

ERIK BRAUN

# City Marketing

Towards an integrated approach



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## Towards an integrated approach

Citymarketing

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**Promotor:** Prof.dr. L. van den Berg

**Overige leden:** Prof.dr. J. van der Borg  
Prof.dr. G.A. van der Knaap  
Prof.dr.ing. G.R. Teisman

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**To my father**



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# 1 Introduction

## 1.1 Background

This book sets out to investigate the phenomenon of city marketing: cities making use of marketing ideas, concepts and tools. In the mid 1980s, a few Dutch cities claimed to have a city marketing policy. Since then, the number of cities reported to have a city marketing policy has grown considerably. The first publications on city marketing in the Netherlands also appeared in the 1980s. A similar pattern emerged in some other European countries, notably the United Kingdom (one of the front runners) and Germany. At the time the publications focused on the questions: why city marketing? Should we market cities? What is city marketing?

In fact, the term city marketing is a ‘Dutch invention’. Elsewhere, the same phenomenon is called place marketing, location marketing, place selling and several other terms (see chapter 2). These differences in terminology did not help policymakers or the academic debate. Nowadays, city marketing and also city branding have become part of the vocabulary of a growing number of politicians and city officials across Europe<sup>1</sup>. However, the growing attention for city marketing does not imply that there is a common understanding of what city marketing is.

The growing attention is also reflected in the press. In 2005, Amsterdam launched its renewed city marketing policy, labelled with the strapline ‘I Amsterdam’<sup>2</sup>. Amsterdam’s city marketing efforts and the strapline in particular, have featured in the press repeatedly. In 2006, Rotterdam’s appointment of the first ever Chief Marketing Officer in the Netherlands has also been covered in the national newspapers and specialist magazines. In the same year, The Hague claimed the appointment of the first alderman for city marketing.

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<sup>1</sup> There is still a considerable difference between northwestern Europe and the Nordic countries on the one hand and southern Europe on the other.

<sup>2</sup> Short for I am Amsterdam.

City marketing is also frequently mentioned as one of the reasons for hosting a particular event in a city. Cities see events as city marketing vehicles. It is also illustrated by the competition among cities bidding for sporting or cultural events. The city of Turin won the Olympic Winter Games for 2006 over Finland's capital Helsinki. Amsterdam and Rotterdam both aspired to host the Final of the EURO 2000 football championships (Rotterdam won). Liverpool won the status of Cultural Capital of Europe for 2008 after fierce competition with other cities in the UK. 'International marketing' has been one of arguments for the cities to enter the bidding process.

We can also find many examples by surfing the Internet. Some cities have redeveloped their websites taking the city's users (in the marketing vocabulary customers) as a starting point. Cities hope to welcome you as a tourist; there is continuous development of business locations that should meet the needs of international businesses; and, there are several efforts to entice people to come and live within the municipal borders. Sometimes, these efforts are not presented as city marketing, but intuitively, most people would see these efforts as marketing.

Another interesting observation is that some cities have adopted a city branding policy. To build up value added by a brand ('branding') is a theme that since the early 1990s has come more and more in the centre of interest. For companies, a brand is more than a product, and when a brand calls forth positive associations (both affective and cognitive), it can stimulate the sales. The idea is that a city, too, invokes certain (positive and negative) associations. In that sense for some observers<sup>3</sup> and policy makers the city can (metaphorically) be seen as a brand and that city can build a brand.

These examples only serve to illustrate that city marketing is an interesting phenomenon worth studying. For a better understanding of city marketing, we need to consider the different perspectives on city marketing. One perspective is that city marketing can be seen as an expansion of the marketing domain. In that mode of thought, cities are another subject for applying marketing tools. Up to the late 1960s, marketing was predominantly seen as a business activity. Kotler & Levy (1969) did pioneer work to "broaden the concept of marketing". They stated that: "Marketing is a

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<sup>3</sup> See for instance Kavaratzis (2004).

pervasive societal activity that goes considerably beyond the selling of tooth paste, soap and steel” (Kotler & Levy 1969, p.10). They pointed out that some of the activities and strategies of non-profit and public organisations are quite similar to marketing in the business community. In a later stage of his career, Kotler became one of the first well-known American marketing scholars to publish on the subject of place marketing<sup>4</sup>. The dissertation of Rainisto (2003) is another illustration of this mode of thought.

