Different branding strategies from the use of the territory of origin by commercial brands: the brand-territory matrix

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Abstract:

Place brands and commercial brands build on each other. Sometimes, the commercial brand is so powerful that eclipses the place brand. This paper intends to add value to this dialogue, gaining understanding through an insight on how commercial brands use places, and finding out how they can be implemented to build stronger place brands.

To do so, this paper delivers an analytical tool (the brand-territory matrix) and a quick overview on the different policies a place can implement to unlock these synergies.

As all matrixes, the brand-territory matrix has two axes. The horizontal axe reflects the intensity of the use of their place of origin. The vertical one is the market approach of the commercial brand. When we cross both axes, we get four types of commercial brands: Ambassador brands, Aristocratic brands, Emerging brands and Impostor brands.

Moreover, the brand territory matrix is a dynamic tool as brands may move from one quadrant to the other and these movements have quite a lot to do with the policies implemented by the territory.

In addition, this paper also addresses how places use this tool to reinforce their brands and to choose the right policies with a simple three-step method. First, getting a list of the commercial brands “living” in a certain territory, second, placing them in the brand-territory matrix, and third, analysing different policies for each group.

Impostor brands are a key element to guide entrepreneurship policies. Classifying impostor by industries is a very healthy exercise. If cities or regions find that impostor brands are around one particular sector, that could mean that there are untapped potentialities and could signal an interesting bid to be done. Emerging brands need some help to be proud about their home
places. Events, iconic equipments and flagship developments are the key to unlock this situation.

Aristocratic brands are the grassroots of place brands. These brands are closely linked to values, identity and patrimony of the territory. They are good allies to reinforce place authenticity, to foster tourism visibility. Therefore, cobranding with the ambassador brands plays a pivotal role for place brands as, in this case, place brands and commercial brands share a very strong common interests.

These are just a few of the different policies for each group, which can be implemented once a list of the commercial brands is placed in the brand-territory matrix. We hope that this tool can help place managers, make their places more competitive, and researchers open a debate for future seminal work in an area of foremost importance, the key for competitiveness.

**Keywords:**
place brands, commercial brands, relationship between brands and places, place competitiveness, global world.

**Introduction:**

This paper aims at describing the different types of strategies, commercial brands use in the deployment of territory. This description which will be presented by way of using a matrix, with two axis: intensity of the use of place, and market scope, describes the master model for styles of territory-brand relationships as a key methodological tool, to enable those in charge of marketing places, to diagnose the effectiveness of their approaches.

In order to demonstrate the way it works as a diagnostic tool, we shall include a limited range of representative case studies, on which we shall develop a series of referential cases. Therefore, the matrix will allow marketing representatives to quickly identify the steps required to meet the gap between where their places are in a particular moment, and where they should be; in sum, it will help them market their places more effectively, in the long term.

We hope to conclude by demonstrating that the matrix is a tool of key methodological importance for the effective implementation of place marketing initiatives adequate for each place. Thus, in a competitive global world where commercial brands and place brands are competing for visibility, the present paper will intend to open a debate for future seminal work in an area of foremost importance, the key for competitiveness, something to help place managers, researchers, policy makers and business people in general.

The paper will start by briefly describing the essence of the process of branding, and the role places have played, in such process, to move afterwards into a description of the matrix and each type of strategy available with examples and recommendations, stemming from them.
The role played by places, in branding

Place has always played a role alongside history, and at present is often used as a brand comprising a series of attributes.

Place, and places used as attributes, are as old as history. It has been stated that geography based descriptors and concepts related to place have been with us since the beginning of time, e.g. Greek mythology, Chinese silk, forming part of everyday lives through language expressions such as: “Russian roulette” 1. It is true that we all characterize places and geographies, the difference is that in earlier times actors did not need to assign a competing value between all of them as we currently do.

Place, understood as place identity, stands for a group of ideas concerning significance and meanings, the one that particular spaces have for their inhabitants and users. Moreover, such sense of place translates in people’s strong identification with a particular geographical area or location. This is achieved through the management of cultural consistency and coherence, two elements which also define general commercial brands 2, as we shall see below.

