

What is a brand in the economy and what role does it play?
discussed by Prof. Paweł Grata and Prof. Sławomir Kamosiński

Paweł Grata: Good morning, welcome to another podcast in the series “What does economic history teach us? 12 conversations for tough times”. This is a podcast produced as part of a project by the Ministry of Science and Higher Education as part of The Social Responsibility of Science programme, authored and directed by Dr Jarosław Kinal of the University of Rzeszów. My guest today is Professor Sławomir Kamosiński, the Head of the Department of Economics at the Kazimierz Wielki University in Bydgoszcz, an economist, economic historian and a man with extremely broad scientific interests, who will talk to us about what a brand is in the economy and what role it plays.

Professor, the concept of a brand is very well known, popular, often mentioned in many contexts. But not everyone fully understands what it consists of. What does a brand mean to you, to the economy?

Sławomir Kamosiński: A brand is a concept, as you were kind enough to mention, that is widely used. *We have* practically *branded* the world today and in fact we can say that everything has become a brand. But in fact, when we look at what a brand is, I would like to quote a definition by Professor Philip Kotler, who pointed out that a brand is the positioning of a product, or the producer himself, where he would like it to be in our consciousness, in our mind. That is, our brain is supposed to work like a browser, a typical computer browser. And this is how we position certain products, certain brands that we deal with on a daily basis. It should also be noted that we very often instinctively reach for a particular brand, either on the basis of past experience or the opinion of someone who has used that brand before. Some experts on the subject emphasise that a brand positions itself by having a logo that is clear to us, easy to remember. Some brands position themselves in our mind by the fact that they use slogans, some kind of advertising text, which quickly sinks into our ears and thanks to this, we are able to grasp the essence, which is the most important demand-side element for us, on the demand side, which is the most important for the customer at any given moment. So, to sum up, branding today, for the customer today, is a very broad issue, an issue that is based, as I mentioned here, from graphics to linguistic communication, to lexical communication, with an emphasis on positioning, positioning in our mind.

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

If I have understood correctly, Professor, this concept can be perceived somewhat pejoratively. I associate positioning with the manipulation of our perception of a product by means of a brand.

Of course, after all, the whole way of advertising, marketing has been built on manipulating our consciousness, our feelings and building up this hunger for demand. After all, if it wasn't for the risk that the producer who makes certain products takes, there would be no marketing, because after all, it is the producer who shouts that they have a product, informs us about that product, and we as customers take the risk of buying. We reduce or minimise the risk by the fact that we recognise the producer, he becomes an acquaintance, a friend to us, whose products, whose services we use. Hence this manipulation of our consciousness.

But, on the other hand, a friend, a partner, someone who wants to sell us a good product, who wants to give us the satisfaction of our needs, that is, we can also perceive this notion of brand in a very positive way. Because a brand as such is always perceived positively in society, I think.

A brand in society is also perceived positively for the reason that it very often increases our social prestige. We belong to a certain group using certain, as we say, branded products. This makes us stand out. It makes us part of a certain community. And we also have this encoded sense of belonging to a certain flock, to a certain group. Hence this branding of the world we are dealing with. We must also remember that a brand is not only a manufacturer and a physical product, but a brand is also a person, a political brand, a country's brand, a city's brand, and thus *the* branded world in which we live.

We will come to what types of brands we can distinguish in a moment, but still finishing this introductory stage of our conversation - brand, brand name, trademark. Are all these terms synonymous? Or are they different?

A trademark is a registered element that a manufacturer uses to mark its products. Very often, this trademark becomes the logo that we then see on the products we buy in a shop or when using a particular type of service. However, we must remember, Filip Kotler also mentions this, that if we want to decompose a brand into its first parts, we should note that next to the logo mentioned, we have music, we have words, we have colours. All these elements build us a brand. We associate colour either with warmth or with coolness, depending on what kind of product or service we are dealing with and what the manufacturer wants to convey to us through its brand, what values it wants to indicate to us through the product's functional elements.

The leitmotif of our meetings is to try to answer the question of what economic history teaches us. That is why I have to reach back into the past and ask when



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

brands emerged, when they took on this image of today, an image that aims to create a product positioned in our minds. Since when can we talk about such modern, contemporary brands?

Certainly, we can speak of modern, contemporary brands with the birth of the industrial age, but if we were to go back in history, let us note, for example, whether Wieliczka salt or Wieliczka was not a specific brand at the time when this salt was used to preserve food. People associated Wieliczka with preserving food for a longer period of time. This industrial era, the kind of symbol that shows us how this brand develops, is certainly Henry Ford and the activities of this so-called 1.0 marketing that Kotler talks about, that the product is the focus, this product we want to sell. It was Henry Ford who said that anyone can dream of a car in any colour. The important thing was that it should be black, so the importance of the product here was exposed.

