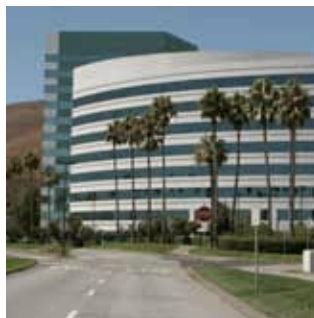


# CLUSTER BRANDING AND MARKETING

– a Handbook on Cluster Brand Management



## EXECUTIVE SUMMARY

Locations all over the world compete for investments, export share, talents, tourists, residents, resources, political attention and media space. This is no less true for business clusters.

Many clusters, however, face branding and image-related challenges, such as low visibility and weak differentiation externally, as well as low identification and lack of commitment on the part of cluster stakeholders internally.

Against this background, this handbook seeks to illustrate how brand building and strategic marketing can be used by cluster organisations and their main stakeholders, and how these activities are an integral part of cluster development. This handbook shall function as a practical toolbox and a go-to source of inspiration for cluster brand and marketing management that can be used by individual cluster organisations as well as national and regional development and inward investment organisations.

The core of the project's research and analysis is 11 case studies of clusters' branding and marketing. Cases and successful examples from clusters in the Nordic countries are used throughout the handbook to illustrate the different concepts and ideas covered.

Branding a cluster faces many challenges; multiple stakeholders and low control of the actual 'product', for example, makes it difficult to forge a coherent brand identity, achieve differentiation and make place cluster stakeholders carriers of the brand. Inspired by place-branding practice, a definition for Cluster Brand Management is presented, which rests on the view that cluster branding is both

about cluster development and cluster marketing – and that it many times is more about behaviour, action and development than marketing communications. The single most important factor for the success of a cluster branding effort is that cluster stakeholders are ready to become carriers of the brand and its values. For this to happen, an inclusive branding process, a perceived strong commercial added value and brand-oriented cluster management are key factors. To meet these requirements, a six-step model for Cluster Brand Management is introduced.

The handbook also addresses how different types of clusters may have different branding and marketing needs, and puts forward several types of clusters, which differ in terms of geographic coverage and stage of development.

Reasons why one should engage in cluster branding, and for whom cluster reputation is important, are discussed, in addition to general cluster branding benefits, such as recognition of the cluster, increased identification and the brand as a managerial tool. The role of, among other things, cluster reputation for talent attraction, investment promotion, export and internationalisation, and lobbying and opinion making, is discussed.

In addition, it is discussed how clusters can use brand architecture frameworks for both analytical and strategising purposes, work with different positioning and naming strategies, and use branding and marketing tools and activities such as storytelling, ambassador networks, PR and media relations, and social media.

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## OUTLINE OF HANDBOOK

The first chapter introduces the purpose and method of the handbook, and describes the study project that has formed the basis of it.

The second chapter briefly outlines the role of clusters and discusses different types of clusters that are of importance to branding and marketing clusters. It also discusses how branding and marketing differ for different types of clusters.

The third chapter illustrates the main benefits and value that the cluster and cluster stakeholders derive from a strong cluster brand reputation, and from working with cluster branding and marketing as processes. It also discusses what benefits and value matter most to different stakeholders.

The fourth chapter gives a brief overview of how the branding concept has evolved, introduces important definitions of marketing, branding and the concept of place branding, and discusses challenges of cluster branding and marketing.

The fifth chapter introduces a viable process for how clusters can go about creating a strategy for sound and effective Cluster Brand Management.

Chapter six outlines the concept of brand architecture and how it can be used for clusters. Four possible brand architecture strategies are discussed by using examples from the study and elsewhere. The idea of supra-national place branding in relation to clusters is introduced, and ideas for how clusters can encourage co-branding with the cluster is put forward.

The seventh chapter discusses possible brand positioning and naming strategies for clusters, and what positioning and naming strategies might go well together.

Finally, chapter eight brings up different tools and activities that help market and brand a cluster. It is a discussion of the most innovative and interesting tools and activities that the study has come across, which can serve as inspiration for cluster organisations and their partners.

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# 1.0

## INTRODUCTION

*Locations all over the world compete for investments, export share, talents, tourists, residents, resources, political attention and media space. This is no less true for business clusters.*

This handbook seeks to illustrate how brand building and strategic marketing management can be used by cluster organisations and their main stakeholders, and how these activities are an integral part of cluster development.

Clusters need to attract the best and brightest professionals and scientists, promote investment and the establishment of new firms, gain international visibility and find new collaboration partners, help promote exports from and internationalisation of cluster firms, and gain the attention and recognition of policymakers and EU officials in charge of funding programmes.

Many clusters, however, face branding and image-related challenges, such as low visibility, weak differentiation and difficulties expressing distinctiveness externally, and low identification and lack of knowledge and commitment on the part of cluster stakeholders internally.

Enhancing the image of the cluster in this way involves creating awareness and a clear position in relation to the outside world – a unique place in people's consciousness that distinguishes it from other clusters – as well as mobilising commitment and awareness among cluster stakeholders. No doubt, clusters are complex, amorphous systems with multiple and complex stakeholders and target audiences. In this environment, the brand of the cluster can function as a conceptual idea of what the cluster is and wants to be, providing direction, meaning and identification, helping the cluster to make sense of and navigate a complex world. Many cluster organisations also face resource constraints, so in order to compete for the mind-space of their key audiences, they need to out-smart rather than out-spend their competition.

Sound, informed and innovative Cluster Brand Management can play a key role in this endeavour.

The idea of branding and marketing clusters has to some degree been seen as an exogenous factor to the main cluster actors – something that someone else is responsible for, such as regional authorities or the media. Surprisingly often, one can read that cluster branding is indeed an important objective for cluster organisations and that the development of a common brand image to the public and the markets is an important factor for the success of a cluster, but without any substantial references to how this could be done. This document aims to fill that gap.

A strong brand is based on a combination of functional, “facts and figures” arguments, and emotional ones, be it a corporate, product or place brand. We choose neighbourhoods, holiday destinations, cars and our mobile phones based on both facts and emotion, using both the rational and emotional part of our brains. There is no reason to believe that we only use the rational part when we choose



were to locate a company, invest our money or look for a new job. Hence, clusters need to mind their brands, just like any other location.



## 1.1 PURPOSE OF THE HANDBOOK

The purpose of the handbook is to illustrate how brand building and strategic marketing can be used by cluster organisations and their stakeholders, and how these activities are an integral part of cluster development.

It shall function as a practical toolbox and a go-to source of inspiration for cluster brand and marketing management that can be used by both cluster organisations as well as national and regional development and inward investment agencies.

## 1.2 METHOD

The core of the project's research and analysis phase is 11 case studies of clusters' branding and marketing. The cases were identified in collaboration between the project management and the project partners. A total of 91 interviews were conducted with cluster organisations, cluster companies, regional and local authorities, investment promotion agencies and academia as a part of the case studies.

Experiences have also been collected from experience sharing and discussions in two workshops that were held with the project partners throughout the project period.

Find more information about the case studies and research questions that have guided the research in Appendix I.

*A total of 91 interviews were conducted with cluster organisations, cluster companies, regional and local authorities, investment promotion agencies and academia as a part of the case studies.*

In addition, interviews were conducted with representatives of other clusters that have earned a reputation for using branding or marketing in an innovative way. Reviewing academic literature and practitioner-oriented reports, both in the fields of cluster development, corporate branding and place branding, has also been integral to producing the handbook. Inspiration has also been sought from another study on cluster branding and marketing conducted by Tendensor and published by Nordic Innovation called "Strategic global marketing of Nordic cleantech clusters and competencies". In this study, a total of 34 representatives of cleantech cluster organisations were interviewed about their marketing and branding.

The study project behind the handbook is henceforth referred to as "the study".



### 1.3 ABOUT PROJECT “CLUSTER MARKETING AND BRANDING IN THE NORDIC COUNTRIES”

This handbook is the result of the development project “Cluster Marketing and Branding in the Nordic Countries (“CMB”). Running March to October in 2012, the purpose of the project was to explore how clusters can use branding and strategic marketing in order to improve their visibility, attractiveness and overall competitiveness and strengthen their international profile to attract talents and skilled professionals, firms and investments, and to promote internationalisation and exports.

Managed by place-branding consultancy Tendensor in Sweden, it gathers project partners from the following 11 cluster organisations, investment promotion agencies and development organisations in the Nordic countries:

- **Medicon Valley Alliance** (Cluster organisation, life science, Eastern Denmark/south-western Sweden)
- **BrainsBusiness – ICT North Denmark** (Cluster organisation, ICT, Aalborg, Denmark)
- **Skåne Food Innovation Network** (Cluster organisation, food, Malmö, Sweden)
- **Triple-Steelix** (Cluster organisation, steel production, Region of Bergslagen, Sweden)
- **Airport Cluster Finland** (Cluster organisation, airport services and technology, Helsinki)
- **Culminatum Centre for Expertise in Living Business** (Development/cluster organisation, living solutions, Helsinki)
- **Greater Helsinki Promotion** (Inward investment agency)
- **Invest in Skåne** (Inward investment agency, Region Skåne, Sweden)
- **Business Region Göteborg / GöteborgBIO** (Inward investment/development agency, Gothenburg/Western Sweden)
- **Innovation Norway** (Innovation agency, representing NCE and Arena cluster programmes in Norway).
- **VINNOVA**, innovation agency, Sweden (BSR Stars programme, focus on marketing of macro-regional clusters in the Baltic Sea Region)



# 2.0

## CLUSTERS AND THEIR BRANDING AND MARKETING NEEDS

*This chapter briefly highlights general benefits of clusters and discusses how different types of clusters may have different branding and marketing needs*

In short, clusters are geographic concentrations of interconnected companies, specialised suppliers, service providers and associated institutions in a particular field.<sup>1</sup>

It is well documented that clusters are important for growth, innovation and investments. There are some general benefits of clusters for business and the wider economy that have been observed in research and practice, such as:

- Physical proximity of the cluster companies facilitates exchanges of information and talent among cluster stakeholders; clusters usually include an ecosystem of highly specialised suppliers, service providers, investors, analysts, students, researchers, trade association members, consultants and other useful specialists, making collaboration and exchange easier.
- Clusters provide an environment where entrepreneurship and innovation thrive. The high concentration of knowledge in one single location can encourage entrepreneurs to launch more new start-ups than would otherwise be launched.
- Businesses located together in clusters demonstrate better results than non-cluster firms, and a business located in a cluster has a stronger growth and survival rate.
- Clusters enhance the reputation of a location in a particular field.
- Ultimately, clusters support job creation and tax revenues.

1. Cluster as a term is in the handbook used more broadly to denote also similar place-based concepts such as “business hubs”, “agglomerations”, “ecosystems”, “centres of excellence” and “innovation arenas”.

## 2.1 DIFFERENT NEEDS FOR DIFFERENT CLUSTERS?

In the study it has become clear that many branding and marketing concepts are applicable to all types of clusters, irrespective of size of cluster or type of industry.

However, two factors stand out as especially important for branding and marketing of clusters: first, the size of the geographical location the cluster covers, and second, the stage of a cluster's development, described by its position in a life-cycle perspective.

We apply a definition of three geographically defined cluster types here:

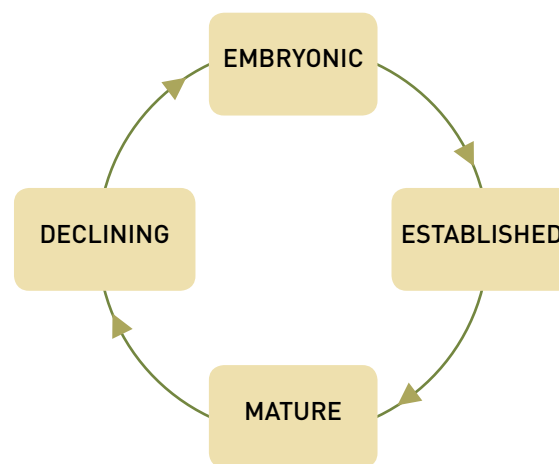
1. **City or district clusters** cover a city or municipality, or parts thereof. In some cases, these clusters have grown out of a science park or the equivalent. The Milano fashion cluster is an example of a city cluster, and the Kista Science City in Stockholm is an example of a district cluster.
2. **Regional clusters** cover several municipalities and cities. They may have one or several concentrations, usually around cities, universities or science parks. Examples include the Triple Steelix steel cluster in Sweden and the Medicon Valley life science cluster spanning parts of Sweden and Denmark.
3. **Virtual clusters** are networks of several clusters or clusters that span one or several nations, but without one particular regional concentration. The Airport Cluster Finland and the Living Business cluster in Finland are examples.

*Two factors stand out as especially important for branding and marketing of clusters: first, the size of the geographical location the cluster covers, and second, the stage of a cluster's development, described by its position in a life-cycle perspective.*

These definitions are not necessarily mutually exclusive; a regional cluster can also be a virtual cluster in the sense that the cluster organisation can include national and international members, but still maintain a regional hub for its activities; one example is the Packbridge packaging solution cluster in southern Sweden.

One of the most important factors when it comes to geographical size of a cluster is the opportunities to work with place-making aspects of branding. As the Kista case (Profile 1 in chapter 4) illustrates, a district cluster has good prospects to improve attractiveness on the ground and create physical meeting places, whereas regional and virtual clusters need to rely more on overall *meta-level branding techniques*. A meta-level brand is a brand that is of a higher order than a given process, project or system, and it is somewhat consistent over time. However, many regional and virtual clusters would benefit if they could identify and further develop

Figure 1:  
Cluster life cycle.



hubs in their cluster ecosystem that can form sub-brands to the meta-brand (read more about sub-brands in chapter 6 on brand architecture).

The life-cycle perspective describes how clusters develop over time. They emerge, grow, mature and finally decline:

- ▶ **Embryonic** clusters are at early stages of growth.
- ▶ **Established** clusters are perceived as having room for further growth.
- ▶ **Mature** clusters are stable or will find further growth difficult.
- ▶ **Declining** clusters have reached their peak and are failing or declining – clusters at this stage are sometime able to reinvent themselves and enter the cycle again.

Figure 1 visualises the cluster life cycle in a circular mode .

Figure 2:  
Different branding and marketing needs and focus in different stages of the life cycle.



There is no consensus in the cluster research about to what extent the life-cycle perspective is suitable to describe how clusters develop over time. Admittedly, the life cycle is a simplistic representation, and many clusters may develop in a more complex and non-linear pattern. However, the model shown here is seen as useful for understanding the branding and marketing needs of clusters in different stages of development.

Cluster facilitators use the cluster life cycle to understand what kind of support and strategic interventions clusters may need at different stages of development. For example, in embryonic clusters, intermediary brokers may be important in encouraging collaboration and acting as information brokers, which may not be needed at later stages. For mature or declining clusters, it is essential to encourage openness and innovation to prevent regional lock-in, which in turn can promote the creation of new industries. In the same vein, it is

<b>VISIBILITY AND IDENTIFICATION</b>	→	<b>ATTRACTIVENESS AND DIFFERENTIATION</b>
<b>PLACE-BASED</b>	→	<b>VIRTUAL</b>
<b>CLUSTER-FOCUS</b>	→	<b>CLUSTER-ACTOR FOCUS</b>
<b>PROJECT-ORIENTED</b>	→	<b>BUSINESS-ORIENTED</b>
<b>PUSH</b>	→	<b>PULL</b>

argued here, the cluster life cycle can be used to understand what strategic interventions and choices in marketing and branding that may be needed at different stages of development. In the study, we have observed that early-stage clusters and declining clusters seem to have many of the same needs, whereas established and mature clusters seem to have many of the same needs.

These observations are discussed in the following by categorising the needs and recommendations for declining and embryonic clusters, on the one hand, and for established and mature clusters, on the other hand. It is important to bear in mind that the categorisations below are generalisations of different observations and patterns, and may not be applicable to the same degree to all clusters. Figure 2 outlines the five categorisations according to main emphasis of the needs and focuses of the two groups of clusters, discussed more in the following.

## I. Overall needs and goals:

### **Declining and embryonic clusters:**

#### *Visibility and identification*

At early stages, many clusters need to make themselves known and heard, both internally among stakeholders and externally among target groups and collaboration partners. They also need to increase identification with the cluster among stakeholders. This is very much about “connecting the dots” in terms of developing linkages between actors in the cluster and creating awareness (one way of doing that is through projects, see point 4). To a large extent, the same goes for declining clusters; they need raise visibility in order to showcase their importance to decision makers and cluster actors, and revitalise the identity of the cluster.

*At early stages, many clusters need to make themselves known and heard, both internally among stakeholders and externally among target groups and collaboration partners. They also need to increase identification with the cluster among stakeholders.*

### **Established and mature clusters:**

#### *Attractiveness and differentiation*

At later stages, there is still a need to achieve visibility and identification, but to build attractiveness of the cluster and to develop its differentiating features can become overriding goals. Building attractiveness can include gathering stakeholders to improve the attractiveness of the physical location in and around the cluster (as Kista Science City, a mature cluster, has done, as explained in chapter 4, profile 1). True differentiation is difficult to achieve and early stage clusters may have difficulties pursuing a coherent positioning strategy, whereas later stage cluster have the marketing power and stakeholder support to do so.

## 2. Role of place:

### **Declining and embryonic clusters:**

#### *Place-based*

Generally, these clusters may find it beneficial to explicitly link their branding efforts with their surrounding location to a greater degree, as they, in the case of embryonic clusters, have no established brand image of their own. In the case of declining clusters, they may need to reinforce their collaboration with the surrounding region or city. This can help increase identification of both actors within the cluster and visibility externally. It may also prove useful to tag onto other established brands in early phases, such as concept brands (e.g. “Smart Cities”).

### **Established and mature clusters:**

#### *Virtual*

Over time, the branding efforts for later-stage cluster can loosen links with the surrounding place, as the cluster develops a stand-alone brand of its own. There is, however, no clear disadvantage to keeping the place link when the cluster develops.





### 3. Cluster or cluster actors in focus?

#### **Declining and embryonic clusters:**

##### *Cluster*

In the case of embryonic and declining clusters, an overriding goal is to show the benefits of the cluster and the cluster organisation to both cluster stakeholders and external target groups. For example, the good stories about the cluster and the cluster initiative need to be identified and communicated to create recognition.

#### **Established and mature clusters:**

##### *Cluster actors*

As a cluster develops, focus can be shifted from communicating the merits of the cluster organisation and the cluster to emphasising individual cluster actors, innovations and solutions to a larger extent, but within the framework of the established cluster reputation. A larger degree of business-orientation in marketing can also be beneficial.



### 4. Project-oriented or business-oriented?

#### **Declining and embryonic clusters:**

##### *Project-oriented*

Clusters in the early stage and, to some degree, those in decline, may find it worthwhile to intervene to launch and communicate different development projects to showcase the benefits of clusters, forge linkages between cluster actors, and create identification among them.

#### **Established and mature clusters:**

##### *Business-oriented*

Later stage clusters, on the other hand, can probably benefit from steering focus to a larger extent towards providing and communicating neutral platforms and networks for business-driven collaboration.



## 5. Pull or push marketing?

### **Declining and embryonic clusters:**

#### *Push*

Embryonic and declining clusters need to more proactively reach out to target groups, for example by attending international trade fairs, signifying a “push” marketing strategy.

### **Established and mature clusters:**

#### *Pull*

More established clusters that already have an established image can most likely shift marketing focus to a “pull” strategy, focusing on taking care of target groups that are attracted to the cluster. For example, dealing with incoming delegations and catering to investors are examples.

Chapter 7 on positioning strategies will further address what strategies may be appropriate for clusters in different stages of development.

A hand is shown pointing at a network diagram. The diagram consists of several circular nodes connected by lines, forming a web-like structure. The background is a light teal color with a subtle pattern of overlapping circles and lines. The hand is positioned in the lower right quadrant, with the index finger pointing towards the center of the diagram.

# 3.0

## WHY CLUSTER BRANDING AND MARKETING?

*This chapter outlines the main benefits and value that the cluster and cluster stakeholders derive from a strong cluster brand reputation and from working with cluster branding and marketing as processes. It also discusses what benefits and value matter most to different stakeholders.*

At the highest abstraction level, cluster branding will support attractiveness and competitiveness of clusters, and ultimately innovation, growth and new jobs. As surveys such as the Cluster Initiative Greenbok have observed, brand building is strongly related to improved competitiveness of the cluster. But in what way and for whom do cluster reputation and cluster branding add value?

And why is it important to know for whom and in what way cluster reputation creates value? Because if cluster organisations know how cluster reputation is or can be used by cluster stakeholders, they can more easily pinpoint the incentives different cluster stakeholders may have to support the work to build a stronger cluster brand. In short, they know

‘what buttons to push’ in terms of what arguments to use when encouraging stakeholders to support cluster branding.

Another issue is that knowing the possible incentives of cluster firms and other cluster actors is useful for efforts aimed at encouraging *co-branding* with the cluster (read more about co-branding in chapter 6).

