Windesheim

internationalisation instruments and place branding in Dutch Regions

2015

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The use of internationalisation instruments and place brand architecture by Dutch regions

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Management summary / recommendations:

- Overall: Politicians need to be educated at least to a basic level in the range of communications options that are available for region branding, to prevent a default position of using for example television simply because that is what politicians are familiar with.

- Trade missions: widely used though still a challenge for regions, as a lack of follow-up can render trade missions significantly less effective than they potentially could be.

- Trade fairs: effective use of this instrument requires a significant investment in physical materials such as stands, banners, displays, etc. In addition: the issue of place brand architecture, that is, the use of national flags and imagery rather than just individual company branding.

- Although social media such as Facebook and Twitter are free to use, there needs to be a commitment in terms of human resources to ensuring that effective use is made of social media opportunities.

- Creating and managing networks can be aided by Customer Relationship Management (CRM) systems.

- A constant challenge in evaluating the effectiveness of internationalisation instruments is the time lag between internationalisation activities such as trade missions or trade fairs and the contracts that are secured following such events.

- The gap in time between the event and the eventual contract being signed can run into years, which renders effective evaluation difficult.

- A flexible approach was taken by most regions with regard to place brand architecture. The use of Holland as an umbrella brand, for example, appeared to be implemented on an ad hoc rather than a long-term strategic basis.

- Some regions made a conscious decision to use Holland as a parent brand, to benefit from the generally positive and well known Holland brand.

- Using Holland as a parent brand was felt to be particularly useful in international markets where the individual Dutch regions were not known, but Holland as a nation brand was well known.

- Some respondents find that the focus of the Holland-level branding was too much on the Randstad region and not enough on the other regions of the country.

Introduction

Regions are under increasing pressure to internationalise in order to attract inward investment and to boost export performance. This research investigates the internationalisation instruments used by Dutch regions in their internationalisation efforts. The research also examines the extent to which place brand architecture plays a role in Dutch regions' internationalisation strategies.

Respondents from public sector organisations in the following regions participated in this study into the use of internationalisation instruments and place brand architecture by Dutch regions:

Drenthe	North Brabant
East Netherlands	North Holland
Flevoland	Overijssel
Friesland	South Holland
Gelderland	West Holland
Groningen	Zwolle
Limburg	

Interviews were held in mid / second half of 2014 with internationalisation professionals (usually one or two persons) employed by provincial governments or working for organisations responsible for marketing regions nationally as well as internationally. Interviews lasted an hour on average, were recorded and transcribed.

To preserve respondent anonymity, the names of regions are not given in the main body of the report; where the name of a region was mentioned by a respondent, that name appears in this report as 'our region'.

Internationalisation instruments

A wide range of internationalisation instruments were used by most regions, consisting mainly of trade missions, fairs, flyers, banners and brochures, films, websites, and social media. According to one respondent, many such instruments are used but to varying degrees:

'Fairs, flyers, banners, a film, trade missions, social media is very important for us…'

A mix of traditional media such as printed materials together with newer online platforms was also used by other regions. However, the use of television proved to be driven more by political pressure than by communication effectiveness, as one respondent observed:

'We are going to be on Dutch television. To be honest, if I could choose, I wouldn't do it. But our politicians want it and they ask me just fill it, so ok! But when I'm making my plans, my strategy for a year, it is half of my budget just for Dutch television and I'm not sure what it's going to do.'

As the above respondent pointed out, television is an expensive medium and may not be particularly cost effective. Yet if politicians insist on the use of television, it is difficult for public sector professionals to challenge such decisions. This suggests that politicians need to be educated at least to a basic level in the range of communications options that are available, to prevent a default position of using television simply because that is what politicians are familiar with.

TRADE MISSIONS

Trade missions were mentioned by most respondents as being an integral part of their internationalisation activities. All the respondents agreed that trade missions are valuable instruments for internationalisation, offering plentiful opportunities for face-to-face networking and relationship building with current and potential business partners.

However, one problem identified by respondents was the challenge of achieving effective follow-up after trade missions have taken place. As one respondent described:

'When you are abroad, big hype and oh oh… Then they are coming home and it's all problems of the day.'

The above respondent highlights a recurring issue with trade missions, namely that once the missions are over, most participants are immediately plunged back into the busy routine of

their daily work and lack the time to build upon and exploit the new contacts that were made during the period of the trade mission. This represents a challenge for regions, as a lack of follow-up can render trade missions significantly less effective than they potentially could be.