Places have always existed, naming them was a first attempt to “mark” them in the “etymological” sense of the term, and with their naming place descriptors appeared often demonised or idealised, according to who were those who used them. Indeed, the word “brand” comes from the Old Norse word brandr, which means burning. By “burning” their cattle, men marked their property and differentiated their animals from those belonging to their neighbours. That was and still is the main purpose of branding: identifying one’s property or origin.

Since ancient times, the value of a brand has been recognized, both by customers, who rewarded first-class producers with their loyalty, and by the producers themselves, who were aware that their brands symbolized their good practices 3.

Thus, ancient civilisations already acted as brands, and one of the best examples we have was the Roman Empire. Their shared values of culture, identity and power were spread throughout the Mediterranean and into Northern Europe and Africa, creating a civilization of an almost unparallel resemblance, whose centre Rome was in control of the dissemination of knowledge throughout the vast territory.

Figure 1: The Roman empire. Source: Google Maps

During this period, Roman politics, lifestyle and culture were introduced to many areas including contemporary France, Spain, the Netherlands and England in the West, Northern Africa in the
South, Greece and the Near East, territories all of them annexed by a large military and administrative organisation, which was redefining the territory’s borders.

In this respect, it is true to say that a place’s image is often artificially shaped to build consensus throughout history. Places appear as brands because citizens want to have pride in their place. Therefore, the manipulation of city images, culture and experiences has become probably the most important part of the whole process of branding.

In the XIX C. new nations with a myriad of languages, and territories used their available power to create such a consensus, to unify language, and religion. They invented myths, made military conscription and developed a universal primary education to create a feeling of national identity. In this respect, they applied “imagined” attributes to define others, on the basis of their own self image. Heroes were also reinvented in order to exacerbate such a feeling of national identity or brand creation which was imagined in the sense that the members of even the smallest nation would never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each, lived the image of their communion. Under such a principle of consensus, product-country of origin image became important, and it is in some instances still important today.

Good brands are built on trust, on never letting the customer down. This means that organisations, both companies and places, which aspire to become successful brand owners must understand how their brands can be made to appeal, and then build on these strengths through consistent “delivery”. Brands appeal at both a rational and emotional level; good brand management is about ensuring that these appeals are kept fresh and relevant.

However, in the 1970’s, after the fall of Berlin Wall, and the end of Communism, a new world order emerged, where new competing players appeared. It was then when it became evident that the world order was ruled by a series of countries with competitive advantage, not because of its natural resources, or even history alone, as no nation was competitive in every industry or company, but because of its productivity and productivity growth focused on specific segments and industries.
Partly due to a fordist industrial organization system in which production developed integrally in one town or region, i.e. the perfume comes from Grasse in Provence, France, place has been traditionally used as an important feature of commercial brands. Recently, this relationship has been modified, as globalisation has meant that the production process can be easily imitated and transported elsewhere, stressing the current role of places as holders repositories of a brand essence associated to its original practice.

Indeed, the place of origin effect has been widely studied and for the model we are to present here is of foremost importance, and can be very beneficial to marketers if used appropriately. However, it is also true that the changes in the production system, arising from globalisation and the deployment of ICT, have altered the way brands and places relate to each other. Originally, products, and the clearest example is that of companies from within the food and agriculture sector, such as wine, were sold thanks largely to its origin-territory effect, and this has contributed largely to a certain sectorisation of a particular territory, which became equated to the values of the home made brands. Thus, traditional Swiss discretion and neutrality become brand assets deployed by investment banks such as UBS. The American way of life is deeply rooted in brands such as Coca Cola o Harley Davidson. The financial sector is based in London or New York, as shown by Citi, Merrill Lynch or HSBC, and the flexible Japanese are the ones who make competitive cars like Honda and Toyota, whereas the Germans, focus on making luxury saloon cars like BMW and Mercedes, powerful purebreds like Porsche or first-class family cars like VW. Indeed, Paris is very much present in the brand of companies from within the luxury or cosmetics sectors such as Louis Vuitton, L'Oreal, Channel or Hermès. Italy, and very particularly Milan, is in the core of Gucci's or Prada's brand identity.

