

# A Study on Place Brand of Coimbatore among the Entrepreneurs in Small and Medium Scale Industries Using Structural Equation Modeling

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## ABSTRACT

Place branding is one of the classical products brands that have emerged from place marketing strategies. Place branding includes both place marketing and place promotion. It is said to be a new umbrella term encompassing nation branding, region branding and city branding. Place branding is the process of image communication to a target market. It is invariably related to the notion that places compete with other places for people, resources, and business. Place branding can be defined as the process employed by public administrations to intend to create place brands. "A place brand is a network of associations in the place consumers' mind based on the visual, verbal, and behavioral expression of a place and its' stakeholders. These associations differ in their influence within the network and in importance for the place consumers' attitude and behavior" (Zenker & Braun, 2012, p. 275). It therefore aims to affect the perceptions of a place and position it favorably in the minds of the target groups. Place branding thus suggests that places, cities, regions or countries could be considered as brands, as long as perceived so. In this regard, many public administrations are implementing place branding strategies. The main purpose of this paper is to study on place branding of Coimbatore based on which success factors made the business people to attract to the place Coimbatore for their investment. The First objective of this study is based on various demographic profiles of the investors and the second objective of the study is to know which success factors attracted for the business people to invest on place brand Coimbatore.

## 1. Introduction

The concept of branding has long been popular in the business world as a way to market various Goods and services. Not surprisingly, different places—cities, regions, nations—have for different purposes and in different ways, also adopted branding to market themselves. Research on place marketing has been conducted for at least 20 years, and as places have become more sophisticated and comprehensive in marketing and have started to adopt branding strategies, researchers have developed a greater understanding of this social process. Now new tool is used to enhance the place. It is said to be the place branding. Place branding enhances the development of region or a place not only in terms of leisure and tourism but also in terms of attracting inward investment, enhancing the existing culture and heritage, developing facilities for local residents and welcoming new residents, employees and skilled migrant. (Hankinson, 2007). Place branding implies the subsuming of different marketing strategies under an overarching strategy of promoting a brand that is meant to communicate a place's general identity. Places have been promoting their attractions and their images throughout history, because they have always needed to attract settlers, customers, visitors, traders, investors and the category of people we today call ' influencers. As international place branding authority Simon Anholt writes, "Unless you've lived in a particular city or have a good reason to know a lot about it, the chances are that you think about it in terms of a handful of qualities or attributes, a promise or some kind of story, That simple brand narrative can have a major impact on your decision to visit." All of our decisions, whether they are as

unimportant as buying an everyday product or as an important as relocating a company, are partly rational and partly emotional. No human activity is exempt from this rule, and the brand images of cities underpin the emotional part of every decision connected with those places, which in turn affects the rational part. For example "Paris is romance, Milan is style, New York is energy, Washington is power, Tokyo is modernity, Lagos is corruption, Barcelona is culture, and Rio is fun. These are the brands of cities, and they are inextricably tied to the histories and destinies of all these places. "In today's globalized, networked world, every place has to compete with every other place for its share of the world's consumers, tourists, businesses, investment, capital, respect and attention. Cities, the economic and cultural powerhouses of nations, are increasingly the focus of this international competition for funds, talent and fame". The aim of the research is to determine whether it can be empirically proven that a place Coimbatore is in possession of a strong brand can attract more and more investment from business people. Also to know the perception level of place brand image of Coimbatore from the view of business people

The following factors considered as Brand identity factors:

### Culture

Culture consists of rite, rituals and values. In every brands background lies a system/network of values. These values drive the brand. Just as culture is one of the important forces behind consumers preferences, prejudices and behaviours, so also the culture of the brand manifests itself in various aspects

of the brand, like the product it carries, its uniqueness, its communication etc. brand is an inspired manifestation of culture. Tradition is acknowledged as an important element in place branding, but this is often under-developed and not directly measured in place brand valuation.

### **Brand Awareness**

Brand awareness measures the accessibility of the brand in memory. The higher the number of Potential customers being aware of the brand and the more these customers know about the brand, the higher the engagement of the potential customers with the brand. This is even more important since the brand needs to be present in the consideration set of the customer before it is even regarded as an alternative. (Jacobsen 2009). Brand awareness can be measured through Brand Recall or Brand Recognition. Brand Recall reflects the ability of consumers to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or some other type of probe as a cue.

