursues a series of innovative programs, it is possible to achieve an innovative brand association.

4) Brand as Personality

A brand personality can be defined as the set of human characteristics associated with a given brand. Thus, it includes such characteristics as gender, age and socioeconomic class, as well as such classic human personality traits as warmth, concern and sentimentality.[29] Brand personality reflects how people feel about a brand rather than what they think the brand is or does.[30]

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[29]) Aaker, Ibid., pp.137-174.

[30]) Bill Abrams, "Admen Say 'Brand Personality' Is as Crucial as the Product," 『Wall Street Journal』, August 13, 1981, p.83.

Brand personality is sustainable because it is very difficult to copy a personality. Those without personalities are usually vulnerable and exposed to attacks like stationary fortresses.

Brand personality, like human personality, is both distinctive and enduring. For example, Virginia Slims tends to be feminine in comparison to the masculine Malboro. Apple is considered young whereas IBM tends to be seen as older.

Product-related characteristics can be primary drivers of a brand personality. A bank or insurance company tends to assume a stereotypical "banker" personality(competent, serious and upper-class). An athletic shoe like Nike tends to be outdoorsy, adventurous and young. Non-product-related characteristics that can also affect a brand personality include sponsorship(Swatch), country of origin(Audi), company image(The Body Shop) and CEO identification(Bill Gates of Microsoft).

The brand personality metaphor helps brand strategists gain an in-depth understanding of consumer perceptions of and attributes toward the brand. Strategically, it, as part of core identity, serves as the foundation for differentiation, especially in contexts where brands are similar with respect to product attributes. Tactically, it communicates the brand identity with richness and texture to those who must implement identity-building effort.

Kyonggi Province's brand personality, which is not that attractive, does not provide itself with a sustainable advantage. It is said that what comes to mind when people hear 'Kyonggi Province' are cool, reserved, self-interested, feminine, etc. For Kyonggi Province to be an attractive place to businessmen as well as residents, it should try to change those existing images into friendly, challenging, young and masculine. In short, the brand personality which Kyonggi Province needs is an energetic and challenging young man with a warmhearted mind.

2. Brand Positioning

Brand position is the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates advantages over competing brands.[31]

Historically, a new school called "Sil-Hak" boomed in the region in the 18th and 19th centuries, when modernization occurred. Prestigious scholars such as LEE, Ik and JUNG, Yak-Yong of this school criticized Confucianism, which was the dominating ideology of the Chosun Dynasty and emphasized a hierarchical society and metaphysical principle. They suggested innovation over all sections of society, including land, social class and administrative system. They presented Sil-Hak as an alternative to the ruling doctrine.

Kyonggi Province led a rapid and unprecedented growth in the national economy for about 3 decades from the early 1960s when modernization and industrialization took off across the nation. As of 1981, the local economy of Kyonggi Province accounted for nearly half of the national economy.

As such, Kyonggi Province has traditionally led the nation by creating a new frame of development and providing physical and human resources based on innovation and pragmatism. Situations surrounding Kyonggi Province nowadays can be said to be similar to the past. So, it is necessary for Kyonggi Province to lead society and the nation with a new paradigm of development.

Before positioning brand, it needs to look into core identity, the central and timeless essence of brand. Brand position is aspiration-oriented, reflecting perceptions that the strategists want to have associated with a brand while brand image reflects current

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[31]) Aaker, op. cit., pp.176-185.

perceptions of brand. In creating a brand position, a useful step is to compare brand

Dimension	Brand Image(Reality)	Brand Identity(Goal)
Development Strategy	similarity status quo	differentiation innovation
Product	short of quantity low or medium quality	ample and timely supply high quality
Organization	tradition-rich monopolistic	innovative community-oriented
Personality	cool, reserved self-centered	friendly, energetic challenging

identity with brand image on different dimensions.

【Figure 15】 Brand Image and Brand Identity

In general, it is desirable to distinguish brands at the same level as much as possible. If two or more brands cannot be easily distinguished, it may be difficult or confusing for consumers to make choices between them.