### 3.1 GENERAL BENEFITS AND EFFECTS OF CLUSTER REPUTATION

Looking at general, cluster-level effects of cluster brand reputation, the following effects and benefits have been observed in the study and in research:

#### ► RECOGNITION

Clusters enhance the reputation of a location in a particular field, which makes it more probable that a buyer will buy from suppliers and vendors based in it, or that investors or talents will consider the cluster.

#### ► REDUCE RISK

Cluster reputation can act as a surrogate for corporate reputation, which can support internationalisation, especially of small and medium sized enterprises (SMEs), in different ways. Cluster reputation proves legitimacy and acts as a guarantor of quality. In addition, a cluster is a social system where proximity and visibility guarantee a degree of social control that increases trust and lowers opportunistic behaviour. A strong cluster reputation can therefore act as a guarantor of credibility towards external actors.

#### ► REDUCE COMPLEXITY

Clusters are complex, multiple-stakeholder systems. A solid, clear cluster brand image can make the cluster more comprehensible to the outside world, and also create context and direction for stakeholders within the cluster.

#### ► PROVIDE DRIVING FORCE AND DIRECTION FOR CLUSTER DEVELOPMENT

A clear cluster brand can help mobilise stakeholders and provide energy and direction for efforts aiming at developing the cluster.

#### ► FUNCTION AS A MANAGERIAL TOOL

The cluster brand can function as a managerial tool. If a cluster manages to define what its brand identity stands for, it becomes easier to make decisions for the cluster organisation, and perhaps also for other cluster stakeholders.

#### ► REINFORCE IDENTIFICATION

A sound and attractive cluster brand identity can help cluster stakeholders identify more strongly with the cluster and thereby pave the way for closer collaboration between cluster actors.

#### ► CREATE CIVIC PRIDE

A positive cluster reputation can be seen as a resource for mobilising local pride and boosting self-confidence of cluster actors by making them more aware of what values and achievements the place stands for.

## 3.2 HOW DO DIFFERENT STAKEHOLDERS BENEFIT FROM CLUSTER REPUTATION?

Looking at the more *functional benefits* of cluster reputation, we can see how different benefits provide value to different groups of stakeholders. Based on the study and other research, we discuss the different benefits of clusters, and to what extent they matter for and can be used by different cluster actors.

This overview also indicates who the main stakeholders in cluster branding and marketing are.

### ► **Talent attraction**

Clusters have the potential to become magnets for attracting talent. For example, clusters can showcase a pool of employment opportunities, and the presence of a cluster indicates a pool of employment opportunities for highly sought after skilled professionals, scientists and technicians.

This is especially beneficial for *SMEs*. The dynamic

at play here is that cluster reputation acts as a surrogate for corporate reputation, making it easier for *SMEs* to attract skilled managerial and scientific personnel, as these may feel that there are other employment opportunities outside the *SME* within the cluster, reducing the perceived risk of taking a job with an *SME*. For example, studies of the Hollywood cluster have confirmed that skilled workers in the film industry choose to remain close to the largest pool of employment opportunities in order to offset risks associated with the instability of short-term contractual work common in film production.

The study indicates that *larger companies and multinationals* (*MNCs*), despite having a corporate reputation of their own, see the clusters as platform for attracting talents and scientists, and hence benefit from cluster reputation. Even for a renowned *MNC*, like mobile telecommunication company Ericsson, the reputation of Kista, Stockholm, where

its corporate headquarters are located, plays a key role in creating opportunities for it to hire students and skilled professionals.

As well, *universities and research institutions* use cluster reputation to attract scientists and researchers, but perhaps to a lesser degree than companies. The lure and recognition of the individual academic institution is by far the most important determinant in attracting academics. It is therefore of importance for clusters to showcase centres of scientific gravity for attracting academics and scientists. For attracting students, cluster reputation is not a major factor per se. However, students are, according to research, attracted by employment possibilities in global companies, intercultural experiences and access to housing. Therefore, to attract student, clusters should communicate the supply of these elements, and help create links between global companies and educational institutions in the cluster.

*Clusters provide a context and framework for communicating clusters to investors; at best a cohesive packaging of business opportunities and value chains.*

Finally, *investment promotion agencies* (IPAs) can also use the cluster's attractiveness for talents as arguments when attracting investors to cluster firms, and other *public sector bodies*, such as regional and city governments, can use the cluster and its reputation as a 'flagship brand' signalling excellence when attracting talent to the location.

► **Investment attraction and new firms**

Clusters can help attract investments, venture capital and promote the establishment of new firms. Again, *SMEs* in particular benefit from cluster reputation in this regard. Research shows that cluster reputation can make investments into an unknown *SME* be perceived as less risky in the eyes of investors, as it acts as a surrogate for corporate reputation, which has been confirmed in the study.

Naturally, the job of *IPAs*, to attract investors and new firms, is made easier by improved cluster repu-

tation, but other *public sector organisations* can also draw on a cluster's reputation for attracting both private and public investments into infrastructure and large-scale research facilities (the European Spallation Source facility in Lund, Sweden, being a prime example).

There are several positive effects that a cluster and its brand reputation can have that are of importance for the work of *IPAs*. First of all, clusters provide a context and framework for communicating clusters to investors; at best a cohesive packaging of business opportunities and value chains. Secondly, sales arguments, stories, and facts and figures can be found in the cluster and refined by *IPAs* and cluster organisations together. Finally, there is often a 'follow the leader' effect among investors, which can be harnessed by *IPAs* by identifying corporate flagships brands in the cluster that can lure the attention of other investors and firms.

► **Internationalisation and export promotion**

As cluster reputation enhances recognition of a location, it helps firms in the cluster export their products and services.

For example, *SMEs* wanting to sell in foreign markets or look for foreign collaborators have to prove their legitimacy in different ways in order to be accepted, and proving such legitimacy may be associated with costs (e.g. ISO certifications, costly marketing) that are unaffordable for many smaller firms. Cluster reputation can act as a guarantee that an *SME* meets the minimum requirements to be in a particular field, thereby reducing legitimisation costs.

In addition, *IPAs* can use cluster reputation to support the internationalisation of cluster firms, which, in turn, will make the cluster ecosystem even more attractive for investors. As well, *academic institutions*



within a well-reputed cluster seem to find it easier to forge partnerships and collaboration agreements, thereby facilitating their internationalisation efforts.

► **Sales**

Sales to domestic companies are also supported by cluster reputation. As one respondent working

for an IT consultancy in one ICT cluster expressed it, “the cluster’s image says something about who we are as a company, and that helps us in our own marketing – both to other cluster firms and firms outside the cluster”. Again, this benefit seems to be of greatest importance to *SMEs*.



► **Showcasing internal importance within MNCs**

In the study it became clear that subsidiaries of *global corporations*, such as research and development centres and production units, use the cluster and its reputation to prove their *raison d'être* and bolster their position in the internal competition for resources and attention taking place within MNCs.

► **Expressing Corporate Social Responsibility**

*Larger corporations* especially benefit from engaging in cluster development and cluster branding in terms of using their engagement as a way of conveying that they are socially responsible and 'good citizens', and the stronger the cluster reputation, the more value it has for the corporation to showcase this engagement.

Somewhat surprisingly, this motivation is quite fre-

Figure 3:  
Most important functional benefits  
for each type of cluster actor

Type of cluster actor	Three most important benefits
SMEs	<ul style="list-style-type: none"> <li>• Talent attraction</li> <li>• Investment attraction</li> <li>• Export promotion and internationalisation</li> </ul>
Large companies	<ul style="list-style-type: none"> <li>• Talent attraction</li> <li>• Expressing CSR</li> <li>• Lobbying/opinion forming</li> </ul>
Investment promotion agencies	<ul style="list-style-type: none"> <li>• Investment attraction</li> <li>• Talent attraction</li> <li>• Internationalisation and export promotion</li> </ul>
Public sector	<ul style="list-style-type: none"> <li>• Lobbying/opinion forming</li> <li>• Investment attraction</li> <li>• Talent attraction</li> </ul>
Academia	<ul style="list-style-type: none"> <li>• Lobbying/opinion forming</li> <li>• Talent attraction</li> <li>• Internationalisation</li> </ul>

quently cited as a motivation for larger companies to support cluster branding efforts.

► **Lobbying and opinion making**

*Larger corporations* see well-reputed clusters as potential credible communication channels, through which they can apply pressure on policymakers. As one cluster manager in a telecommunications cluster put it, "corporation X uses the cluster to communicate to policymakers that more public investments are needed into a particular field of applied telecommunications research and highlight that it is the opinion of all actors in the cluster, not just of themselves as an individual company".

Regional and local *public sector bodies* also use the cluster as leverage in their opinion-forming activities, both vis-à-vis national policy-makers to showcase the importance of the cluster's main sector and attract funding, and in relation to EU officials in

charge of funding programmes. In addition, universities and research institutions tend to make use of cluster reputation when lobbying government for more resources for research and education.

Figure 3 highlights the three most important functional benefits per type of cluster actor, as concluded by the study.

### 3.3 MARKETING BENEFITS OF CLUSTERS

There are also pure marketing complementarities at play in clusters:

- ▶ Clustering of firms is convenient to customers who can visit several vendors in a single visit, and compare prices and products. It also reduces buying risk as one location offers alternative suppliers, allowing buyers to multisource or switch suppliers if need be.
- ▶ Agglomeration can also expand the market for specialty products that need large markets to generate sufficient product demand, thereby lowering costs for other firms.
- ▶ Similarly, cluster firms can be seen as more attractive buyers to suppliers who can market to similar companies within the region.
- ▶ Cluster members can benefit from joint marketing mechanisms such as company referrals, trade

fairs, trade magazines, and marketing delegations. These lower the marketing costs for cluster firms, which is especially attractive for SMEs who have limited resources for marketing.

- ▶ There are also knowledge spill-overs in clusters, linked to marketing know-how. Large companies tend to possess marketing know-how that can benefit SMEs.

### 3.4 PROCESS-ORIENTED BENEFITS

We have also in the study, and in the literature, uncovered benefits stemming from the process of working with brand building, which we call *process-oriented benefits*, signifying benefits that derive from the actual process of working with branding and marketing, as opposed to the end results (e.g. a stronger or more positive image). These are mainly

internal, strategic and development oriented.

Engaging in a cluster branding process could offer some of the following benefits for the cluster:

- Clarification of strategic concepts and goals.
- Improved strategic focus and direction.
- Driving force for internal cluster development work.
- Identification of stakeholders and cluster actors.
- Better sense of place and shared values.
- Facilitate the formation of new interaction structures, meeting places and networks in the cluster.
- Improve interaction and deepening of relationships within the cluster.
- Help increase self-knowledge and self-awareness, as a well-planned branding effort will pinpoint both strengths and weaknesses and what one needs to do better in order to live up to branding claims.

Figure 4:  
Benefits of cluster reputation, marketing and cluster branding

General benefits	Functional benefits	Marketing complementarities	Process-oriented benefits
<ul style="list-style-type: none"> <li>• Recognition</li> <li>• Reduce risk</li> <li>• Reduce complexity</li> <li>• Provide driving force and direction</li> <li>• Managerial tool</li> <li>• Reinforce identification</li> <li>• Create civic pride</li> </ul>	<ul style="list-style-type: none"> <li>• Talent attraction</li> <li>• Attracting investments and new firms</li> <li>• Internationalisation and export promotion</li> <li>• Sales</li> <li>• Showcasing internal importance within MNCs</li> <li>• Expressing CSR</li> <li>• Lobbying and opinion forming</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple vendors in one area</li> <li>• Expand the market for specialty products</li> <li>• Increase attractiveness to buyers</li> <li>• Joint marketing mechanisms</li> <li>• Marketing know-how spill overs</li> </ul>	<ul style="list-style-type: none"> <li>• Clarify strategic goals</li> <li>• Improved strategic focus</li> <li>• Driving force for internal development work</li> <li>• Identification of stakeholders</li> <li>• Better sense of place</li> <li>• New interaction structures and networks</li> <li>• Improve interaction and relationships</li> <li>• Heighten self-knowledge and self-awareness</li> </ul>

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# 4.0

## BRANDING AND MARKETING: DEFINITIONS, PRINCIPLES AND CHALLENGES

*This chapter gives a brief overview of how the branding concept has evolved, introduces important definitions of marketing, branding and the concept of place branding, and discusses challenges of cluster branding and marketing.*

## 4.1 FROM MASS MARKETING TO THE BRAND SOCIETY – A SHORT STORY OF THE EVOLUTION OF BRANDING

Brands – and the art of branding – have throughout the 20th century risen to prominence in the business world because they are very effective ways of creating value, not only for brand-owning companies but also for consumers.

Throughout the first half of the 20th century, it was the physical product and its qualities, rather than the brand, that was the core of differentiation and the unique selling proposition. However, fuelled by the boom in TV and radio mass marketing in the 1960's, the idea that the product's brand image and the feelings it evokes may be more important than its technical merits as a means of differentiation came to the forefront of branding. In the 1980's, corporate branding became a widespread practice and the organisations behind the products became the focus of brand building.

It was not until the 1990's, however, that brand

management truly became a strategic management issue, way beyond the product itself. Building *brand equity* was the word of the day. Indeed, during the late 1990's and early 2000's, branding emerged as a significant area of importance not only for corporations and their products, but also for places, universities, religious institutions, other non-profit organisations, and even individuals. Today, cities, regions and countries engage in brand management, as do universities and international non-governmental organisations (INGOs). Organisations such as the WWF or the Red Cross nowadays have brand managers on their payroll, which was unthinkable a decade ago.

Some go so far as to say that today we live in a 'brand society': brands are omnipresent, guiding the management of organisations and our choices and setting the tone for our lifestyle preferences in all spheres of life. Brands have become a new way

of organising production and managing consumption, functioning as a medium between producers and consumers, and thereby rapidly transforming economy and society. True or not, today everybody wants to cultivate their brand. In a time when companies search for their soul, individuals seek to define themselves, regions try to clarify their uniqueness and nations look for their roots more than ever before, brands have become vehicles for creating identities and self-expression.

During the previous decade, following the rapidity of globalisation, interconnectedness between people and markets and democratisation of information, the interest in place branding exploded: today, most countries, cities and regions in Europe, in one way or another, try to compete with other places for investments, tourists, residents and talents by engaging in place marketing or place branding practices.

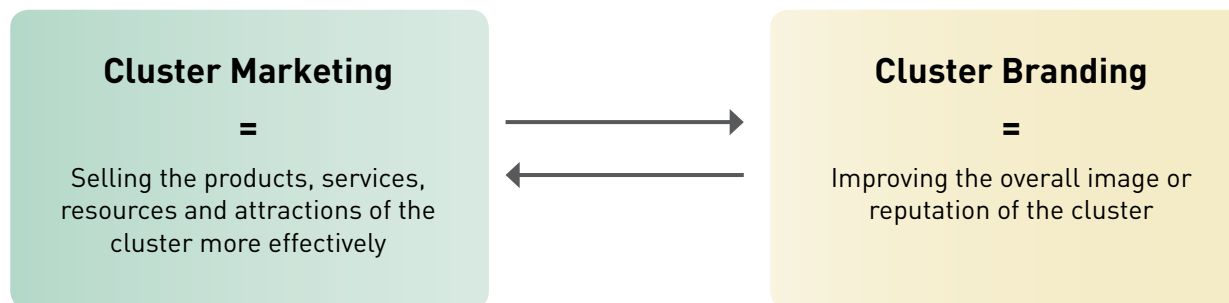
## 4.2 DEFINITIONS: WHAT IS BRANDING AND MARKETING?

What is branding and marketing – and what is the difference between these concepts?

A *brand* in a nutshell is a ‘promise delivered’: a brand makes promises to consumers, customers and other stakeholders, in everything it does. Thus, for a brand to be successful, branding must be all about delivering on that promise. This holds true for all brands, including place and cluster brands. If a cluster claims to be the “most innovative cluster in Northern Europe” or “a global hub for the ICT sector”, it must be sure that it can live up to the expectations created in these claims, both in marketing communications and in deeds.

*Marketing* forms an integral part of the brand: it helps to communicate the promises that target groups should know about. In a place context, marketing is here defined as a tool for selling the products, services, resources and attractions of the place in a more effective manner. It is primarily not about tackling the overall reputation of the place, which is what branding is. However, the marketing should be based on the chosen brand positioning, identity and values that have all been defined by the place actors. The branding, if successful, makes marketing and selling the cluster and its products and resources easier and cheaper. Figure 5 illustrates this relationship.

Figure 5:  
Relationship between cluster  
marketing and cluster branding



In summary, marketing communications are essentially *what* you do to get the message or promise across to target audiences to make them buy products or services, whereas branding is *how* you keep the promise made through delivery to audiences and stakeholders.

## 4.3 PERSPECTIVE ON BRANDS AND BRANDING

Another important definition is the brand as a *brand image*. Brand image is here defined as a “set of beliefs or associations held about a specific brand in the minds of its target audience”.

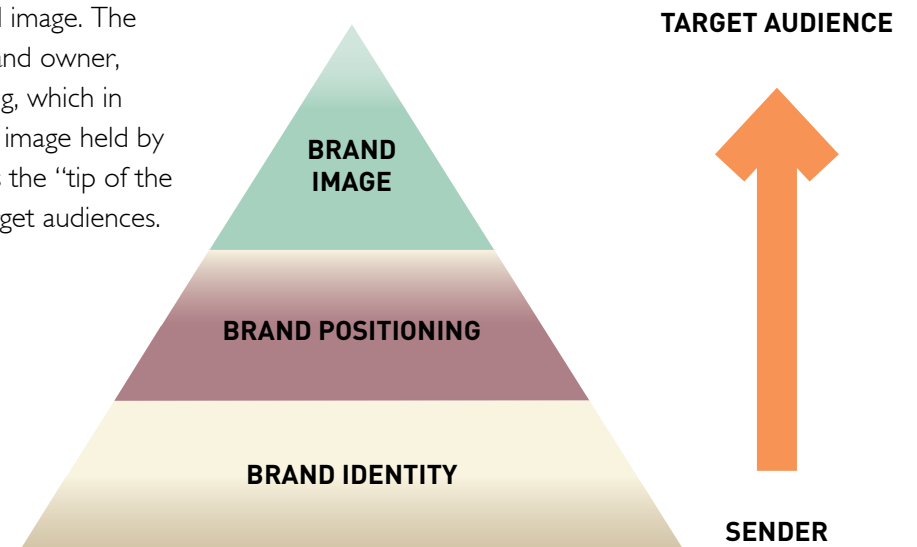
If the brand image exists at the receiver’s end, then *brand identity* resides at the sender’s side. It is the outward expression and attributes that determine the essence and character of the brand from the internal perspective. It is, simply put, how the brand owner wants the brand to be perceived. It provides direction, purpose and meaning for the brand. A brand – just like a person – needs have a consistent and continuous identity in order to be trusted.

The link between brand identity and brand image is the *brand positioning*. It is here defined as the strategic activity of creating a brand offer in such a way so that it occupies a distinctive place and value in the target customer’s mind, often in relation to the market or the competition. A brand’s position-

ing is a distillation of the brand identity, expressing in a concise manner what makes the brand unique. Therefore, *differentiation* is a key objective in positioning. The overall purpose is to establish a sustainable competitive advantage over competitors.

Figure 6 illustrates the relationship between brand identity, brand positioning and brand image. The brand identity is managed by the brand owner, who also chooses a brand positioning, which in turn is meant to influence the brand image held by target audiences. The brand image is the “tip of the iceberg” of the brand, as seen by target audiences.

Figure 6:  
Relationship between brand identity,  
brand positioning and brand image



A brand is not only something that supports marketing, it is also a *managerial tool*: if you manage to define what your brand identity stands for then it becomes easier to make decisions. For a company, this means, for example, what products or services to produce and sell, who you should hire, how your communications should look and sound and even what your office environment should look like.

Finally, we want to introduce the perspective of the *brand as a relationship*. Brands reflect a relationship between supplier and customer. This relationship, like all others, is based on trust, the fulfilment of promises and common values. Developed for consumer and business-to-business marketing, this perspective is a very fruitful for place and cluster brands. As mass-marketing tools seldom are an option for places, they logically have to employ network- and relationship-marketing approaches.

The brand image of the cluster and its elements

### THREE PERSPECTIVES ON BRANDS MOST RELEVANT FOR CLUSTER BRANDING

- The cluster brand as a promise
- The cluster brand as an image, identity and positioning
- The cluster brand as a relationship

is formed in the interaction between the cluster actors in the cluster, and the target groups outside the cluster. Cluster branding can therefore be characterised as a social process. Indeed, a multitude of interactions take place between customers and suppliers, investors and investees, talents and employers, students and academia, and the physical environment of cluster and visitors, to name a few. It is in these 'touch points' and dealings between the cluster and its target audiences that the brand promise is fulfilled. The challenge of cluster branding is then to deliver a somewhat consistent experience and impression of the cluster's firms and their products, services and employees, educational and research institutions, physical environment, supply of services, etc. Needless to say, this is a challenging feat.



Branding tends to be a – sometimes wildly – misunderstood concept. Many people think about advertising when they think about branding, and some view it as the creation of a logo and a slogan. In fact, it is much more than that.

