PLACE MARKETING AS A MEANS TO INCREASE COMPETITIVENESS OF A PLACE

Ineta Beniušienė, Evandželina Petukienė, Gedrė Svirskienė, Milda Damkuvienė
Šiauliai University
Architektų str. 1, LT-78366 Šiauliai, Lithuania
E-mail: inetab@gmail.com, eva@smf.su.lt, g.svirskiene@gmail.com

Abstract

The article deals with the issue of place marketing as a means of increasing competitiveness of a place, with special attention being to identification of criteria for competitiveness of the place in marketing. At the beginning of the article there is an attempt to disclose the links between place marketing and place competitiveness, because when seeking competitiveness of a place marketing can become a tool that will supplement other means of boosting place competitiveness. Later on in the article the aspects of assessment of place competitiveness as a result of marketing are analyzed, the main factors of competitiveness of a place are identified. The article ends with discussion on cooperation among local government, university and business subjects in seeking to increase place competitiveness.

Keywords: place marketing, place competitiveness, collaboration between local government, university and business subjects.

Introduction

Issues of increasing the competitiveness of a place, similarly to that of a company or a separate business branch, become increasingly more relevant and more popular among scientists and even politicians and businesspersons (Bruneckienė, 2010, p. 25). The place competition is global, and all places whether located in Europe, Asia, Latin America or the USA, need to develop new capabilities to survive in the competition (Rainisto, 2003). In order to compete effectively, places must develop a real marketing approach. On the academic level various studies and scientific researches are undertaken, they analyze factors increasing competitiveness of a country or a region, on political level various policies and means are implemented, priority directions increasing place competitiveness are identified, and financial support to implement namely these priorities is allocated (Bruneckienė, 2010, p. 25). Therefore, there is no doubt about necessity of development of competitiveness of a place, but place competitiveness is usually related to decisions that have aims related to taxes, corruption, political interference, openness of economy, gross domestic product, competitiveness of industrial exports and the like, while marketing solutions receive secondary role. Despite more than half a century of the development of marketing it still remains a challenge even for private companies that are generally regarded as specialists in marketing activities. It is the competition spreading into other spheres of human reality that has become a very important impetus for applying marketing to places.

Although during the last 20 years regions and cities all over the world made great efforts to define their own vision, build identity, shape their image so that they become more attractive and thus more competitive, increase their market share in global economy and solidify their economic development (Metsas, 2009, p. 1357), in scholarly literature these two concepts (place competitiveness and marketing) are usually analyzed separately. Interaction between place marketing and place competitiveness becomes a relevant topic of practical and theoretical discussions.

Another field of practical and theoretical discussions that is covered in this article is the question of responsibility while seeking place competitiveness. There are not many subjects responsible for place marketing, which are concerned about creation of such strategies (Rondomanskaitė, Banytė, 2003; Pišiutytė, 2007; Begg, 1999; Rainisto, 2003; Docherty, Drake, Gulliver, 2003; Anholt, 2007; Buček, Pauličkova, 2003 and others), the efficient implementation of which determines place competitiveness.

The issue of place marketing is little analyzed in the works by Lithuanian scientists. There are even fewer studies on achieving place competitiveness by using marketing tools. More consistent interest in this issue is paid only by such Lithuanian scientists as Pišiutytė (2007), Rechlavicius, (2007), Rondomanskaitė (2004), Mačys (2002) and others. Yet this issue received more interest from foreign scientists (Rainisto 2003), Anholt (2007), Skinner (2008), Colombino (2009) and others). Despite increased interest from scientists and recognized important role of marketing in development of place competitiveness, several problems remain unsolved. One of the problem areas
that require scientific research is insufficient familiarity with conception of place marketing. There is a diversity of attitudes as well as there is no agreement on whether it is possible to “sell” a place via use of marketing tools. Another area of research characterized by endless discussions among scientists is what criteria of place competitiveness can be influenced by marketing tools; also what role in the context under analysis is performed by the cooperating parties: government, business and science subjects.