FAIRS

Trade fairs provide an opportunity for internationalisation that was used by many of the regions. But simply being present at a trade fair does not guarantee an effective outcome, as one respondent noted:

'I was earlier this year in a trade mission to Turkey, going to an energy trade fair, all kinds of companies presenting themselves. We facilitated as a province. And I noticed a few things. Big hall, and left in the back were the Dutch participants. White table, white stand with two banners. Here, here, here (drawing on a piece of paper) were national stands, with several companies. So that stand was not national, but the branding was national. Denmark: the flag of Denmark, and then some things. But it was all individual companies. Here it was Norway, the same, flag of Norway. So it was known as Norway but it was individual for companies. So I asked, why are you standing all three at the back? With a white table. Where is the presentation of our region or the Netherlands? We can't pay it, we can't afford it, it's too expensive. That also says something about branding. Because for me, if you are going to do branding, one item that is serious is the stand, combined stand.'

As the above respondent notes, effective use of trade fairs requires a significant investment in physical materials such as stands, banners, displays, etc. The Dutch participants referred to by the respondent failed to make an impact at the trade fair in question because their stand was located in an obscure part of the hall and lacked professionally designed visual branding to attract visitors to the stand. Another point made by the above respondent relates to the issue of place brand architecture, that is, the use of national flags and imagery rather than just individual company branding. Many nations benefit from a stock of well known imagery and that can help attract attention amongst trade fair participants who may have little pre-existing knowledge of or interest in the specific companies who are present at the trade fair.

SOCIAL MEDIA

Usage of social media was widespread amongst the regions studied. Facebook, Twitter and YouTube were the most commonly mentioned social media. One respondent stated:

'We have a Facebook account but that's not really updated regularly, it's mostly Twitter. With Twitter, everyone on the team has a shift of two weeks, one person after another. If I'm honest, they know very well how to do it, but I don't. But I'm following, every tweet, we tweet a lot! They know about social media but what is very important is that they understand what kind of content we want. It doesn't feel right to ask someone else, you can just hire someone to fill it up, but most of the times it's not exactly what we want. It has to be about the successes of the region, in all the sectors. It's not about politics, it's not about what this organization is doing, and it's not only about food and drink and nice events – it's about high-tech, innovation, and working together. So we have to do it ourselves. It's a real job, it could be full time. We have two tweets on our national account every day, seven days per week, and four or five tweets a week international because we don't have a lot of international messages yet. And our sources, international, are limited.'

An important point made by the above respondent is that although social media such as Facebook and Twitter are free to use, there needs to be a commitment in terms of human resources to ensuring that effective use is made of social media opportunities. In the above respondent's organisation, specific individuals were assigned regular periods in which they were responsible for contributing new and relevant content on Twitter. However, in other organisations and regions, there was not such a clearly defined schedule for maintaining the organisation's social media presence.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM

One respondent highlighted the important role played by the CRM system that the region had created for the international press:

'We have a CRM system that we want to load with international press. We have international press trips that we organize.'

Such use of CRM systems should facilitate relationship building amongst multiple audiences, in addition to the international press mentioned by the above respondent. The development of a CRM system represents a transition from a passive relationship with the press (i.e., responding to journalists' requests for interview, information, etc.) to an active relationship in which the regional organisations take the initiative in informing the press about relevant initiatives and events. Creating and managing networks can thus be aided by CRM systems.

NETWORKING WITH INTERNATIONAL COMPANIES ALREADY ESTABLISHED IN THE REGION

One respondent mentioned the importance of networking and maintaining good relationships with international companies that are already established in the region, as a productive step in internationalization efforts:

'First of all, we try to get in touch with the strategic companies from abroad in our area. There was a survey from the Ministry of Economic Affairs that says that about 20 percent of all results came via already existing companies in the Netherlands. If translated into extra labour force, it was almost fifty percent of the results. And when you look at the additional investments, it was almost 70 percent… So the most results come from existing companies and their networks.'

Related to the issue of networking with international companies already established in the region was the potential effectiveness of testimonials in attracting other foreign companies to the region. As one respondent stated, when asked to comment on the relative effectiveness of advertising compared to testimonials:

'I believe much more in a testimonial. You want to send out a certain message, ask a company you assisted before, tell his or her story. It's much cheaper as well.'