Branding for a city, country or a cluster does not merely consist of attaching new labels and creating messages, but identifying, developing and communicating the essential characteristics of the individual identity into a brand essence.

In other words, *place and cluster branding is both about communication and behaviour*, what you say and what you do, if you will; in many cases this is more about behaviour, action and development than marketing communications. It is a holistic and wide-scale process that sets social, economic, political and cultural processes in motion, which can nuance, strengthen or correct the perception of others.

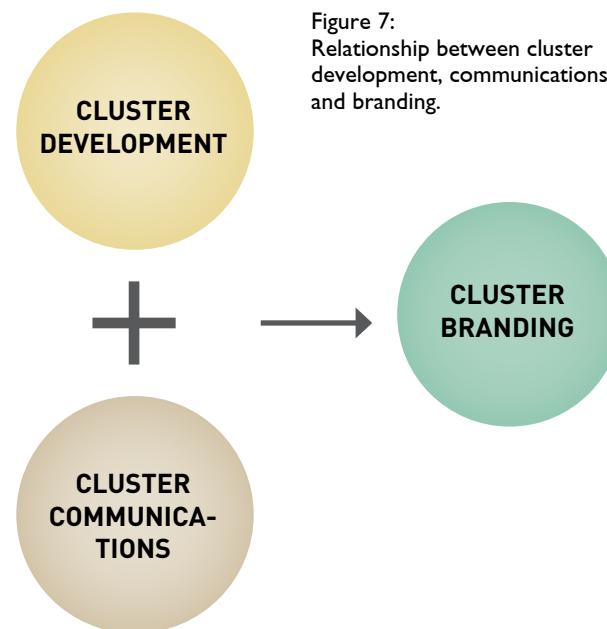


Figure 7:  
Relationship between cluster development, communications and branding.

An illustrative example in the Nordic cluster context of how development and actions play a key role in cluster branding is the ICT cluster Kista Science City, described in profile 1 on page 34.

The co-ordinated management of the cluster development and cluster marketing communications is consequently the ultimate aim in branding a cluster. This leads up to a definition of Cluster Brand Management.

### CLUSTER BRAND MANAGEMENT

“How a cluster manages its reputation and achieves a distinct position based on its identity and what it does most effectively”

## PROFILE 1

### KISTA SCIENCE CITY: URBAN DEVELOPMENT AS CLUSTER BRANDING STRATEGY

An illustrative example of how cluster development plays a key role in branding is the ICT cluster Kista Science City, located in one of the suburbs of the city of Stockholm. Since the year 2000, Kista has pursued a comprehensive strategy to brand and develop itself into a science city, a transition from its science park origins. At the centre of this work is a clear strategy for developing the attractiveness of the place on the ground. This entails making sure that there is a supply of services and meeting places that one would expect to find in city: cafés and restaurants, housing, cultural events, amenities, green areas, etc. This is done in close collaboration and continuous dialogue with cluster firms, real estate and construction companies, the city government and the universities in the area. No doubt, communication plays a role in this endeavour, but the absolutely most important element is managing the different aspects of the location's brand identity and earning a reputation for being an attractive location – a science city – by doing things rather than saying things.



© Niclas Gråhn / Kista Science City

## 4.4 PLACE BRANDING, CORPORATE BRANDING AND THE ROLE OF PLACE

Both place branding and corporate branding can offer inspiring perspectives, methods and experiences that are beneficial to the practice of cluster brand management.

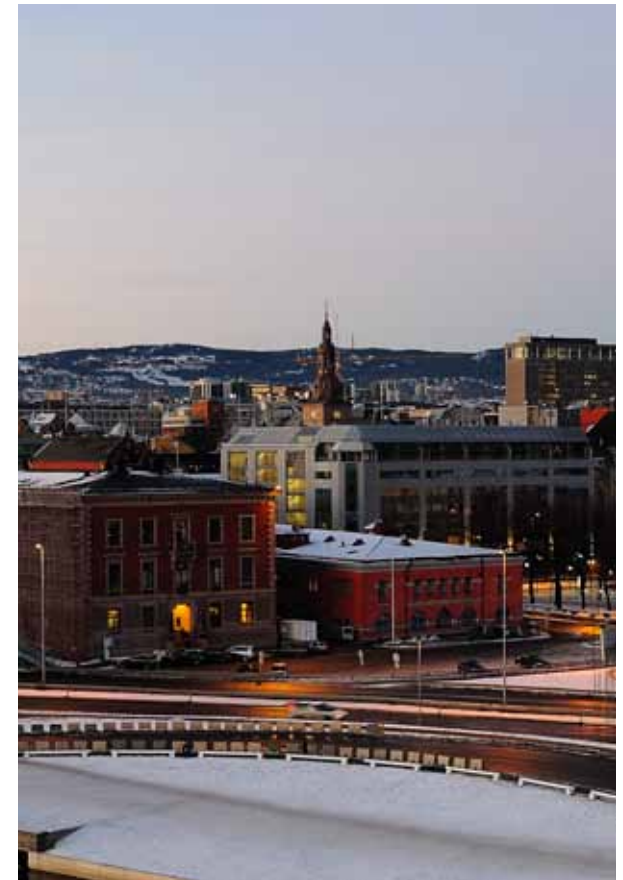
A cluster is an agglomeration of companies and other actors in a geographically delimited location – a place, in essence. As such it should, in general, face some of the same challenges in brand building as other places, such as cities and regions.

Thus, the application of place branding to its marketing offer many possibilities, as models of product marketing and strategic communication are not adapted to the nature of places and clusters. There are a range of perspectives that have emerged as an integral part of place-brand management can be applied to cluster branding to a larger degree. These include:

- Most places have a historical and cultural specific

character that clusters can draw upon, which can help them fill the cluster brand with more meaning and soft values, facilitate differentiation, and cultivate a sense of community among cluster stakeholders.

- Concepts of ownership and co-creation are key issues in relation to place branding and ought to be so for cluster branding as well. The ownership of place brands is difficult to designate and define, compared to corporate and product brands, making it essential to work in partnerships and networks between different stakeholders.
- Place branding has illustrated how public-private partnerships can be used as a platform for place branding, and how a division of labour can develop between business, the public sector and other stakeholders.
- There is a rather widespread consensus that place branding goes beyond market communications and also includes place development



and place-making aspects, a perspective that, should also characterise cluster branding.

As for corporate branding, it offers many useful perspectives and inspiration. One such area is brand architecture, derived from corporate branding practice, which application in the cluster context is addressed more in detail in chapter 6.

## 4.5 CHALLENGES FOR CLUSTER BRANDING

Branding places and clusters is fraught with challenges, which explains why corporate marketing and communication techniques alone do not work well for building cluster brands.

These are the main challenges of place and cluster branding, and differences between it and product and corporate branding.

- Place and cluster branding involves multiple stakeholders, often with competing interests, contributing to difficulties in forging a coherent and clear brand identity.
- Target groups do not only differ in their perceptions of the place but also in their needs and demands. For instance, an export buyer in Asia has very different needs and expectations from a decision maker in national government or a student looking for a job.
- Unlike product and corporate branding, place branding is seldom under the control of one

single central authority, making co-ordination challenging. Government or industry associations are rarely in a position to dictate policy to stakeholders; cluster organisations are even less in such a position.

- Making place and cluster stakeholders carriers of the brand is a daunting task. A company can, for example, use mandatory training, financial and other incentives and recruitment as a means to ensure and encourage that employees support the delivery of its brand promise (and use firing if they do not); a place, for very obvious reasons, has none of these options.
- Measuring the effectiveness of place branding is fraught with difficulties. It is, for example, difficult to know whether the decision of a multinational firm to locate an R&D centre in a cluster has anything to do with branding or marketing activities by members of the host cluster. It is also difficult to ascribe an overall change of place image to systematic branding efforts.

- In the same vein, the commercial value of supporting place branding efforts on the part of companies is often difficult to measure.

All of this contributes to making place branding and corporate branding different, and place marketers need to go about working with branding in alternative ways. For example, as places and clusters do not have the mandate and control over different parts of their entities, partnerships and networks will be key to get stakeholders to pull together in the same direction.

Another effect is that as there are few tools to ensure that cluster stakeholders 'live the brand', it is absolutely essential to make as many cluster actors as possible co-creators of branding and marketing strategies, and create a feeling of ownership of the brand; otherwise, there is a good chance that they will not want to use it.

## 4.6 PRINCIPLES AND CHARACTERISTICS OF CLUSTER BRANDING



Based on the study, other practitioner-oriented analyses and place-branding research, a number of general characteristics and requirements of cluster branding that will permeate the handbook can be laid down:

- Reputation is something you earn, not something you construct.
  - The desired brand image and positioning must reflect reality and be credible in its claims.
  - Cluster brand building is a management issue.
  - Cluster branding must be business-oriented, but with involvement from private and public cluster actors.
  - Branding efforts must be long-term and consistent. Clusters that change strategies or approaches too often will end up creating confusion and doubt about what they stand for.
  - Cluster reputation is a *public good* and immaterial asset that can be drawn upon by many different stakeholders for many different purposes.
- In complex environments and systems, such as in a cluster, brand building is a social process.
  - Associated concepts 'infect' each other; a firm in a cluster will inevitably be associated with the cluster in which it is based, as well as the region and country in which the cluster is based. A corporation will be seen in the light of its country of origin, and the most influential corporations will contribute to shaping the image of their clusters, countries and regions. This is discussed more in detail in chapter 6 on brand architecture.

## 4.7 BRANDING PLATFORMS

The purpose of the *branding platform* is to define, clarify and solidify a brand's position. It is a blueprint of the foundational values and beliefs of the place, its competitive advantages, and its unique traits of excellence, encapsulating the guiding principles that underpin who you are, what you offer the world and how you appear to your stakeholders or target groups. Figure 8 shows the branding platform with the central value and the core values for 'Brand Sweden', which serves as an illustration.

Designing a brand platform is a key activity in brand building work, and the platform should be one of the end results of the branding strategy process, which will be discussed in the next chapter.

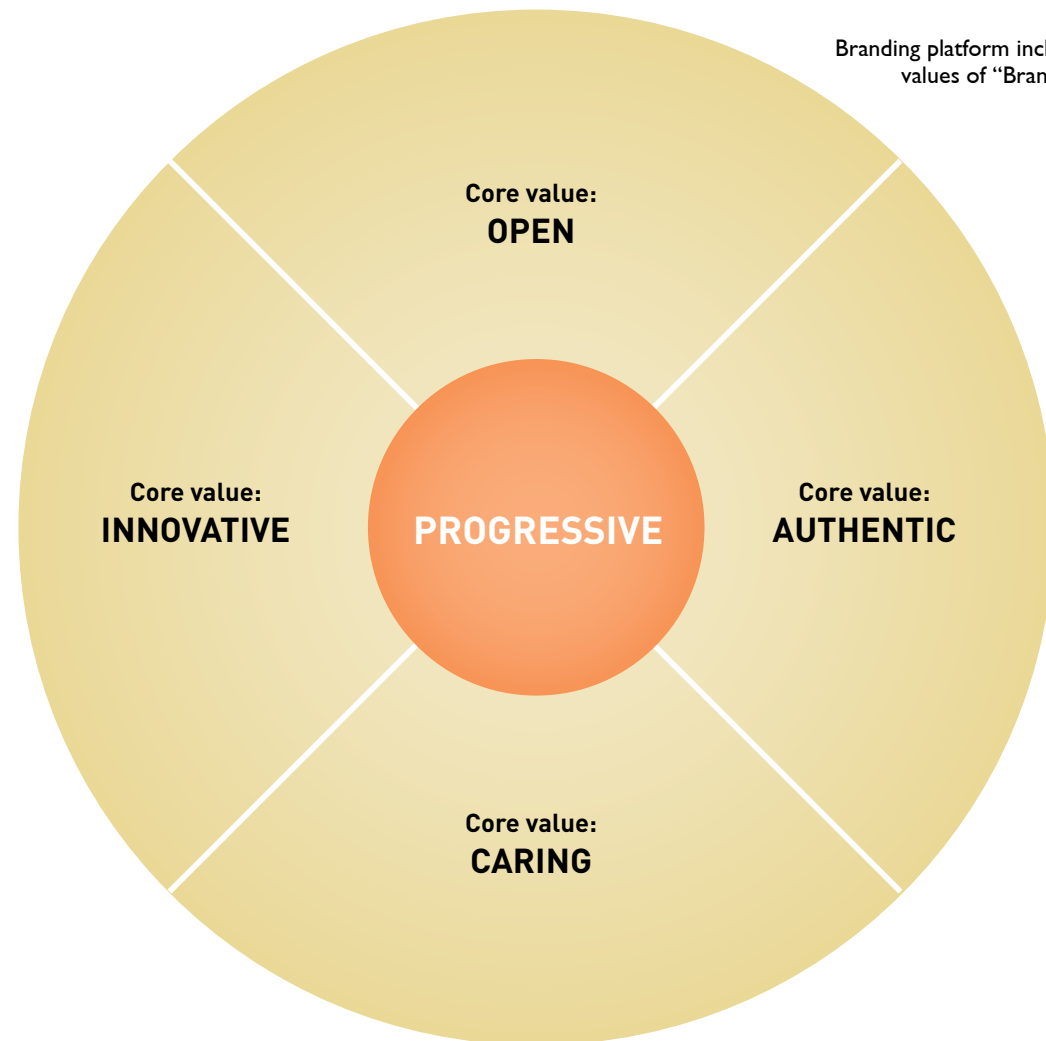


Figure 8:  
Branding platform including core  
values of "Brand Sweden"

# 5.0

## THE BRANDING STRATEGY PROCESS: TOWARDS A MODEL FOR CLUSTER BRAND MANAGEMENT

*This chapter sets out to describe a viable process for how clusters can go about creating a strategy for sound and effective Cluster Brand Management.*

The nature of brand management makes it difficult to suggest a linear step-by-step process model in a 'one-size-fits-all' format, but an attempt is made here to go over the main six phases that, to some extent, should be included in a cluster branding process.

These six key phases and their main focus are described in the box to the right, and in figure 9.

## SIX PHASES OF A CLUSTER BRAND MANAGEMENT PROCESS

1. Mobilisation and planning: Building interest and participation and planning.
2. Research and analysis: Understanding the brand identity, brand image and strengths.
3. Process: Forming the branding platform in an inclusive process.
4. Strategy: Deciding on the core of the branding strategy.
5. Implementation: Going from words to action.
6. Management, monitoring and evaluation: Ensuring that the process runs smoothly, branding promises are fulfilled, evaluation and fine-tuning.



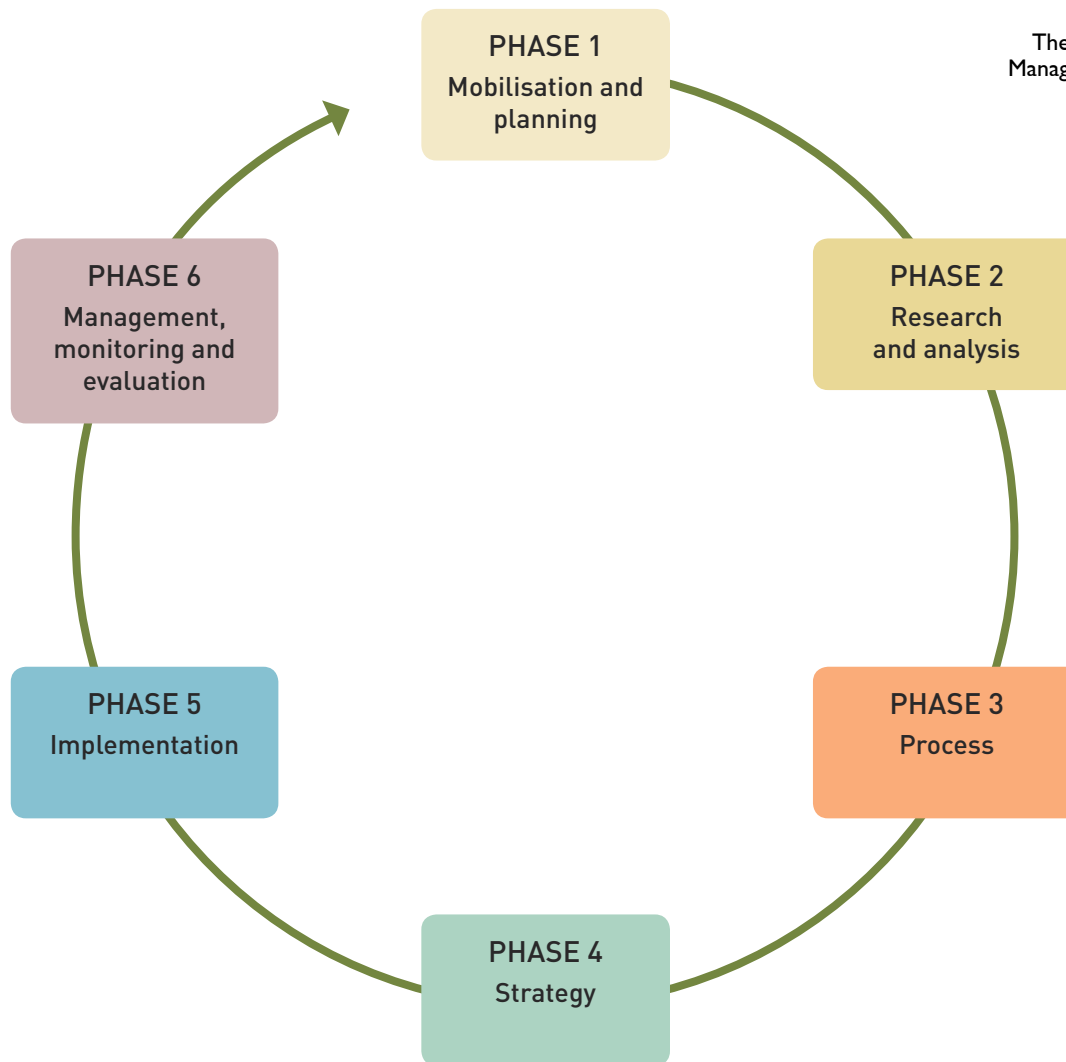


Figure 9:  
The Cluster Brand  
Management Process

The single most important factor for the success of a cluster branding effort is that cluster stakeholders are ready to become carriers of the brand and its values. For this to happen, an inclusive branding process, a perceived strong, commercial added value and brand-oriented cluster management are key factors.

Another key consideration is that branding processes are not quick fixes done over a few months; they need time to mature and develop, be anchored among stakeholders and collect and analyse different inputs. That is one reason why a process is a better name than a project when it comes to branding – projects have a defined end date, whereas processes focus more on the goal and outputs.

## PHASE I: MOBILISATION AND PLANNING

### Goals / objectives:

- ▶ Mobilise the commitment of cluster stakeholders.
- ▶ Ensure that cluster stakeholders are informed about and supportive of the initiative and its *raison d'être*.
- ▶ Creating sound and positive expectations of the branding process among stakeholders.
- ▶ Ensure that stakeholders are ready to invest time and resources into the process (here the benefits of cluster branding described in chapter 3 can be used).
- ▶ Build an infrastructure and management structure for the process.

### The steps of this phase include:

- Creating a **creative team** of representatives for the cluster organisations and the main stakeholders. The team should be led by the cluster manager, or a trusted, senior manager of one of the main stakeholders, and include at least the communication manager and, if it is a matter of a larger cluster organisation of more than five employees, also the head of operations, project manager, networking manager or the equivalent. The main stakeholders differ from case to case, but trying to involve one person each from regional or local authorities, investment promotion agencies, firms (MNCs and SMEs) and academia would in general be good advice. Ideally, the creative team should consist of six to nine persons to strike a sound balance between broad representation on the one hand, and being action-oriented and nimble on the other.
- Appoint a **process manager** (external consultant or individual with good standing in the cluster) who is in charge of driving the process and making sure that it develops content-wise, as well as a **project manager** (preferably the cluster manager, the importance of the cluster manager taking an active role cannot be underestimated) who is in charge of resources and logistics for the process.
- Creating a **steering group**. The steering group could be made up of the cluster organisation's board, if there is a feeling that it has the broad mandate of the cluster and its stakeholders, but there may be reasons to create a separate group.
- Conducting a **stakeholder analysis** by mapping key stakeholders and perhaps also gauging their importance for the success of the process.
- Creating a **plan for the subsequent steps** in the process, and anchor it in the creative team.
- **Secure public and private financing** for the effort. Here the benefits of cluster branding that are described in chapter 3 could be used to convince different stakeholders that they will benefit from improved cluster reputation and from being part of the branding process.
- **Hiring a consultant** to assist in the process may be advisable. Especially in the process and strategy phases, it tends to be worthwhile to involve an external process manager to be able to take a step away and understand the cluster from an outsider's perspective, and to get help making difficult decisions about what *not* to promote (a branding strategy needs strong focus and prioritisation, so many parts of a cluster's identity may need to be downplayed).

## PHASE 2: RESEARCH AND ANALYSIS

### Goals / objectives:

- ▶ Understand how the cluster is seen today, both by 'insiders' and 'outsiders' (brand identity and brand image), how it communicates and what its current strongholds, selling points, differentiating features and main competencies are.
- ▶ Ensure that stakeholders get to have their say and feel that they have been asked for their view, which may prove very important for their willingness to support and use the strategy themselves at later stages.
- ▶ Avoiding promoting features and making claims that are too far away from being seen as true or credible.

