Identification of Key Dimensions of Famous-Brand Community Effects: Based on Cluster Brands[*]

Yajun SHENG, Lihui SUN

Business Management School of Jilin Finance and Economic University, China, 130117

Email: Suzysheng@163.com

Abstract: Famous-brand community and its effects play important roles during cluster brands formation. This research intends to explore famous-brand community effects from the perspective of influencing cluster brands formation, and then identify dimensions of this concept in order to improve the measurement system. According to literature review and the results of in-depth interviews study, this paper generalizes famous-brand community effects during cluster brand formation as four key dimensions: aggregation effect, diffuseness effect, collaboration effect and competition effects.

Keywords: famous-brand community; famous-brand community effects; dimension

1 Introduction

With the Country's economy high-speed developing and globalization trend increasingly developing since 1980's, a very particular economic phenomenon attracts attentions of many domestic learners, namely the a large number of industrial clusters come forth in the developed littoral areas in the Southeast of the Country, such as household electric appliances manufacture in Shunde Guangdong, Clothing industry in Humen Dongguan and Ningbo, Datang sock industry, low voltage electrics in Wenzhou, shoe industry in Jinjiang, etc., which forms famous-brand cluster structure with clear grads. The famous-brand clusters which get stronger drive the development and enhancement of other firms within clusters, and many sound regional brands have been formed.

Brand cluster is an interaction caused by similar production or supply chains of brand companies and it is a phenomenon of geographic clustering. In Wenzhou of Zhejiang province, with the rapid development of large quantity of regional industry cluster, there emerged many famous brands of wide influence, such as Aokang, Kangnai, Red Dragonfly, Zhengtai, Delixi, Fapai, Zudger, and Baoxiniao etc. Until the year 2007, 62 well-known trademarks of China, 38 famous brands of China and 136 free-inspection products of China have been produced in Wenzhou and Wenzhou has become one of the cities which own the most quantities of trademarks and famous brand products in China[1].These famous brands products are highly accumulated and are still in development, which promote the compressive competitiveness of characteristic industry clusters in Wenzhou and form 34 place brands , such as "Capital of electric appliance in China", "Capital of shoes in China", "Famous city of

clothes in China", "Production base of cigarette lighters with mental jackets in China", "Production base of glasses in China", "Capital of Synthetic leather in China", "Capital of locks in China" "Capital of pen-manufacturing in China, "Production base of shavers in China", and "Production base of drills in China. In the process of forming place brand in Wenzhou district, it can be found out that aggression of famous brand products in large quantities with continuous development will bring about the development of other companies and the promotion of industry and further promote the formation and development in miscellaneous place brands. It is obvious that brand community plays an important role in forming place brand.

Based on this, the paper explores impact effects on cluster brand formation of famous-brand community, and then identifies its key dimensions for establishing foundation of impact functions of measuring famous-brand community effects.

2 Literature review and definition of famous-brand community effects dimensions

Famous-brand community is employed in the paper, which is also called in other ways, such as famous-brand group, famous-brand colony, famous-brand cluster. Famous-brand community is referred as the clustering phenomenon of famous brands which have similar brand products or have been clustered interactively between upper and lower links in a certain industrial cluster space. Famous-brand community effects are the influence affected by the combination of regional and famous-brand advantages made by high concentration of famous-brand products or firms in some industrial cluster space.

By far, the domestic and international academic research on famous-brand community effects is rarely seen, which is mainly discussed from three following research angles: the first, the theory of single famous-brand ef-

fects is used for famous-brand community, such as Ai Feng (2004) thinks that the single effect spillover is concentrated to cluster effects. Famous-brand effects do the same, for example, the competition between brands, study and cooperate from one another motivate every brand. Famous-brand gathering can be divided two types: regional gathering and industrial gathering[2]. Sun Lihui (2004) does the research of famous-brand community effects in the way of single brand integrated cooperation, and reduces famous-brand community effect mechanism to magnetic effects, diffuseness effects and centralization effects [3]. Second, ecological theories are applied to the research of famous-brand community. Aaker(1998) is the first researcher who puts forward the concept of "brand cluster" and clearly states the concept of "brand cluster" based on firm brand system, and introduces the concept of population in ecology to the research of brand theory, which is a totally new angle to study brand. However, the brand cluster Aaker put forward refers to the aggregation composed of some brands within a single firm, not the same as the concept discussed in the paper. Zhang Yingjie (2004) analyzes brand community effects in three aspects: management efficiency and economic benefits enhancement, regional economic effects and contribution and international process of export-oriented economy in the view of microeconomic effects[4]. It is clear from above that the domestic and international research on famous-brand is quite limited, the study on famous-brand community effects is even not going in depth.