The above respondent's view was shared by other respondents, who also believed strongly in the power of testimonials as a persuasive and cost effective communication tool.

COOPERATION WITH THE MINISTRY OF ECONOMIC AFFAIRS

A further dimension of networking identified as significant in regions' internationalisation activities was the potential benefits to be gained from engaging in close cooperation with the Ministry of Economic Affairs. By tapping into the Ministry's international network, regions could enhance their internationalisation activities:

'We have our close cooperation with the Ministry of Economic Affairs, we have their international network all over the world.'

The international network operated by the Ministry of Economic Affairs was clearly appreciated by the above respondent. However, few of the other respondents mentioned

the Ministry's international network as playing an important role in their region's internationalization efforts.

WEBSITES

Few respondents drew attention to the importance of a website as an internationalisation instrument for their region. It was not clear whether this was because websites are taken for granted as being crucial to internationalisation efforts and therefore not needing to be commented upon, or if websites are an overlooked element of regions' internationalisation strategy. One respondent noted that:

'Of course we have our website in Dutch, in English, and also in Chinese.'

Although some regions had websites translated into foreign languages such as Chinese and English, it was not clear if the content of the foreign language websites was customised to the foreign country or if only the same content as on the original Dutch website was translated. There may be potential benefits for regions to provide original, customised content in the language of the target countries.

EFFECTIVENESS OF THE INTERNATIONALISATION INSTRUMENTS USED

Various approaches were taken to evaluating the effectiveness of the internationalisation instruments used, although there appears to be scope for more rigorous and objective measurement across the range of instruments. One respondent stated, for example:

'We're not really measuring… We measure what it does to the image of our region. But not on instrument level. You never know. You don't which instrument is doing the good job. A lot of attention for this region, the last year especially, have you seen the quote of April? A magazine quote, a Dutch magazine, it was about our region. We didn't ask for it, we didn't work on it. Inside, it was a very mixed quote. On the front the quote was "Why do people from this region earn a lot of money?", something like that. And our flag. Well, if it's in the shops, it's ok. The press realizes there is something happening in this region, they are writing about it, we're not sure if it's because of us. Something that we see is the growing of our followers on Twitter, the number of times that films we put on YouTube are watched.'

A constant challenge in evaluating the effectiveness of internationalisation instruments, alluded to by several respondents, is the time lag between internationalisation activities such as trade missions or trade fairs and the contracts that are secured following such

events. The gap in time between the event and the eventual contract being signed can run into years, which renders effective evaluation difficult. As on respondent put it:

'We don't ask companies how much did you sell, how profit did you make? For several reasons. Firstly, of course, if a company says to us, I've earned a million because of your trade mission and the next day there's a funding application coming in for half a million we say, hey, you've earned a million. So we don't get that information. And normally the follow-up of a trade mission – the positive follow-up – perhaps it can take two or three years, especially in countries like China. What is at a certain moment the correlation after three years between a contract and a trade mission?'

Another respondent commenting on evaluating the effectiveness of trade missions attempted to provide an objective measure of effectiveness as follows:

'Here in our policy we have funded 22 trade missions, with 8 participants. So more or less 200 companies abroad in a position to do activities, it's a very good result for us. But we don't know how much profit, sales.'

Place brand architecture

The concept of 'brand architecture' comes from the field of product and corporate branding. When a company has more than one brand, it has to decide how to manage and structure the relationships between the company's different brands. Some companies choose a so-called 'invisible parent' strategy, whereby the company that owns a brand does not use its company name in the marketing of the brand, e.g., the Johnnie Walker whisky product brand does not use parent company Diageo's corporate brand in its marketing, as the corporate brand in that case may not add value to consumer perceptions of the product brand. On the other hand, the 'parent brand' may be clearly visible and used to support and endorse the product brand, e.g., the Kellogg's corporate brand features prominently on company products such as breakfast cereals.

The brand architecture concept can be applied to places such as regions, cities and nations. For example, for many years the two biggest cities in Scotland used contrasting brand architecture strategies. Glasgow branded itself as 'Glasgow – Scotland with Style' (using Scotland as a visible parent brand), whereas Edinburgh branded itself as 'Edinburgh – Inspiring Capital' (a so-called 'standalone' brand, with the parent brand invisible). In the context of Dutch regions, similar brand architecture options are available: whether or not to use Holland as a parent brand, and also the issue of using other brands from within the region.