Some local autonomies suitably positioned their images with their unique attributes and visions for the future.

Inchon City enjoys a relatively high regional identity as an international hub by making full use of its regional merits. It has put many resources into establishing itself as a "tri-port," consisting of airport, seaport and teleport. Seoul, the biggest and most advanced local government, works to be a human-oriented city which intends to put priority on the improvement of quality of life. Taegu plans to develop itself the center of the fashion and textile industries by establishing a so-called Milano Project.

【Figure 16】 Examples of Brand Positioning

The basic premise to brand positioning for Kyonggi Province is differentiation from other local governments.

Kyonggi Province has failed to create a unique brand association due to strong influence from the central government and shortage of its endeavors. It is not easy for a local government with an extraordinary population and various services like Kyonggi Province to establish a unique and endurable image over time. Nevertheless, it is necessary for Kyonggi Province to escape from its previous image and differentiate itself from competing brands, because differentiation brings out ideal outcomes such as lower cost and higher margin.

The core identity of Kyonggi Province could be defined as "the leader in the future knowledge-based society" or "the power leading Korea" based on an innovative system.

| Region	Positioning
Seoul	Human-oriented City
Taegu	City of Fashion and Textile
Inchon	City of International Exchanges

For Kyonggi Province to achieve this core identity, it should satisfy customers with high-quality services, build innovative and community-oriented organizational associations, change its brand

personality from reserved and conservative to young and challenging and create conditions and incentives for accommodating companies of the knowledge and information industries.

Industries such as bio-tech, semiconductor, information and communication, environment-friendly and high value-added, are suitable for conditions and resources in Kyonggi Province. The reason for this is that Kyonggi Province enjoys highly-educated manpower and a relatively well-established network of information and communication.

【Figure 17】 Evolution of Brand Positioning

> Increased Brand Equity > Lower Cost Higher > Competitive

Differentiation
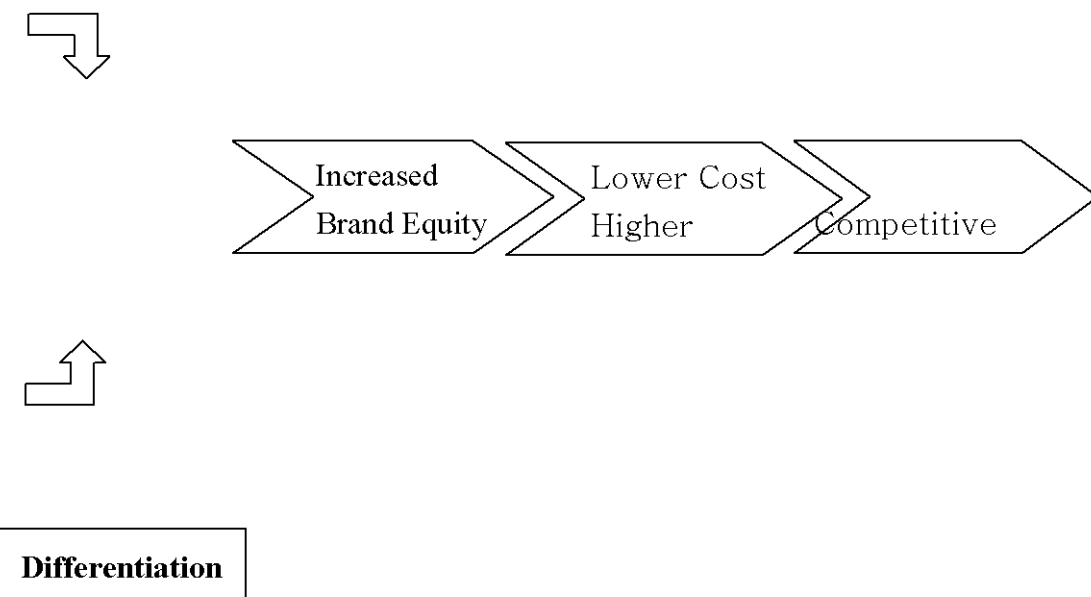
3. Brand-Building Programs