### The tools at our disposal here are, for instance:

- Surveys and perception analysis.
- Qualitative interviews with cluster stakeholders and target groups.
- Desk research of reports, indices, webpages, social media.
- Review of current strategy documents and action plans.
- Focus groups.
- 'Mystery place shopper' techniques, i.e. experiencing the cluster as a 'cluster consumer' would experience it.
- 'Anthropological observation', i.e. spending time in organisations within the cluster to understand their views of what the cluster stands for.

As the objective of the analysis is to pin down the character, strongholds, current image and identity of the place, important questions that should guide the research and analysis include:

- Who are we as a cluster?
- What are people's perceptions of us?
- What promises do we make as a cluster?
- What sets us apart from other cluster regions?
- Which brand assets do we have (i.e. strong corporate, academic and place brands in and around our cluster)?

The final step of this phase is to compile the results from the analysis in an analytical report and present it to the creative team and steering group. The results create a framework and set the tone for a creative interpretation of the cluster's character, reputation and attributes, done in the subsequent process phase.

## PHASE 3: PROCESS

### Goals / objectives:

- ▶ Forming the foundation of the branding platform and desired brand vision: the brand identity – who we want to be and how we want to be seen in the future, our brand positioning and our brand promise. And – perhaps most importantly – the steps we need to take to get there.
- ▶ Inclusion and co-creation: ensure that the cluster stakeholders develop a sense of ownership over the strategy process and its result.

### The main steps of this phase are:

- *Process workshops*, which is the main activity in this phase. In these, we work in a creative way, basing our efforts on the results of the analysis from the previous phase, and of course on the mission and vision for the cluster. At least two process workshops should be held with up to 30 cluster stakeholders in each. It is important to discuss in an informal and open discussion climate, yet structure the workshops in a way so that discussions become productive, and not 'just talk'. Here an external process manager may be a valuable help to make sure that there is a good structure and flow of the workshops.
- *Interviews* with key stakeholders may need to complement the workshops, to make sure we collect as many views as possible given the resources at our disposal. For example, cluster members that wanted to, but could not attend any of the workshops are good candidates for interviews.

- *Social media and digital project platforms* can also be used to involve stakeholders in creating the strategy.

In the process workshops the overall aim is to seek agreement on the answers to the following questions:

- What do we want to be in the future?
- What do we want to be seen as? What desired image of the cluster would add commercial value to cluster firms' business?
- What makes us unique and what can we offer the world?
- Who are we targeting?

### **Success factors and pitfalls:**

- As said before, the brand identity needs to be connected to 'reality'. At the same time, it can to some degree be 'aspirational', i.e. not so much expressing what we are today as what we want and aim to be in the future – and here it is important to be bold and challenging in order to create appeal and get through to your audiences. The challenge lies in striking an appropriate balance between current on-the-ground realities and a visionary interpretation of future potential coupled with a sound understanding of how to achieve that future state.
- The main success criteria for this phase are inclusion and co-creation. Here we build the foundation for the implementation of the branding platform by striving to ensure that cluster stakeholders develop a sense of ownership over the strategy process. Place branding research tells us that the best recipe for a successful execution of a branding strategy is to lay proper groundwork in terms of involving stakeholders as much as possible in the early phases.
- We need to avoid the “ad agency” approach of locking ourselves in a room and creating a new branding strategy without outside involvement. Instead, we need to open up interfaces to and engage cluster members and other stakeholders from all parts of the triple-helix (business, academia and public sector) in a dialogue. These groups will be the most important assets in brand building and in a case of cluster; it is their brand that we are creating. Hence, they need to be co-creators in the branding process.

## **PHASE 4: STRATEGY**

### **Goals / objectives:**

- ▶ Working out and agreeing on the branding platform, brand architecture, marketing communications strategy and action plan for developing the attractiveness of the cluster.

### **The main steps of this phase include:**

- Weighing the results of the analysis and process phases together and discussing them in the creative team as well as the steering group setting.
- These groups, together with a process manager, sketch out different options in terms of the branding platform.
- If there are sufficient time and resources, send out the tentative branding platform for a round of consultations with cluster stakeholders, and then take a decision on the direction to go.

### **The branding strategy should, at a minimum, contain the following components:**

- A branding platform, which in turn comprises core values, brand positioning and brand promise.
- A brand architecture (read more about strategies in chapter 6).
- Marketing communication strategy (including target groups and channels, tools and activities, messages and visual identity).
- An action plan for developing the attractiveness of the cluster and delivering on the brand promise.

## PHASE 5: IMPLEMENTATION

### Goals / objectives:

- ▶ Define and plan appropriate implementation measures.
- ▶ Ensure successful implementation and stakeholder buy-in of the branding strategy through different measures.
- ▶ Ensure that the brand is 'brought to life'.

### Instruments and measures to support implementation:

- *Training sessions* where the focus is to explain the branding platform, its purpose and benefits, and, most importantly, how cluster stakeholders can put it into practice.
  - *Training of 'super users'* – brand ambassadors and brand champions – in the cluster ecosystem, i.e. people in different cluster companies and other bodies that will help in implementation. This way we get a network that can also be drawn upon in the next phase, for example in monitoring the use of the branding platform as well as in fine-tuning and refining it.
  - *Create functional or thematic strategy groups* that will work to implement the strategy by focusing on improving the cluster in line with the branding strategy. The focus of the strategy will be the determinant of the focus of these groups, but possible groups include marketing communications, talent attraction and education, physical environment, investment attraction, internationalisation and research<sup>2</sup>. As well, specialised, functional cluster networks can be activated to support implementation (such as networks for HR managers, CEOs, marketing directors, and R&D professionals)<sup>3</sup>.
- *Develop the marketing communication strategy into concrete actions and tools* in order to 'bring the brand to life' (showcases how the brand should be expressed visually, symbolically, orally and textually) and make it available to cluster stakeholders.
  - *Develop a co-branding toolkit* supporting and encouraging companies and institutions to co-brand with the cluster (read more about this in chapter 6).
  - *Plan and launch projects* and actions that support the chosen brand positioning and core values that help mobilise cluster stakeholders around the branding strategy. If, for example, 'sustainability' is a core value, start projects that help the cluster actors become even more sustainable and develop even more sustainable solutions. Chapter 8, on tools and activities, may offer inspiration for concrete actions and projects that support the brand's development.

2. An example is Kista Science City (described in chapter 4, profile 1) that has set up six strategy groups focusing on, among others, marketing, creating a living city and innovation, growth and global expansion. These are all geared towards contributing to the realisation of the Kista Science City brand vision. Read more about the councils here: <http://en.kista.com/contact/electrum-foundation/>

3. The Skåne Food Innovation Network, Sweden, can serve as an example of the use of well-developed networks, running 12 functional and thematic networks. Read more here: <http://www.livsmedelsakademin.se/vara-natverk>

**Success factors and pitfalls:**

Implementation of branding strategies is what commercialisation is to innovation – a ‘valley of death’ where many strategies fail. Implementation fails for a variety of reasons, but a few of the more common ones include:

- Low stakeholder support and buy-in.
- Lack of leadership.
- Lack of resources for training and dissemination.
- Weak marketing budget.



## PHASE 6: MANAGEMENT, MONITORING AND EVALUATION

Principally, this phase has no end, marking the difference between a project and a process. It is difficult to mark the transition from the previous implementation phase and this phase, as implementation is a continuous and long-term endeavour, so it is natural that these phases will be very much intertwined with each other.

### Goals / objectives:

- ▶ Ensure that the branding work runs smoothly and is being used, that improvements are made “on the ground” so as to be able to live up to claims and promises made in the branding platform, and to evaluate the work regularly.
- ▶ Ensure the effective management and governance of the branding efforts.
- ▶ Revitalise the branding process with continuous creative refinements.

### The main steps of this phase include:

- *Set up a system for effective management and governance* of the branding process (structures such as the creative team, steering group and strategy groups should be maintained in order to manage, monitor and fine-tune the work).
- Using the management and governance systems and a continuous stakeholder dialogue to find innovative ways to regularly revitalise and add energy to the branding process (implementation measures

above can serve as inspiration).

- As for *evaluation*, two main ways are proposed:
  - The *quantitative assessment* takes the form of a perception analysis in order to see how the image of cluster has developed over time. As images take time to change, there is not much point in analysing perceptions of the cluster too frequently (not more than every year, perhaps even less frequently). The most effective procedure is to use the perception analysis done in the analysis phase as a baseline result to gauge the image changes over time in relation to it.
  - A *cluster brand audit*, performed regularly, constitutes the *qualitative evaluation* of how the branding strategy implementation and management progresses and functions.

### The purpose of the cluster brand audit is to:

- Assess and possibly suggest modifications of the brand identity and brand positioning, focusing on making the brand and profile of the cluster clearer.
- Help assess and redefine brand stakeholders, the brand architecture structure and the brand relationships to cluster stakeholders and other brands.
- Help to improve brand management, for example by better connecting communication efforts with cluster development efforts and finding ways to add momentum to the branding process.



**The main instruments in the cluster brand audit are:**

- Qualitative interviews with representatives of the cluster organisation and key cluster stakeholders.
- Review of communication and marketing material, strategy documents (especially the overall strategy, the branding strategy and platform, and the communications strategy), websites and social media channels.
- Benchmarking – find other clusters to be inspired by.





# 6.0

## BRAND ARCHITECTURE AND CO-BRANDING

*This chapter outlines the concepts of brand architecture, brand relationships and co-branding, and discusses supranational branding and clusters. Four possible brand architecture strategies are discussed by using examples from the study and elsewhere.*

Context is important for all brands, and perhaps even more so for place and cluster brands. As described in chapter 4, associated brand concepts 'infect' each other. It is therefore crucial to understand how the cluster brand relates to its surrounding geography and other brands in a brand architecture.

*Brand architecture* is the structure of the brand within an organisational – or in the case of places and clusters, a geographical – entity, specifying their roles and the nature of brand relationships between them.

From an analytical viewpoint, understanding the cluster's position and relationship to other brands in a brand architecture can be an essential tool for identifying stakeholders and potential co-branding partners and help you understand what other brands in and around your cluster stand for, with a

view to understand to what extent they can reinforce your brand.

From a strategic perspective, outlining a brand architecture as a part of the branding strategy is a valuable tool for prioritising collaborations partners and specifying the focus and content of collaboration efforts, as well as for mobilising engagement around values and elements that need to be promoted in joint efforts with other brands.

More specifically, performing a *brand asset audit* with a view to understand a cluster's position and relationship to other brands involves mapping the main brand assets in and around a cluster region and identifying stakeholders and collaboration partners that the cluster may need or want to strengthen its *brand relationships* to.

A brand architecture should define how different brands relate to and support each other; for example how the sub-brands reflect or reinforce the core purpose of the umbrella brand to which they can be said to be a part of. For instance, in its simplest form, it is about the synergy that is achieved when sub-national (city or region) brands are clearly related to the national brand, and seen to be part of the same 'family'. This way, the national meta-brand is supposed to be reinforced by sub-national brands when they reflect parts of the nation brand's values in their brand. Conversely, the sub-national brand is supposed to leverage recognition from its link to the national brand by exhibiting shared values. For example, the Copenhagen Cleantech Cluster leverages the Danish national reputation for excellence in renewable energies and sustainability.

Even by default, places can be said to occupy a position in a place-brand architecture (shown conceptually in figure 10), alongside both commercial and place brands. For example, for a country, both other sub-national place brands and corporate brands closely aligned to a country can be part of the national brand portfolio – both Berlin and BMW could, for instance, be argued to be part of the brand portfolio of Germany.

**Note:** The Place Brand Architecture (PBA) is a collection of brands found within a particular place. The number of brands increases from the apex to the base. In a PBA there are more corporate and product brands than the sector umbrella brands that embody them. Similarly, there may be several nation brands which corresponded to a single supranational brand, such as Scandinavia. Clusters are generally parts of regions or cities, but there are many examples of clusters that span several regions and contain many cities. Consequently, cluster brands may well be positioned in between sector brands and regional and city brands. Figure adapted from Dooley and Bowie, 2005.

### NUMBER OF BRANDS



Figure 10:  
The Place Brand Architecture

One of the main challenges of working with brand architecture lies in creating synergies and leverage between the brands in a brand architecture as well as achieving differentiation between them.

The value of being associated with another place, of course, depends on the strength of the brand image, values and associations of the place in question. Many place brands – especially those highest in global standing, such as, for example, the Silicon Valley brand, which has a global outreach that is no longer dependent on being a part of its region, California, and country, the US (even though it clearly benefits from positive image elements of these two strong umbrella brands). A strong cluster brand is usually also dependent on strong corporate brands in the architecture; Silicon Valley would not be the same without its Googles and its Apples.

In the following four brand-architecture strategies are illustrated with four cases.



#### **FOUR BRAND-ARCHITECTURE STRATEGIES**

1. The house of brands strategy
2. The endorsed brand strategy
3. The sub-brand strategy
4. The branded house strategy

## I. The house of brands strategy

In the house of brands strategy, each sub-brand acts independently of each other and the super-brand, allowing each sub-brand to differentiate itself. In a corporate setting, a decision has been made not to relate brand and corporate names explicitly (e.g. Procter and Gamble and Gillette) and the product itself is the primary brand rather than the company. One advantage of this strategy is that each sub-brand can differentiate itself without too much concern for an overarching master brand or the other sub-brands in the same portfolio, thereby reaching niche markets they would not otherwise be able to if too constrained by their master brand or 'sibling' brands.

The downside of this strategy is that the individual clusters cannot ride on the back of more known place brands (discussed more at length in chapter 7) and that one cannot exploit synergies between the master brand and the different sub-brands. The upside is of course that each individual brand has a great degree of flexibility in determining its own brand identity and carving out niches without being too restricted by the umbrella brand.

In the cluster context, the setup of a regional portfolio of clusters in the Region of Skåne, Sweden, can serve as an example of the *house of brands strategy* at play. See profile 2 for a description.

## PROFILE 2

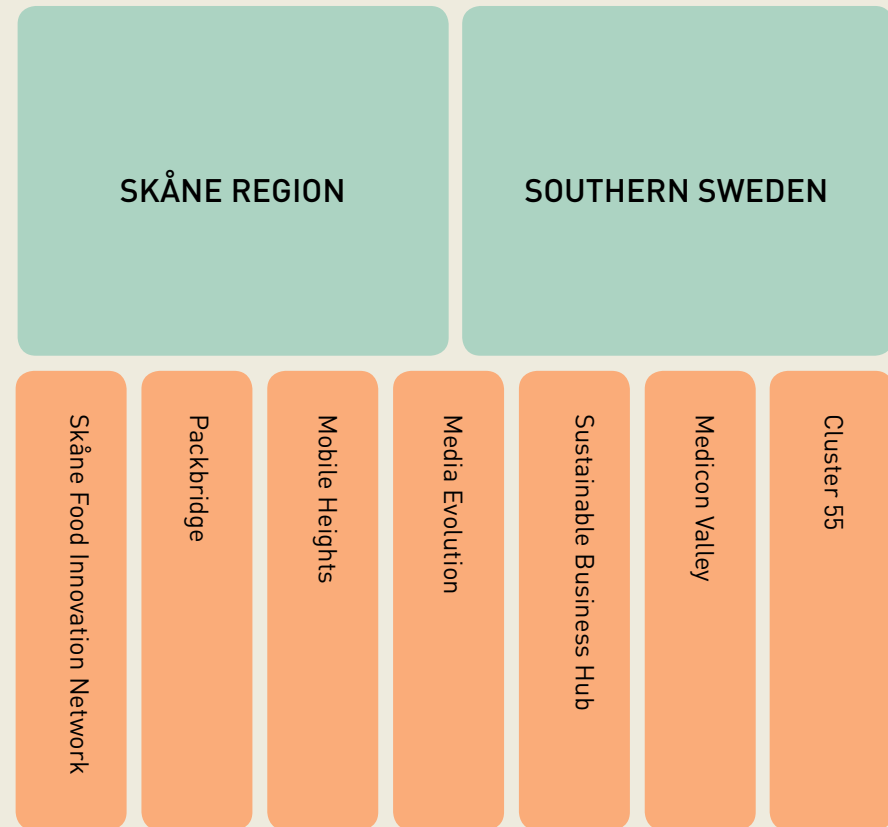
### A HOUSE OF BRANDS STRATEGY: THE SKÅNE REGION AND ITS CLUSTERS

The main cluster initiatives in the Skåne Region are Skåne Food Innovation Network (food), Packbridge (packaging), Mobile Heights (mobile communications), Media Evolution (media) and Sustainable Business Hub (cleantech). To this list can also be added Medicon Valley (life science) and Cluster 55 (ICT), which are cross-border clusters shared with Denmark of which Skåne constitutes the Swedish half. See figure 11 for an overview.

The most obvious sign of the house of brands strategy becomes apparent when looking at naming choices: only one of out seven clusters, Skåne Food Innovation Network, use "Skåne" in the name (and it has recently changed its Swedish name from "Skånes Livsmedelsakademi" to simply "Livsmedelsakademin" to signal a broader geographical coverage). Looking at promotional material and talking to representatives of these cluster initiatives confirms the impression that Skåne Region plays a somewhat minor role as a brand. For example, few of the clusters explicitly highlight the Skåne region as their home base, let alone convey values that could be specifically linked to Skåne. Nor do any of the cluster initiatives share visual identity expressions. In addition, in no case does a city brand take on a driver role, even though the City of Malmö is the home base for most of the clusters.

A consideration is probably that several of these cluster initiatives, while generally conducting the lion's share of their operations within the region of Skåne, also position themselves as being clusters covering larger parts of southern Sweden. Too strongly highlighting Skåne could create incompatibility with this broader geographical coverage. Indeed, 'southern Sweden' is the most commonly used place-bound identity in the communication of these clusters. That said, references to 'southern Sweden' are mostly functional in the sense that they denote the geographical catchment area of the clusters, rather than expressing more emotional values, i.e. linking the cluster brands to notions of 'Swedishness'. Another explanation may be that cluster actors are unsure about the strength and awareness of the Skåne brand, especially internationally (nationally, Skåne is well known and tends to be positively valued).

Figure 11:  
The Skåne region and its clusters as a  
house of brands strategy



## 2. The endorsed brand strategy

Here the umbrella brand acts as an endorser to individual sub-brands or product brands. In the corporate world, Sony PlayStation or Polo by Ralph Lauren are examples (corporate + product brand). The endorsement is meant to lend credibility to the endorsed sub-brand in the eyes of target groups.

In the endorsed brand strategy, the umbrella brand and the sub-brands are to some degree perceptually linked, but only to the extent that more general values are transferred between them. In that sense, the umbrella brand functions more as a *meta-brand* (described in chapter 2). Each sub-brand possesses a unique identity but is also affiliated to a certain degree with the umbrella brand. However, the link is not explicit in the sense that core values of the sub-brands are diluted by the umbrella brand. In the place-branding field, this strategy can be applied especially to supra-national units such as Scandinavia, where the supra-national endorsement brand is Scandinavia and the national brands represent the sub-brands.

An example of the *endorsed brand strategy* in the cluster field is the Stockholm-Uppsala Life Science cluster network, described in Profile 3.

## PROFILE 3

### AN ENDORSED BRAND STRATEGY: STOCKHOLM-UPPSALA LIFE SCIENCE

The Stockholm-Uppsala Life Science (SULS) cluster organisation is the international marketing arm of the life science and biotech sectors in the Stockholm and Uppsala Regions of Sweden, and the member cluster organisations (e.g. Uppsala Bio and Stockholm Science Foundation, in charge of promoting Stockholm Life) have given the task of international marketing to SULS. Figure 12 gives an overview of this relationship, where also an umbrella brand to the SULS cluster has been added in the form of the Swedish nation brand, and – to some extent – the brand for the wider Stockholm region.

Here the individual clusters are perceptually linked to the umbrella brand Stockholm-Uppsala Life Science, most obviously as they both use “Stockholm” and “Uppsala” in their names, and strategically, as they have entrusted their international marketing to SULS. They have also agreed on general, common messages about the region. They have not, however, aligned their brand identities to the extent that their individual identities have been adapted to either the overall SULS brand or each other, nor have they aligned their visual identities, and there are no common features in terms of logos and design of web sites. Thus, to some extent, the common SULS brand is more of a functional marketing outlet than a unifying master brand for the region.