The aim of this article is to analyse and reveal the role of place marketing in developing competitiveness of a place.

Research methods are scientific literature analysis, comparison, generalization.

**Relationship of place marketing and competitiveness**

New challenges brought about by place have started marketing research integrating various marketing approaches based not only on deep knowledge of humanities, social sciences and business, but also on understanding the complexity of its product – a place (Matlovicova, 2007) and its competitiveness.

Complexity of its nature is probably the reason why a wider consensus in such a fundamental question as the definition of place marketing has not been achieved. According to Matlovicova (2007), a place represents an interesting phenomenon, a subject of interdisciplinary and transdisciplinary research, the substance of which is still so much a disputed one among scientists and only at the philosophical level. In marketing, a place is perceived as a product that can be “shaped” in order to achieve its competitiveness. In marketing terms, the notion of “a product” covers any and all artefacts (manufactured/crafted products), services, and also experience, persons, places, organizations, information and thoughts, which means everything that may possibly become a medium of exchange, an item of use or an article of consumption, everything that may satisfy the needs and desires (Kotler and Armstrong, 2004). Although the aims of marketing strategy being created for any object of exchange are related to competitiveness of that object, marketing strategies differ depending on the marketing object. Many authors (Кудрявцев, 2002; Rainisto, 2003; Mikalauskienė, 2005; Kavaliauskas and Lakštauskaitė, 2000) think that an object of place marketing can be a country, a region, and a city. Кудрявцев (2002) distinguishes five objects of place marketing by proposing that place marketing can be done by a city, a region, a country, and even a continent. Rainisto (2003) adds yet another, smaller unit of a city: precinct. And although in a certain territory a specific unit (for example, a city) is chosen as an object of marketing, it has been noticed that competitiveness of the entire territory (for example, a region) depends on the development of the separate units. Therefore Docherty et al. (2003) proposes a place competitiveness strategy that allows not for competing among cities, but simply cooperating with nearby cities and thus improving competitiveness of the entire region.

At present there are no doubts about the appropriateness of applying marketing to achieve place competitiveness. It is generally accepted that places can be offered with the same efficiency as products. In scholarly literature place marketing is usually specified as use of means of marketing (promotion, in particular) with a view to increase popularity of a place and create image of the place. Place marketing is also termed as activity aimed at creating, maintaining or altering society’s attitude towards certain locations, and as function meaning place creation in order to satisfy the needs of its target market (Kotler, 1990, 2005). Other authors have similar opinion, claiming that place marketing is creation (design) and sale of attractive location that satisfies the needs of target groups (markets) (Rainisto, 2003; Mikalauskienė, 2005). In the opinion of Jeleckich (Елецких) (2010), when defining place marketing it is also necessary to emphasize strengthening of position of a certain place in international environment. On the international arena there are competing territories and different markets those territories compete for.

We can suggest that despite quite a number of attempts to define place marketing, it is more or less agreed that place marketing is defined as conscious, continual activities with the aim to improve and maintain the competitive position of a place through persistent identification, modification and satisfaction of the needs of various segments connected with the place.

When defining place marketing there is a discussion to what extent place marketing conception is in line with the conception of a traditional (goods and services) marketing. According to Asplundo (2005), there is no essential difference between how to “sell” a city or other locality and how to sell some conventional product or service, the only difference being the scale of activity. Mikalauskienė (2005) also supports this idea by noting that the difference between marketing and place marketing is that the latter is applied to a wider context: of city, county, district, state, or region. When providing a comparative evaluation of Place Marketing policies in some European cities, Metaxas (2002) discusses the terms “selling” and “marketing”. Metaxas (2002) views “selling” as the main aim of place / city marketing, which is the final objective of the promotion phase. Marketing is viewed as strategic procedure that is designed and performed in order to sell something successfully (Metaxas, 2002). In line with this idea, Urban (2002) declares that the main goal of place marketing plan is not only to advertise
the location to potential tourists and investors – place marketing is the main planning tool that contributes to development of places. It stresses the notion that competitive place development can be achieved by integrating marketing tools and principles into strategic planning procedures.