Because black was the Ford car.

Because black was the Ford car and only that. On the other hand, let us note that this need to sign, to mark products was already present in what was certainly a pre-industrial era, because it was also the English who proposed *made in*, *made in*, in order to distinguish one manufacturer's product is from one country and another manufacturer's from another country. So in that way, these brands, this idea of brands, of branding, of differentiating from other manufacturers, has actually always existed. And in the industrial age, when we have mass production, it becomes this process of marketing, of promotion clearly intensified, reinforced.

And here it should probably be mentioned that the development of marketing itself, i.e. promotional activities, has also had a great impact on the very meaning of the brand.

Exactly yes, this idea of promotional activities. Let us note that, after all, this idea of promoting products, promoting certain localities, promoting services, does not originate only from the industrial era, but we go back to earlier eras, when people used to reach for węgryzn. The Wierzynek krakowski brand itself, also dating back to the time of Casimir the Great, so we can clearly see that something associated with a certain luxury was called something else, named after a place, and this is how these first brands were built. Further on, it is also worth noting that, however, the craftsmen in the cities, in these towns, let's note that they also, in a way, positioned themselves. We had a Carpenter's Street, a Butcher's Street, a Tailor's Street in the cities and there we could find, due to the fact that there were no city plans, specialists in a particular segment of craft production, so there we already met certain brands. This brand of shouting, some researchers emphasise that the first propaganda is precisely a shout derived from fear, I want to sell this, I have taken



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

a risk, so I take a shout, I want to inform customers that there is my product, worthy of interest, worthy of selling. Let's pay attention to today's behaviour, if only at vegetable markets. How the price changes over the course of the day, and how the sellers begin to encourage us to buy a particular product. This simplest marketing, the marketing of words, the marketing of persuasion, is constantly present there. Such a documented, or the first brand we can speak of, for example the brand of the plant that makes bells - Felczyńscy. A great tradition here in southern Poland. This plant still exists today. This is also an indication of how this brand has managed to survive from the early 19th century to the present day.

Here we can say that those early brands, those brands that were created even in the Middle Ages - we can probably cite examples from antiquity, for example Xenophon wrote about the need to promote and build inns to attract tourists to Athens and so on - were created more spontaneously. On the other hand, it is possible to conclude that in the industrial period, in the period of mass production, we are already dealing with deliberate activity to promote a brand.

First of all, when we are dealing with mass production, we already have to undertake market research, to find a way to get customers. And this is the most important element. And now the easiest way to reach the customer is through persuasion, through words, but also through images. The image, as we are visual learners, clearly enters our consciousness and builds up a certain prestige for the product, the manufacturer. It is also important what values, what features distinguished a given producer on the market from another producer, because this was decisive for whether a customer took the risk of voting for a given product or rejected it, so such conscious promotion is certainly connected with this industrial era, this 19th century, the second half of the 19th century and the entire 20th century, and we can also see this effect now.

And also with risk. Because if we are talking about crafts, craftsmen had a limited market for which they supplied a limited amount of goods, whereas mass production is a risk associated with the possibility of selling this production, hence this type of activity. Tell me more, what impact do brands have on the development, growth, expansion of the national economy, that is, the sum of brands present in an economy, how does it relate to the development of the economy?

Surely brands have a huge impact on the development of the economy, on GDP growth, on sales growth, and also on how we perceive a country in the arena of global consumption. This is related to the fact that brands, firstly, give prestige, secondly, they make it possible in some way, even to use the word stereotypically, to classify a given country as a specialist in some kind of production, some kind of services. For we have countries which specialise in tourist services and we have countries which are famous



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

for producing excellent machinery, excellent equipment. Further, ladies and gentlemen, brands also have the ability to penetrate our consciousness and become part of our language. Very often we hear that someone is reaching for Bosch. And we wonder whether he or she will reach for a drill or reach for some other appliance from a particular company. One brand just needs to use the simple slogan DAS Auto and we immediately associate it with the brand of a particular car. So these brands have a huge impact on economic growth, on export growth, they allow a country to specialise, this export specialisation, and they also give this opportunity to gain loyal customers, and there is nothing more important for a manufacturer, for the one who organises the promotion of a brand, than to gain loyal, faithful customers who often become brand ambassadors.

In referring to this relationship between brands, brands, and the national economy, and the economy of a country, it would also be interesting to consider this relationship, which came before, the egg or the chicken?, i.e. whether there are good brands first, or whether there is a strong economy first.

Certainly, strong brands build a strong economy. First there has to be a manufacturer, one who takes a risk, offers something and if the product works, becomes a branded product, in inverted commas, then it is one of the links driving the economy. In other words, first there is the manufacturer and its brand, and then there is the economic growth we see precisely because the manufacturer has successfully acquired customers and a certain market segment and is able to expand this market segment to other countries, for example.