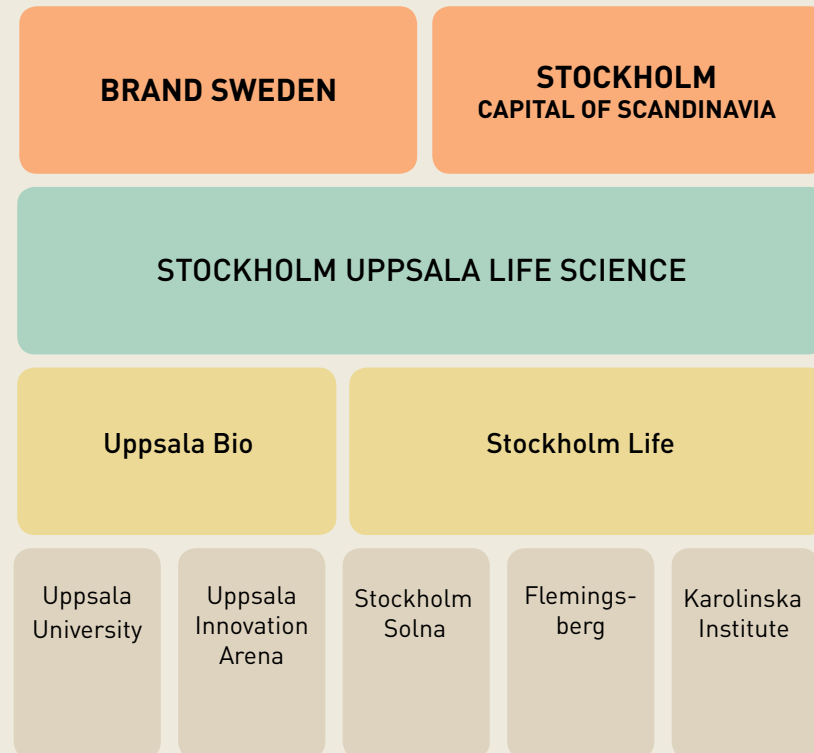


As also illustrated in figure 12, the brand of Sweden is used as an umbrella brand of SULS. SULS has, for example, used the official branding platform for Brand Sweden developed by a range of Swedish government agencies as a starting point for its own brand development. The link is also perceptual in the sense that SULS, on its web site, features one web page of information about Sweden and Swedish values taken from [www.sweden.se](http://www.sweden.se), Sweden’s official website, drawing on the Brand Sweden platform, alongside a link to said website. Thus, in one sense, Sweden acts as an endorsement brand for SULS, which, in turn is an endorsement brand for the Stockholm Life and Uppsala Bio clusters.

The Stockholm – the Capital of Scandinavia brand positioning also functions as an umbrella brand for SULS, which is embodied in two main ways: indirectly as all municipalities that form the SULS region, including the City of Uppsala, are part of Stockholm Business Region and therefore utilise the Stockholm brand positioning in international promotion, and more directly through the fact that all the Stockholm Life actors showcase explicit references to the Stockholm – Capital of Scandinavia logo, which is featured on websites and printed material (the Uppsala Bio stakeholders do not, however, do this).

In addition, the individual sub-brand clusters in turn encompass portfolios of sub-brands. Stockholm Life, for instance, is made up of two geographically concentrated hubs; Stockholm Solna (Hagastaden) and Flemingsberg, which together with universities and research

Figure 12:  
Stockholm Uppsala Life Science as an endorsed brand strategy.



institutions, such as Karolinska Institute, function as sub-brands – or products – in the SULS portfolio.

### 3. The sub-brand strategy

In the case of the sub-brand strategy, there is a much stronger link between umbrella and sub-brands. This way they can exploit image transfer and shared associations and values, thereby potentially strengthening both brands. In the sub-brand strategy, both the overarching umbrella brand and the sub-brands are strong drivers, and both are meant to influence the target group's purchase intentions. An example in business is Microsoft and Microsoft Office.

This strategy comes with a few challenges. For example, each sub-brand needs to be developed in close connection with the umbrella brand, which is costly and time-consuming. There may also be a lack of brand fit, i.e. that the sub-brands are unwilling to adapt their own brand proposition to the umbrella brand.

A clear disadvantage with the strategy is that if a crisis was to occur to one of the brands, it could lead to detrimental spill-over effects to the other brands. The case in the Nordic countries that best illustrate the use of this strategy is the relationship between the Norwegian Centres of Expertise programme (NCE) and the individual cluster brands that are part of the programme.

## PROFILE 4

### A SUB-BRAND STRATEGY: NORWEGIAN CENTRES OF EXPERTISE PROGRAMME

The NCE programme is a Norwegian governmental cluster support programme for the most dynamic and growth-oriented Norwegian clusters. Twelve clusters are part of the programme. Referred to as "dual branding", the NCE-supported clusters are all encouraged by the programme management to use NCE in the name so as to simultaneously promote both the programme brand name alongside the individual cluster name, and a common branding platform containing shared core values and brand positioning has been developed on the programme level.

The NCE cluster names are based on the use of NCE and either a location, industry, or competence, or a combination of these. An example of the use of location is "NCE Raufoss", a cluster focusing on the manufacturing of products out of lightweight materials, using the municipal centre of Raufoss, some 120 km north of Oslo, in its name. An example of the use of industry is NCE Subsea, a cluster formed around maritime technology in the Bergen area.

One explanation for the difference in name choice may be the longevity of tradition of each cluster; the industry in the Raufoss cluster has a long tradition, with origins dating back more than a century (which

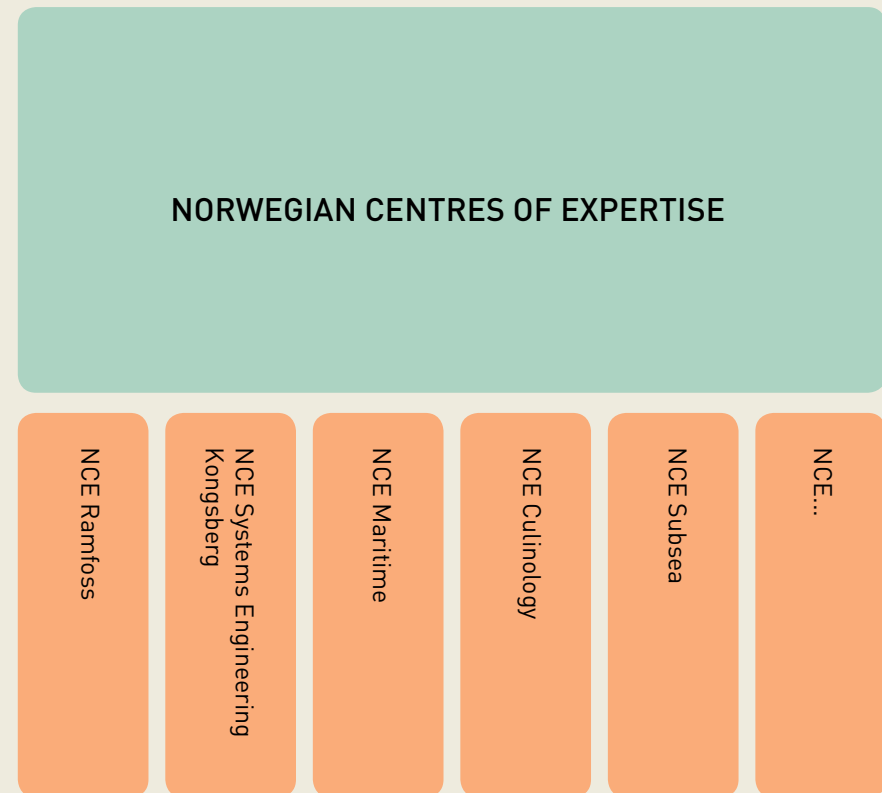
is communicated actively and visibly), whereas the early stages of the NCE Subsea cluster date back to the early 1980's.

There is one case where both place and industry/competence is used, and that is NCE Systems Engineering Kongsberg. Systems Engineering is an interdisciplinary approach to creating complex systems, and Kongsberg is a town some 90 km southwest of Oslo. In addition, Kongsberg is also the name for the main industrial group in the cluster, lending additional strength to the name.

In all cases but one, NCE is used in the name of the cluster, and in most cases the NCE clusters use the NCE logo and elements of the NCE visual identity. The exception is the Oslo Cancer Cluster. While NCE is part of the official name, it is not included in the name used in communication, nor is the NCE logo or visual identity displayed in their marketing communications.

This illustrates one of the challenges associated with the sub-brand strategy: sub-brands may be unwilling to adapt to the parent umbrella brand. The main reason is most likely that sub-brands are wary of downplaying identities and brand names that they find valuable at the expense of giving too much prominence to the umbrella brand. The case of Oslo Cancer Cluster using "Oslo" in the name, rather than NCE, is probably based on a calculation that Oslo is far better-known than NCE. Figure 13 illustrates the brand architecture of the NCE programme and a few of the 12 sub-branded clusters.

Figure 13:  
Norwegian Centres of Expertise as a  
sub-brand strategy.



#### 4. The branded house strategy

Finally, the branded house strategy is characterised by a main, overarching brand that has a dominant driver role and is the dominant source of identification, transferring value to the individual brands, which acquire the aura of the parent brand. The advantages of this strategy include potentially high brand awareness, the possibility to capitalise on one single name, and increased coherency in branding.

Challenges include that the brand essence of each sub-brand can be diluted by the parent brand to the extent that they lose their attraction and differentiation, which is to the detriment of both the parent brand and the other sub-brands. And as with the sub-brand strategy, a clear disadvantage is that if a crisis were to occur to one of the brands, it could lead to negative spill-over effects for the other brands.

This brand architecture is admittedly difficult to build. One prerequisite for being able to pursue this strategy, with its close alignment and harmonisation between sub-brands, is probably that there is a government cluster support programme that comes in a format that favours this development and that the clusters are not in too different or too late stages of development.

### PROFILE 5

#### A BRANDED HOUSE STRATEGY: FINNISH CLEANTECH CLUSTER

The Finnish Cleantech Cluster functions as an overarching and unifying master brand managing four originally disparate regional clusters; Lahti, Kuopio, Oulu and Uusimaa. The Finnish Cleantech cluster acts as a network of co-operation for these four regional clusters specialised in different cleantech disciplines, and it spearheads and unifies their marketing and branding. The Finnish Cleantech Cluster is part of the Finnish National cluster programme, the Centre of Expertise Programme (OSKE). The Finnish Cleantech Cluster is in turn closely aligned with the Finnish platform for international marketing of cleantech, Cleantech Finland, which gathers a range of public and private players in the field. In turn, Cleantech Finland's brand promise "Solved!" is closely linked to the Finnish national branding strategy positioning Finland as "a nation of problem solvers".

Figure 14 illustrates the relationship between the umbrella master brand and the sub-brands in the Finnish Cleantech Cluster case, and their relationship to Cleantech Finland.

The overall umbrella brand is supported and reinforced by complementing regional cluster sub-brands. Each sub-brand conveys different values and strengths, but is both organisationally linked and

perceptually integrated and aligned with the promise and positioning of the overall brand. One illustration of this strategy at work is that the website of the Finnish Cleantech Cluster is the main portal and point of entry into these clusters, and several of the individual regional clusters do not run proper websites of their own. An underlying assumption here is most likely that Finland is a stronger brand than the individual regions, and perhaps also that it may carry associations that are favourable to the industry of cleantech (Nordic environmental consciousness, for example). In fact, drawing on the Place Brand Architecture pictured in figure 10, the name Finnish Cleantech represents both a sector umbrella brand (Cleantech) and a nation brand (Finland).

Figure 14:  
Finnish Cleantech Cluster as  
branded house strategy.



Source: Strategic Global Marketing of Nordic Cleantech Clusters and Competencies, Nordic Innovation

Figure 15:  
Pros and cons of brand  
architecture strategies

STRATEGY	MAIN PROS/BENEFITS	MAIN CONS/RISKS
HOUSE OF BRANDS STRATEGY	Differentiation of each sub-brand; flexibility to carve out niches.	Cannot exploit synergies and image transfer between brands.
ENDORSED BRAND STRATEGY	Image transfer from umbrella to endorsed brand, but endorsed brand can still develop its own identity.	Difficult to determine if value of using umbrella brand is worth effort needed to develop and use strategy.
SUB-BRAND STRATEGY	Image transfer; can exploit shared associations and values.	Time-consuming and costly to build and co-ordinate; all brands in the 'brand family' suffer if any of the brands go into crisis.
BRANDED HOUSE STRATEGY	High brand awareness; coherency; economies of scale.	Difficult to build; all brands in the 'brand family' suffer if any of the brands go into crisis.

### Dos – brand architecture:

- Carry out a qualitative audit of the major brand assets of the cluster region (includes city/region sub-brands, nation brands, supra-national brands, corporate brands, other cluster brands, universities etc.), and design a brand architecture outline.
- The cluster brand asset audit and the resulting brand architecture can be developed in the form of a handbook, which is very useful for internal communications and external promotion of the marketing and branding effort, by facilitating relationship building with stakeholders, for example.
- A next, very useful step is to measure the strength and associations of each brand asset in the region in order to determine which brands to use in marketing communications and forge brand relationships and collaboration with.

### Read more:

**Balakrishnan, M.S. and Kerr, G.** (2012) *Challenges in managing place brands: The case of Sydney*, Place Branding and Public Diplomacy, Vol. 8, No. 1.

**Dooley, G. and Bowie, D.** (2005) *Place brand architecture: Strategic management of the brand portfolio*, Place Branding Vol. 1, No. 4.

**Flagestad, A. and Hope, C.** (2001), 'Scandinavian winter': antecedents, concepts and empirical observations underlying a destination umbrella branding model, *Tourism Review*, Vol. 56 No. 1, pp. 5-12.

## 6.1 SUPRANATIONAL BRANDING AND CLUSTERS

A specific type of place branding, and way of understanding brand architecture, focuses on the branding of supranational and transnational entities, such as the Nordic countries, the Baltic Sea Region or the European Union. These entities can be used by clusters as meta-level umbrella brands.

This form of branding entails specific challenges and opportunities:

- A general challenge for supranational branding is that there is usually a lack of a single, central decision-making authority that can execute a branding effort. Apart from perhaps the European Union, few supranational regions have central institutions with the budgets or clout to implement and run long-term branding efforts.
- In many cases, there is also a lack of a common identity, resulting in a lack of unity of purpose between the multiple branding stakeholders in a region, making joint branding difficult.
- National rivalry and competition between

national governments also contribute to making supra-national place-branding efforts difficult endeavours.

That notwithstanding, there are several motivating factors that push national actors towards supra-national place branding:

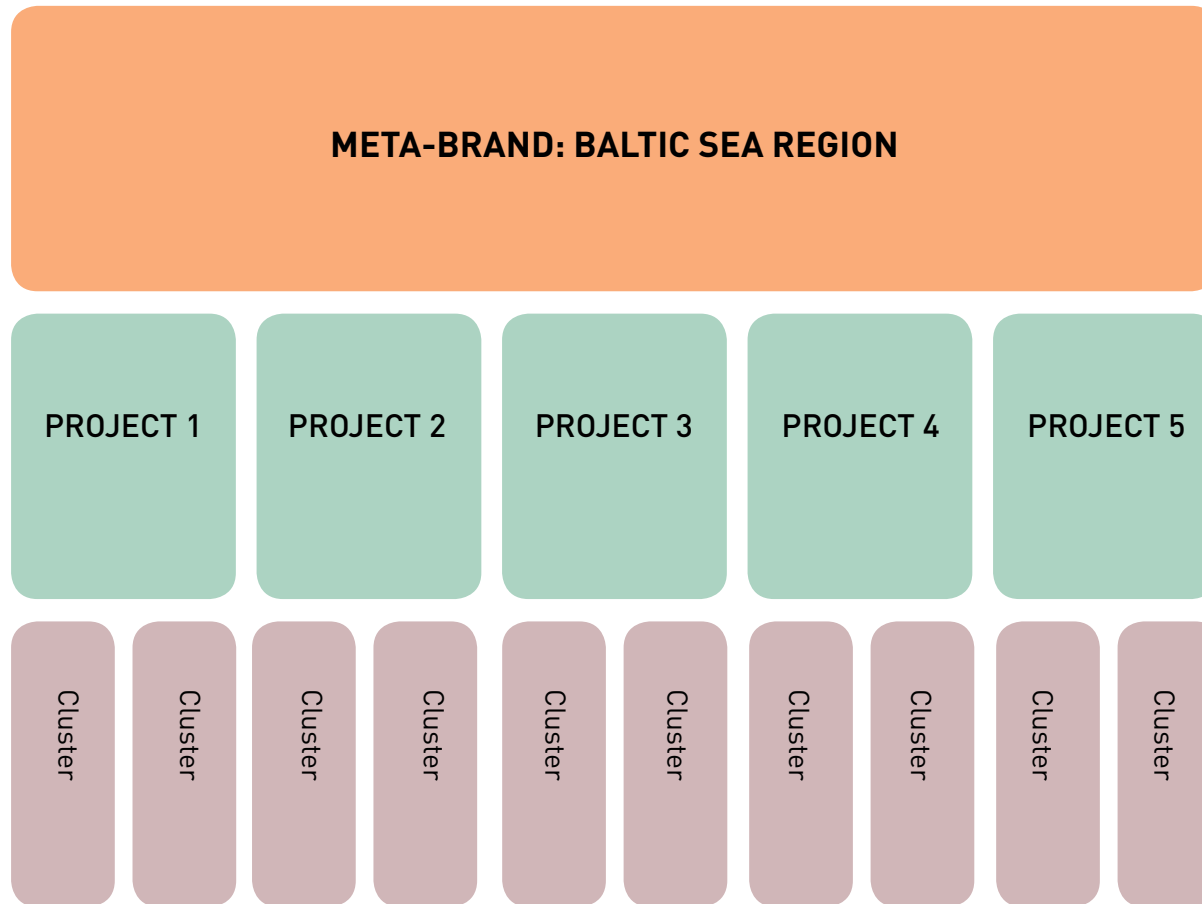
- First of all, economies of scale can be achieved when several countries, regions and clusters pool resources, allowing for larger-scale and more efficient marketing campaigns.
- Secondly, there are benefits relating to the image transfer that can take place, from places with stronger images to places with weaker images. Therefore, the perceived image attractiveness of the macro-region or other partners in a supranational marketing effort may have an impact on the choice of whether to join or support an effort or not.
- Thirdly, the possibility of macro-regional product development that makes resources of other

places available, e.g. 'packaging' an alliance of clusters or investment destinations in several countries for joint marketing, should be an advantage to be considered when deciding on joining supranational branding efforts. Macro-regional collaborative product packaging could also, at its best, generate new, innovative solutions that would not have been possible without the collaboration ('1+1=3').

- Fourthly, a larger market and more opportunities can be marketed, which gives more impact and more outreach internationally.
- Finally, new associations and contexts can be created in many macro-regional branding efforts that can be drawn upon by clusters and organisations participating in the effort.

One case of supranational branding is the Baltic Sea Region (BSR). It is argued that in times of intense globalisation, small nations like the ones in the BSR need to join forces to a larger extent, both in

Figure 16:  
BSR Stars as an endorsed  
brand strategy.



production and development at home, and in marketing abroad, in order to be able to pool resources to compete with larger and more resourceful countries.

The BSR Stars is an umbrella programme with the long-term vision of establishing the BSR as a functional region with an internationally competitive position in a number of strategically prioritised areas. The first activities are carried out by the StarDust project, which consists of five sub-projects focusing on meeting global grand challenges. BSR Stars' objective is to achieve this integrated resource base by linking strong research environments, clusters and SME networks, thereby creating a number of research and innovation hubs in the BSR that are global leaders. The goal is to achieve stronger critical mass, attractiveness, and a competitive international position. BSR Stars is, hence, about development, marketing and branding of the region.



Designing a brand architecture is an important tool for supranational projects. As described above, the 'endorsed brand strategy' can be suitable for supranational branding, and Scandinavia is mentioned as a case in point. A study of another BSR branding project, "BaltMet Promo", focusing on marketing BSR cities globally, reached the conclusion that this strategy describes well how the BSR brand was being used, conceptualised in the project's marketing efforts. Applying this type of brand architecture to the BSR Stars project is shown in figure 16.

In this structure, the BSR umbrella brand takes the role of the meta-brand, which can be either value-based or functional (cf. geographical positioning in chapter 7), and the five projects take the driver role as the most prominent brands.

To maintain and develop a BSR brand architecture, it is of importance to make sure that all the sub-brands, i.e. the BSR Stardust projects in this case,

reach a common quality standard, as the brands are interdependent. If one sub-brand fails to deliver on a promise, it will have negative implications for all the other sub-brands in this structure. Moving down to the cluster-level brand, it is important to define complementarities between the different sub-brands. Differing traits can complement each other at different stages of the supply or value chain: one country may offer high quality in research, while another country can offer a well-educated workforce at a relatively low price. Finding these types of complementarities and placing them on the value chain helps in identifying the roles and the strengths of each participant in relation to each other.

As for the BSR meta-brand, referring to a common history or cultural traits can work, but the common traits that bring an added value today have to be clearly identified. Similar business or welfare cultures, based on a Nordic tradition could work as

an argument; however it remains unclear to what extent this is credible in a BSR context. In networks with links to public services, similar public service cultures, if they exist, could be a trait worth developing as an added value.

One unique selling point of the whole project can revolve around sharing resources, and an investor that invests in one cluster can get access to resources in other clusters in other countries. Cluster managers can then explain to different target groups what added value this unique resource brings to each of them (read more about this in chapter 7 on positioning).

