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The Formation of The Model Branding of The Territory under an Asymmetric Institutional Environment

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Abstract

Modern economics was expanded with a new direction of research, a problem of development and management of territories has become an actual problem. It should be noted, that the concept of “territory” is interpreted from a methodological point of view differently from the micro-level (city, town, destination) and meso-level (republic, district) to the macro level (country, continent). In our research we hold to the opinion that the territory is the lands of urban settlements and rural settlements, the adjoining common-use lands, recreational areas and other lands within the boundaries of the municipality, regardless of their purpose and forms of ownership, so we talk about the territory of the Republic of Tatarstan.

Keywords: Territorial branding, institutional development, urban studies;

1. Introduction

Republic of Tatarstan is a unique synthesis of ethnic, historical or scientific heritage of a thousand year history. Furthermore, the vector of social and economic development for future is predetermined by an advantageous geographical location. However, there is a question about the depth of elaboration of the so-called “brand” of the territory (Bagautdinova, Murtazina, Fazlieva & Naida, 2013).

The researches of the term “brand” allowed us to formulate the most complete definition of “a brand of a territory”, it’s a set of perceptions in the imagination of ordinary people and certain visual elements that are directly associated with this territory.

Experience has proven the architectural monuments, industrial potential (as an oil region) and national cuisine to constitute the base for the most common associations with the Republic of Tatarstan (Auzan 2007). Territory-brand-improving parameters still remain, however. Brand value formation involves region’s quality parameters (characteristics), namely: social living standards, well-developed infrastructure, stable political environment,
favorable location. Each and every factor mentioned above upgrades the brand efficiency level. Simultaneously brand loyalty is created.

It should be emphasized, however, that to create conditions for territory brand establishment and development one should consider an institutional factor. We presume, institutional conditions serve either to accelerate, or stagnate the brand development.

2. Institutional environment of territorial branding

2.1. Formation of institutional environment

According to the essence of the institute, actions and processes interdepend and interact, produce an impact (externalities, or external effects) relevant to region’s economic systems (Tiebout, 1956). The institutes restrict the range of options on territory promotion. Besides, institutes limit action plans and policies and hence, coordinate actions and predetermine coordination effect within branding process. It happens through the environmental (operated by economic agents) instability level decrease. In our opinion, judging by all the above mentioned, territory branding is to be studied within the frames of institutional environment asymmetry.

The processes of structural units’ interaction are based on rules and standards achieved by the use of organizational mechanisms. All the aforesaid combined form an institutional environment, i.e. the basic constituent for territory development. The institutional environment is a set of closely related institutions that develop alongside with the environment. It is the institutional environment that determines the type of economic order and its efficiency (Bagautdinova, Murtazina, Fazlieva & Naida, 2013). The institutional environment may be either static or in progress, depending on certain conditions. The revolutionary type of new institutional environment formation determines the specific nature of institutional economy in Russia.

The formation of territory development institutional environment is influenced by economic, social, demographic and geographical factors. Thus, the specific nature of institutional environment is formed.

![Diagram of the Institutional Environment of Territory Branding](image)

As practice shows, the most widespread associations with the Republic of Tatarstan are the monuments of architecture, industrial potential (Tatneft, Kamaz, etc.) and elements of the national cuisine. At the same time, there are many objects that can significantly enhance the scope of the so-called brand. The scope include “Values”, “Attributes”, “Advantages”, “Individuality”, “The essence”.

2.2. Branding model

A formation of the model of branding of the territory begins with an analysis of the institutional sphere in which a process of positioning of the brand occurred. Scopes of brand model of the territory are formed on the following levels: the level of the ordinary person (an inhabitant of this territory), the administration of the region (territory), an outside inhabitant (tourist, business partner from another city, country, etc.).
The model that we consider as the basis of the branding of the territory is presented in a table 1.

Table 1. A model of branding of the territory

| Branding of the territory | A aims | A methods | A forms | A result |
|---------------------------|--------|----------|---------|---------|
| A formation of a sustainable territory brand | A support of the territory image | An institutional infrastructure | A recognition of the brand | Long-term “power” of the brand |
| Of the direct impact | Of the indirect impact | Social infrastructure, transport infrastructure, hospitality infrastructure |

The territory branding targets predetermine strategic guidelines, stability of territory development, its’ firm establishment as a long-term business partner and tourists facilities. The branding targets are to provide stable stereotype of favourable region.