Table 1: Top 20 global brands. Source: “Best global brands 2007”. Interbrand and Business Week
However as stated above, today the services and products sold under the cover of commercial brands are not always produced following the traditional hierarchical and centralized industrial model. From the industrial cluster located in a specific place, with Detroit or the Ruhr basin being the classic examples, to global supply chain management, a chain that is actually a global network, making possible the step from “made in” to “designed in”, and even “thought of in”. ICT brands are a good example of this new situation. The Californian legend of Silicon Valley technological innovation pervades brands such as Google, Cisco, Apple, Yahoo, Amazon or eBay, but their products and services are generated within a financial, technological and human network spreading practically all over the world.

The words in Figure 2, as engraved on the back of the already mythical iPod, which almost all of us carry in our pockets, is perhaps the best example of this new relationship: “Designed by Apple in California. Made in China”:

![iPod Back Cover](image)

Figure 2: Back cover of iPod. Source: authors' photograph

Indeed, many global corporations are now developing products for Asian consumers, and at the same time, Chinese companies are setting up factories and buying companies in the US, Europe and Asia, to sell their branded stuff all over. This is changing much of the perception of the “made in China” label, which was not viewed very positively, up to now, with examples such as those of Lenovo which recently bought IBM.

Whilst it is true to say that the “made in China” negative perception may still persist, it is also true, that the new “owned by China” label, may be increasingly even more relevant in a forthcoming scenario where soon there could be 50 Chinese companies into the Fortune Global 500, something that the Chinese government is keen on getting 9.

Thus, there are plenty of place examples which are increasingly using commercial brands, specially in countries which are in the process of repositioning themselves globally, for instance, Turkey, whose foreign trade and investment departments, have decided to place ads endorsed by global brands like Samsung, Microsoft, or Mango, which change according to the country where the ads appear. They are intended to support the country’s image as a buoyant and safe place for investment. Similarly, Intel has recently started launched ads in the Spanish press, using Barcelona, to support the company’s brand by way of justifying their choice of location for
their research and development lab. Indeed, this type of ads stresses the increasing relationship between both, places and brands.

The brands territory matrix

![Figure 3: Matrix of territory-brand relationships. Source: Authors' own development](image)

The above master model applies two focal lines: the intensity in the use of “place” and the market scope of commercial brands. As illustrated above, the horizontal line shows the intensity of the relationship between the commercial brand and the place. On the vertical line, the market scope element aims to show the quantitative and qualitative significance of the brand as well as the impact that the business in question has on the economy of the place where it is located. We have found that this scope is closely correlated to the strategy that the business applies to compete. When the market scope is broad, the business is important to the economy of the place and, usually, it competes by applying cost differentiation: Zara, or leadership strategies: Ikea 10, as we shall describe further. When the relevance is narrow, the business is smaller in size and it is usually specialized in a very specific niche which it masters, but which, at the same time, limits the growth of the business beyond its boundaries.
By combining these two focal lines (intensity of the use of “place”, and market scope), we have the master model for styles of territory-brand relationships, with four sections which represent four types of relationships between the commercial brand and the place, representing four types of brands: ambassador, emerging, impostor or aristocratic, as shown above in Figure 3.

Stemming from the matrix let’s analyse for instance an Aristocratic commercial brand: Vista Alegre (tiles from Portugal, which uses colours and font types which stress such heritage), it has a high intensity in the use of place, but a narrow market reach as it is a rather niche elitist brand. On the other hand, “Loewe”, Madrid (a clothes luxury brand which uses a foreign name in appearance, in order not to appear Spanish), and therefore, a so called Impostor brand, has recently reinstated in their fashion ads, its place of origin: Madrid, and has moved from being an Impostor to being an Aristocrat, as in both cases, its market reach is narrow, as it is geared towards a niche segment remains.