**Read more:**

see list on page 67

## 6.2 CO-BRANDING AND CLUSTERS

Closely related to brand architectures is the concept of co-branding, which here refers to the activity of forming an alliance between two brands, seeking marketing and branding synergies.

In the cluster context, getting primarily cluster firms, but also other stakeholders, to co-brand with the cluster presents a major opportunity to strengthen the cluster branding, and is a sign that the cluster adds value to stakeholders' operations in different ways.

The most important step to encourage cluster firms to co-brand with the cluster is to involve them as much as possible as co-creators in a branding process. Another step is to try to understand what benefits a strong cluster brand provides to the cluster firms (here the overview of benefits and value in chapter 3 can be a useful starting point), and what specific marketing and branding needs stakeholders in the cluster have: is it, for example,

*The most important step to encourage cluster firms to co-brand with the cluster is to involve them as much as possible as co-creators in a branding process.*

to attract talent or investments, internationalisation, or to influence opinion?

It is often claimed that a firm will seek co-branding with a cluster or place if it adds *commercial* value to their operations. We argue here that companies can be interested in co-branding for other reasons that are not directly related to commercial value, such as expressing pride in their locality (there are stories about some firms based in Kista Science City (KSC) who begin every PowerPoint presentation with a few slides about KSC, supposedly due to their pride in belonging to the area) and for CSR reasons (especially larger companies as described in chapter 3), i.e. showing that they support their cluster to express good citizenship.

It is also important to bear in mind that co-branding is much more than putting two logos next to each other. Tendensor, in a study on business incentives in place branding, concluded that firms' co-branding

with clusters and other places can take some of the following forms:

- ▶ Storytelling and verbal communication.
- ▶ Explicit inclusion of values and other identity markers that characterise a cluster in company branding strategies and communication platforms.
- ▶ Direct reference in company names, product names or slogans.
- ▶ Imagery, national, regional or local symbols (such as flags or coat of arms) or colours in visual communication.
- ▶ Expression of representative lifestyles or stereotypes of people in the place.

As a result, one way of encouraging and facilitating co-branding is to make available to cluster actors a toolkit – a palette – of possible features to use in co-branding, including stories, messages, cultural and identity makers, visual expressions, symbols

and photos and examples of co-branding from the clusters and elsewhere.

#### **Dos – co-branding:**

- Ensure that cluster stakeholders feel included in the branding effort to encourage co-branding.
- Try to understand what benefits cluster firms gain from a strong cluster brand and what specific marketing and branding needs they have.
- Bear in mind that cluster firms can seek co-branding for reasons other than direct commercial ones.
- Co-branding is more than two logos next to each other; make available to cluster actors a toolkit of possible features to use in co-branding.

#### **Read more about co-branding, supranational branding and clusters (from page 63-65) :**

Andersson, M. (2007) “Region Branding: the case of the Baltic Sea Region, Place Branding and Public Diplomacy”, Vol. 3, No. 2, pp. 120 – 130.

Andersson, M. and Ekman, P. (2011), “Business incentives in place branding”, paper presented at 2nd International Place Branding Conference: Branding cities – the search for place identity, 20-22 January 2011, Cámara de Comercio de Bogotá, Bogotá, Colombia.

Andersson, M. and Paajanen, M. (2012) “Common or competing products? Towards supra-national branding in BaltMet Promo”, Journal of Place Management and Development, Vol. 5, No. 1.

Flagestad, A. and Hope, C. (2001), “‘Scandinavian winter’: antecedents, concepts and empirical observations underlying a destination umbrella branding model”, Tourism Review, Vol. 56 No. 1, pp. 5-12.

Therkelsen, A. and Gram, M. (2010), “Branding Europe – between nations, regions and continents”, Scandinavian Journal of Hospitality and Tourism, Vol. 10 No. 2, pp. 107-28.



# 7.0

## IN SEARCH OF DISTINCTIVENESS: STRATEGIC BRAND POSITIONING AND NAMING STRATEGIES

*This chapter discusses possible brand positioning and naming strategies for clusters, and what positioning and naming strategies might go well together.*

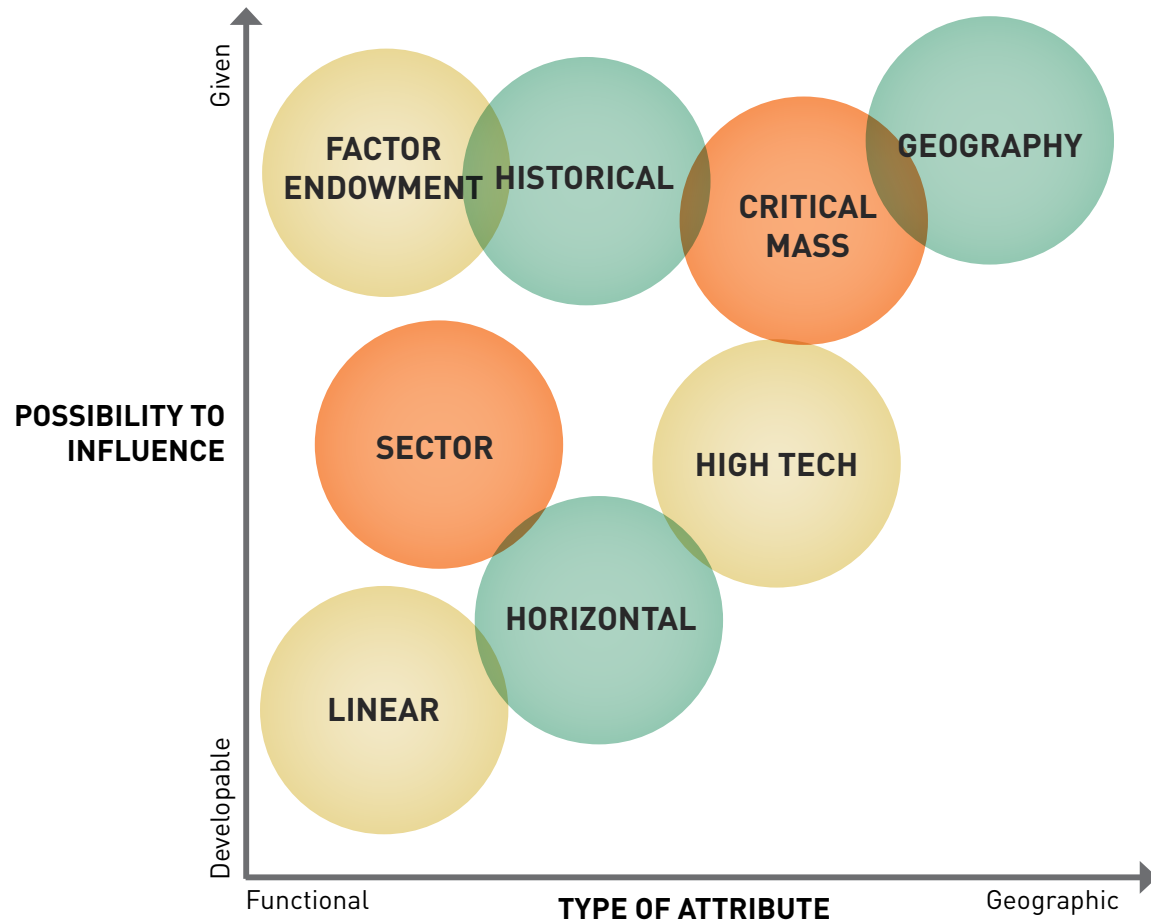
Recall from chapter 4 that brand positioning entails the strategic activity of creating a brand offer in such a way that it occupies a distinctive place and value in the target customer's mind. Strong positioning should combine functional arguments with emotional appeal.

Business clusters emerge from a variety of backgrounds, but all strive for a key position in a given economic branch of activity, with a decisive sustainable competitive advantage over other places. To identify this key position, it is necessary for clusters to recognise both their concept type, as defined by their emergence, and within that concept their competitive advantage.

Clusters will usually build their positioning con-

cept on several types, and they are not mutually exclusive. For example, a geographical cluster can be limited to one specific sector and make use of user-driven resources. For the positioning of the cluster, however, it is advisable for the cluster to identify what element endows it with the strongest competitive advantage, and emphasise that aspect in the positioning. One way of thinking about positioning that could help in the necessary strategic choices is illustrated by figure 17 (each positioning is explained in 7.1). Positioning that is difficult to reproduce can be very valuable in terms of distinctiveness. Some functional attributes are highly developable, which can be good for clusters in emergence, but they are also reproducible, lowering distinction. Geographic attributes are usually difficult to change and develop, but also to copy.

Figure 17:  
Strategic positioning choices  
for clusters



## 7.1 POSITIONING STRATEGIES

Here the aims, advantages and disadvantages of the eight positioning strategies that have been identified in the study are described. Examples are also given of each strategy.

Figure 18 shows a summary of the eight positioning strategies, their main opportunities and risks, and which naming strategies that may suit a given positioning the best (naming strategies are discussed after the eight positioning strategies).

## I. Critical-mass positioning

### Aims:

- ▶ Positioning the cluster as the biggest or most diverse in a defined region, and thus gaining recognition of its critical mass, which is one of the most important features of a cluster according to theory.

### Dos, pros and cons:

- Claims to critical masses lie at the centre of the *raison d'être* of clusters. Thus it is rarely a positioning that is useful for differentiation from other competing clusters.
- A cluster with a large critical mass is *per se* an established or mature cluster, but it can also be heading towards decline (think of auto manufacture in Detroit).
- It requires a fairly clear geographic delimitation, as in district, city or regional clusters. Only being able to claim with credibility that the cluster

is the biggest in a defined higher geographic entity (national, Nordic, European, global) can be of value. This positioning invites a quantitative argumentation, which is often susceptible to being put into question.

- A word of caution is that much of the argumentation easily becomes number-focused; it is questionable how much emotional appeal this positioning carries. Imagine Toyota positioning itself as the largest carmaker in the world – does it make you want to buy a Toyota, or do you need more compelling reasons?
- The critical mass positioning can also be used to display a diversity of the cluster, with many diverse actors being present and ready to co-operate to achieve something unique. This positioning spills over to that of factor endowment: an ability to co-operate, or that of challenge-solution: an ability to find a common solution to a challenge.

### EXAMPLE:

An example of critical mass positioning in use is the Stockholm-Uppsala Life Science Cluster, which refers explicitly to a critical mass and a multitude of actors in its positioning as one of the largest life science clusters in Europe. Reaching a critical mass is also one of the main arguments for joint cluster marketing efforts of the two distinct research environments in Stockholm and Uppsala. A consideration here is that it is perceived that many actors in the life sciences field do not know that Stockholm-Uppsala has a larger critical mass than its competitor Medicon Valley further south in the Öresund region, suggesting that Medicon Valley has been more proactive in branding itself as the chief life science cluster in Northern Europe. This highlights that while being the biggest (and implicitly the best) is hardly a unique positioning strategy, if the positioning is not proactively occupied then a competitor may have the possibility to use the situation to its advantage.

## 2. Geographical positioning

### Aims:

- ▶ Showcase the cluster's position in relation to known and recognised geographies, and thereby benefit from positive association with these. A common positioning strategy in the place-branding field, examples include "Stockholm – the capital of Scandinavia", "Latvia – the keystone of the Baltics" or "Öresund – the gateway to the Baltic Sea Region".

### Dos, pros and cons:

- The positioning can be either functional- and market-based, or more emotional- and identity-based. The functional and market linkages imply a maturity of the cluster, whereas the emotional linkages are more flexible in terms of the cluster life cycle. Aspects of identification are highly emphasised.
- The main advantage of this strategy is to tag

onto already established positive images, and thereby benefit from an image transfer and spill-over of associations from the more well-known and perhaps positively valued location.

- The major risk with this positioning is that one ends up communicating sameness rather than uniqueness, creating *brand confusion*<sup>4</sup>.
- Another risk is negative image spill-over that can occur if the place with which one is associated gets into trouble and experiences negative media coverage.

<sup>4</sup> An illustrative example of brand confusion in the Nordic context: Stockholm is "the capital of Scandinavia", the Öresund region used to position itself as the "human capital of Scandinavia", Oulu in Finland is "the Capital of Northern Scandinavia", Riga is the "capital of the North" and, finally, Port of Gothenburg has positioned itself as the "port of Scandinavia".

### EXAMPLE:

An example of the functional positioning is to express the cluster's strategic location in relation to an attractive market. Examples include cities and regions in Northern Europe who actively communicate their position in the Baltic Sea Region with a reference to market size. For instance, the Malmö Northern Harbour Business Park says that it "can function as a hub for the whole Baltic Sea Region, its roughly 100 million consumers and its hundreds of thousands of businesses".

The more emotional positioning focuses on expressing belonging and shared values: "We are part of this area or region, therefore we stand for similar values" (imagetransfer). An example is Estonia, which often expresses its Nordic identity; in its nation-branding platform it says that the country is "Nordic with a twist".

The "MedCoast Scandinavia" collaboration between biotech clusters in Oslo and Gothenburg is an example of clusters making use of the geographical positioning by both referring to a coastal location and to Scandinavia.



### 3. Sector Positioning

#### Aims:

- ▶ To position a sector as particularly strong in a specific geographic entity, so that the sector's and the geographic entity's images reinforce each other.

#### Dos, pros and cons:

- Sector positioning is useful in virtual clusters where physical clustering is not the primary reason for co-operation, e.g. a nation-state level co-operation between several regional clusters in one sector.
- Sector positioning at a national level requires a sound brand architecture to have links to real hubs and cluster agglomerations in the country.
- Awareness of a nation's brand strength in a specific sector is necessary. If the national brand in the sector in question is very weak, the sector positioning is not recommended.

- However, if the nation's brand strength is good, then the sector positioning will contribute to strengthening the image of a country that can bring added value to the sector.
- Some nations or places may have strong images in sectors where no cluster initiatives have yet been developed, and the positioning can in these cases work for embryonic clusters. The sector itself, however, needs rather high maturity.
- Virtual clusters with an international membership may have to turn to other positioning strategies than a sector positioning, if they are not to be confused with international sector associations.

#### EXAMPLE:

National level clusters require a lot of emphasis on brand architecture, as there usually will be certain regions in a country that are strong in the sector in question, and to some extent in competition with one another. The Finnish Centre of Expertise Programme is built around this idea; where smaller, often business park-type entities spread out over the country constitute regional nodes of a national 'competence cluster'. This can be a meaningful approach in cases where a country has a particularly strong image in a specific sector. The links to nation branding are very strong, and long-term perspectives determine this positioning. Finland's Cleantech cluster is a case in point, where the Cleantech Finland activities build and reinforce the Finnish cleantech reputation (the case is described in chapter 6, profile 5).

#### 4. Horizontal Positioning: User-Driven Innovation and Shared Infrastructure

##### Aims:

- ▶ To emphasise a specific resource that the cluster members are sharing among each other and that gives the cluster a unique strength. This resource can e.g. be the users as part of the development process, or a major shared infrastructure.

##### Dos, pros and cons:

- The geography of the cluster is secondary as long as there is genuine access to the resource for all clusters. The access to the resources can be on-going or in development, thus being a possible positioning for clusters in any phase of development. Public sector intervention can be a key issue, and thus implies suitability for embryonic or declining clusters.
- Having users as a development resource at the

centre of a cluster's positioning implies that its access to users must be a genuinely common resource that is shared between all cluster actors.

- Access to users in itself can be a sufficient positioning if there are no other clusters that can offer this. But with user driven business models becoming more mainstream, further specifying the qualities of the cluster's specific user group will be necessary.
- Specifying such qualities may imply referring to cultural aspects, such as the population in a location being early adopters of new technology.
- Large infrastructure investments can create a buzz around a cluster. For the positioning to be meaningful, the infrastructure must be a genuinely shared resource for cluster actors.

Often the different cluster actors will have different interests in utilising the common resource, e.g. universities will be interested in collecting empirical

##### EXAMPLE:

There is evidence of high profile, often public sector-led, infrastructure investments that have gathered international attention. This attention has created a positive buzz around a cluster and contributed to its growth. With the forthcoming arrival of the European Spallation Source in Skåne, Sweden, the Medicon Valley life science cluster is acting wisely in establishing links there and making this infrastructure an important brand asset in the cluster. In the case of Airport Cluster Finland, Helsinki Airport could be such an infrastructure that has gained much positive attention for many aspects of its efficiency.

material for research, whereas businesses could want to test a new product.

## 5. Societal Positioning: From Challenge to Solution

### Aims:

- ▶ To emphasise a specific way of working that is unique to the cluster in order to create innovations, and specifically to solve common societal challenges. The principle is the same no matter if the challenge, such as an ageing population, or the solution, such as innovative living solutions, is put at centre stage.

### Dos, pros and cons:

- With very big societal challenges such as an ageing population, clusters do not risk running out of purpose, as it is unlikely that there will ever be the perception that the challenge is solved.
- The business relevance of the challenge or the envisioned solution must be clear. Solving a societal challenge may have clear relevance for

public sector and academia, but the incentives for business may seem less obvious.

- It is important to not only communicate the solutions; the challenges one sets out to solve need to be regularly and attractively conveyed too, as these provide the context to trigger the motivation for finding the solutions.
- The geography of the cluster can vary from district level to virtual, but the scope of the challenge needs to be adapted to those geographies as well. Embryonic clusters will necessarily struggle with this positioning, as it takes time to be recognised as a problem solver.

### EXAMPLE:

The Living Business cluster in Finland brings together actors from different sectors and different stages of the supply chain in order to develop new and innovative living solutions. Although the solution, crossing sectors and thus building a new concept, occupies centre stage, the challenge – improving the living environment in Finland – is clear in the minds of cluster members.

The challenge of insufficiently dynamic living and housing solutions being available on the market is the same all over Finland, and thus it can be argued that the virtual cluster approach has been correct. The business incentive is in principle there – offering more differentiated and appealing products and services to consumers.

## 6. High-Tech and Top Know-How Positioning

### Aims:

- ▶ To position the cluster as being the most innovative or the most knowledgeable in a sector.

### Dos, pros and cons:

- If a cluster already has highly regarded markers of quality present, then these can be used as “flagship brand assets” for this positioning: these could be top performing universities, companies recognised as being on the cutting edge of development, individuals famous for exceptional achievements, or prizes and awards.
- If none of these markers are already present in the cluster, one can try to build these in the longer term. Notably founding a prize is something that a cluster organisation can do. However, there are many prizes around, and building reputation and credibility is very much

a long-term endeavour.

- Being the best may be tempting as a positioning, but usually there will be many claimants to the positioning within a sector, at least globally. As with being the largest agglomeration, claiming to be the best cluster of a sector in a small country may also be a statement of the obvious that brings no added value.
- Being on the cutting edge may also be a positioning that is difficult to tailor to suit different target groups, as the positioning may not be relevant for all target groups. Having the most exotic research next door is not necessarily an advantage, nor a disadvantage, for many companies.
- Thus, this positioning may be the most useful for sectors with rapid development and short time-to-market, usually high-tech industries. A strong business pull is necessary and thus this positioning is suitable for established and mature clusters.

### EXAMPLE:

Very highly regarded reputations of a leading company or university recognised to be on the cutting edge of development in their sector, as Nokia used to be for the mobile technology cluster in Helsinki, or a visible prize, as attempted by the “BrainsBusiness award”, handed out by Danish cluster BrainsBusiness ICT NORTH DENMARK, are useful examples. Building a convincing reputation for such markers of quality is very long-term work, and much effort needs to be focused on sustaining them.

## 7. Historic Know How Positioning

### Aims:

- ▶ Present a competitive advantage that is difficult to copy for competitors, as time cannot be bought. All things take time to do, and if a cluster has been doing them successfully for a long time, the actors in the cluster have hopefully refined their skills more than their competitors.

### Dos, pros and cons:

- There is a reason why a cluster has become a cluster and why it is successful and innovative today; this positioning is about getting to grips with what that reason could be.
- Clusters with a long, deep rooted, and/or well-known history should make use of it by identifying elements of success that are still relevant today. By definition these are mature or sometimes declining clusters.
- Clusters that have resources that take a long

time to acquire or develop may do well to employ historical know-how positioning.

- However, history cannot be ignored, and even if a cluster does not use history actively in its positioning, there may be reasons to incorporate the positive historical connotations that the place is endowed with. Using markers, especially companies that have a long history in the cluster, and that are still successful today are useful for positioning.
- History can be important for bringing a sense of purpose and belonging to the cluster participants, and therefore identification, and can be proactively used in storytelling (described in chapter 8).
- Relevant economic history can be found at all geographical levels, from district – think jewellery districts in St Petersburg – to transnational levels – think maritime industry in the Nordic countries.

### EXAMPLE:

Packbridge's history as the birthplace of global companies that are still sector leaders today is a good example of how to create international interest for a regional cluster. Clusters that have been weakened by structural changes, as is usual in the mining industry, have to identify what there is in their history that can still contribute added value for businesses today. The Triple Steelix cluster, located in the Bergslagen region in Sweden, is proud of its mining and steelworks heritage. By identifying the elements in its history that led to the growth of the industry in the region, and to where it is today in terms of excellence and innovativeness, these elements can be made highly relevant for communicating the growth of today's high-tech steel industry. If there are not enough elements that are deemed relevant today, then clusters would do better to emphasise another positioning.