Marketing process, in its broad complex nature, comprises heterogeneous and interrelated activities. Each place should define and communicate its special features and competitive advantages effectively.

Due to fierce place competition places are obliged to transfer from undifferentiated marketing to concentrated marketing based on market segmentation. Segmentation is defined as a core task in place marketing (Rainisto, 2003). This means that a place identifies important market segments, makes decisions, chooses those that are most suitable and applies various marketing approaches to each of them (Matlovičova, 2008).

Places must find ways to differentiate and position themselves for their target markets (Kotler et al., 1999). According to Kotler et al. (1999), Mikalauskiene (2005), Rainisto (2003), Панкрухин (2002), Арженовский (2002), four main target markets for place marketing can be identified: visitors (business and non-business visitors, business guests who participate in business meetings and who come to buy or sell something, tourists and other visitors), residents and employees (professionals, employees with a speciality (scientists, doctors, qualified employees), company employees working at home, well-off people), business and industry, and export markets. However, places often do not define their target groups, leading to an unclear focus that reflects on the marketing message (Kotler et al., 1999).

**Aspects of assessment of place competitiveness as result of marketing activities**

Analyzing the competitiveness of cities1 Piliutytė (2007) proposes that cities compete in order to increase their attractiveness for satisfying the needs (investments, tourism, large events, specialized human resources, modern infrastructure, high technologies, innovative activities and systems) of potential target markets. Rondomanskaitė, Banytė (2003) define place competitiveness as “its ability under free market conditions to produce goods and provide services that meet the requirements of international markets, while maintaining and improving the long-term real income level of residents”.

There is no universally accepted definition of place competitiveness (Sinkienė, 2008, p. 68), the conception of competitiveness is understood variously (Glob and Podnar, 2007; Gottschalg and Zollo, 2007; Shepherd and Ahmed, 2000) and academic community agrees that competitiveness is a complex category consisting of various competitive advantages and related to productivity measured by economic benefit.

Authors differently interpret the dimensions of competitiveness of places, which disclose the essence of contents of this conception. In order to realize the main features of competitiveness we can take a look at the works in which their authors, when assessing competitiveness of places, identify specific criteria to evaluate it. For example, analyzing competitiveness of cities on the international scale, Sanchez (1997) (cited from Rainisto, 2003) distinguishes the following criteria:

- City population over 1 million, qualified workforce, presence of universities with old traditions, high-level research infrastructure.
- Internationally important activities that ensure the city a certain place in global economy, scientific and cultural exchange making the city a financial centre, heavy traffic, good telecommunications network.
- High-level specialization in services, ability to serve not only local, but also foreign customers.
- Possibility and suitable infrastructure to organize international-level events.
- Presence and opening here of foreign diplomatic missions and business representatives, associations, and clubs.
- Cultural infrastructure: newspaper and book publishing houses, museums, monuments, internationally recognized cultural events, activities of cultural figures which makes the city a business, culture, leisure, and tourism centre of international level.
- A city must strive to be identifiable among competitors in the global context, taking into consideration the cultural, political, and economic factors.

In a study (Barcleys, 2002) (cited from Rainisto, 2003) of economic place development strategies of some of the world’s richest regions, six main areas are identified, where economic and development strategies need to focus to build a competitive advantage for a location:

- Creating regional leadership through a shared vision, co-ordination and funding.
- Focusing regional resources through regional clusters (science parks, enterprise hubs).
- Supporting local entrepreneurs.
- Bringing education and business together.
- Creating community involvement.
- Building national and international links to develop new markets and to exploit inward and outward investment opportunities.