There are 2 lines of branding methods (Bagautdinova et al., 2012):
- a direct impact (territory brand visualization by means of regional companies brands recognition or region’s position in international competitiveness ratings);
- an indirect impact (brand loyalty and strength are achieved by means of high-scale actions and events. For example, the Republic of Tatarstan hosted the “Universiade” and is to host football world championship in 2018, etc.).

Branding forms are established within the purpose-based approach. For example, the conception “Tatarstan is a welcoming region” functions within the Republic of Tatarstan. It provides potential consumers with all the ways to “contact” the brand (from brand informational security up to infrastructural objects establishment). As stated above, an institutional environment should be taken into account when forming a brand. Thus, the institutional infrastructure is to set rules and standards that determine consumer–brand interaction. One needs to mind cultural and ethnic, religious, social and economic aspects. Equal significance is attributed to infrastructural objects, namely, transport, catering facilities, sports and health complexes that contribute to the brand interaction process (Bagautdinova, Galeeva & Kundakchyan, 2013).

Ultimately, territory branding model results in world recognition of the brand. It is to be specified, however, that the result bears long-term perspective. Certain territory brand strength represents a strategic resource of the territory position. It makes the whole region favourable for investments.

2.3. Republic of Tatarstan model

Conducted research of the formation of the territory brand by the example of the Republic of Tatarstan, allowed to allocate the following problems:
- Institutional infrastructure and institutions of regional development have a tendency to asymmetry, in particular, the majority of infrastructural objects is localized around objects which were formed as a territory brand themselves, such as “Kazan Kremlin”, “Raifa monastery”, “Bulgarians”, “Svijazhsk”;
- Infrastructural ensuring of the national heritage objects has persecute nature, namely an infrastructure is created after that when the object has been considered as an element or attribute of the territory brand;
- An asymmetry of the institutional sphere complicates the procedure of a brand evaluation because one of the criteria of brand recognition and loyalty is an indicator of its market value.

It should be noted that for the formation of the territory brand it’s necessary to solve complex problems in order to improve the infrastructure of the national heritage objects, such as:
- Creating favorable conditions for the development of small-scale enterprises serving objects (attributes of the territory brand);
- Increasing the effectiveness of finance of infrastructural objects;
Systematic holding the event-driven actions allowing to form a “brand power”, for example, holding of national holidays “Sabantuy” and “Karavon”.

Ensuring the availability of information resources for the positioning the territory brand.

Considering the state of the majority of branding objects in the Republic of Tatarstan, it can be concluded that the further development and improvement of the whole branding system of the territory should be considered only within the scope of specific state programs.

The importance of the development of this trend proposes a complex solution of the following problems:

- Coordinating functions of all infrastructural elements with national heritage objects;
- Ensuring “brand objects” via financial support according to their needs and availability, and to the volume and to the timelines, it is possible that by the combined efforts of both the state, of the banking sector, and small-scale businesses;
- Implementation of a selective approach in use actions of state support.

The territory brand ensures the manufacturers’ world market promotion. Contribution assessment embodies the most optimal brand efficiency parameter. The assessment aims to value the extent of the brand contribution to the regional companies’ overall present sales advance and stability in world market. This suggests the attempt of quantitative evaluation of territory brand strength influence on specific sales by certain companies.

At the same time, the territory brand strength stability depends on the regional policy. The latter balances the institutional environment asymmetry which acts as a “stop” factor for regional brand development. First and foremost, the asymmetry affects region’s stakeholders. This gives rise to transactions and the congruence of interests creates an “institutional trap”.

The integral institutional environment secures balanced and concordant region development, as well as in-depth involvement with stakeholders. According to the institutional environment asymmetry, common economic terms for most of region’s business systems result in peculiar features of certain fields or industries. Primarily this is due to different objectives by economic agents and unstable efficiency test criteria.