The research applies single famous-brand effect theory and brand ecological theory to the research of famous-brand cluster through systematically collecting the research studies scattered in every field. Famous-brand effect is mainly reflected two ways of centralization and diffuseness according to the theory of single famous-brand; famous-brand community, as a quasi-ecological gathering, is of the quasi-biologic characteristics by ecological principles. The basic relationship between species, among communities is competition and mutualism in ecology. In industrial cluster, the competition and mutualism between brands form the cluster structure of famous brands with clear grads. Therefore, the paper concludes famous-brand community effects to synergetic and competitive effects according to ecological principles. The four-facet effects above stated collectively affect formation of cluster brands, are inter-dependent and binding mutually. Hereby, the research defines composing dimensions of famous-brand community effects as four: Aggregation and diffuseness effects, collaboration and competition effects.

2.1 Aggregation effect

The paper defines aggregation effect of famous-brand community as attract ability for all kinds of resources, organizations and deuterogenic firms of the combination of brand and regional advantages produced by famous

brands gathering.

Because famous brand products and brand companies are near in geography, many resources and relevant companies are introduced to clustered brand companies, providing the necessary producing factors to local companies, which promote the comprehensive competitiveness of brand cluster, so regional and gathering advantages have large demonstrative effects to strengthen the region to have more powerful abilities to attract personnel, capital, information, material resources and deuterogenic organizations and variety of matching facilities. The impacts on aggregation effects of brand community are: (1) helpful in reducing the contract costs. The aggregation effects of brand cluster can attract various kinds of resources, structures and derivative companies to local district, thus the contract frequencies are improved and place costs are reduced. (2) helpful in accumulating information and knowledge to promote the spread of techniques and knowledge. The aggregation effects of brand community make companies easy to find out the fundamental factors necessary for innovation techniques so that risk of innovation can be reduced and probability of risk success can be improved.(3) helpful in realization of effects on economy of scale. The aggregation effects of brand community can bring about the specialized markets of various relevant services, such as market of personnel, market of techniques, market of funds, and market of product transaction, which can improve the usage efficiency of public infrastructure and make single company obtain scale of economy in share of assisting service in cluster.

2.2 Diffuseness effect

The diffuseness effect put forward in the paper mainly refers to the influence of cognition to products of consumers and development of regional and industrial images and other firms in it by famous brand gathering.

Diffusion effects of brand community are mainly embodied in three aspects of promoting place image, bringing about the development of other companies in the industry and improving consumers' recognition. Firstly, good impression for overall region and firms in it of consumers and the public promoted by some famous brand firms in the cluster and the image hereinafter, forms good regional and industrial images. Good regional and industrial images will promote the influence of famous brand firms in the region, and win the reliability and good impression in the society or in the world market, which can expand to more brands, so, the phenomenon of firms gathering gets more and larger, and then regional overall image and industrial image will be advanced continuously. Secondly, the demonstrative effect of early brand creation of famous-brand firms and continuous innovative activities in the cluster will inspire other firms in the industry the passion to imitate, a group of famous-brand firms forming and growing in the clus-

ter. Meanwhile, famous-brand firms, as leaders in the industry, "are generally finders, enterprise incubators, entrepreneurship supporters, demonstrators and agents of change…"[5], therefore, the successful growing model of famous-brand firms sometimes becomes the example imitated by other small-and-medium sized firm in the cluster, consequently, other firms grow fast. Third, famous-brand products centralized in geography correspondingly possess the features of more differentiation, higher reputation and influence in larger scope, and more spreading speed in larger area than single brands; at the same time, which possess the actual strength of more quality guaranty and contract sanction, and more powerful quality undertaking and guaranty for consumers and the promise and credit through market exchange, and then the reliability of the brand in the area is improved to consumers.