## 8. Factor Endowment Positioning: Natural, Human, and Cultural resources

### Aims:

- ▶ To present unique factor conditions connected to the location of the cluster that cannot be easily created or copied elsewhere.

### Dos, pros and cons:

- Factor endowment positioning is a tempting possibility for primarily production clusters or those in the agri-food sector. Climate, rich grounds or natural resources such as forests or minerals are unique almost by definition.
- An educated and accessible workforce, or low cost of labour, are human factors that may be decisive for the location choice of some companies, and those are developable only on the long term, if at all. District clusters, and perhaps city clusters as well, can aim to develop an attractive urban environment in the cluster.

- Developing endowment factors almost always requires a strong commitment from the public sector.
- Clusters can make use of city and nation brands when positioning in relation to endowment factors.
- If the option is available for an embryonic cluster to tag on to an existing factor endowment, this is potentially a very powerful positioning. Otherwise, it is hard to differentiate the advantages of the positioning at different stages of cluster development.

### EXAMPLE:

A typical positioning for clusters in the food sector is related to the agricultural resources that are cultivated in the region. The rich grounds of Skåne are an endowment that the region is well known for benefitting, for example, a cluster like the Skåne Food Innovation Network.

In clusters that are active in sectors with a very high level of specialisation, being able to say that the very best are working in the cluster is a positive option. Well-known figureheads that are active in the region can be useful for this type of positioning. Working culture, such as the flat hierarchies of the Nordic countries, or the relatively highly educated but less expensive workforces of the Baltic states are other cases where clusters can make use of associations to national brands.

Strong clusters that have a clear geographical limitation can aim to create these types of endowments through development of the area they are active in. Kista Science City's development of the neighbourhood by bringing in services for the people working and possibly living in Kista, to make it an attractive environment, illustrates this.

Figure 18:  
Brand positioning and naming  
strategies for clusters

<b>POSITIONING</b>	<b>CRITICAL MASS</b>	<b>GEOGRAPHICAL</b>	<b>SECTOR</b>	<b>HORIZONTAL: USERS / INFRA- STRUCTURE</b>	<b>LINEAR: CHALLENGE / SOLUTION</b>	<b>HIGH TECH / TOP KNOW- HOW</b>	<b>HISTORICAL KNOW-HOW</b>	<b>FACTOR ENDOWMENT</b>
<b>MAIN OPPORTUNITY</b>	Claiming the key underpinning of clusters	Positive associations to a place	Gives space for variable geographies	Showcasing tangible added value	Showcasing process of working	Claiming to be the best, using strong markers	Strong identification	Showcasing unique
<b>MAIN RISK</b>	Lacks emotional appeal	Sameness rather than uniqueness	Confusion with sector associations	Conflict of interest in the use of the resource	Proposed solution not in line with challenge	Hard to live up to	Irrelevant for growth or competitiveness	Hard to develop
<b>POSSIBLE NAMING STRATEGIES</b>	Cluster connotation	Location	Sector, Cluster Connotation	Competency, Location	Solution, Cluster programme	Characteristic, competency, sector, cluster connotation	Location, competency	Characteristic, competency

## 7.2 NAMING STRATEGIES

An important issue for clusters and their branding prospects is what name to choose. The choice of name for a cluster touches upon issues of identity and branding. Generally, the name should reflect or be in line with the brand positioning choices of the cluster. While it is difficult to suggest a general method for name choice, considerations to bear in mind are, on the one hand, differentiation and, on the other, awareness and recognition.

There are five main elements that can be expressed in cluster names:

- **Cluster connotation:** This means choosing as part of your name, usually the ending, a metaphorical geographical denotation supposed to signal 'cluster'. The role model and most common example is of course 'Valley', as in Silicon Valley, but the last few years denotations such as 'region', 'city', 'province', 'bay', 'hub' or 'heights' have become alternatives.
- **Sector/industry/product:** This entails signalling,

*The study indicates that the need to express cluster connotations to a large extent is driven by a public-sector logic: there is often a need for regions to showcase to public decision-makers that they have a cluster initiative in their region.*

or alluding to, industrial, sectoral or product category, often used in combination with cluster associations. Examples include "Fiber Optics Valley", "BioRegion" and "Mobile Heights".

- **Characteristic/competency/solution:** Signifies key characteristics of the cluster, which are competencies that it has, or solutions that it works to produce. Examples are "BrainsBusiness ICT NORTH DENMARK", "NCE Systems Engineering" and "Triple Steelix".
- **Location:** Examples are "Copenhagen Cleantech", "GöteborgBIO" and "Finnish Airport Cluster".
- **Cluster programme:** In some cases national cluster programmes stipulate the use of the cluster programme in the name. An example in the Nordic countries is, as already addressed in chapter 6, the Norwegian Centre of Expertise Programme in Norway.

All of these have different strengths and weaknesses





in relation to positioning strategies (see figure 18). Furthermore, the names themselves carry implications for *differentiation*, *awareness* and *recognition*.

Starting with *differentiation*, some observers argue that using a cluster connotation such as “Valley” is helpful to signal that a cluster is a cluster, and that the “Valley” term also draws on positive associations that people have of both of clusters in general and Silicon Valley specifically. By saying that you are a “Valley” you signal that you are one of the foremost clusters in your field, just as Silicon Valley is one of the world’s foremost IT clusters.

This means that the cluster has to strive for excellence in everything it does, and be able to showcase that if it is perhaps not the foremost cluster in facts & figure terms, but that it at least can be said to be one of the most advanced, developed or largest ones in its field in the world. One cluster in the Nordic context that has used the ‘Valley’ con-

cept successfully is Medicon Valley, the life science cluster, which has managed to credibly position itself as one of the world's foremost life-science clusters.

The main drawbacks with “Valley” and similar terms are twofold: firstly, they make differentiation and expressing distinctiveness challenging, which can make them somewhat unsuitable as brand names. Instead of trying to express differentiating features with the name, the widespread use of Valley signifies a drive to express sameness. A ‘culture of sameness’ is a common phenomenon observed in the place-branding field. In the corporate strategy field the phenomenon is labelled the “uniqueness paradox”.

The study indicates that the need to express cluster connotations to a large extent is driven by a public-sector logic: there is often a need for regions to showcase to public decision-makers that they have

a cluster initiative in their region. Choosing a name that conveys cluster is then the safer option, to make sure that one does not become indiscernible by decision makers, for example those in charge of funding programmes. However, many cluster firms are questioning to what extent some cluster names really add any commercial value. As for identification, they also express that they primarily identify with their city or region, before the cluster. Therefore, using cluster names that tag onto place names could be a way to increase identification.

Against this background, we argue that choosing a more unique name can potentially lay the groundwork for a more powerful and successful branding. When it comes to *awareness* and *recognition*, many clusters face an uphill battle in building their brand names from scratch. Just as many companies use place-based connotations (country-of-origin) when they enter a new market where they have yet to build a brand awareness of their own, clusters can

use locations to draw on their already established images and thereby benefit from an image transfer. There will also be synergies in joint marketing and branding: the improvements of the place brand will have spill-over effects on the cluster brand, and vice versa. Hence, there are several reasons for considering linking a cluster name to a more well-known place.

### Read more:

**Andersson, M. and Ekman, P.** (2009), “*The function and characteristics of cluster branding*”, conference paper presented at the International Place Branding Conference, January 20-21, 2012, Utrecht, Netherlands.

**European Cluster Observatory**, <http://www.clusterobservatory.eu/>

**Cortright, J.** (2006), “*Making sense of clusters: Regional competitiveness and economic development*”, The Brookings Institution Metropolitan Policy Programme.

**Stensland, P.** (2009), “*Branding and strategic communication for regional clusters*”, Norwegian Centres of Expertise, Oslo.

A collection of colored pencils and a black pen are arranged on a yellow background. The pencils are in various colors (green, brown, yellow, red) and are pointing towards the bottom right. A black pen is also pointing towards the bottom right. A white arc is drawn across the top of the image.

# 8.0

## TOOLS AND ACTIVITIES FOR CLUSTER BRANDING AND MARKETING

*In this chapter, different tools and activities that help market and brand a cluster will be brought up. It is not an exhaustive overview; it is rather a discussion of the most innovative and interesting tools and activities that we have come across in the study and elsewhere, which can serve as inspiration for cluster organisations and their partners.*

One common feature of the tools and activities covered here is that they are all underpinned by the belief that sometimes 'actions speak for themselves', and acts and deeds of a symbolic nature can have an especially powerful communicative and branding effect. On top of the instruments discussed here, clusters should of course consider using all types of traditional and non-traditional channels and tools from the communication and promotion toolbox for marketing purposes: newsletters, webpages, virtual platforms, organising events and conferences, attending trade fairs, organising incoming and outgoing business delegations, advertising, etc.

### **EXAMPLES OF INNOVATIVE TOOLS AND ACTIVITIES FOR CLUSTER MARKETING AND BRANDING**

1. Ambassador networks
2. Storytelling
3. High-profile events
4. Trainee programmes
5. Social media
6. Brokerage events and business roaming agreements
7. PR and media relations

## **8.1 AMBASSADOR NETWORKS**

It has already been established that cluster organisations need to employ relationship and network marketing practices, and the people in the cluster are the most powerful branding resource at a cluster's disposal.

One way of mobilising stakeholders both inside and outside the cluster is through ambassador networks. It is a known fact that word-of-mouth is one of the most credible forms of communication. People tend to have far more confidence in the views of friends and acquaintances than in a message that emanates from advertising, or corporate or government spokespeople. Ambassadors have the potential to give credible testimonies of the distinctive character of the place and its attractiveness, and can, through word-of-mouth, influence others through their networks and relationships. Ambassadors can also, through both their social and occupational roles, get access to target groups that a cluster organisation otherwise could not reach.

By drawing on results of a study of the use of ambassador networks as branding vehicles conducted by Tendensor a few years ago and the results of the study behind the handbook, it can be argued that

- ▶ Networks of ambassadors connected to the cluster can constitute powerful instruments not only for marketing, but also for cluster development.
- ▶ Ambassador networks can be invaluable resources for responding and adapting to changes, as network members can comprise a communication channel keeping the cluster organisation informed about key developments in the region and beyond, and members can be a source of expertise, knowledge and creativity, benefitting the development of the cluster.
- ▶ Ambassador networks are very powerful brand building tools, as they both support marketing communications and the development of the attractiveness of the cluster.

## FOUR DIMENSIONS OF AMBASSADOR NETWORKS

1. Local (includes people who currently live in the location) or external (contains people who live elsewhere). The purpose of the local network is typically to promote local commitment and pride and the main purpose of the external one is to benefit from the communicative power that lies in interfaces with people and networks elsewhere and the knowledge that the network members possess about trends and events in the outside world.
2. Inclusive/private (includes private persons) or exclusive/professional (includes people chosen or invited because of their profession, position or recognition value). The purpose of inclusive networks tends to be to reach out to as many people as possible and take advantage of the potentially exponentially increasing number of interfaces with the surrounding world. The main purpose of an exclusive/professional network is typically to create a feeling of intimacy, reach a higher level of interaction and also to economise scarce resources.
3. Assigned (cluster co-ordinator appoint ambassadors) or unassigned (people can themselves sign up to be ambassadors, e.g. via a webpage) in terms of number of participants. The larger the network is, the more potential interfaces one gets, but it also becomes more difficult and expensive to govern and it is more challenging to promote interaction between the participants.
4. Virtual (no physical meetings between the ambassadors take place) or 'in real life' (physical meetings are held). The purpose of physical meetings is typically to let ambassadors interact with each other, reward the ambassadors or 'boost morale' among them.

Source: Categorisation adapted from Andersson and Ekman, 2009.

An example of an external, professional network is the “GlobalScot” ambassador network, a diaspora network organising more than 750 leading Scots and people with an affinity for Scotland in a world-wide network of individuals who are outstanding in their field. Scottish companies can then freely draw on this network for advice, contacts, assistance and support. Established by Scottish Enterprise, the network seeks to expand Scotland’s standing in the global business community by providing business support, inward investment support and leadership development.

Another example of an external network is the “Copenhagen Goodwill Ambassador Corps”, run by Copenhagen Capacity (Investment Promotion Agency) and Wonderful Copenhagen (tourism promotion agency), comprised of expatriate Danes who market the Copenhagen capital region abroad via their personal relationships. The network is managed in close alignment with Copenhagen

branding platform revolving around the “Open Copenhagen” positioning.

In the cluster context, an example of an external and professional ambassador network is the Life Science Ambassador Programme run by Medicon Valley Alliance. It is not a network of volunteers per se (as the networks described above is), but rather a systematic effort to build international partnerships and linkages with companies, academia and organisations in other life science clusters, which is done by posting ambassadors to leading life science cluster regions in the world. Currently, ambassadors are posted to Kobe-Kansai, Japan, Seoul, South Korea and Boston, USA. In the next phase of the program, which will begin next year, postings of additional ambassadors in Japan, US West Coast and China are planned.

The ambassadors are ‘embedded’ in their respective countries and in so doing have a chance to



develop a cultural understanding to the benefit of the different Medicon Valley actors. Focusing on being strategic, long-term and value creating, the ambassadors have a major effect both in assisting internationalisation of Medicon Valley companies and organisations, and in branding the Medicon Valley region in the host regions. The awareness and recognition among key target groups in business and academia in the host regions are high.

Another example is the Stockholm-Uppsala Life Science (SULS) cluster, which has opted for a more inclusive and locally focused type of ambassador network, gathering about 50 scientists and business people active in their SULS region. The network is virtual and the ambassadors are displayed on the SULS webpage under the heading “Meet our Ambassadors”.

### **Dos – ambassador networks:**

- Be precise about the purpose of the network: is it mainly a means for external communication, cluster development, boosting civic pride and identification, or is it a combination of these?
- Decide on the set up of the network based on its purpose: external or local, inclusive or exclusive/professional, assigned or unassigned, or virtual or ‘IRL’?
- Provide ambassadors with relevant and updated information material about the cluster and cluster events. Especially important are stories about the cluster that can be used for storytelling, which ought to be communicated to ambassadors as well as information about cluster-related market happenings to be held where the ambassadors are located.
- Establish a separate communication channel to ambassadors and make sure that ambassadors are kept up to date at all times about developments in the cluster. Research suggests that

ambassadors value privileged access to information more than the possibility of interacting with other ambassadors.

- Make sure that there is a two-way communication with ambassadors to harness the power that lies in getting access to their knowledge and creativity.

### **Read more:**

**Copenhagen Goodwill Ambassador Corps:** [http://www.copcap.com/content/us/our\\_services/networks\\_and\\_projects/goodwill\\_ambassador\\_corps](http://www.copcap.com/content/us/our_services/networks_and_projects/goodwill_ambassador_corps)

**Globalscot:** [www.sdi.co.uk/globalscot.aspx](http://www.sdi.co.uk/globalscot.aspx)

**MVA Life Science Ambassador Programme:** [www.mva.org/Ambassador\\_Program](http://www.mva.org/Ambassador_Program)

**SULS:** <http://suls.se/>

**Andersson, M. and Ekman, P.** (2009), “Ambassador networks and place branding”, *Journal of Place Management and Development*, Vol. 2 No. 1, pp. 41-51.

## 8.2 STORYTELLING

Storytelling is a broad tool and there is much to be said about it, probably justifying a handbook about storytelling as a branding and marketing tool for places and clusters in its own right. This said, an attempt will be made here to go over the main principles of storytelling, and how clusters could use it.

For companies, storytelling has become a tool for supporting the brand and marketing, and for strengthening the company culture. In a nutshell, stories help us understand ourselves and communicate who we are. Therefore, storytelling is indeed relevant for clusters, which are truly complex organisms.

Effects and benefits of storytelling:

- ▶ In settings characterised by high mobility, complexity and fragmentation, storytelling can be a valuable tool for creating context, sense of belonging and continuity. Storytelling can help make complex processes and events clearer

*In a nutshell, stories help us understand ourselves and communicate who we are. Therefore, storytelling is indeed relevant for clusters, which are truly complex organisms.*

and more comprehensible – they help us create meaning.

- ▶ Good storytelling can also induce stakeholders in an organisation or a place to pull in the same direction by creating identification among them; it is therefore also a management tool.
- ▶ Stories can also be very captivating and entertaining, which make them powerful tools for catching the attention of audiences and creating goodwill.
- ▶ Finally, they also help differentiate an organisation or place in a creative way – stories are often unique and very difficult to copy.

### **Behind every brand is a story**

Corporate identity research reminds us that all firms have a history, in one sense or another. Even newly founded companies can tell a story about events that took place leading up to the company's establishment, for example linked to how the business idea was formed or the background of the



founder. In the cluster context, think about stories we hear about how Silicon Valley came into being: young, tech-savvy entrepreneurs building computers in their parents' garages (e.g. the first Apple computer was built by Steve Jobs in his parents' garage in Los Altos).

There is a known saying that goes, "behind every brand is a story". We strongly believe that the same is true for clusters: behind every cluster there is a story. In fact, there are probably many stories that can help create appeal, meaning, leadership and differentiation for a cluster. The challenge lies in digging out the authentic, appealing stories that are waiting to be found in the cluster.

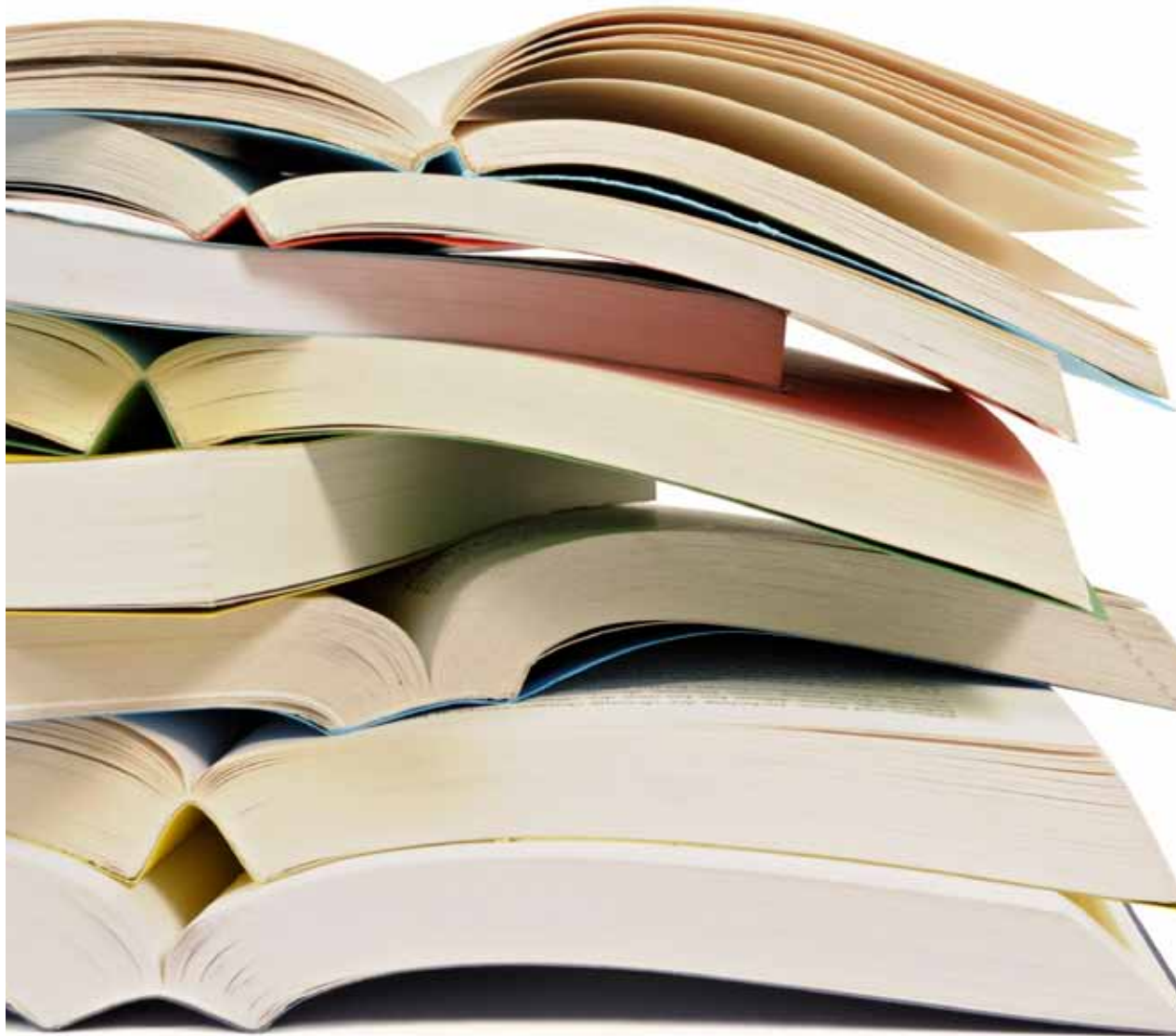
The starting point for a cluster organisation or cluster stakeholder is to ask yourself honestly: can you tell a captivating story about how your cluster makes a difference?

