

## INTEGRATION OF LEGAL AND ECONOMIC PERSPECTIVES IN BRANDING STRATEGY: A LITERATURE REVIEW ON FAIR BUSINESS COMPETITION, CONSUMER PROTECTION, AND TRADEMARK PROTECTION

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### Abstract

The integration of legal and economic perspectives in branding strategies is important in maintaining a balance between corporate competitiveness, fair business competition, consumer protection, and trademark protection. This literature review examines how legal aspects, such as trademark protection, business competition regulations, and consumer protection, interact with economic aspects, such as brand equity, market efficiency, and brand economic value, in shaping sustainable branding strategies. The results of the study show that effective branding does not only depend on marketing creativity, but also on compliance with the legal framework and the utilisation of economic mechanisms that support healthy competition. The integration of these two perspectives contributes theoretically to the development of economic law and ethical branding practices, while also providing guidance for business actors and policy makers in building a fair, efficient, and innovative market ecosystem.

**Keywords:** branding strategy, legal and economic perspectives, fair business competition, consumer protection, trademark protection.

### Introduction

Since the advent of globalisation and the digital economy, branding strategies have transformed from mere marketing tools into key instruments in building corporate competitiveness in an increasingly competitive market. Branding not only serves as a visual identity, but also as a marker of reputation, quality, and trust that directly impacts consumer decisions. In this context, brands have become high-value economic assets that require adequate legal protection to prevent misuse, infringement, or unfair competition practices (Ramello, 2006).

The legal perspective places branding as an object of regulation that is protected through various legal instruments, particularly intellectual property rights (IPR) and competition laws. In Indonesia, trademark protection is regulated in Law No. 20 of 2016 concerning Trademarks and Geographical Indications, which grants exclusive rights to trademark owners to use and prohibit other parties from using the same or similar trademarks (Ministry of Law and Human Rights, 2016). Meanwhile, Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition (Business Competition Law) guarantees the creation of fair business competition and prohibits monopolistic practices, cartels, and unfair competition (Business Competition Supervisory Commission, 2021).

On the other hand, the economic perspective views branding as a mechanism that reduces transaction and information costs in the market. Brands help consumers identify the source of products, distinguish quality, and reduce the risk of mischoice (Ramello, 2006). In economic theory, brands function as quality signals that provide incentives for producers to maintain their reputation and increase investment in product quality. Legal protection of brands, therefore, not only safeguards the interests of brand owners but also enhances market efficiency and consumer welfare (Posner, 2005).

The integration of legal and economic perspectives in branding strategies is becoming increasingly relevant in the context of fair business competition. Competition law and trademark law complement each other in preventing monopolistic practices, cartels, and unfair competition that can harm consumers and other business actors (Competition Supervisory Commission, 2021). In Indonesia, the Business Competition Law and the Trademark Law work synergistically to ensure that trademarks are used fairly and do not become a tool to monopolise the market or mislead consumers (Business Competition Supervisory Commission, 2021; Ministry of Law and Human Rights, 2016).

Consumer protection is also an important aspect in integrating legal and economic perspectives into branding strategies. Law No. 8 of 1999 on Consumer Protection guarantees consumers' rights to obtain accurate, clear, and non-misleading information about the products or services offered. In the context of branding, this means that brand promotion must be honest, not misleading, and not create unrealistic expectations. Strong consumer protection not only safeguards individual interests, but also supports trust in the market and increases economic efficiency (Ministry of Trade, 2021); (Jennewein, 2005).

Trademark protection also plays an important role in encouraging innovation and investment. When trademark owners feel confident that their rights will be protected, they are more likely to invest in product development, marketing, and innovation (Decker, 2017). Conversely, legal uncertainty or weak trademark protection can hinder innovation and reduce a company's competitiveness (Mishra & Varshney, 2024). Therefore, integrating legal and economic perspectives into branding strategies not only maintains fairness but also promotes sustainable economic growth.

Companies that implement strong and ethical branding strategies tend to have better financial performance and higher consumer loyalty. Branding based on honesty, fairness, and legal compliance not only builds consumer trust but also strengthens the company's reputation in the market. In this context, integrating legal and economic perspectives into branding strategies is an effective strategy for achieving sustainable competitive advantage (Ramello, 2006). However, integrating legal and economic perspectives into branding strategies also faces challenges. One of the main challenges is the imbalance between overly strong brand protection and the need to maintain

healthy competition. Excessive brand protection can create monopolies and hinder innovation, while weak protection can harm brand owners and consumers (Mishra & Varshney, 2024) . Therefore, it is important to find the right balance between brand protection and healthy business competition.

Previous research conducted by Ramello (2006) shows that the integration of legal and economic perspectives in branding strategies is still limited, especially in the Indonesian context. Most studies focus on legal or economic aspects separately, without comprehensively integrating the two. Therefore, this study aims to fill this gap by developing an integrative conceptual framework that links legal (normative) and economic (instrumental) aspects in branding strategies.

## **Research Method**

This study utilises a literature review approach with qualitative descriptive analysis methods. Data was obtained from various literature sources, including scientific journals, books, and legislation. The analysis was conducted by identifying, classifying, and synthesising the findings of previous studies to develop an integrative conceptual framework (Lubbe et al., 2020) ; (Eliyah & Aslan, 2025) .

## **Results and Discussion**

### **Legal Aspects in Branding Strategies**

Modern branding strategies cannot be separated from legal dimensions, because brands are not merely marketing symbols but objects of intellectual property rights (IPR) protected by the regulations of the Ministry of Law and Human Rights ( . From a legal perspective, a brand is an identity that distinguishes the goods or services of one business entity from those of other business entities in the market, so that its unauthorised use can lead to legal violations and unfair competition (Ministry of Law and Human Rights, 2016).

Legal protection for trademarks in Indonesia is specifically regulated in Law No. 20 of 2016 concerning Trademarks and Geographical Indications (Trademark Law), which grants exclusive rights to trademark owners to use, license, and prohibit other parties from using the same or similar trademarks on similar goods/services (Ministry of Law and Human Rights, 2016). By registering a trademark, businesses obtain legal certainty that their brand identity cannot be imitated or used without permission, making branding safer and more sustainable (Jennewein, 2005) .

In the context of branding strategy, trademark registration is a crucial first step because without formal legal protection, brand identity can easily be imitated or used by other parties, including in the form of *cybersquatting* on domains and social media ((et al., 2024) . The *first-to-file* principle adopted in Indonesia's trademark protection system emphasises that whoever registers a trademark first is entitled to exclusive

rights, so companies need to develop a systematic trademark registration strategy as part of their long-term branding plan (Firmansyah, 2013).

In addition to the Trademark Law, legal aspects of branding are also related to Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition (Business Competition Law), which regulates that every business actor must compete fairly and not harm consumers or other business actors (KPPU, 2007; KPPU, 2021). Misleading branding practices, such as false claims, falsification of quality, or deliberate imitation of trademarks, can be classified as forms of unfair competition prohibited by the law (Jennewein, 2005).

Competition law also emphasises that brands should not be used as a tool to monopolise the market or prevent new competitors from entering, as this would reduce market efficiency and harm consumers (KPPU, 2007; Ramello, 2006). In branding strategies, companies must ensure that the use of brands and promotions does not lead to unfair market dominance or limit consumer choice, so that branding remains within the bounds of fair competition (Mahmood & Bashir, 2020).

Another equally important legal aspect is consumer protection, which is regulated in Law No. 8 of 1999 concerning Consumer Protection. This law guarantees consumers' rights to obtain accurate, clear, and non-misleading information about the products or services offered, including in the form of advertisements and brand promotions (Ministry of Trade, 2021). In branding strategies, companies must ensure that brand claims, images, and narratives do not create unrealistic or misleading expectations, as this can lead to legal disputes and reputational damage (Ministry of Trade, 2021).

Branding involving digital content and social media is also subject to Law No. 11 of 2008 concerning Electronic Information and Transactions (ITE Law), as amended by Law No. 19 of 2016 (Ministry of Communication and Information Technology, 2016). The ITE Law regulates the dissemination of digital content, including the use of logos, brand names, and visual identities on online platforms, and provides sanctions for the misuse of brand identities and defamation through electronic media (Ministry of Communication and Information Technology, 2016).