### **2. Brand Image**

The brand image can be explained as how the customers perceive the brand. It is the key of how consumers make their choices after gathering information about the particular brand and the alternatives (Ataman & Ülengin, 2003). According to Kapferer (1997, 95) image is on the receiver's side. An image indicates how the various signals of the brand are interpreted by the public. These messages and signals produce a meaning for the brand. These signals can be for example brand name, symbols, products, services and advertisement. The signals are trans-mitted from the sender's side, in other words from brand identity. Image is thereof both the interpretation and result. In this study brand image is considered as a factor to study place brand image of Coimbatore. The dimensions of Anholt Branding Hexagon (2008) are taken into the consideration for this study. Simon Anholt is an expert in nation branding. He is also recognized for the "Anholt Branding Hexagon" where it has six factors to measure each country's brand image by combining the six dimensions: Exports, Governance, Culture and Heritage, people, Tourism, and Investment and Immigration. Here these factors are considered to study the image of place brand Coimbatore from the perspective of business people.

### **3. Importance of place branding**

Place Branding is the new way for cities and regions to succeed in the global competition. A strong brand attracts new talents, businesses and investments. And even the most boring place in the world has its advantages, says place branding-expert Helena Nordstrom. Driven by increased globalization and urbanization, each place has to compete for its residents, jobs, investments and visitors. Place branding is a useful tool for the global positioning of cities and territories, consisting of elements of strategy, citizen participation, public-private collaboration, communication and political will. It's important to realize that place branding is not solely about tourism. It's about recruiting new talents and creating a dynamic environment. In place branding the place can be consider as the big picture in order to form an attractive community where people want to live, work and develop. Here

the place taken is Brand Coimbatore. As we know **Coimbatore District** is a district in the Kongu Nadu region of the state of Tamil Nadu. Coimbatore is the administrative headquarters of the district. It is one of the most industrialized districts and a major textile, industrial, commercial, educational, information technology, healthcare and manufacturing hub of Tamil Nadu. As of 2011, Coimbatore district had a population of 3,458,045 with a sex-ratio of 1,000 and literacy rate of 84%. Coimbatore district houses have more than 25,000 small, medium and large industries with primary industries being engineering and textiles. Coimbatore is called the "Manchester of South India" due to its extensive textile industry, fed by the surrounding cotton fields. The city has two special economic zones (SEZ), the Coimbatore Hi-Tech Infrastructure (CHIL) SEZ at Saravanampatti and the TIDEL Park near Peelamedu, and at least five more SEZs are in the pipeline. As of 2006-07, before the bifurcation of Tirupur district, Coimbatore was the highest revenue earning district in Tamil Nadu. In 2010, Coimbatore ranked 15th in the list of most competitive (by business environment) Indian cities. Coimbatore is the Second largest city after Chennai in Indian state of Tamil Nadu

- Fastest growing tier-II cities in India.
- Ranked best emergency city in India in 2014
- Ranked 4<sup>th</sup> among Indian cities in Investment Climate.
- Coimbatore is 1/100 among Indian cities to be developed as SMART city as it is under PM Modi's Flagship smart cities mission.
- Has sister city relationship with (US), (Germany).

### **4. Literature Review**

Hanna & Rowley (2008), the authors in his literature reports on studies focusing on the application of the branding concept to various geographical entities ranging from countries to towns and the challenges of branding the multidimensional construct 'place' especially in relation to stakeholder engagement. There seems to be a recognizable gap in the literature regarding the application of the term 'place' and its associated vocabulary: location, country, nation, city and region. The results of the study depict the application of place brand terms in a generic manner from which guidance for the specific application of place terms may provide future consensus either implicitly or through the formation of distinctive place term definitions. Anholt (2010) describes in his conceptual paper that if a country is serious about enhancing its international image, it should concentrate on the national equivalents of 'product development' (and the effective and professional marketing of those 'products') rather than chase after the chimaera of branding. The author also describes that all relevant ideas, products and policies can, gradually, enhance the reputation of the country that produces them. Zenker (2011) describes that his paper presents an extensive review of current place brand measurement studies and provides a conceptual framework for the elements of a place brand. Through these means, the paper offers a valuable concept for place branding and furthers the discussion of appropriate measurement approaches in the realm of place branding. Scaramanga (2012) states the purpose of this paper is to develop a conceptual framework to describe possible key features in the relationship between culture and place