Generally, the study has indicated that many clusters refrain from using storytelling proactively and systematically as a branding and marketing tool.

The main reasons are either that they are unsure how appealing their potential stories are or, more commonly, that they are afraid to come across as old-fashioned and fear that stories could conflict with modern values, such as innovativeness. This fear is to some degree unwarranted and based on a misconception, we argue, as there does not have to be any contradiction between linking stories to history and more future-oriented values such as innovation: they are perfectly compatible, if used in a sensibly balanced way. Think about a company like telecommunications giant Ericsson: it often makes references to its origin and heritage, yet at the same time it stresses that it is at the forefront of technological innovation. Secondly, and maybe more importantly, the *stories as such do not need to be about history or heritage* – they may well communicate present events, projects and innovations

or be stories about a future, desired state that one wants to reach or support reaching.

An example of a cluster that uses storytelling revolving around modern features is the Future Position–X (FPX) cluster initiative in mid-Sweden, active in the field of Geographic Information Systems. It has made active storytelling a central part of its cluster development and cluster brand building. At the centre of this strategy is a systematic approach to collecting, refining and publishing appealing success stories from within the cluster. For example, at management meetings of the cluster organisation, every employee is encouraged to tell a story of an interesting recent, successful innovation, event or project that took place in the cluster. Stories are then written down, structured and refined, and published in a "cluster stories" document containing 20 cluster stories to be used by FPX employees. All storytelling takes its point of departure in the core values of FPX, and all employees of the FPX cluster



organisation are encouraged to tell the stories. Workshops are also held to root the story among cluster members. Representatives of the FPX cluster organisation say that storytelling is one of the most important and cost-effective branding tools.

It is beyond the scope of this handbook to address in detail what makes a good story, but there is a pattern of four general elements that most stories follow, which can be used as checkpoint when developing a story about the cluster and its firms, projects or innovations:

1. **Message:** stick to one message per story. A story with more than one message runs the risk of becoming messy and incomprehensible.
2. **Conflict:** a conflict drives a story forward, the change from a balanced state to conflict is what makes the story come to life and makes us wait for a solution. This could be a societal challenge, such as an environmental or health issue.

3. **Characters:** A typical story starts off with a main character or hero pursuing a goal (e.g. an inventor or entrepreneur who strives to solve a challenge)
4. **Plot:** Most stories follow the same pattern: beginning, middle and end. A good plot starts off by setting the scene. Next, a conflict emerges and sets the tone for the rest of the story. The conflict escalates but is finally resolved, marking the end of the story.

#### **Dos – storytelling:**

- All storytelling begins with listening, rather than talking: identify the stories that engage, mobilise and attract in the cluster by engaging in dialogue with cluster members and stakeholders, physically in conversations, workshops and interviews, and virtually in social media and discussion forums.
- Make sure that storytelling takes on the brand identity and brand values as its starting point.

- Use a systematic approach to encourage, refine, manage and publicise stories within the cluster.
- Make available storytelling toolkits (PowerPoint slides, handbooks etc) that cluster stakeholders can use.
- Use storytelling to bring up history and heritage, present events and future plans. All these carry different forms of appeal. For example, storytelling about a successful project can link to the unique heritage of the cluster, communicate the added value of the cluster today and paint a picture of what the cluster and its actors may be capable of in the future.

#### **Read more:**

**Baker, B.** (2011), *Four Facets of Storytelling*, <http://www.marketingprofs.com/articles/2011/5050/four-facets-of-strategic-storytelling>

**Blombäck, A. and Brunninge, O.** (2009), “Corporate identity manifested through historical references”, *Corporate Communications: An International Journal*, Vol. 14, No. 3

**Fog, K. et al** (2010), “*Storytelling – Branding in Practice*”, 2nd edition, Springer Verlag, Berlin

**Salzer-Mörling, M.** (2004), “*Storytelling och varumärken*”, in **Christiansen, L. and Kempinsky, P.**, *Att mobilisera för regional tillväxt – “Regionala utvecklingsprocesser, kluster och innovationssystem”*, Studentlitteratur, Lund

## 8.3 HIGH-PROFILE EVENTS

High-profile events are usually costly ventures, but their marketing and branding effects can be large, especially if supported and reinforced by other communication channels, such as social media and a PR strategy.

For example, the BrainsBusiness ICT NORTH DENMARK cluster annually bestows the “Brains-Business Award” on a businessperson or researcher within the cluster, which is done at an award ceremony event. Famous people, such as John Cleese and Mads Mikkelsen, have been invited as speakers at the prize-giving ceremony. Social media channels are used to promote the event, both before, during and after it takes place. The event has been positively valued by both cluster actors and the media, who have covered it quite extensively, and it has helped to put the focus on the accomplishments of businesspeople and researchers active in the cluster, as well as to create pride among cluster actors.

*High-profile events are usually costly ventures, but their marketing and branding effects can be large, especially if supported and reinforced by other communication channels, such as social media and a PR strategy.*

Another example in the Nordic context is the newly founded Copenhagen Cleantech Cluster, which to some extent can be said to be a ‘born global’ cluster; it has from day one had a global outlook and positioned itself as a cluster of global importance in the cleantech field. To support this positioning, it organised the “Open Smart City 2012” conference in March 2012. The one-week event brought together ten of the largest cleantech clusters from around the world together to interact first hand with different sub-categories of the Danish cleantech sector and discuss how these can help to advance the smart city agenda globally. The event was designed to fuse networking, company showcasing and a broader ‘branding’ of Copenhagen and Denmark as important global stakeholders in the green economy.

### **Dos – events:**

- It is important that the events are not seen as 'just' a happening, but that there is a link to the substance and overall branding of the cluster.
- Similarly, it could be important that events not be seen as only a promotion of the cluster; the more the events are seen as being about a general issue or challenge, or to the benefit of a broader group of actors (and not just to the benefit of the own cluster actors), the more credibility and impact it will have.

## **8.4 TRAINEE PROGRAMMES**

Trainee programmes and university collaborations can be powerful tools not only for tackling the long-term shortage of skilled professional and workers, but also for positioning the cluster among younger people and creating links between

academia, education, and business. Especially clusters located in more peripheral locations, active in more traditional sectors (or which are perceived as being in “low-innovation” sectors) or in the need of highly specialised employees can benefit from organising trainee programmes.

An example is the Skåne Food Innovation Network in southern Sweden that, since 2010, has run a 15-month trainee programme in collaboration with its member companies. Trainees are recruited from all over Scandinavia and from broad educational backgrounds such as engineers, business studies, agrarian science and behavioural sciences. The programme not only gives the trainees a push in their careers and helps solve skills shortages for the firms involved, it has also forged cross-border collaboration between firms and the different parts of the food value chain.

### **Read more:**

<http://www.livsmedelsakademin.se/jobb-karriar/trainee-program> (in Swedish)

## 8.5 SOCIAL MEDIA

2011 witnessed a marked evolution of social media from the personal to the professional realm. In parallel to the initial public offering of the professional networking site LinkedIn, both Facebook and Twitter expanded the tools available to companies, brands, organisations and governments. As a result, these channels now offer a cost-effective and powerful medium for clusters to share information, connect with interested parties and firms, and potentially brand themselves in the global market.

There are essentially two views that can be taken on social media and their role in cluster development: either social media can be seen as a transformative force that can change the dynamics of how a cluster functions, or it can be seen as a tool among others that is used or not used as a communication channel to reach the cluster's target groups.

There is not much evidence of a transformative



role for social media in the clusters in this study, and generally, Nordic clusters have a relatively muted presence in social media. However, for clusters that focus heavily on creating new business-to-business and triple helix relations, then social media ought to have the potential to create greater awareness and understanding of what the others in the cluster are doing, and therefore also improve, if not transform, the way things are done in the cluster. Social media is very much about engagement and listening, and with cluster stakeholders widely present in social media, the cluster organisation's communications acts wisely in interacting with them there.

Using social media can be a way of developing personal relations and closeness, which certainly can be useful in clusters that are struggling with the engagement of their stakeholders. As the Brains-Business ICT NORTH DENMARK cluster says, the cluster organisation needs to be where its 'custom-

ers' and 'potential customers' already are. But that engagement cannot be haphazard; it needs to systematically reflect the cluster brand's underpinnings.

So if social media can transform the internal communication of a cluster, should it not be possible to extend this transformative power to the external relationships and interfaces of a cluster? Social media certainly provides the possibility of more actively involving cluster stakeholders in external communications. We have seen in the study that many cluster businesses, public sector organisations and universities have strong social media presences, as opposed to cluster organisations themselves. This, of course, presents an opportunity for cluster organisations to step up their social media efforts to involve already active stakeholders as co-communicators for the cluster. In addition, through social media a company can receive constructive suggestions about how they could do things better, either from users or from other companies. This

implies that not only marketing roles, but also the R&D or foresight departments of companies, and, hence, people in development and innovation promotion roles in the cluster organisation may need to be directly involved in the use of social media.

Much of the same logic applies to social media as to any other communication channels. What are your target groups, what do you want to tell them and why, and how do you reach them? These are all questions well worth thinking about when deciding about use of social media in a cluster. A transformative role for social media would also entail an ambition to induce some kind of change in the behaviour of a target group. From the point of view of building commitment among stakeholders, a social media goal could be to create loyalty among cluster members, in order to keep them engaged by maintaining a productive dialogue.

Sharing information and publishing news with the

help of social media with the simple purpose of “just” communicating is not necessarily a good approach for clusters, and probably not for any other professional organisation for that matter. Many clusters are thirsty for stories to publish, to show that there is something, preferably a lot, happening in the cluster. In doing so, clusters run the risk of spreading an uncontrolled image, and not necessarily one that reinforces their brand. A better strategy would be to use social media to improve, change or reinforce images of the cluster that exist among target groups. Hence, there needs to be a consistency between social media communication and the brand statements underpinning the brand identity of a cluster.

Another contribution of social media to the brand of a cluster is the use of social media as a tool in itself. A cluster claiming to be high tech, or at the edge of communication technology, or otherwise claiming to use e-communications in its core activi-

*From the point of view of building commitment among stakeholders, a social media goal could be to create loyalty among cluster members, in order to keep them engaged by maintaining a productive dialogue.*

ties (e.g. e-health solutions) can reinforce its image by being an active social media user.

In the same way that Sweden has let its @Sweden Twitter account be used by a randomly chosen ordinary Swede each week in order to reflect the Swedish brand values of progressivity, democracy and openness, a cluster that would position user-driven solutions as its core positioning could consider letting its social media be user-driven too. This is associated with some risks, but the risk can be managed. The Energy Vaasa cluster in Finland selected a summer jobholder to make video diaries on YouTube to tell of his experience of working in the cluster. The campaign got wide attention in Finland, due to the exceptional benefits paid to the jobholder. The campaign has received awards in Finland for best regional talent attraction marketing. The use of social media can help reduce the distance between a cluster and its audience, especially when the audience consists of ‘real’ persons, as is



the case with clusters trying to reach talents.

Whatever a cluster's strategy for social media use may be, it is necessary to know if it achieves the desired results. The metrics to measure successful social media use are under strong development right now, and there is no clear-cut path that clusters should prefer. Any future work that clusters do on measuring awareness in target groups, or commitment of stakeholders e.g. through increased participation, will be valuable lessons for all clusters. Inspiration can be drawn from how companies work with measuring social media success.

### **Dos – social media:**

- 'Content is king' – you need to offer interesting and motivating content in social media channels, especially if you want to catch the attention of younger generations. Sometimes one sees companies saying, "Like us on Facebook". A common response among target audiences is simply: "Why?" Motivating reasons need to be given to trigger action.
- Frequency cannot be underestimated: some practitioners say that updates need to be released daily to build and maintain a high level of engagement of audiences.
- However, do not share everything. There needs to be a consistency between social media communication and the brand identity underpinning the cluster.
- Consider using a social media metric tool to track impact and outreach in social media channels. There are a range of freeware monitoring tools available online.

- Focus efforts: when time and resources are scarce, it is better to be active in one or two channels than to spread resources too thinly and try to be in as many channels as possible.
- Also, think about how different channels complement and reinforce each other. For example, if YouTube is used for moving content, another channel such as Twitter or Facebook is perhaps needed to draw attention to the YouTube content.

### **Read more:**

Waddington, S. (2012), *"Share this – the Social media handbook for PR professionals"*, Chartered Institute of Public Relations, London, UK.

## 8.6 BROKERAGE EVENTS AND BUSINESS ROAMING AGREEMENTS

Taking match-making to a whole new level, brokerage events that connect cluster SMEs with MNCs scouting for innovations can be a powerful tool to support commercialisation and internationalisation of cluster firms.

A frontrunner here is Cluster 55, the ICT cluster in the Öresund Region of Denmark and Sweden. It organises regular brokerage events aimed at facilitating tech scouting for large MNCs. It uses its network to identify and invite relevant start-ups and SMEs to present their technology or products to the MNCs. In addition, Cluster 55 has entered collaboration agreements – “business roaming agreements” – with other international ICT clusters and hubs that get invites to the events to distribute to their most promising SMEs and start-ups. For example, being a member of the BSR Stardust project “Mobile Vikings”, Cluster 55 invites firms from other clusters in the Baltic Sea Region that also are members of the project.

*Taking match-making to a whole new level, brokerage events that connect cluster SMEs with MNCs scouting for innovations can be a powerful tool to support commercialisation and internationalisation of cluster firms.*

### **Dos – brokerage events / business roaming agreements:**

- Making sure that there is a sincere willingness to share knowledge and contacts is a prerequisite for business roaming agreements to work effectively.
- Choose the clusters with which to collaborate in a careful and strategic manner, in order to ensure they meet a certain level of quality requirements in terms of professionalism and having promising firms, because image transfers will take place (business roaming agreement is a co-branding of sorts).
- Enter strategic partnerships with other clusters to secure commitment over the longer-term.

### **Read more:**

[www.cluster55.org](http://www.cluster55.org)

## 8.7 PR AND PUBLICITY

Public relations (PR) and media relations activities can be a very cost-effective way of reaching out to a broad audience. The study indicates that this communication tool in general is underused by cluster organisations. Building and managing relationships with those who influence an organisation's audiences plays a central role in public relations. For clusters, reaching target groups such as policy-makers and investors may be primary goals, but also export buyers and skilled professionals can be viable target groups, for example via trade press.

Traditional tools include press releases and press kits, distributed to the media to generate interest from the press, as well as brochures, newsletters and annual reports.

A cluster organisation that has successfully worked with a PR-driven marketing strategy is the Paper Province, a cluster in the paper and pulp industry based in western Sweden. Some years ago



the cluster organisation faced several increasingly pressing challenges: the number of cluster firms had steadily declined over a long period of time, and the attention the cluster received from public decision-makers had fallen. As the marketing budget was considered scarce, it was decided early on that a PR-driven marketing and communication strategy would be a cost-effective way to reach the target groups in regional and national government in charge of funding programmes and member companies, as well as potential member companies among the cluster firms. Three goals were set up: increased visibility, attraction of member companies to the cluster organisation and securing long-term investments into the cluster.

Using a proactive media-relations strategy, Paper Province defined a vision for the desired brand image: it would aim at presenting itself as the 'good example', focusing its messaging and stories on its importance for the surrounding region, the country

and the industry at large. It targeted national and regional media with stories that reflected this image by inviting journalists to the cluster, publishing press releases and sending letters to the editor of daily and trade press. They also joined forces with leading researchers and opinion makers to find common ground and common agenda on contentious issues facing regional development or the paper and pulp industry. The strategy proved very useful by all measures; press coverage increased dramatically by 1300 % over the period 2005-2010 (33 articles in 2005 compared to 442 in 2009), and the number of member companies, international interest and incoming delegations and both public attention and public investments have also increased drastically over the same period.

Lessons learned from the Paper Province case include that it is important to consume media to identify topical issues to tag onto, dare to have an opinion and to think about how you can make

the job easier for others, for example by helping to push the agenda for opinion makers by joining forces.

#### **Dos – PR and media:**

- Think about how the PR activities can support the overall reputation of the cluster as well as drive certain specific issues.
- Dare to have an opinion and take a stance.
- Consume lots of media to understand where the winds are blowing.
- Think about how you can find common ground and push an agenda jointly with other 'influencers'.

#### **Read more:**

*TACTICS: Supporting cluster marketing and branding*, PRO INNO Europe Initiative/European Commission, forthcoming October 2012.

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## ABOUT TENDENSOR

TENDENSOR<sup>®</sup> ClusterBrands  
TENDENSOR

Tendensor is a branding consultancy focused on the intersection of society and business. We run multi-stakeholder branding processes, measure the image of places and train place managers. We are the partner of choice in three areas:

- **GeoBrands** – Countries, regions and cities that wish to develop their place brand and reputation. Tendensor is among the leading place-branding actors in the Nordic countries, with a wide range of assignments from government bodies, regions, cities and municipalities.
- **PublicBrands** – Companies and organisations that wish to strengthen their brand and build trust. We are the consultancy of choice, particularly for actors in the public spotlight, international organisations, and public agencies and companies.
- **ClusterBrands** – Business clusters that aim for international visibility and attraction in terms of investments, talent, and customers. We run strategy processes, carry out cluster brand audits and train cluster organisations.

Our offices are located in Stockholm and Kalmar, Sweden, and Helsinki, Finland. Additionally, we collaborate with a wide network of international partners and expert networks in several European countries and the US.

Please visit [www.tendensor.com](http://www.tendensor.com) for more information about us.

## APPENDIX I

The core of the project's research and analysis phase is 11 case studies of clusters' branding and marketing. A total of 91 interviews were conducted with cluster organisations, cluster companies, regional and local authorities, investment promotion agencies and academia as a part of the case studies. The cases were identified in a collaborative effort between the project management and the 11 project partners.

In most cases carried out between April and October 2012, the following cluster initiatives or specific branding/marketing efforts were studied:

- **Kista Science City** (ICT, Stockholm, Sweden)
- **BrainsBusiness – ICT North Denmark** (ICT, carried out November 2011-January 2012 as a pre-study to main study phase)
- **Skåne Food Innovation Network** (Food, southern Sweden)
- **Triple-Steelix** (Steel production, Region of Bergslagen, Sweden)
- **Airport Cluster Finland** (Airport services and technology)
- **Living Business Cluster** (Living solutions, Helsinki, Finland)
- **Stockholm-Uppsala Life Science** (Life science, Sweden)
- **Packbridge** (Packaging solutions, southern Sweden)
- **Medicon Valley Alliance Life Science Ambassador Programme** (Life science, eastern Denmark/south-western Sweden)
- **The 'Dual Branding' concept of the NCE and Arena cluster programmes** (Norway).
- **BSR Stars programme/BSR StarDust project** (branding and marketing of macro-regional clusters in the Baltic Sea Region)

In addition, representatives of the following cluster organisations have been interviewed as part of the case studies:

- **NCE Maritime** (Maritime industries, Norway)
- **NCE Subsea** (Subsea technology, Bergen region, Norway)
- **NCE Systems Engineering Kongsberg** (Kongsberg, Norway)
- **Arena USUS** (Tourism and experience industries, southern Norway)
- **Arena Helseinnovasjon** (Health economy, Norway)
- **Cluster 55** (ICT, Öresund region, Denmark/Sweden)
- **Mobile Heights** (Telecommunications, southern Sweden)
- **Sustainable Sweden Southeast** (Cleantech, Kalmar, Sweden)
- **Uppsala BIO** (Life science, Uppsala, Sweden)
- **Stockholm Science City / Stockholm Life** (Life Science, Stockholm, Sweden)
- **Lahti Science and Business Park** (Cleantech, Lahti, Finland)
- **Wellbeing Centre of Expertise** (Helsinki, Finland)
- **Latvian IT Cluster** (ICT, Latvia)

Finally, interviews were conducted with representatives of other clusters that have earned a reputation for using branding or marketing in an innovative way. Cluster development experts who are working or have been working in the following clusters have been interviewed:

- **Future Position-X** (Geographic IT, Gävle, Sweden)
- **Paper Province** (Paper and pulp, East Sweden)
- **Silicon Valley** (ICT, Palo Alto, USA)



### **Research questions of study process:**

The focus of the study has been agreed upon in collaboration with the project partners. These six prioritised questions have guided the research, analysis and conceptualisation in the project:

1. What can be learned from clusters that have successfully built strong brands? What are the success factors? What are the pitfalls?
2. Who are the main stakeholders in branding and marketing the cluster? How do the stakeholders play different roles in the branding? Is it possible to devise a clear division of labour?
3. What are the main benefits of a positive cluster reputation? How do the benefits and needs differ between the various stakeholders (such as cluster organisations, corporations, SMEs, universities and research institutions, NGOs and the public sector actors)?
4. How can cluster organisations use strategic marketing and brand-building in the different stages of the cluster life cycle: emergence, growth, sustainment and decline?
5. What role can the cluster brand play in the cluster firms' own branding strategies? How can the cluster facilitators develop a brand that maximises its brand value for the cluster firms, and facilitate co-branding efforts?
6. How can the cluster use a place identity and culture in its brand-building and to strengthen the identity of the cluster? How can the cluster benefit from and use the brand image of its surrounding region and nation?



PROJECT PARTNERS:

