

Theoretical Concept and Definition of City Marketing

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Abstract

Why do some cities get more investments than others taking into account their equal locality, capital, and potential? City marketing can be a direct answer to that. Selling cities as a product, building their brand and reputation, making them attractive in the "urban market" for investors, partners, current and prospective residents... all of these bring us to the idea of cities' interests' promotion. In this article author frames the theoretical concept of city marketing through literature analysis and creates an operational definition in the framework of the thesis "Strategic City Marketing in Ukrainian Local Governments: Analysis of Current and Perspective Realization". In the process of analysis, it was observed, that studied definitions form two groups: competition-oriented and customer-oriented. The task was to use features of both in the operational definition.

Keywords: city marketing, target audience, competition, municipality.

Introduction

The population of the Earth continues to grow. An urbanization process acquired new speed, and it seems that by 2050 around 66 percent of the world inhabitants will reside in urban areas. The most important task for municipal authorities is to put high standards of life for everyone to use all the accessible resources rationally and efficiently.

Why do some cities get more investments than others taking into account their equal locality, capital, and potential? City marketing can be a direct answer to that. Selling cities as a product, building their brand and reputation, making them attractive in the "urban market" for investors, partners, current and prospective inhabitants... all of these bring us to the idea of cities' interests' promotion.

Nowadays more and more urban players establish departments, agencies, and positions, etc. that are responsible for city marketing and embed it into the long-term development strategy of the city.

Only twenty years ago municipalities were perceived by the citizens exclusively as the organ of operational task solving. Over and above, nowadays they are responsible for the social and economic life of the city, a healthy living environment, and the welfare of the population. Local governments as the main executives and representatives of cities' interests

are the first ones who have a stake in the advantages brought by city marketing activities. Surely enough, the general success of the city directly depends on its economic prosperity. Therefore, urban development strategies always include an increase in direct foreign investments based on competitiveness, the creation of a sustainable environment, the build-up of strong local society, cultivation of high export of the local producers, etc.

City marketing can become a powerful instrument in the hands of municipal public administration, which can help to achieve goals in a shorter perspective.

Following the trend, some cities adopted city marketing strategies or will do that in the nearest future. They try to make it similar to the foreign benchmark strategies of the successful cities. For sure, the success story of the city in a completely different region cannot repeat with the same scenario in another place. It is important to take into account the specifics of the territory, its population behavioural patterns, the economic situation, level of development, etc.

In this article, the author frames the theoretical concept of city marketing through literature analysis in order to create an operational definition in the framework of the thesis "Strategic City Marketing in Ukrainian Local Governments: Analysis of Current and Perspective Realization" (supervisor Dr. Tózsza István). To derive the definition, methods of word cloud creation, synthesis, content analysis, and comparison are applied.

1. City marketing as a theoretical concept

A high number of studies and publications is devoted to the question of territorial marketing, in particular the works of Kotler P., Asplund C., Rein I. and Haider D., Ashworth G. J. and Voogd H., Braun E., Kavartzis M., Pankruhin A., Vizgalov D., Ward S. V., Boisen M., Piskóti I., and Nagy S., Stanciulescu G. C., Tózsza I., Avraham E., and Ketter E., Moilanen T. and Rainisto S., Vuignier R. are considered to be foundational for this research.

Foremost, several existing terms relatively project the same idea: "place marketing", "city marketing" and "urban marketing". If to speak about the first one, it includes not only cities but a variety of territories: from villages to countries and regions (Vuignier, 2016). Therefore, it has a broader meaning and includes two latter, which are synonyms. As the target customer groups of rural and urban localities are different, the decision was to separate and specify the approaches to the marketing strategies of each.

The city marketing practical application traces its roots from the 19th century (Ward, 1998). Exactly in that period, the visual identity of New York was created. Since then, the success story of "I Love NY" became one of the most prominent examples in the scientific literature.

Martin Boisen raised the question of a theoretical duality of the city marketing, as its concept is considered by scientists and practitioners in two different ways: "A scientist looks at city marketing as a specific way in which cities react to a perceived state of inter-urban

competition, whereas a practitioner looks at city marketing as a specific tool-box from which specific managerial practices can be employed" (Boisen, 2007). Herewith, it is to be noted, that we will focus on the first approach.

If to analyze the theoretical framework in chronological order, we should start from the work of "Broadening the Concept of Marketing" by Kotler and Levy (1969), who made the very first theoretical notion of place marketing. They proposed to imply the marketing concept to the non-business entities as well, but the conceptual frames were not identified.

Philip Kotler, more known as "the father of marketing", continued his research in the field of place marketing and, in collaboration with Rein I. and Haider D. (1993), among the first introduced the concept, where the citizens of the modern world became consumers, and territories (cities, regions countries, etc.) - products. Their work is based on the idea of the commodification of the settlements. Nevertheless, this approach was severely criticized by S. Anholt (cited in Hospers, 2009).