---

1 Analyzing scientific publications it has been noticed that in their works scientists more often deal not with abstract places, but specific units: cities or regions. Therefore in the article when citing various authors original terms are used, seeing that they denote a place anyway.
The criteria distinguished by Sanchez (1997) can be elaborated using the research results of Begg (1999). This scholar presents the strategies of a competitive city, the implementation of which depends on joint efforts of local government and business subjects. They can also be regarded as activity directions that ensure place’s attractiveness for target markets:

- To create workplaces that require great competence and generate high income. A city (a region, a country) needs good specialists that would contribute to development of that place. But in order to keep them, appropriate salaries have to be ensured.
- Production must generate environmentally-friendly products and services. For the ecologic environment and people’s life conditions in the place not to suffer it is a must to provide ecologically quality products and services.
- Production must be focused on products and services with desirable features. In this case the needs and wishes of customers must be taken into consideration so that the place gets profit and does not suffer losses.
- Economic growth rates must enable achieving total employment. Places should care about reduction of unemployment: create new jobs or fill vacancies.
- A city must specialize in activities that would allow it to have control over its future. Places must seek outstanding niches that would ensure exclusiveness and attractiveness of that place and boost overall profit.
- A city must be able to strengthen its position in urban hierarchy. Places should undertake activities that would increase visual, economic, and political attractiveness, so that they attract as many tourists, investors, or simply dwellers as possible.

Anholt (2007) provides the factors of competitive identity of a place that determine the attractiveness of the place.


This hexagon is comprised of tourism, brands, policy, foreign investment, culture, and people of the place. Murray (2001) pays great attention to culture as an element of competitive identity of a place. He notices that it is a very bad sign if a region has no cultural identity. The author notes that cultural originality of the region is the most important element of competitive identity of the region. It can be proposed that place marketing efforts can be assessed from the perspective of elements of identity of the place.

The conception of modern marketing is built on the emotional dimensions as well as on the tangible dimensions of value for customer, therefore when designing the strategies of place marketing it is necessary to foresee and seek the aims that are measured not only in economic criteria. Competitiveness also has a so-called “soft” (social) dimension. Social responsibility and commitment become important factors of competitive advantage of a place (Rainisto, 2003). Matlovičova (2007) notes that in addition to functional components, a place also involves semantic integral components such as image, local cultural climate, business climate, capability of self-organization and capability of creating network relations between and among various subjects, communication system. Their meaning lies in inimitableness, and therefore they are critical inputs to the process of gaining a competitive advantage over other places (Matlovičova, 2007). The importance of the so-called “soft” (social) dimensions (attractiveness of the place, place identity, culture, community involvement etc.) is obvious when evaluating place competitiveness.

The carried out scientific analysis of place competitiveness enables us to distinguish the following main factors of place competitiveness: human resources (Rondomanskaitė, Banytė, 2003; Piliutytė, 2007; Rainisto, 2003; Begg, 1999; The Magazine of Corporate Real Estate Strategy and Area Economic Development, 2008; Anholt, 2007; Buček, Pauličkova, 2003), science-culture (Rainisto, 2003; Anholt, 2007; Murray, 2001), proper infrastructure (Rainisto, 2003; Begg, 1999; The Magazine of Corporate Real Estate Strategy and Area Economic Development, 2008), specialization in providing services or producing goods
Collaboration between government, university, and business subjects of the place

In order to achieve the efficient implementation of previously mentioned competitiveness-enhancing factors collaboration between science, government, and business subjects is important. Collaboration is defined as a method of direct interaction, which characterizes group processes and encompasses aggregate planning, decision making, and problem solving when seeking common goals (Friend, Cook (1992), Laycock, Gable, Korinek (1991), cited from Cibulskiené et al., 2010, p. 11). Therefore subjects possessing different knowledge, experience, opportunities, resources, etc. can achieve in the process of interaction much more than by acting independently.