PARTNER BRANDS WITHIN THE REGION

A flexible approach was taken by most regions with regard to place brand architecture. The use of Holland as an umbrella brand, for example, appeared to be implemented on an ad hoc rather than a long-term strategic basis. For some regions, the important brand was not the region itself but the companies, individuals and organisations within the region:

'We're talking about the successes of the region so it's not the region, it's the successes of others. Maybe the difference between Johnnie Walker and the invisible parent is that we didn't have to choose that – the region is a brand already. Even if we didn't do anything, ever, our region is something. People think of themselves as being from this region. It's a thing, it's a brand. So in our activities we use all the successes – of cities, of entrepreneurs, of sports – to make it our region. We do it together.'

USING HOLLAND AS A PARENT/UMBRELLA BRAND

Some regions made a conscious decision to use Holland as a parent brand, to benefit from the generally positive and well known Holland brand. Using Holland as a parent brand was felt to be particularly useful in international markets where the individual Dutch regions were not known, but Holland as a nation brand was well known, as the following comment illustrates:

'And sometimes we use Holland. Just sometimes. In situations where our region doesn't exist. In the USA, we say our region is a very successful region in Holland. Because everyone knows Holland, it's a good brand, it's a positive brand, and Holland is branding on innovation a lot, and entrepreneurship, and that's our proposition as well.'

However, it was felt by some respondents that the focus of the Holland-level branding was too much on the Randstad region and not enough on the other regions of the country:

'Holland branding, they don't know that a lot is happening here. They are thinking Amsterdam, Randstad, so we're working on that. And we just decided with the entrepreneurs' association, Holland branding has an image bank and pictures are always welcome so we are going to send them every three months a lot of pictures of our region which they can use for innovation and entrepreneurship because it is all happening here and in that way they are going to use our stuff. We have to work on that. But they are very focused on Randstad.'

The notion on an over-arching 'umbrella' brand was also questioned by one respondent, who preferred to think of the place brand (whether regional or national) as playing a supporting role rather than a dominating role:

'It's still this big, not umbrella, because that sounds like it's over it, it needs to be under it, you know.'

One respondent clearly stated that their region does not use Holland as a parent or umbrella brand. The reason given was that the attachment felt by, for example, entrepreneurs in that region, was to their company, their city and their region rather than a national-level attachment. When asked if the region uses Holland in their brand architecture, the respondent stated:

'No. We use our region, this area, we use it as an endorsement for all the villages that comprise the region. Because we know that the feeling of pride, if you have an entrepreneur then the first feeling is with his company and then for the location, the city, and then maybe for the region.'

On the other hand, a respondent from one region stated that all of their branding was done under the national-level Holland branding:

'We work very closely together with the Netherlands Foreign Investment Agency, which is a part of the Ministry of Economic Affairs and they do the promotion, the branding of Holland, Holland Invest.'

One of the clearest comments on place brand architecture was made by a respondent who emphasized that the parent brand was not necessarily Holland but could also, at a higher geographic level, be Europe:

'Well, when all the discussions start, when I go to Japan or to China with the people from the Ministry of Economic Affairs, our first step is to convince those companies that they should start up in Europe. That's phase one. When they are convinced that they have to go to Europe then the second question is, where in Europe? So then my colleague from the Ministry of Economic Affairs tells all the selling points from the Netherlands. And if this company is convinced that Holland is the right location in Europe, then there's a third step, and that's my responsibility, to convince him or her that they should go to our region.'

Summary

A wide range of internationalisation instruments were used by the thirteen regions studied in this research. There were varying degrees of commitment to the internationalisation process. In some regions there was a clearly defined strategy for internationalisation, whereas in other regions a more reactive, ad hoc approach was taken. Trade missions were widely used, though ensuring adequate follow-up to such missions remains a challenge. Social media was embraced actively by some regions but less so by others. Television advertising was used by one region, an expensive option driven more by politicians' demands than by communication effectiveness.

In terms of place brand architecture, there was frequently use made of Holland national-level branding, particularly in international markets where the individual Dutch regions were not well known. However, this appeared to be implemented in an unstructured manner rather than as part of a coherent long-term strategy. Regions could perhaps reflect more deeply on the benefits to be gained from adopting a place brand architecture strategy that makes better use not only of Holland as the parent brand, but also making use of other brands from within the region such as well known cities, companies, industry sectors, academic institutions, celebrities, sports teams, and so on.