The term "city marketing" appeared in the European scientific literature in the 1990s. It was defined as an activity aimed at ensuring the balance between urban services and the demand for them of the population, business companies, tourists, and other visitors of the city (target groups). In 1990 the fundamental work of G. Ashworth and Jan Hendrik Voogd "Selling the City: Marketing Approaches in Public Sector Urban Planning" was published, the authors of which focused on the development and promotion goals of the European cities. In 1992, J. van der Meer published the book "The Role of City Marketing in Urban Management", in which the city is considered as a product that is offered to the target groups.

After the place marketing concept saw the world, a lot of cities started to implement it into their strategic plans and/or policies. In most cases the concept was narrowed to the place branding, and, consequently, promotion activities, as a rule, had one goal, – city brand awareness. But it goes far beyond and consists of economic, social, infrastructural, etc. dimensions. Moreover, those activities were oriented mostly on visitors (tourists), which represent only a small part of the city's stakeholders (and the least profitable one) (Tózsá, 2011). (Potential) residents, business companies, and investors were usually left behind.

The fundamental work of Erik Braun "City Marketing: Towards an Integrated Approach" outlines the theoretical frames of city marketing (Braun, 2008). The main idea of the work is to show on the numerous examples that effective city marketing as a process is a very systematic thing and involves an integrated approach to it. The author raises the problem of the distinction of the terms between the successful cities with good names, and the cities, which had bright industrial past but nowadays suffering from the economic downturn.

According to Erik Braun, "the core idea of marketing is to think in terms of wants and needs of the (potential) customers" (Braun, 2008). Thus, the philosophy of the work foregrounds the societal marketing concept based on city marketing; it can be called customer-

oriented. Therefore, it is not only about infrastructure, urban planning, or economic development, but it is also first of all about people, their needs and demands. The striking example is the main difference between the goals of a business marketing strategy and the urban one. In the first case, companies see the result in the profit; in the second case, it is wellbeing.

The main role of local authorities in the process of city marketing is to coordinate the actors and to keep them updated on the strategy implementation and results. Furthermore, those activities should be held on a legal basis granted by the municipality (Boisen, 2007).

As mentioned above, city marketing puts in the centre of the concept, not the city itself, as it might be expected. More important figures in it are customers (target groups and stakeholders). The stakeholders of the city are the residents, the government, and the business. In other words, the stakeholders are the members of the entity, whose support and activities make it functional. Therefore, without them, the entity ceases to exist (Freeman & Reed, 1983). The aim of the city marketing is completed when all the expectations of the stakeholders are corresponding with the reality of the social and economic environment of the city.

Target groups can be also addressed with another marketing term - "consumers" (who use the services provided by the city), and the stakeholders may correspond with the term "prosumers". The idea of "prosumption" was introduced by Toffler in the work "The Third Wave" (Toffler, 1981), where he describes the process, in which the product is produced and consumed by the same actors in early societies (the First Wave). In the Second Wave, which had place during industrialization, people turned into consumers, who spent their income to buy the products produced at the factories. The Third Wave combines the features of both types, as these days' people install solar batteries, satisfying their energetic needs, write blogs and record the videos, posting them at social networks and acting as a source of information, and meanwhile being readers and subscribers of the content produced by others. The above-mentioned example closely relates to the topic of city marketing, as every local or tourist turns into prosumer of the settlement while posting the pictures and/or their references about it.

Nowadays, a lot of companies try to turn their consumers to the prosumers. Namely, the customers who share their experiences about the product usage, or who actively participate in the creation of a new product can be called prosumers.

The most detailed classification of the city marketing target groups is proposed by I. Tózsá (2011). They include the local population, managers (operators), investors, migrant workers, university students, patients, and tourists. Important to mention, that the order of groups, presented above, is structured by the priority principle. The local population is always the first to satisfy, as they are an inevitable part of the city's competences and the product itself. The fact that managers occupy a higher position than investors is explained by the

communication process between them. The managers are the people, who work as "filters" for the decision-makers. Their subjective perception of the place, undoubtedly, influences the report and presentation of the location to the investor.

It is important to mention competence marketing, that was introduced in the framework of the settlement and regional marketing by István Piskóti and Szabolcs Nagy (2007). The main point of the theory is that all marketing activities should be based on the strongest competencies of the settlement. Keeping in mind, that marketing is a process of balancing between supply and demand, the task of the place (in our case, the city) is to meet the buyers` demand through the utilization of its resources and competences. To understand the best competences of the city, their audit will be of the highest priority. There are value-, image-, target group-, competitor- and activity audits, which cumulative result and experts` conclusions will show which competences to promote and sell, the way of communication with the customers and the areas to work on.