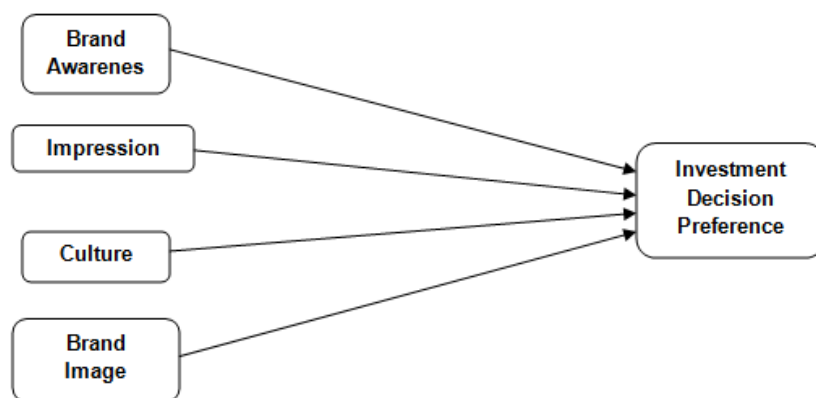
branding. Finally, the author describes in this paper that cultural aspect is related with the pre-existing reputation of a place. Further, it is connected with the minds of people, fostering the contentions of common essence between culture and branding. Fasli et.al, (2012) in this paper he aims to discuss the influence of iconic architecture through creating identifiable images on Quality of life. The paper, firstly, puts forward very briefly the Concepts of City Identity and Branding with an emphasis on city image, which is limited to the contribution of iconic buildings. Secondly, his paper discusses the contribution of iconic buildings through their meaning in terms of the image of the city to QOL.

Zavattaro (2013) the theoretical understanding developed in this article extends Goffman's theater metaphor to a view of place branding based on organization identity. The use of a trusted theory to give place-branding scholarship additional footing will enable public administration practitioners to better

utilize the underlying principles of image management when crafting place-branding processes.

Zenker et.al, (2014) in This paper he highlights the importance of residents in the place branding process and argues that their special functions as ambassadors for the place constitute the most valuable assets in place branding. Thus, a participatory place branding approach involving residents is needed. To implement this approach, three stages are necessary: (stage 1) defining a shared vision for the place including core place elements; (stage 2) implementing a structure for participation; (stage 3) supporting residents in their own place branding projects

Based on the above reviews, we arrive at a theoretical framework as shown in Figure 1 that depicts the relationship between



**5. Need of the study**

A strong place brand should be at the heart of any communication strategy that aims to support the well-being and economic development of the place that it serves. In that case Place branding is the tool that can support a number of key corporate objectives for any council, most of which are firmly linked to economic development and that support provides to local businesses. The study is on place brand Coimbatore in order to know the perception of business people's image view on place Coimbatore and also which factor made more attracted for the business people to invest or make decision to do business in place Coimbatore.

**6. Objectives of the study**

The author intends to study the relationship and influences of the study variables shown in the framework and hence framed the following objectives.

1. To know impact level of Brand Identity factors of Impression, Brand Awareness, Culture and Brand Image on Investment Decision Consideration, is tested based on theoretical model using SEM

**7. Methodology**

**Type of Study**

A pilot study is done. Simple Random Sampling method is used. A questionnaire survey method was used to seek responses from business people in Coimbatore, India. 250 questionnaires were distributed, among 200 questionnaires are valid and taken for the analysis. The analysis of the study was done using SEM (AMOS) to check the Regression Weight and the model fit.

The constructs namely Brand Awareness ,Impression , Culture , Brand Image and investment Decision Preference are tested for construct validity by testing the Confirmatory Factor Analysis.

**8. Construct validity for impression**

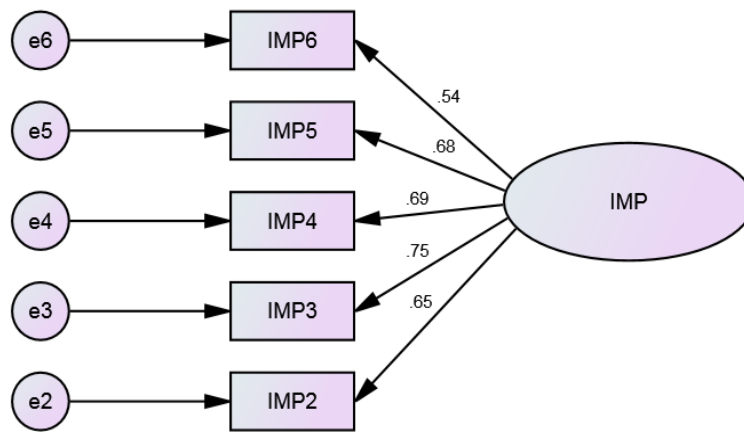


Fig 1

CFA is direct to confirm that the items classified under Impression construct measures the same construct. The factor loading of these items ranges above 0.5. The items of standard Estimate

Value which is all above 0.5. The higher the loading better is the explanation given by the items to the impression construct. From fig 1 it shows that all the items IMP2, IMP3, IMP4, IMP5, IMP6 has the standard value higher than 0.5. From the fig 2 it represents that the variables e2 to e3 and e2

to e5 are said to be associated error items for the respective construct Impression.