1) Choosing Brand Elements

Innovation

Brand names can be an extremely effective shorthand means of communication. It captures the central theme or key associations of a product in a very compact and

economical fashion.[32]

Unlike firms, local autonomies based on some specific region find it impossible to change their names. So, the name of "Kyonggi" should actively be used in organization-level and service-level. Recently Kyonggi Province tries to unify under one brand rices and traditional liquors within the region which have been individually produced and sold. It plans to differentiate the brand and make the quality of products high by granting the unified brand, called "Kyonggi-Mee" or "Kyonggi-Myongju," only to rices and liquors that meet the conditions set by it.[33]

Because of their visual nature, logos and symbols are easily recognized and a valuable way to identify products. Another branding advantages of logos is their versatility: because logos are nonverbal, they can be updated as needed over time and generally transfer well across cultures.

Logos and symbols can be particularly important in services because of their intangible and abstract nature. For example, many insurance firms use symbols of strength, security or some combination of the two.

The logo of Kyonggi Province, which comes from the initials of Kyonggi in Korean, should be used to all activities and services driven by it, and serve as a means to raise brand awareness through the repeated exposure.

Kyonggi Province adopted the forsythia(flower), dove(bird), ginkgo(tree) as its symbols. These symbols, however, were also chosen by other many local autonomies. It needs to

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[32] "Apple," as the name for a personal computer, was a simple but well-known word that was distinctive in the product category-factors facilitating the development of brand awareness. The meaning of the name gives the company a friendly shine and warm brand personality.

[33] www.provin.kyonggi.co.kr   or   www.kg21.net

change the existing symbols to convey a unique image of Kyonggi Province.

Slogans are short phrases that communicate descriptive or persuasive information about the brand. They are powerful branding devices because, like brand names, they are an extremely efficient, shorthand means to build brand equity. Most importantly, slogans help to reinforce the brand positioning and desired point of difference.[34]

As explained above, slogans of Kyonggi Province have changed without any uniformity. They should move away from general and comprehensive expression, and be specified and condensed to strengthen brand positioning based on development strategies, such as differentiation and innovation.

2) Designing Marketing Programs

The product is at the heart of brand equity. Designing and delivering a product that fully satisfies consumer needs and wants is a prerequisite for successful marketing, regardless of whether the product is a tangible good, service or organization. However, achieving a satisfactory level of quality has become more difficult as continual product improvements over the years have led to heightened consumer expectation of the product quality.[35]

From a firm's perspective, it is necessary to take a broad view of value creation. Michael

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[34] Coca-Cola, as the market leader in soft drinks, is especially concerned with creating catchy, well-liked slogans: It's the Real Thing, Coke is It, Can't Beat the Feeling, Just for the Taste of It (Joanne Lipman, "Coca-Cola Is Close to Picking New Slogan," 『Wall Street Journal』, September 28, 1992, p.B-10.

[35] Stratford sherman, "How to Prosper in the Value Decade," 『Fortune』, November 30, 1992, p.91.

Porter has proposed the value chain as a strategic tool for identifying ways to create more customer value. He views firms as a collection of activities that are performed to design, produce, market, deliver and support product. Firms are said to achieve competitive advantages by improving performance and reducing costs in any or all of these value-creating activities.[36]

Marketing communications are the means by which firms attempt to inform, persuade and remind consumers, directly or indirectly, about the brands that they sell. In a sense, marketing communications represent the voice of the brand and are a means by which it can establish a dialogue and build relationships with customers. Marketing communications contribute to brand equity by creating awareness of the brand and linking strong, favorable and unique associations to the brand in consumers' memory.[37]

Television advertising can be an effective means to demonstrate product attributes, explain consumer benefits, shape brand personality, etc. Kyonggi Province has made efforts to establish a television station in the region as a way for advertising policies and building image. Before it asks the central government to allow establishment of television, however, it needs to make the most of Kyonggi Radio and iTV, whose name recently changed Inchon TV to Kyong-In TV.