This is a very important conundrum in view of what we are talking about, that it is brands that build the power of an economy. Here we can probably give the example of whether Japan or later South Korea.

But also, if we go back earlier in history, just look at Champagne. Champagne - France - an agricultural area that we associate with a certain refined consumption. And it also raises the economic importance of the region and the importance of the country, positioning it as one that produces good wines, good spirits. If we look at the car market, or the market for electronic products, certainly in the 20th century, the second half of the 20th century, Japan, which builds its prestige on brands, or the German market for cars and technical equipment in general. These are the elements we should pay attention to when we talk about brands and the strength of a country's economy.

But are brands alone, or are brands alone enough to build a country's economic strength?

Well, this is a very complicated element, because it seems to me that every consumer builds up a certain stereotypical image of a country in their consciousness. And now it is



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

very often the case that we associate the origin of a product with a particular country. And if we have positive associations with a certain country, which is famous for producing good machines, good appliances, good cars, then, using the reinforced message of other people, so-called friends, we are able to direct our choice precisely to the brands of a certain country. So that is the characteristic thing. The good image of a certain country, considered as a country of beauty, a country of cosmetics, a country of good agricultural products, good cars, good tourist services, makes all the brands that this country offers become desirable on the free market by customers.

A kind of feedback loop. When this strength of an economy is built by strong brands, then any new brand that emerges within that economy can be considered *a priori* by consumers as credible.

Above all, yes, for being reliable, for being trustworthy, for having a certain solidity behind it, brought about by the stereotypical perception of a given country, of a given manufacturer. After all, we have reliability, right? We have solidity, honesty, reliability, ecology today, right? Very strongly emphasised by many manufacturers in order to reach into our wallets, into our consciousness and make us vote with our money for a particular brand.

Can we look at it *au rebours*, i.e. if a country does not have a strong economy, when consumers do not trust products from that country, will not even the best brand be able to stand out?

I observe this, or try to understand it, using the example of the Polish economy after 1988, when we started to build a free market in Poland. We encountered such a bizarre situation - Poles began to move away from the domestic brands they associated with that time of communism. Very often they tried to forget about them, they were marginalised somewhere and, interestingly, when new private producers appeared, they consciously moved away from Polish names. I have an example of one company which used a Polish name and wanted to sell itself as a Polish brand using a Polish name. It lost in the market, it only won when it went to a Portuguese name, customers took notice of it, even though it was our national one. That's why it seems to me that a lot of Polish brands hiding behind that X, the ending X, tried to hide those Polish roots. The situation changed after 2001, 2002, when the situation of our consumers also changed, we started to earn more, the living standards of citizens started to improve, there was an interesting phenomenon of a return to Polish brands, so to speak. Therefore, there was an opportunity to adopt brands like Bytom, Wólczanka or Vistula. They appeared and we gladly returned to them, and after all these brands were very often associated with the period of People's Poland. On the other hand, invariably, and this is also shown by such historical experience, Poles trusted brands that were created in the inter-war period and earlier in the 19th century.



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

We have always associated Wedel with luxury, and please note that in People's Poland Wedel was positioned very highly as a confectionery manufacturer. And even when the communists tried to call Wedel - "Zakłady 22 Lipca", it was necessary to return to the name "Wedel. Zakłady 22 Lipca" due to the fact that Wedel was positioned precisely in the minds of Poles as this luxury brand. After 1988, Wedel still survived as a confectionery manufacturer, and this brand also exists in our consciousness all the time.

Here, we could also mention, for example, the car manufacturers in Central Europe, in the former socialist countries, which have survived to this day, such as the Czech Skoda, or even the Romanian Dacia, which has returned.

Exactly, it is this fondness for the Czech Skoda that is also an important element of historical continuity. The Czechs have built a strong position for the Skoda brand. Even if it enjoyed less sympathy during the communist era for various reasons, what made it stand out on the Polish market was that it had Skoda among other manufacturers. Similarly, Dacia, with the backing of a French manufacturer, is still highly positioned and benefits from precisely this historical experience of the past, which pays off somewhere today. This fondness for old brands is also a very interesting phenomenon, which certainly requires extended research and cannot be justified, as I mentioned earlier, only by the fact that the purchasing power has increased; there is also something more deeply rooted in our consciousness, probably our attachment to tradition or positioning, as it was when I lived next to a given brand.

And the presence of the manufacturer, the presence of the brand on the stock exchange, how does it affect its perception and performance among consumers?