Before revising the model, the chi square test statistic (CMIN) value is 12.22 and the P value is 0.000 which is less than 0.05 which indicates it as a poor fit. The other goodness of fit measures namely GFI, NFI, CFI, and TLI are found to be above values of 0.90 whereas RMSEA value is found to be 0.133 which is more than 0.086. Therefore the model is validated and improved by Adding co-variances between error terms that are between e2 to e3 and e2 to e5.

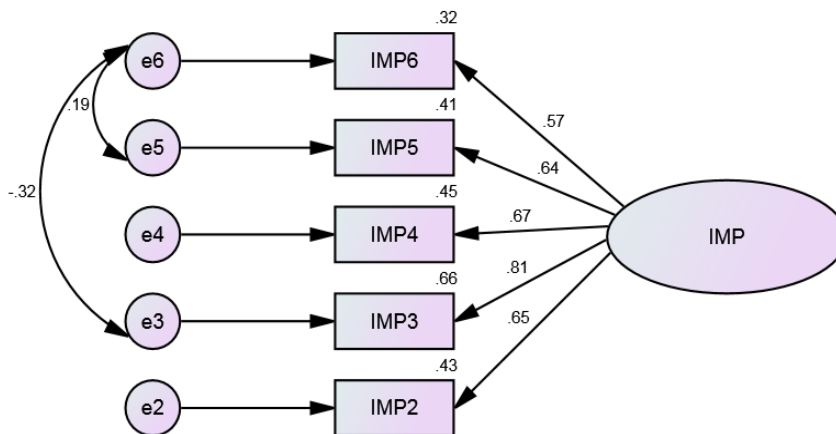


Fig 2

Testing a measurement model is underlying a full structural model first. If the fit of the measurement model is found acceptable, then one should proceed to test the structural model. The structural equation model is conducted to assess construct validity by using the maximum likelihood

method. The confirmatory test result showed good fit as shown in the following model fit summary table. The model fit values are shown in the table1 which is said to be good fit as the values are all in accepted level.

TABLE NO. 1  
MODEL FIT SUMMARY

No.	Test Factor	Value	Valid Range	Result
1	Chi-Square	5.998	p>0.05	1% level
2	Chi-Square / df	1.999	2.0–5.0	Good Fit
3	GFI (Goodness-of-fit index)	.996	>0.95	Good Fit
4	AGFI (Adjusted goodness-of-fit index)	.981	>0.95	Good Fit
5	CFI (Comparative fit index)	.997	>0.95	Good Fit
6	NFI (Normed fit index)	.994	>0.95	Good Fit
7	TLI (Tucker-Lewis index)	.989	>0.95	Good Fit
8	RMSEA (Root mean square error of approximation)	.040	<0.07	Good Fit

### 9. Confirmatory factor analysis for brand image

The above mentioned process is repeated for all the constructs. In order to have higher loadings of each items of

Brand Image construct, standard Estimate values of each item which are above 0.5 are taken into consideration

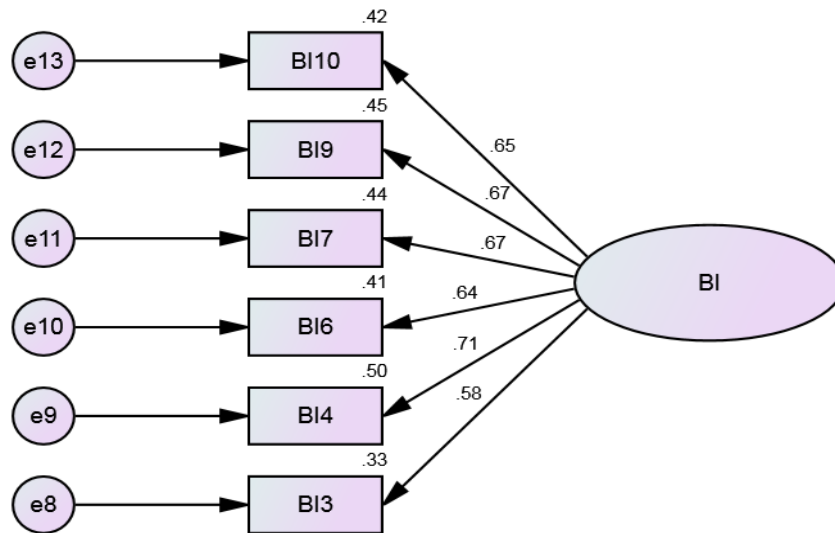


Fig 3

From the fig 4 it represents that the variables e8 to e9 and e9 to e13 are said to be associated error items for the respective construct Brand Image. Before revising the model, the chi square test statistic (CMIN) value is 4.505 and the P value is 0.000 which is less than 0.05 which indicates it as a poor fit. The other goodness of fit measures namely GFI, NFI,