Begg (1999) notes that seeking the competitiveness of cities can be regarded as “many-sided efforts of institutions representing certain areas to reinforce advantages of their area by wisely managing certain features that affect the value of their place as a territory of diverse activities”. It is creation of value for target markets that forms the basis of development of marketing strategy.

According to Matlovičová (2008), it is necessary to have an initiator for this to be implemented in place practice. The initiator must be able to persuade the relevant place opinion leaders about the importance of marketing for the place in question and have them as participants-multiplicators in the suggested process. The initiator’s task is to arouse interest and motivate the relevant place authorities, i.e. the obligatory participants of the marketing process, so that they may accept the concept of marketing as philosophy based on successful goal achievement through meeting the customers’ demands more effectively than their competitors do (Matlovičová, 2008).

It is obvious that development of the mentioned criteria depends both on cultural-historical structure of the place and on focused decisions of the governing people and other interested subjects of the place in the long run.

Rainisto (2003) notes that during development of a place new marketing challenges are often encountered; these require collaboration between local government, private business, and university community. Having carried out the study of place marketing in Europe and in America the author has noticed that in Europe local business is less often involved in the process of regional planning. Collaboration between private and public sector in the aspect of place planning has been done in the USA for decades. Kotler and Gertner (2002) propose that partnership with business and local government leaders is crucial factor of success of a place that wants to survive in fierce competition between places. According to Berg et al (2001) (cited from Rainisto, 2003), the collaboration between these subjects grants the possibility to find out about the partner’s abilities, resources; it is also possible to discover new opportunities and place development projects. Marketing knowledge of private sector is useful and necessary in the process of government’s decision-making on place development. In the opinion of Metaxo (2009), place marketing does not work by itself. Place marketing may be efficient if city authorities understand that city image can be special, distinctive and must be promoted and encouraged through the process of strategic planning. The last stage is competitiveness of a place/city. Competitiveness is the aim of all places and place marketing may positively contribute to its fulfilment, provided that it is shaped and developed within strategic planning. Place marketing requires knowledge, critical thinking, and strategic analysis. Furthermore, place marketing will not be efficient if it is responsibility of one subject. Like in any organization, marketing must become a part of its culture, a natural component. This is possible only through cooperation of various interested parties.

Universities and research institutes often are important partners in cooperation of local government and private business (Rainisto, 2003). Universities make the place attractive to companies that are based on knowledge and oriented to research. Place development decisions makers (government agents) do not always follow a logical and rational strategy of marketing, therefore according to Mukoma (2009) very important is the collaboration between local government, a university, and business representatives when doing qualitative and quantitative studies of the place, when drawing up place competitiveness strategies.

Collaboration between business, government, and science is discussed all over the world, including Lithuania. Vaitukūnas (2001) notes that only a certain science and business system having been created we can talk about development of regions. No doubt, in this system special importance belongs to cities—the important development centres, having a rather large field of attraction around them. In Lithuania only 4-5 cities can function as such centres, they are Vilnius, Kaunas, Klaipėda, Šiauliai, and, according to this author, possibly Panevėžys. In the opinion of Pilutytė (2005), aims of local government differ from aims of business sector, as the main attention is paid not to profits, but to preservation of jobs, quality of environ-
ment people live in, quality of services, etc. Rachlevičius (2007) has noticed that only representatives of science talk about the distinctiveness of our country in production of goods carrying a famous trademark. According to the author, no discussions on the necessity for us to become distinctive in some way are heard from the side of business practitioners. Therefore, all the mentioned facts signal the critical need for interaction between science, business, and government. On the other hand the manifestation of cooperation of these subjects should/could be regarded as a factor of place competitiveness, and simultaneously as a criterion of assessment of place competitiveness.