In contrast to advertising in traditional broadcast and print media, which typically communicates to consumers in a non-specific and non-directive manner, direct response refers to the use of mail, telephone and other nonpersonal contact tools to communicate with or solicit a response from specific customers.

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[36]) Michael E. Porter, 『Competitive Advantage』 (New York: Free Press, 1985).

[37]) Keller, op. cit., pp.217-266.

Perhaps the most widely anticipated new direct marketing technique involves the electronic possibilities offered by computers and communication networks. The main advantages to marketing on the web are the low cost and the level of detail and degree of customization it offers. The interactive nature of web-sites also may be more involving and engaging for consumers, allowing for solid relationship building. The target market for a brand can be more geographically dispersed with a web-site that offers ordering capabilities.[38]

For marketing on the web to be effective, the contents of web-sites should be abundant and reliant on a basis of mutual communications.[39]

Kyonggi-net, the web site made by Kyonggi Province, won awards from Chosun-Ilbo, The Korea Economic Daily. But there is a shortage of elements that appeal to web-searchers. And it is not easy for foreigners to approach the web-site because not enough is contents translated into English.

Event marketing refers to public sponsorship of events or activities related to sports, art, entertainment or social causes. Once employed mostly by cigarette, beer and auto companies, sport marketing is now being embraced by virtually every type of company, including consumer packed goods and high-technology companies. By becoming part of a special and more personally relevant moment in consumer lives, involvement with events can broaden and deepen the relationship of the sponsor with their target markets.

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[38] Robin Frost, "Web Design: More than Just a Pretty Picture," 『Wall Street Journal』 , October 31, 1996, pp. B6, B8.

[39] Song, Young-Pil and Kang, Shin-Kyom, "Measures for Improving Web-Sites made by Local Governments," Samsung Economic Research Institute, December, 1999.

Volvo sponsored tennis tournaments because of a belief that tennis players were prime customers for its product. Seiko has been the official timer of the Olympics for years to create or reinforce consumer perceptions of key association. American Express supported many countries with many of donations to express commitment to the community and social issues.

To create and reinforce its brand association, Kyonggi Province needs to sponsor events, expositions or exhibitions related to knowledge and information industries and support campaigns or movements in the fields such as art, environment and sports as far as they are connected with innovative activities.

Regardless of which communication options are chosen, the entire marketing communication program should be coordinated to create a consistent and cohesive brand image. Information that is consistent in meaning is more easily learned and recalled than unrelated information. The total brand experience must be a result of an integrated, focused, strategically sound, differentiated, consistent and branded marketing program.[40]

4. Managing Brand

The management of brand image is a process of selecting a general brand concept(functional, symbolic or experiential) and then introducing, elaborating and fortifying the concept over time. If necessary, it needs to appoint a chief reputation officer(CRO) to act as guardian of its reputation. A CRO would regularly call attention to the implications of its decisions and actions on its reputation. The CRO would also examine how resource allocations might affect reputation and systematically explore

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[40]) Larry Light, "Bringing Research to the Brand Equity Process," ARF Brand Equity Workshop, February 15-16, 1994.

ways to build up reputational capital.[41]

【Figure18】 Brand Concept Management

Selection	Introduction	Elaboration	Fortification
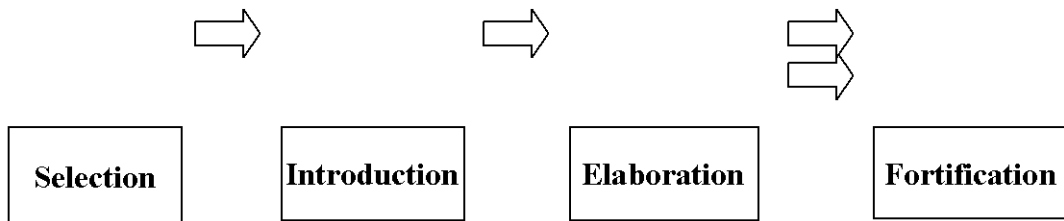
Keller describes features that first-class brands in the world have in common: meeting consumer needs, appropriate positioning, keeping consistency, integrating brand elements, various marketing activities, etc.[42]

How should brand equity be reinforced over time? In a general sense, brand equity is reinforced by marketing activities that consistently convey the meaning of the brand to consumers-in terms of brand awareness and brand image. Brand consistency is critical to maintaining the strength and favorability of brand associations.