Another perspective is to start from disciplines that have traditionally studied cities, regions, places and locations such as Urban and Regional Economics (Boekema, 1990; Van den Berg et al, 1990; Van den Berg & Braun, 1999), Economic Geography (Ashworth & Voogd, 1990; Ashworth, 2005), Planning (Gold & Ward, 1994; Ward, 1998), Cultural Studies, Social Geography et cetera. In this line of reasoning, marketing has become more important for cities because of global and local processes (for example, competition). Cities and regions have developed marketing policies as a result of or in response to these processes and it is also argued that marketing needs to be adapted to the context and practice of cities. Most of the contributions to the debate on the marketing of places have come from the abovementioned disciplines and not from marketing scholars. Academically, it can be seen as ‘export’ from the perspective of the marketing discipline or ‘import’ from the perspective of place-related disciplines. It is not our ambition to be the final judge and pick ‘the best’ approach. There is something to say for both perspectives. We aim to increase the insight into city marketing and put the phenomenon itself central in our investigation.

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<sup>4</sup> See: Kotler, P. Haider, D.H. and I. Rein, 1993, *Marketing Places: Attracting investment, industry and tourism to cities, states and nations*, Free Press, New York.

## **1.2 *Problem statement***

An issue that has had little attention in the city marketing literature referred to above is the actual use and effectuation of city marketing. The study of Rainisto (2003) into the success factors of place marketing is one of the few exceptions as some of his success factors address the issue. In our view, he stays too close to Kotler's approach in his three prescriptive place marketing textbooks (see Kotler 1993; 1999; 2002). Kotler steers clear of real questions about the effectuation of his marketing planning recipes in the context of cities. Our investigation puts this major challenge for cities central. Cities see the potential of marketing on the one hand but there is still confusion about its interpretation. Is city marketing synonymous for city promotion or city branding? Is city marketing the same as destination marketing? Does city marketing focus on internal or external customers, or both? A survey of Seisdesos (2006) among 28 European cities clearly demonstrated the problem of the variety of interpretations. In addition to the fragmentation in terms of interpretations, cities that want to make effective use of marketing are struggling or have to make a great effort to integrate city marketing in the political and administrative process. Where does city marketing fit in? Is city marketing management a political responsibility? Who is responsible? How do we coordinate city marketing activities that interact with a variety of urban policies? These questions are just illustrations of the problems that politicians, civil servants, city marketing practitioners might come across. These are serious problems as the abovementioned survey of Seisdesos (2006) has confirmed. His analysis showed that the cities found the link with other city policies as well as the coordination of city marketing very important challenges.

## **1.3 *Research questions and research objectives***

The objective of this research is twofold: contribute to the development of the concept of city marketing and increase the insight into the conditions for effective use of city marketing both theoretically and empirically. The body of city marketing (and place marketing) literature has been growing steadily but it is still relatively small. There is not enough common ground in terms of its causes, definition, scope, purpose and conceptual development. We assess the implications of a key element of

marketing, a customer-oriented perspective, explore the ingredients of contemporary city marketing management, and present the main dimensions of an integrated approach to city marketing. Popularly speaking, one could say we aim to contribute to a ‘common language and dictionary of city marketing’. As far as the second objective is concerned, we know that marketing has proved its value in the business environment and developed its own body of academic knowledge and conventional practical wisdom, but we need to know more about applying marketing in the context of cities. The success of marketing in the business environment holds a promise for cities, but how can cities make effective use of that potential? In this research we set out to do just that. Therefore our main research question is:

*How can cities make effective use of city marketing?*

It is an explorative research question as we hope to learn more about a subject that has lacked serious research attention up to now. We want to know more about the effectuation of city marketing and the importance of that effectuation for the effective use of marketing. The integrated approach that we have just briefly mentioned above refers to the effectuation. The main hypothesis of this research is that:

*An integrated approach to city marketing is a necessary condition for the effective use of city marketing.*

In this investigation we mean to elaborate this main hypothesis into a set of hypotheses that are used for the empirical investigation. The research is structured along the following related research questions:

- How can we explain the growing attention for city marketing?
- What is city marketing and what are the key elements of city marketing?
- What is the added value of city marketing?
- Who are the city’s customers, what are their spatial needs and wants and what are the consequences of adopting a customer-oriented approach for the concept of city marketing?

- What are the consequences of adopting a customer-oriented approach for the definition of the city's products?
- What are the ingredients of contemporary city marketing management?
- Why is an integrated approach to city marketing needed and what do we mean by it?
- Is an integrated approach to city marketing a necessary condition for the effective use of city marketing?