Definitely better, if we can take the example of one of the computer game producers, who, by skilfully promoting a game for several months, was able to raise the share price considerably, and when the promotion of a given game took place, the prices decreased somewhat. Thus, we can also see this spiral of stimulating the hunger for demand by contemporary producers, who, using marketing techniques such as the appearance of teasers, exposing fragments of given products, showing stars who will appear in a given film, for example, or playing a piece or fragment of music, are able to awaken in us the need to reach for these brands, the need for demand. In this way, they minimise their risk, but at the same time we notice this trend that customers who want to buy a given product necessarily also influence the share prices of the companies concerned on the stock exchange.

Yes, but we must always remember that this type of action, if it is not backed up by the right quality and it is not verifiable, ends negatively. And what else could we say about those many communist brands, those created after World War II, which do not



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

have those traditions from before the war, from the 19th century, about their functioning in an already market economy.

It was surprising that actually the PRL didn't want to build brands. Nobody particularly cared about it, there was not much promotion, and it was only in the 1970s that there may have been a certain change, more promotion was carried out in the direction of these brands appearing on Western markets, less so at home due to shortages. Nevertheless, it is characteristic that our contemporary language has been permeated, for example, by communist brands, which are practically non-existent, or only produced or manufactured to a limited extent. I repeatedly hear, for example, that "I ride a Romet" when someone rides a scooter, in other words a PRL Romet has survived to our times and we extend this to a scooter made in Italy, Japan or China, and this shows just this strength. The strength of the rooting and positioning of brands in our consciousness, this lexical layer stays somewhere. Similarly, the aforementioned Wedel, unfortunately automotive brands in Poland have disappeared due to many economic factors. It's a separate discussion as to why we don't have strong car brands today, but we did build a strong bus manufacturer, which is doing very well near Poznań and this brand is recognised practically all over Europe.

And how would you describe the perhaps inaccurate proportions, the relationship between those brands that were promoted back in the days of the previous system and those of today, and at the same time between those brands that were deliberately Polish from the beginning and those that tried to hide behind beautiful, foreign-sounding names.

As far as the brand market is concerned, for me the cosmetics brand market is such a phenomenon. This market of cosmetic brands developed in the decade of the 1980s and, for the most part, these brands promoted in the decade of the 1980s have survived to the present day and enjoy great customer confidence and even reach such heights as being included in a number of lists of luxury products, luxury brands, so this is one category. The second category is that on the clothing market, brands associated with the aforementioned manufacturers, Bytom, Wólczanka, or other manufacturers, have also survived and are available to consumers in the medium-quality segment. On the other hand, these new brands, which were created after 1989, their strength is freshness. Their strength is their freshness and the fact that for 30 years they have been able to capture our imagination and appeal to our tastes, because this is, above all, important today for a producer who takes risks. It is also a very comforting fact that computer games are becoming our speciality and we have many of them, here this segment of brands of computer games producers is very strong on the market today, contemporary. And this is also the added value that we have from this period of transformation.



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych

Czego uczy nas historia gospodarcza?

12 ROZMÓW NA TRUDNE CZASY

Yes, and speaking of computer games, it is worth mentioning one more thing which also seems to me to have a great influence on the creation of brands, on their pulling upwards, as you said in the case of one company producing and distributing computer games. I wanted to mention or touch on the problem of capital relations between producers and media concerns. And this translation, this promotion of brands, often even artificial, just because a media concern is a co-owner of a games producer or co-owner of a cinema chain.

It has always been the case, and will always be the case, that if we have an economically strong brother who supports us with capital, he will inevitably promote us and make sure that this outreach is seamless. This is something that many computer game manufacturers benefit from. Please note that these computer game manufacturers have one characteristic. They have decided to go straight out into global markets. They did not stay in the Polish market, but by entering global markets, they automatically gained customers all over the world and became, as it were, global brands, with roots here native, national.

So, slowly concluding our conversation, one could summarise that the brand as an element of economic life is certainly a positive phenomenon, but at the same time, when talking about the brand, we have to remember that it is an element of winning the customer, positioning oneself among customers and trying to sell what the manufacturers have just produced.

Branding has made consumption colourful. And the fact that consumption has become colourful has also become a great pleasure, and on the other hand we have to look at the fact that this consumption, colourful consumption, has led the world to thing fatigue. And we have this notion that we are all probably materially fatigued. Everyone may perceive this notion differently. Nevertheless, since it has appeared in the vernacular among us, it is therefore worth reflecting on. This colourful world of consumption, the colourful world of brands and thingfatigue somewhere in a corner lurking and asking "and what next consumers?".

And that is the end of the question. Thank you very much. Professor Sławomir Kamosiński. We were talking about brands.

Thank you.



Społeczna
odpowiedzialność
nauki



Uniwersytet Rzeszowski
Kolegium Nauk Humanistycznych