Moreover, Piskóti and Nagy applied the 4Ps model to the place marketing and made a statement that the 2Ps model can be used in this case, instead of 4Ps: product (territory) + promotion (communication activities). The other two "Ps" cannot be adaptable, as a place of our product is impossible to change and the "price" is a too narrow concept for the city as a product.

The work "City Marketing: a Significant Planning Tool for Urban Development in a Globalised Economy" of Alex Deffner and Christos Liouris considers city marketing as a tool of the city`s product promotion and development. It states that in some situations image, being "a simplification of a large number of pieces information", becomes more crucial than reality itself (Deffner & Liouris, 2005). It can be seen through the examples of the cities with "great heritage potential", but which find themselves much less successful, than their peers with rationally developed marketing strategies. At the same time Simon Anholt highlighted in his interview for The Guardian that "reputation is a reality with delay" (Adams, 2014), that gives us a room for heated discussion, whether image and reputation are artificial and "varnished", or, despite everything, they are always formed under the flow of real events.

2. Definition of city marketing

To create the operational definition of city marketing, we took six definitions from the theoretical works of different scholars and ranged them into chronological order (Table 1). The Hungarian, Dutch, Russian, American, and Greek schools are represented. The earliest of the presented definitions were given in 2007.

We use exclusively "city" and "urban" marketing definitions. Definitions of the "place" and "territorial" marketing are considered to be not applicable in this case since they cover a

wide range of settlements (from village to country), which vary from each other in a sense of regulations, population, budget, target audiences, strategical approach, etc.

Table 1: Definition of city marketing by different scholars

The definition	The author	The work title and publication year
City marketing, in operational terms, refers to the conscious attempts to position a city, and <u>increase the city's competitive advantage</u> in relation to competing cities – with the explicit purpose of fulfilling specific ambitions of gaining shares of specific segments of the market through <u>strategic initiatives</u> .	Martin Boisen	The Strategic Application of City Marketing to Middle-Sized Cities (2007)
City marketing is the coordinated use of marketing tools supported by a shared <u>customer-oriented philosophy</u> , for creating, communicating, delivering, and exchanging urban offerings that have value for the city's customers and the city's community at large.	Erik Braun	City Marketing: Towards an Integrated Approach (2008)
City marketing is a set of actions of the urban community aimed at <u>identifying and promoting their interests</u> in order to fulfil specific tasks of the <u>social and economic development</u> of the city (translated from Russian).	Denis Vizgalov	City Marketing/Маркетинг города (2008)
City marketing is defined as the designing of a city <u>to satisfy the needs of its target markets</u> . It succeeds when <u>citizens and businesses are pleased</u> with their community and the expectations of visitors and investors are met.	Mila Gascó-Hernández Teresa Torres-Coronas	Information Communication Technologies and City Marketing: Digital Opportunities for Cities Around the World (2009)
Urban marketing is establishing a <u>strategic (operational) programme</u> to reveal the <u>comparative advantages</u> of a region or a	István Tózsá	City on Sale: an Introduction to Urban and Regional Marketing (2011)

M. Boisen and I. Tózsá. They mention competitive and comparative advantages that present the neo-liberal economic paradigm. It also points out the economic background of the scholars. The second group, having a customer-centric view, draws attention to the needs and demands of the city's stakeholders and potential customers, namely their satisfaction.

The author proposes the next operational definition based on the conducted analysis:

City marketing is a long-term strategic activity aimed at the operation and development of the city according to its (potential) market's demands, stakeholders' wants and needs, and competitive environment.

3. Conclusions

In the process of analysis, it was observed, that studied definitions formed two groups: competition-oriented and customer-oriented. The author used features of both in the operational definition. The emphasis was made that city marketing is, first of all, a strategic activity that needs time. Secondly, it cannot exist without taking into account its market's demands. Thirdly, the municipality should always be aware of the competitors not to miss the flow of the necessary human and economic resources.

Up till now, city marketing is a direct result of the inter-settlement competition and attempts to have a strategical approach to occupy the leading positions in the region (Boisen, 2007). The world is developing dynamically, and to some extent, the distance is no longer the problem or reason for the producer or the workforce. Even if the headquarter of the company is located in the heart of Europe, its factory can be easily built in the far East of Eurasia, reasoned by the cheap workforce, beneficial taxation policies, and developed logistics. For example, nowadays the brain drain is one of the biggest problems for Ukraine. A lot of talented and skilled professionals migrate to the West. Keeping in mind the strong bonding of the Ukrainian people to their families, the distance is no longer the barrier. The focus of the person is on the well-being and the development level of the particular settlement. Therefore, the great fight for the young workforce has started for cities, even though some of them still don't know about that.

Nevertheless, the author supports the idea of cooperation, rather than competition, what puts a new question for researchers: is cooperation among cities possible in the framework of city marketing?

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