CFI and TLI are found to be above 0.9 whereas RMSEA value is found to be 0.74 which is also more than the specific value of 0.08. Therefore to improve CMIN value, P value and RMSEA value, the model is validated by adding the covariances between the specific error terms of e8 to e9 and e9 to e13

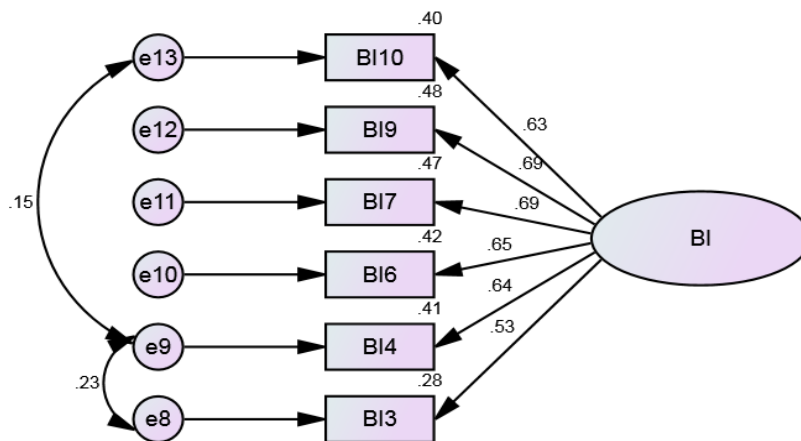


Fig 4

The model fit values are shown in the table 2 which is said to be good fit as the values are all in accepted level.

TABLE NO. 2  
MODEL FIT SUMMARY

No.	Test Factor	Value	Valid Range	Result
1	Chi-Square	11.432	p>0.05	1% level
2	P value	0.121	p>0.05	1% level
3	Chi-Square / df	1.633	2.0–5.0	Good Fit
4	GFI (Goodness-of-fit index)	.994	>0.95	Good Fit
5	AGFI (Adjusted goodness-of-fit index)	.982	>0.95	Good Fit
6	CFI (Comparative fit index)	.996	>0.95	Good Fit
7	NFI (Normed fit index)	.990	>0.95	Good Fit
8	TLI (Tucker-Lewis index)	.991	>0.95	Good Fit
9	RMSEA (Root mean square error of approximation)	.031	<0.07	Good Fit

10. Confirmatory factor analysis for brand awareness

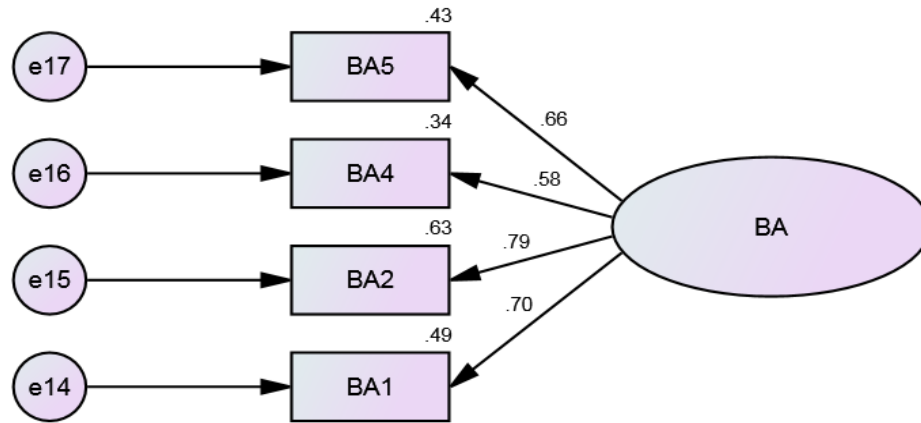


Fig5

The relationship between the items and unobserved variable is shown in the figure 5. The items namely BA1, BA2, BA3, BA4 are observed variables and the construct Brand Awareness is unobserved variable is indicated in fig 5. All the items are loaded above 0.5, this shows that each item is measuring to same construct as depicted in fig 5

From the fig 6 it represents that the variables e14 to e16 and e16 to e17 are said to be associated error items for the respective construct Brand Awareness. Before revising the model, the chi square test statistic (CMIN) value is 47.824 and

the P value is 0.000 which is less than 0.05 which indicates it as a poor fit. The other goodness of fit measures namely GFI, NFI, CFI and TLI are found to be above 0.9, 0.87, and 0.87 whereas RMSEA value is also found to be 0.271 which is high than the expected value of 0.08. Therefore to improve CMIN value, P value and RMSEA value the model is validated by adding the co-variances between the specific error terms of e14 to e16 and e16 to e17