Moreover, a brand such as IKEA, which displays the colours of the Swedish flag on its logo; or UBS, which identifies itself as Swiss in its own brand, are commercial brands with a broad market scope and would be therefore located in the top right corner of the Matrix belonging to the Ambassador type. In contrast, other broad market scope brands such as the afore mentioned Zara, hardly use any references to its country of origin: Spain, and in this respect are located in the top left corner of the matrix, belonging to the Emerging category, characterised by low use of place brand and broad market scope. Likewise, there are other commercial brands whose origin is unknown and, sometimes, quite surprising. Indeed, to many, to learn that Nescafé is Swiss can be quite a surprise.

Generally, both the Ambassadors and the Emerging brands belong to those brands highlighted by the Interbrand rank\(^1\), as they generally have broad market scope. However, there are other

\(^1\) There is a particular methodology associated with this index, which excludes companies which do not publish their marketing and financial data, and includes only those which drive at least a third of their sales from outside their home countries. See Brand Index Reports
commercial brands which tend to compete under a niche strategy, which do not make it to such a rank, as their market scope is narrow (luxury segment, generally), and use the territory very differently. This is something that our model also shows (as the afore-mentioned examples of Vista Alegre, and Loewe, demonstrate).

Generally, both Ambassador and Emerging types share important levels of global awareness as they generally have broad market scope, although Ambassadors have a high intensity in the use of place which Emerging ones, do not have

We shall focus next on the main features that each type of quadrant has.

**Ambassador brands.**
These are brands with a high use of territory and broad market scope which tend to belong to sectors that have been historically emblematic to a country’s economy. In this regard the territory and their attributes are seen as an asset, hence their high use in their branding. They act as flagship representatives of the leadership sectors for a nation or a territory. For instance Swedish design reflected by IKEA, or Finish high telecom expertise, reflected by Nokia.

We could see as Ambassador brands also the state owned airlines, which reflected in their names and logos, of their country of origin: Turkish Airlines, Iberia, British Airways, in spite of the fact that this may be about to change due to the privatization and birth of low cost airlines, which illustrates a different relationship with the territory. Indeed, the low use of territory attributes deployed by low cost airlines such as Easyjet or Vueling is perhaps due to that fact that they want to be seen as global brands rather than as the airlines representatives or a particular territory.

**Aristocratic brands.**
As regards the Aristocrats, with also a high use of territory, but a narrow market scope, they tend to belong to traditional sectors, close to craftsmanship and techniques developed around the way things are made, as an essence of some territorial identity, which is close to the original processes which made them known for. Terroir French wines, or Scottish or Irish whiskies, play around this association with the traditional values and original ways of doing. It is therefore easy to see their close relationship to ‘a designation of origin”, understood as a particular way of cooking or treating certain food, such as Spanish ham or Italian prosciutto. They also have an elitist aura associated to them, of appeal to connoisseurs, which is used by some marketers to talk about Loreal, Paris for instance, since Paris is considered the land of perfume.

In either case, when internationalizing the products both the Ambassadors and the Aristocrats, use the territory highly as they see that the values it provides to them are positive. However, this is not always the case, and the territory can be seen as a negative attribute.

**Emerging brands**
They tend to fall in territories that have no tradition or history in the sector where they operate. They tend to be brands with a level of innovation able to reach a broad market scope despite their lack of tradition in the territory of origin, but they tend to operate internationally successfully. For instance, brands like Zara from the Inditex group in Spain, never advertise nor state their territory of origin anywhere. These are, however, the type of brands that a territory needs to seek support from, in order to launch a successfully international strategy. In the afore-mentioned example of Zara and Spain, a country with not a high perception, it could act as changing agent in design and innovation.