In practice, trademark infringement or misleading branding practices can be prosecuted under civil and criminal law. In civil law, trademark owners can file lawsuits to request the cessation of the use of imitation trademarks, the cancellation of the infringing trademark registration, and claims for damages. In criminal law, trademark infringement committed intentionally and causing significant losses may be punishable by imprisonment and fines in accordance with the provisions of the Trademark Law and the Criminal Code (Ministry of Law and Human Rights, 2016). In addition, rebranding or changing the brand identity also has legal aspects that need to be considered, especially when rebranding is carried out without regard to the rights of other parties or causes consumer confusion. Rebranding that does not meet legal requirements can be

classified as *illegal rebranding* and has the potential to cause trademark disputes, unfair competition lawsuits, and damage to the company's reputation (Maylendra & Anggriawan, 2025).

In the context of large corporations, many companies implement broader brand protection strategies, for example by registering several brand variants or complex *brand architectures* to narrow legal loopholes and expand the basis for law enforcement (Rizaldi, 2024). This strategy not only protects the main brand, but also sub-brands, *slogans*, and other identity elements that are part of the overall branding strategy.

The legal aspects of branding strategy are also related to corporate ethical obligations and social responsibility (CSR), as strong branding often builds high expectations from the public (Mahmood & Bashir, 2020). When companies engage in business practices that harm consumers or the environment, even if they do not technically violate specific laws, the brand's reputation can still be damaged and lead to legal pressure and new regulations (Ministry of Trade, 2021).

On the other hand, internal company policies related to branding, such as *employee branding* and the use of brand identity by employees, must also take into account privacy rights, freedom of expression, and the right to fair treatment. Several studies show that disproportionate branding policies can lead to legal conflicts, for example when employees are forced to promote brands on personal social media without clear boundaries (Susanto & Ambarwati, 2025).

Overall, the legal aspects of branding strategy show that branding is not only a marketing issue, but also a legal issue involving brand protection, fair competition, consumer protection, and compliance with digital regulations (Ministry of Law and Human Rights, 2016; KPPU, 2007; Ministry of Trade, 2021). Good integration between marketing strategy and legal compliance will strengthen the brand's position in the market while reducing the risk of disputes and legal sanctions (Ramello, 2006).

Therefore, companies that wish to develop a sustainable branding strategy need to draw up a legal roadmap for their brand that covers trademark registration, monitoring of infringements, licence management, and the formulation of internal policies that are in line with the Trademark Law, Competition Law, Consumer Protection Law, and Electronic Information and Transactions Law. This integrated approach will make the brand not only an economic asset, but also a legal asset that provides stronger protection and competitiveness in the market.

### **Economic Aspects in Branding Strategy**

From an economic perspective, branding strategy is not merely a marketing communication effort, but rather a long-term investment in intangible assets that directly impact a company's financial performance. A strong brand can increase a company's value through increased sales, consumer loyalty, and the ability to charge a *price premium* compared to competitor brands (Yoo, 2016).

The concept of brand equity is one of the main theoretical foundations in branding economics, namely the additional economic value attached to a brand as a result of consumer perceptions of quality, trust, and reputation ((et al., 2020) . Brand equity is measured through indicators such as *brand awareness*, *brand loyalty*, *perceived quality*, and *brand associations*, which collectively determine how much a brand contributes to purchasing decisions and profit margins (Erdem & Swait, 2016) . From the producer's perspective, branding is a mechanism for reducing transaction and information costs in the market. Brands help consumers identify the source of products, differentiate quality, and reduce the risk of making the wrong choice (Fang & Liu, 2024) . In economic theory, brands function as quality signals that provide incentives for producers to maintain their reputation and increase investment in product quality (Ramello, 2006).

Companies with strong brands tend to have better financial performance and higher consumer loyalty (Susanto & Ambarwati, 2025) . Branding based on honesty, fairness, and legal compliance not only builds consumer trust, but also strengthens the company's reputation in the market. In this context, integrating legal and economic perspectives into branding strategies is an effective strategy for achieving sustainable competitive advantage (Ramello, 2006). Investment in branding also has an impact on market structure and competition. Strong brands can create *barriers to entry* for new competitors, as consumers tend to be loyal to familiar brands (Jennewein, 2005) . However, overly strong legal protection of brands can create monopolies and hinder innovation, so it is important to find the right balance between brand protection and healthy business competition (Posner, 2005) .