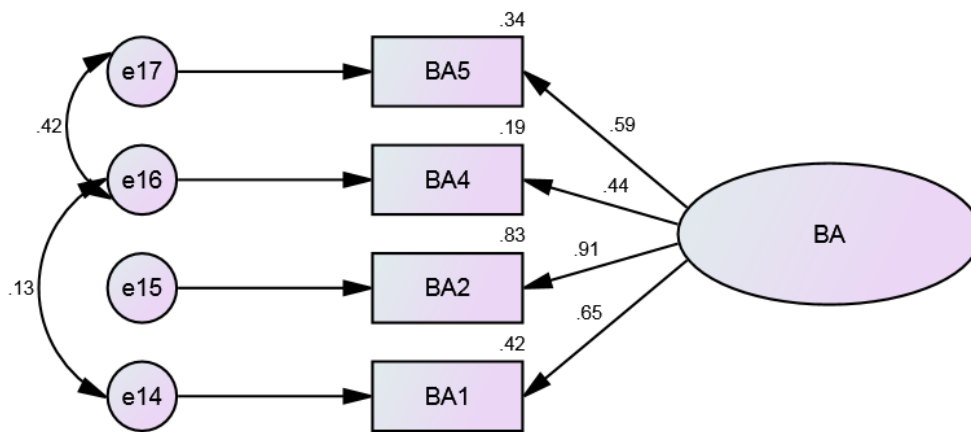


Fig6

The model fit values are shown in the table 3 which is said to be good fit as the values are all in accepted level.

TABLE NO. 3  
MODEL FIT SUMMARY

No.	Test Factor	Value	Valid Range	Result
1	Chi-Square	11.432	p>0.05	1% level
2	P value	0.121	p>0.05	1% level
3	Chi-Square / df	1.633	2.0–5.0	Good Fit
4	GFI (Goodness-of-fit index)	.994	>0.95	Good Fit
5	AGFI (Adjusted goodness-of-fit index)	.982	>0.95	Good Fit
6	CFI (Comparative fit index)	.996	>0.95	Good Fit
7	NFI (Normed fit index)	.990	>0.95	Good Fit
8	TLI (Tucker-Lewis index)	.991	>0.95	Good Fit
9	RMSEA (Root mean square error of approximation)	.031	<0.07	Good Fit

11. Confirmatory factor analysis for investment decision preference

The above mentioned process is repeated for also the construct Investment Decision Preference. All the items have higher loadings on unobserved Investment Decision

Preference construct, the standard Estimate values of each item are more than 0.5 by which it shows in fig7 that it measures to the same construct.