**Impostor brands**
These ones also compete within the narrow market scope, and have a low use of territory to the point that they often deface it, hence their name. They see the territory as a negative attribute to
be associated to, or at least not a good enough one. In some instances the territorial values associated to their sector are so negative, that they consider to pass by being from somewhere else. In other cases, their imposture comes from an appropriation of the values of well established sectors: fashion, Milan, beauty care: Paris. Indeed, a territory can work with these brands in helping them communicate its advantages. We have seen the former example of Loewe, Madrid. Indeed, a city like Madrid has recently made huge efforts to change its image into that of a global capital of the South of Europe, and allegedly this has led the brand to adopt the name of the place in their advertising, moving from being an Impostor to being an Aristocrat.

Therefore, if a territory has a high number of Impostor brands, it should help them become either an Aristocratic brand (narrow market) or an Ambassador one (large market). This can be achieved by way of attracting investment in particular sectors, building clusters, and using appropriate campaigns and mechanisms in order to change perceptions about its territory.

**Implications for place managers, researchers, policy makers and business people**

In conclusion, one could state that a territory with lots of Ambassador brands can request their help in order to promote itself. However, a territory with lots of Aristocratic brands is at the risk of being seen as obsolete, especially if the brands fall under the same sector. In such a case, a territory needs to be wary of being too restricted to the scope allowed by the weight of tradition, instead of focusing on alternatives.

Moreover, a territory with lots of Impostor brands, will require a coordinated set of initiatives in order to promote the territory as an asset. Similarly, a territory with a high number of Emerging brands can have a great opportunity to promote itself, aided by the brands themselves if the brands are convince of endorsing some of the territory’s attributes, even at a mere visual level: logo, etc.

Indeed, the afore mentioned brands placed in the left quadrants: the Emerging and the Impostors, use territory with a very low intensity, because they perceive that what the place can grant them is not adequate. However, this as we have said, the managers of a territory can turn this situation into an opportunity, for instance through Ambassador brand programs such as the one carried out in Spain by Leading Brands from Spain in charge of promoting the image of the country with the help of its most international brands.

Moreover, as table 1 illustrated, it appears to be a correlation between a leading brand’s country of origin, and the competitiveness of that country. For instance, if we look at the list of countries which are part of the G8 (comprising countries representing about 65% of the world economy and the majority of global military power: Canada, France, Germany, Italy, Japan, Russia The UK, and the USA), and the country of origin of the brands ranked in the Interbrand’s best global brands’ index, we can corroborate such correlation (See table 2). Thus, the country of origin of 51% of them is the USA, of 9% Germany, of 8% France and Japan, of 5% the UK, and of 4% Italy, all countries arguably highlighted as competitive. Moreover, if we look at other performing indicators of alleged competitiveness such as GDP, and compare them to the country of origin of the top brands, as per table 2 below, such correlation is maintained with the exception of Russia and Canada, which do not have any strong global brands, despite being classified as competitive. Indeed, it is therefore likely that most Aristocrats and Ambassador brands belong to countries with the highest GDP, as they tend to be countries which have positive country images.
These so called **BRIC** countries, are however starting to open a new and challenging scenario as regards a country’s image. Thus, their GDP does not necessarily correspond to their image as a country, which tends to be either inexistent or negative, and consequently many of their brands, especially those of an increasing global nature, are either Impostor or Emerging, but this could be a changing situation.

Finally, whilst we have discussed territory mostly in terms of nations or country of origin, the world is no longer ruled by powerful nation states, and instead money, technology and ideas run freely, so whilst places become paramount in the IT era, future research should focus on the use of other units of territory such as cities or regions already alluded in the article and its role in territory-brand relationships in a global order.

Thus, we are confident that the matrix above, which illustrates the relationship between commercial brands and their use of place, will help place managers make their places more competitive by exploring particular relationships with commercial brands which they are not currently exploiting.

In conclusion, we have hoped that from a multi-disciplinary approach we have described the matrix as a tool for analysis for an arena which lacks empirical evidence: place competitiveness, in the hope that this can stress the importance of commercial brands for places. Thus, before implementing any place marketing strategies, a diagnostic test around the use of the territory by commercial brands should be done. This will shed light into future place marketing initiatives of use, to stakeholders such as place managers, researchers, policy makers and business people in general.

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