Within territory brand formation, we determined the institutional environment formation to be caused by the modality of regional development. By modality we mean – the need of rules and institutes to concord with the current demands of government and property institutions within social and economic development of the territory. Experience has proven that development lines and priorities sometimes surpass the institutional environment and infrastructural security formation. This generates institutions’ disbalance which may truly be considered as a “stop” factor for systems’ economic development (government institutions prevail over market institutions, for example). Thus, the institutional environment formation is an integral and logical process. This in mind, regional systems develop concordantly alongside with the domineering institution.

One needs to follow the evolution when analyzing institutions’ efficiency. It uncovers their effective / ineffective interaction and result it conveys to territory brand development. Evolution and genetic features of institutes favor brand model development, as well. All the aforesaid stipulated our assumption on the axiological grounding of branding model formation. Based on the axiology, the approach was formed under the evolutionary development of institutions. The axiological theory represents general conventional images of favored goods, essential for a system or object, as matter of optimal state concern. In frames of present research by system we mean brand development institutions.

One may presume that a set of institutes creates institutional changes that follow branding, whereas government institutions set main trends and institutions of branding support set the terms. The so-called territory development “vector” is introduced with the dominance of government institution. The chance to specify dominance-based classification of institutes arises. This forms institutions that constitute institutional environment of territory branding. The government institution pertains to first-order institutions, for it establishes an institutional environment. The latter predetermines regional industry-based brands development. The government institution affects the formation of core institutes of infrastructural effect (i.e. support environment institutions). Branding rate depends on current institutions’ architecture. Thus we conclude, should institutions’ architecture transformation, so does the territory brand architecture.
3. Conclusion

Being interrelated, the regional specifics and certain territory objects’ and subjects’ branding cause the dominance of institutions. Through the internal relations institutions influence axiology indirectly. This embraces all positions of territory branding participants.

We introduce a common effect index of territory brand to measure branding efficiency. Common effect of territory brand features by market value of brands by certain regional manufacturers’ and region’s recognition, with \( n \) for region’s manufacturers’ brands; \( Eb \) for region’s brand recognition.

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Eb = \sum_{i=1}^{n} Er \rightarrow \max, \tag{1}
\]

Maximum effect \( \rightarrow \) Favourable region stereotype = Territory brand.

Territory brand effect evaluation results show the efficiency degree of resources involvement into branding of region and certain manufacturers. Moreover, should region branding and manufacturers’ targets coincide and interdepend maximum effect is reached. Considering favorable region’s stereotype, however, a set of formation-affective markers arises.

As a rule, a favorable region comprises: 1. An investment climate congenial for business partnership and entrepreneurship development, labor allocation; 2. Live comfort (living standards, well-developed infrastructure, and stable geopolitical environment). Thus, we conclude that the branding model we introduced is to join 2 aspects in common environment. Here “an institutional trap” arises. By the term we mean a situation when government institutions dominate market institutions, thus causing institutional environment asymmetry. The latter, in our opinion, proves able to improve a method of indirect impact on territory branding by the involvement of region’s all manufacturers.

We should emphasize that it is an indirect impact that provides brand promotion if maximum effect is achieved. Thus, institutional conditions for territory development are established. A proper architecture of institutional environment and the infrastructural security of branding actions are to conform to the conditions.

The held research on the formation of territory brand model uncovers a set of conceptual lines for the process improvement. Namely,
- To improve mechanisms that reinforce certain regional brands promotion;
- To improve a region-specific institutional environment;
- To improve an infrastructural security of region’s social and economic development.

According to the research conducted, we may conclude that:
- Issues of territory branding models formation possess an practical bearing on essential tasks of national economy, namely: to improve the competitiveness of region’s manufacturers, to form a favorable region stereotype and an infrastructural security of region’s social and economic development;
- To monitor institutional environment within the territory branding model we introduced. The reason for monitoring is to eliminate “institutional traps” through the promotion of the region itself and certain brands by regional manufacturers.

Thus, the formation of territory branding model acts as a strategic vector of region’s development as its’ realization involves the range of socio-economic, academic and technological indexes. The latters make unified territory brand equal to region, favorable for business development and safe and comfortable living conditions.

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