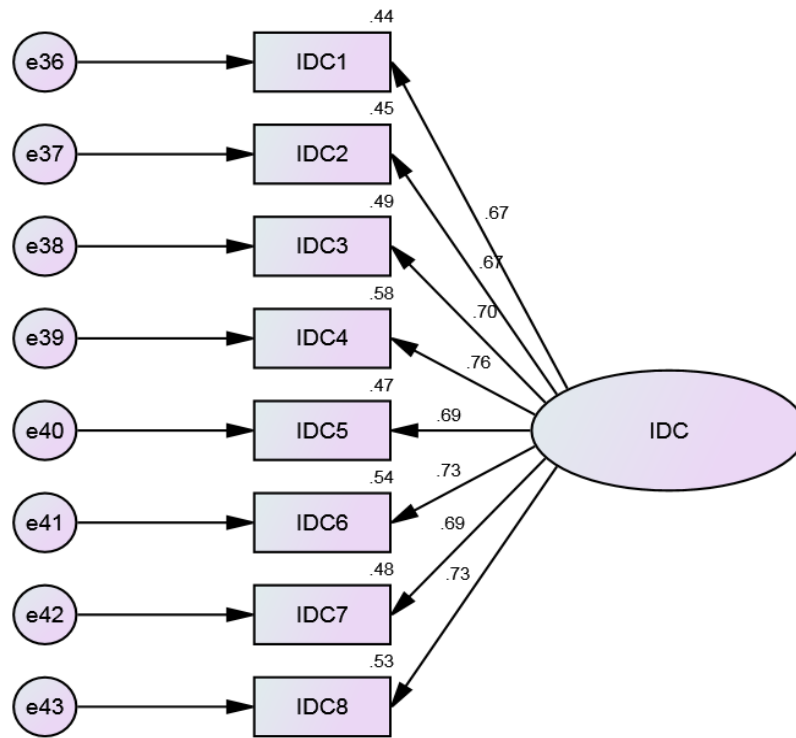


Fig 7

From the fig 8 it represents that the variables e38 to e39, e39 to e40, e40 to e42, e42 to e43 are said to be associated error items for the respective construct Investment Decision Preference. Before revising the model, the chi square test statistic (CMIN) value is 104.083 and the P value is 0.000 which is less than 0.05 which indicates it as a poor fit. The CMIN/DF value is 7.434 which is also very high. The other goodness of fit measures namely GFI, NFI, CFI and TLI are found to be above 0.9, whereas RMSEA value is also found to be 0.100 which is high than the expected value of 0.086. Therefore to improve CMIN value, P value and RMSEA value the model is validated by adding the co-variances between the specific error terms of e38 to e39, e39 to e40, e40 to e42, e42 to e43. From the revised model of fig 15 the model fit values are shown in the table 7 are increased and determine to be good fit as the values meet the accepted level.

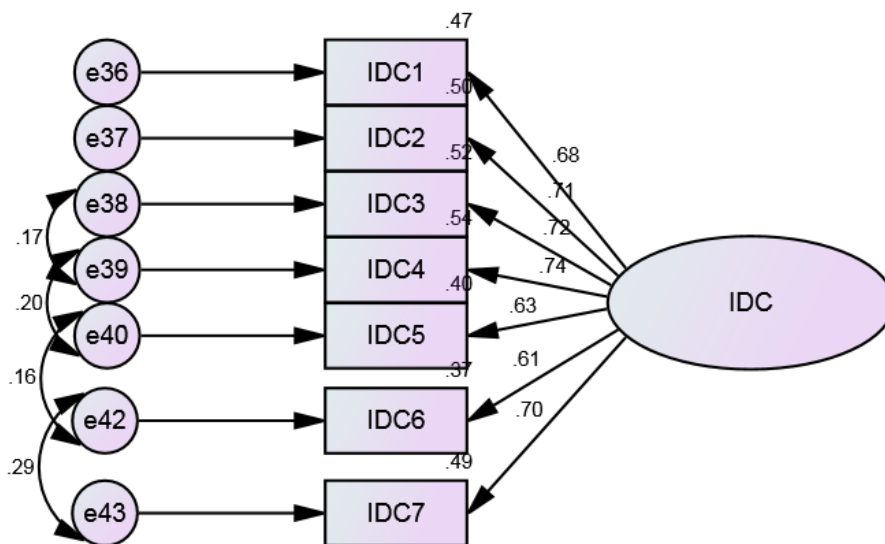


Fig 8

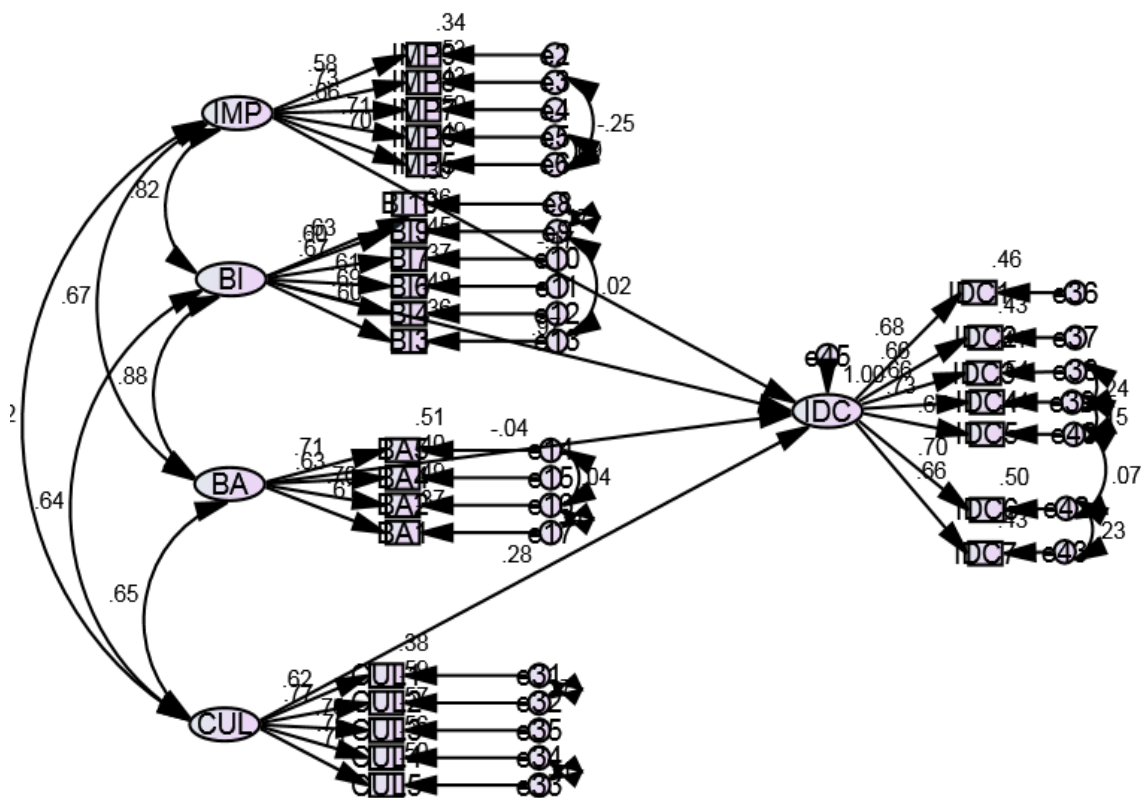
The model fit values are shown in the table 4 which is said to be good fit as the values are all in accepted level.