Conclusions

1. Place marketing can be defined as conscious, continuous activities with the aim to improve and maintain the competitive position of a place through persistent identification, modification and satisfaction of the needs of various segments connected with the place.
2. Place marketing is a strategic process with particular phases of development that leads to the creation of a competitive and attractive destination.
3. Market segmentation as an initial marketing planning step is suggested as significant process on a place marketing procedure.
4. The identified factors of competitiveness of places allow stating that the existence of “soft” (social) dimensions (attractiveness of the place, place identity, culture, community involvement, etc.) could be treated as distinctive hard-to-imitate factors of gaining a unique competitive advantage over other places. It has been found that marketing strategies must be not only oriented to improvement of competitive position of a place through continual activities with the aim to improve and maintain the competitive position of a place through persistent identification, modification and satisfaction of the needs of various segments connected with the place.
5. Complexity of the nature of place marketing procedures concerns a combination of activities, collaborations, strategic decisions and efforts which are based on the partnerships between local authorities, business and science that take place under the philosophy of strategic place management process. Collaboration between business, government, and science of the place not only ensures efficiency of marketing strategies when seeking competitiveness of the place, but also should be regarded as a factor of place competitiveness and even a criterion for competitiveness evaluation.

References


Beniušienė I., Petukienė E., Svirskienė G.

Vietos marketingas – regiono konkurencingumo didinimo priemonė

Santrauka


Mokslinės literatūros analizė atskleidė, kad vietos marketingas gali būti apibūdinamas kaip planinė teisinga veiksmais, skirti konkurencinio pranašumo išgimui ir stiprinimui, kurio siekiama identifikuojant, modifikuojant ir tenkinant tikslinių vietovės marketingo veiksnių poreikius. Vietovės marketingas vertinamas kaip tam tikro vystymosi etapas apimantis strategines procesas, leidžiantis siekti patrauklios ir konkurencingos vietovės poziocių, segmentavimą trak—
tuojant kaip esantį vieną pagrindinių pradinių etapų šiame procese. Vietovės kaip sąlyginės prekės vystymo veiksmai dažniausia nuosekliai į šias tikslines auditorijas: vietovės svečius, vietovės gyventojus, verslą ir pramonę, eksporto ir nacionalines rinkas. Akcentuoja, jog vietos marketingo veikla turi būti nuosekliai į pramonės ir paslaugų konkurencingumo gerimą, naujų įmonių pritraukimą į vietovę; žinomumo lygio kūrimą ne tik vietovėje, bet ir už jos ribų.

Identifikavus vietovės konkurencingumo veiksnius, akcentuojama „minkščių“ (socialinių) konkurencingumo veiksnų (vietovės patrauklumo, vietovės identiteto, kultūros, bendruomenės įsitraukimas) svarba, juos traktuojant kaip išskirtinius, sunkiai imituojamus bei konkurencinius pranašumą kuriančius veiksnius. Teigiama, jog konkurencingumą didinančios strategijos turėtų nuoseklios ne tik ekonominiais rodikliais matuojamas, bet ir į minkštąsias (socialines) konkurencingumo dimensijas.

Vietos kaip objekto sudėtingumas reikalauja kompleksinio bendradarbiavimo tarp įvairių sektorių atstovų gatvės strateginių sprendimų bei veiksmų. Vietos valdžios, verslo ir mokslo bendruomenės bendradarbiavimas įvardijamas ne tik kaip svarbus veiksnys, leidžiantis siekti konkurencingumą didinančių marketingo strategijų efektyvumo, bet ir laikomas vienu vietos konkurencingumo kriterijų. Teigiama, jog verslo, valdžios, mokslo subjektų bendradarbiavimas suteikia galimybę pasinaudoti partnerių kompetencijomis, skirtingais ištekliais ieškeliant, randant ir įgyvendinant naujus vietovės konkurencingumą gerinančius sprendimus.

**Pagrindiniai žodžiai:** vietos marketingas, vietos konkurencingumas, bendradarbiavimas su vietos valdžia, universiteto ir verslo klausimai.

**Straipsnis:**

Straipsnis gautas 2010 m. lapkričio mėn.; straipsnis priimtas 2010 m. gruodžio mėn.

Received in November, 2010; accepted in December, 2010.