In the context of MSMEs, branding is an effective strategy to increase competitiveness despite budget constraints (Heding et al., 2020) . Creative and cost-effective branding strategies, such as the use of organic social media and content marketing, can increase brand awareness and consumer loyalty without requiring large expenses. Branding also plays a role in reducing search and information costs for consumers. Strong brands help consumers identify products that suit their needs and preferences, thereby reducing the time and effort involved in the search process (Ramello, 2006). In economic theory, this means that brands function as a mechanism that reduces *search costs* and increases market efficiency (Ramello, 2006).

From a consumer perspective, branding influences purchasing decisions through non-price factors such as reputation, quality, and trust (Erdem & Swait, 2016) . Consumers tend to choose brands that are well-known and trusted, even if they are more expensive, because they believe that these brands provide greater added value. Investment in branding also has an impact on the overall value of a company. Studies show that brand value can account for up to 24% of a company's total market capitalisation. This means that a brand is not only a marketing asset but also a significant financial asset that contributes to company performance (Susanto & Ambarwati, 2025).

In the context of the digital economy, branding is an effective strategy for building trust in an increasingly competitive market. A strong brand can help companies differentiate themselves from competitors and attract consumers' attention on digital platforms (Chasser & Wolfe, 2010) . Branding also plays a role in reducing risk and uncertainty for consumers. A strong brand provides assurance of product quality and safety, so consumers feel more secure in making purchases (Ramello, 2006). In economic theory, this means that brands function as a mechanism that reduces *risk premiums* and increases market efficiency.

From the producer's point of view, branding is a strategy to improve operational efficiency. A strong brand can increase efficiency in distribution, marketing, and supply chain management, as consumers tend to be loyal to familiar brands (Erdem & Swait, 2016) . This means that brands serve as a mechanism that reduces transaction costs and improves operational efficiency.

In the context of the global economy, branding is an effective strategy for building international competitiveness. Strong brands can help companies enter international markets and compete with multinational companies (Tran & Nguyen, 2022) . This means that brands serve as a mechanism that reduces *entry barriers* and increases global market efficiency( Bernarto et al., 2020) .

Overall, the economic aspects of branding strategy indicate that branding is not merely a marketing matter, but also an economic one involving investment, efficiency, and competitiveness. Effective integration between marketing strategy and legal compliance will strengthen a brand's position in the market while reducing the risk of legal disputes and sanctions (Ramello, 2006).

Thus, companies wishing to develop a sustainable branding strategy need to draw up a brand economy roadmap that includes investment in branding, brand performance monitoring, and the formulation of internal policies that are in line with the Trademark Law, Business Competition Law, Consumer Protection Law, and ITE Law. This integrative approach will make the brand not only an economic asset, but also a legal asset that provides stronger protection and competitiveness in the market.

## **Conclusion**

The integration of legal and economic perspectives in branding strategies shows that brands function not only as marketing tools, but also as legal and economic assets that reinforce each other. From a legal perspective, trademark protection through the Trademark Law, regulation of fair business competition, and consumer protection provide certainty and fairness in the market, thereby preventing monopolistic practices, imitation, and misleading promotions. From an economic perspective, brands serve as signals of quality, reduce information costs, and drive market efficiency, thereby increasing consumer loyalty, corporate competitiveness, and overall corporate value.

Furthermore, the success of a long-term branding strategy depends heavily on the balance between brand strength and legal compliance. Strong branding that does not take legal norms into account can potentially lead to disputes, sanctions and reputational damage, while excessive legal protection that does not take market dynamics into account can hinder innovation and competition. Therefore, companies need to develop branding strategies that combine economic investment (brand equity, marketing, and innovation) with compliance with the Trademark Law, Competition Law, Consumer Protection Law, and digital regulations.

Normatively, integrating legal and economic perspectives into branding strategies offers a conceptual framework that can be used as a reference for business actors, policymakers, and academics. For business actors, this approach helps build sustainable, ethical, and competitive brands; for policymakers, it can serve as a basis for formulating regulations that maintain healthy competition while encouraging innovation; and for academics, it opens up further research on the effectiveness of brand regulations, consumer behaviour, and the economic impact of branding practices in various sectors. Thus, the integration of law and economics in branding strategies not only strengthens the position of brands in the market, but also supports fair, efficient, and sustainable economic development.

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