#### **1.4 Outline of the book**

As we intend to explain the phenomenon that more and more cities take on marketing, we place the attention for city marketing in the context of urban development in chapter 2. This chapter addresses the first related research question: *how can we explain the growing attention for city marketing?* We use the framework of the urban life cycle of Van den Berg (1987) to understand the growing attention for city marketing, and assess the implications for the use of city marketing. We also look at the relation between city characteristics and the incentive for city marketing. In the case of the first, the idea is that the changing pattern of urban development and consequently the changing circumstances and challenges for cities explain the growing interest and need for city marketing. For the latter, certain city characteristics might be a stronger inducement to make use of marketing.

As it is our objective to contribute to the theoretical development of city marketing we lay the foundations in chapter 3. This chapter is concerned with the second and third related research questions. *What is city marketing and what are the key elements of city marketing?* And, *what is the added value of city marketing?* To that end we review questions such as: What have been the main developments in the city marketing literature? Is it possible to apply the knowledge and expertise developed in the field of marketing to cities and regions? Do we find barriers from the field of marketing? Do we find insurmountable problems from an urban perspective? What are the different views on city marketing? How would we define city marketing? What is the added value of city marketing?

In chapter 4 the fourth related research question is central: *who are the city's customers, what are their spatial needs and wants and what are the consequences of*

*adopting a customer-oriented approach for the concept of city marketing?* We construct the basis of our theoretical framework for city marketing by adopting a customer-centric focus: the cornerstone of the marketing concept. What are the needs and wants of the city's customers? Who are these customers and what are their (spatial) preferences? What is the role of perception in the decision-making process of these customers?

In chapter 5 we look at the fifth related research question: *what are the consequences of adopting a customer-oriented approach for the definition of the city's products?* First, we review various product definitions and concepts. Next, we examine the theoretical consequences for the delineation of the city's products of our analysis in chapter 4. What are the city's products? Who are the producers of the city's products?

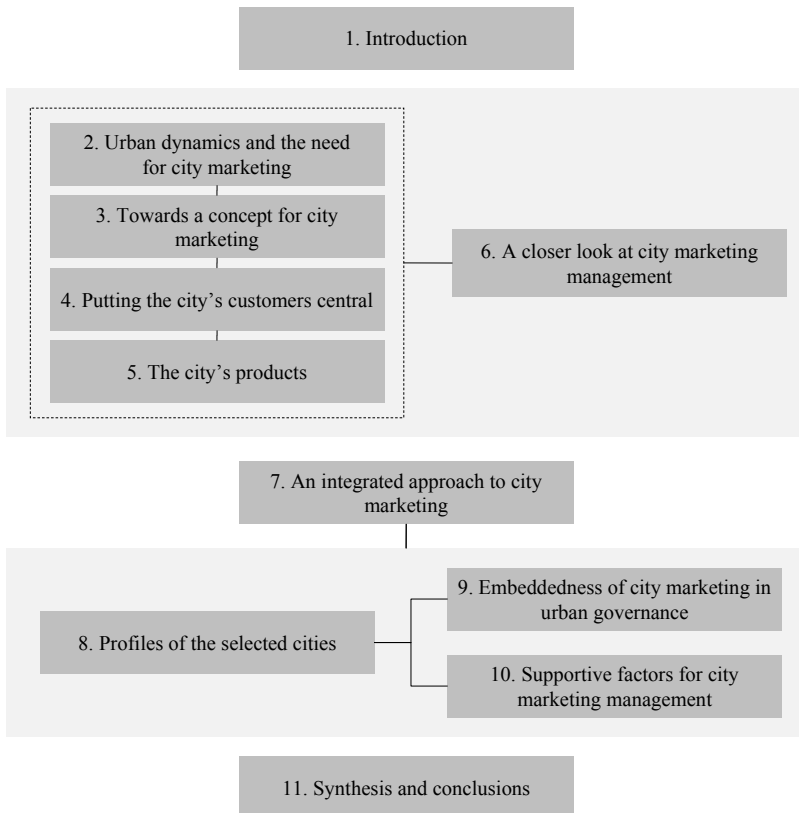
The main question for chapter 6 is: *what are the ingredients of contemporary city marketing management?* We place city marketing in the context of urban governance and we translate insights from relevant marketing research for the use of city marketing management. This analysis, combined with our analysis of the previous chapters, enables us to present a contemporary view on city marketing management and distinguishes different coordination levels of city marketing activities.