**TABLE NO. 4  
MODEL FIT SUMMARY**

No.	Test Factor	Value	Valid Range	Result
1	Chi-Square	11.432	p>0.05	1% level
2	P value	0.121	p>0.05	1% level
3	Chi-Square / df	1.633	2.0–5.0	Good Fit
4	GFI (Goodness-of-fit index)	.994	>0.95	Good Fit
5	AGFI (Adjusted goodness-of-fit index)	.982	>0.95	Good Fit
6	CFI (Comparative fit index)	.996	>0.95	Good Fit
7	NFI (Normed fit index)	.990	>0.95	Good Fit
8	TLI (Tucker-Lewis index)	.991	>0.95	Good Fit
9	RMSEA (Root mean square error of approximation)	.031	<0.07	Good Fit

**12. Model fit summary**

The estimated path model explaining the relationship between Impression, Brand Image, Brand Awareness, Culture and Investment Decision Preference depicted in fig 9



**Fig 9**

From fig 9 it depicts the model fit between exogenous and endogenous variables and the values arrived from the model fit is shown in Table 5. And this indicates that overall model fit is good.

**TABLE NO. 5  
MODEL FIT SUMMARY**

No.	Test Factor	Value	Valid Range	Result
1	Chi-Square	11.432	p>0.05	1% level
2	Chi-Square / df	1.633	2.0–5.0	Good Fit
3	GFI (Goodness-of-fit index)	.994	>0.95	Good Fit
4	AGFI (Adjusted goodness-of-fit index)	.982	>0.95	Good Fit
5	CFI (Comparative fit index)	.996	>0.95	Good Fit
6	NFI (Normed fit index)	.990	>0.95	Good Fit
7	TLI (Tucker-Lewis index)	.991	>0.95	Good Fit
8	RMSEA (Root mean square error of approximation)	.031	<0.07	Good Fit

**TABLE NO. 6**  
**REGRESSION WEIGHTS**

Measured Variable		Latent Variable	S.E.	C.R.	P Value	Result
IDC	<---	IMP	-.185	.081	.023	Significant
IDC	<---	BI	.910	.144	***	Significant
IDC	<---	BA	-.033	.107	.755	Not Significant
IDC	<---	CUL	.345	.063	***	Significant

From this result, it is noted that the constructs Impression, Brand Image and culture have significant Impact on Investment Decision Process. And they consider these factors into consideration while making a decision to invest in Coimbatore. Whereas Brand Awareness shows no significant Impact on Investment, by this it indicates that place brand management organization should focus more on providing valuable information about different industries through marketing programs which helps business tenure to commence their business. the organization should also take an effort by giving an awareness about plenty of Industries are associated for the upliftment of place economy through Integrated Marketing Communications(IMC).

### 13. Results

The main purpose of this paper is to study on place branding of Coimbatore based on how business people are attracted to the place Coimbatore for their investment. The main objective of this study is to know which brand identity factors attracted for the business people to invest on place brand Coimbatore. As the result indicates the Brand Identity factors have statistically significant effect on Investment Decision Consideration. This means the entrepreneurs consider all the factors as an important for the investment. So

place management organization should focus more on giving in depth awareness about the place Coimbatore using IMC techniques

### 14. Conclusion

Based on the results it can be concluded that a place Coimbatore can be established as a strong brand among the target groups. There is a positive relationship between place brand Identity Factors (Impression, Brand Awareness and Culture), and Brand Image on investment consideration and to promote their business. Place Managers can also concentrate on other factors like living condition, Tourism etc., which indeed help to enhance the place reputation of Coimbatore. As place reputation is said to be the combined of ideas held by external audiences which in fact plays an important role in the development and success of the particular place. Henceforth this pilot study can be taken forward on huge sample. Though there is a positive relationship on current image and brand attributes of place Coimbatore still there is a need to be considered and focus on in depth Brand awareness and Desired Image of Coimbatore.

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