Consistency does not mean, however, that marketing should avoid making any changes in the marketing program. On the contrary, being consistent in managing brand equity may require numerous tactical shifts and changes in order to maintain the strategic thrust and direction of the brand. Even the most successful brands must constantly adapt to keep up with cultural changes and shifting consumer preferences.[43]

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[41]) Charles J. Fombrun, "Reputation," 『Harvard Business Review』, 1996, pp. 386-400.

[42]) Kevin Lane Keller, "The Brand Report Card," 『Harvard Business Review』, January-February 2000.

[43]) www.landor.com

A consistent brand identity over time can lead to the virtual ownership of a position, provide an opportunity to own an effective identity symbol and produce an enormous cost advantage in implementing communication programs.[44]

A host of successful brands such as Coca-Cola, Budweiser, Ivory, Malboro, have had remarkable histories of a consistent identity and execution. Ivory soap, whose core identity is purity, has adopted the longest-running brand strategy since 1881. The Malboro man, introduced in the 1950s and refined in the 1960s, is still the ongoing brand personality(independent, outdoor-lifestyle, free-spirited, rugged and masculine). P&G adopted a strategy called 3C, which means "Consistency! Consistency! Consistency!"

Although brands should always look for potentially powerful new sources of brand equity, a top priority under evolving market situations is to preserve and defend those sources of brand equity that already exist.

Kyonggi Province must keep consistency in choosing brand elements, establishing brand identity and designing marketing programs. Once desirable brand equity is established, Kyonggi Province should protect sources contributing to brand equity. It is possible by maintaining brand image through sustainable supply of high-quality services and non-product-related association through innovative programs over organization and personnel.

It needs to block entrance of potential entrants and capture consumers' mind from the beginning by preoccupying market. As a leader in local administration, Kyonggi Province needs to be the first to introduce a new generation of product and to establish new policies in consumers' minds. According to the annual brand estimate of Korea Management Association Consulting, preempting and leading brands such as Seoul Milk, Shin Ramyon, Anycall, SONATA and Bacchus are becoming more and more

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[44] Aaker, op. cit., pp.218-230.

dominant in the market.[45]

And CEO's concerns is absolute so that brand can be managed from an overall view of organization.[46]

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[45] 『Korea Economic Daily』 , March 30, 2000, p.60.

[46] Shin, Hyun-Am and Jang, Young, "Brand Value and Success Strategy of Internet," <u>Samsung Economic Research Institute</u>, October 1999.

V CONCLUSION

More and more companies come to the realization that brand is one of their most valuable assets and an important criterion to estimate the value of companies.

A unique, favorable and strong brand equity gives firms benefits such as predictability of demand, higher barrier of entry and price premium. These benefits from brand equity are valid to the public sector. But Kyonggi Province has not fully understood the value of brand.

As the world enters into the era of globalization and localization, Kyonggi Province is forced to adopt strategies to cope with challenges and opportunities lying before it. Kyonggi Province needs to build a unique, favorable and strong brand equity to have competitive advantage over competing brands. In doing so, Kyonggi Province needs to capitalize on its enormous potential coming from well-established infrastructure, highly-educated manpower, huge market size and concentrated high-tech companies.

It needs to move away from its previous development strategies to a new frame of development on the basis of differentiation and innovation. The reason is that differentiated and creative products are without question a key competitive weapon and the most important consideration in building brand equity.

Based on these strategies, it needs to define its brand identity in product, organization and personality and establish its brand positioning. The brand identity and its positioning need to be supported by the proper choice of brand elements, integrated marketing programs and consistent brand management.