2.3 Collaboration effect

The collaboration effect refers to the collaborative activities expanded jointly in order to cut down costs, share resources and increase income among firms. The collaboration between famous-brand firms is mainly composed of fore-and-aft and transverse collaboration between them. Kinds of collaboration with mutual benefits should be employed as most as possible to exert the collaborative advantages of value chain net because famous-brand firms are close in geography, correlative in industry and network on value chain. From the point of view of value chain, the fore-and-aft collaboration of famous-brand firms performs in the cooperation between the upper and lower firms firstly. The transverse collaboration between famous-brand firms is mainly the cooperative activities to enhance benefits when there exist common benefit fields, such as study and communicate mutually, cooperative product development, common market expansion, and sales promotion altogether, etc. to achieve the goal of two-to-win.

2.4 Competition effect

The competition effect referred in the paper is the state of mutual competition in market, technology, resources to seek more competitive poison between famous-brand firms. According to the competitive exclusive principle, competition is formed in the condition of lack in resources and market volume also ecological niche overlap. A single brand lightens the press brought by competition in the cluster by seeking the differentiation of its ecological niche in order to survive and develop, on the one hand to expand new ecological niche, on the other hand to breakaway from ecological niche to avoid ecological niche overlapping with other famous-brand firms, accordingly, they find their own appropriate ecological niche. The paper concludes competition of ecological niche between famous-brand firms as the competition in

product quality, technological innovation, sales market, suppliers and human resources, divides the competitive degree into five indicators, restrainability, amensalism, neutrality, commensalism and reciprocality using ecological theories[6].

3 Research methods

3.1 The choice of research object

The research chooses Wenzhou area where industrial cluster developed in China and there are numerous cluster brands as the key scope of it, in detail, we take low voltage electrics, shoe industry and clothes industry for example whose cluster brands are well developed, to indentify key dimensions of famous-brand community effect during the formation of cluster brands.

3.2 In-depth interview study

The project team chooses 11 famous-brand firms among the typical industries above stated as the research object, 4 low voltage electric firms, 3 shoe firms and 4 clothes firms. This research takes an in-depth interview on medium-and-high management can make sure the suitability of measuring indicator system, by which the specific measuring indicators are born for famous-brand community effect dimensions. During the in-depth interview, researchers make the interviewees describe the most suitable indicator for each dimension by the way of semi-structural interview.

By systematically reviewing interrelated former literature, the research chooses as many as possible initial questions warehouse used for measuring cluster brand effects, i.e. 37 measuring indicators are identified, hereinto, 13 indicators reflecting competitive degree between famous-brand firms, 6 collaborative degree, 11 centralized abilities, 7 diffusing abilities. The questions that are mentioned in the interview with low frequencies are eliminated, 23 questions that are mentioned frequently remain at last.

4 Conclusions

The paper starts from the angle of influence effects of famous-brand community on cluster brand formation, concludes famous-brand community effects in cluster brand formation as four key dimensions, centralization and diffuseness effects, collaboration and competition effects, according to single famous-brand effect theory and brand ecological theory.

In the future, quantitative measurement tools will be developed base on this study, and larger sampling survey will be conducted, in order to validate the tool further and continuously enhance its stability and validity.

References

[1] Chen Wenling, Spanning of Wenzhou: from conditional credits to modern credits[M]. Beijing: Central Compilation & Transla-

tion Press, 2005. 193(Ch).

[2] Ai Feng. On Famous Brand. Beijing: Economics Daily Press, 2001:114-115(Ch).

[3] Sun Lihui, Shi Xiaofei. Analyzing Mechanism of Interactive Effects of Local Industrial Clusters and Regional Brands [J]. *Marketing Guide*, 2004(1): 56~58. (Ch).

[4] Zhang Yingjie, Li Wenlian, Wang Can. Study on Economic Effects of Famous Brand Cluster [J]. *Economics*, 2004, (8): 37~38(Ch).

[5] Zhu Jiahong, Wu Aiqi. Failure of Cluster Evolution Motivation and Imitation Based on Focus Enterprise Growth [J]. *Foreign Economies and Management*, 2004(2):33~37(Ch).

[6] Shen Dawei. On Firm Ecological System: Ecological Niche Theory and Competition Strategy, 2006: 19(Ch).