In chapter 6 we have also developed the basis for the next related research question: *why is an integrated approach to city marketing needed and what do we mean with it?* We continue our analysis for this related research question in chapter 7. We also develop our research framework in order to address the final related research question that refers to our main research hypothesis: *is an integrated approach to city marketing a necessary condition for the effective use of city marketing?* These two related research questions determine the structure of chapter 7. We summarize the main arguments for an integrated approach to city marketing and identify two dimensions for the effective use of city marketing that we label as an integrated approach to city marketing. We argue that this integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance and on supportive factors for city marketing management. These two dimensions are important for the effectuation of city marketing itself. In this chapter we identify the factors that

influence the embeddedness of city marketing in the city's governance and we identify the factors that should be supportive for city marketing management. The chapter ends with an explanation of the research approach and the selection of case studies.

In the empirical part, we explore the integrated approach to city marketing for the four selected case studies: Basel, Birmingham, Göteborg and Rotterdam. Chapter 8 contains short profiles of the four selected cities and interesting the developments in their city marketing. Chapter 9 contains a comparative analysis of the embeddedness of city marketing in urban governance for the selected cases. Chapter 10 analyses the supportive factors for city marketing management for the four case studies. Chapter 11 synthesises the main conclusions of this research. The structure is also depicted in figure 1.1 below.

*Figure 1.1 Structure of the book*



## **2 Urban dynamics and the need for city marketing**

### **2.1 *Introduction***

This chapter places the attention for city marketing in the context of urban development. The objective is to explain the phenomenon that a growing number of cities show an interest in adopting a city marketing policy. The question is what do we mean by placing the attention for city marketing in the context of urban development. We look at city marketing in relation to the urban life cycle of Van den Berg (1987). The bottom-line of Van den Berg's approach is that fundamental developments explain the changing pattern of urban development. What explanation does this approach offer for the growing interest for city marketing? We also extend the analysis by linking city marketing to the various classifications of cities. Do city characteristics matter and what types of cities are more inclined to adopt marketing policies?

### **2.2 *The Urban Life Cycle Theory***

There are various approaches to understand the development of cities ranging from classical contributions from Von Thünen (1828), Weber (1909) and Christaller (1933) to the rediscovering of space by mainstream economists such as Krugman and his new economic geography (1991;1998). Essentially, these approaches explain spatial concentration and de-concentration either through the minimizing of transportation costs and production costs, or through agglomeration economies – in other words the potential benefits of urban concentration (see also Fujita, Krugman & Venables, 2001; Fujita & Thisse, 2002).

We think that the approach of Van den Berg's Urban Life Cycle theory (1987) is an appropriate framework to understand city marketing in the context of urban development. Van den Berg's work is not radically different from those mentioned above as he also uses transportation costs – although with a wider connotation ("generalised transportation costs") – to explain urban concentration and de-concentration. However, the core of his analysis is that the spatial behaviour of urban actors (residents, companies and the government) is crucial to understand the pattern of development of cities and urban regions.

He builds up his framework from the micro-level through analysing the individual behavioural functions of urban actors. Van den Berg's analysis starts with the assumption that urban actors aim to maximise their well-being (instead of utility or wealth). Consequently the attractiveness of a residential or business location depends on the size and quality of the welfare elements that the location offers. He expresses these factors as 'welfare potentials' to incorporate the fact that people do not rely on local welfare elements alone: it is the provision of welfare elements in the entire relevant environment that is relevant for their spatial behaviour. In Western society, a location is very much a place from which you can go to other places. For residents welfare elements include such factors as the home and its direct environment, access to employment and access to facilities; for companies it includes factors such as the locational potential (similar to the home and the direct environment in the case of the residents), the labour-market potential, the input potential and the market-potential. The (changing) preferences and behaviour of urban actors set the borders of their own relevant environment. In sum, the changes in the behaviour of the urban actors induce urban change. In the model of Van den Berg (1987) the changing spatial behaviour of urban actors is caused by fundamental (economic, social, political, technological, demographical) developments, affecting the mobility, preferences and aspiration levels of these actors.

Interestingly, Van den Berg's theory puts the urban actors central in his explanation, just as the needs and wants of the company's (potential) customers are the foundation of marketing. Hence, van den Berg's urban life cycle approach is a suitable framework for this chapter. The next section briefly summarizes the first stages of the urban life cycle. Thereafter, we turn our attention to the current fundamental challenges that affect the spatial behaviour of urban actors.

### ***2.3 The Stages of Urban development***

Van den Berg et al (1982), Hall and Hay (1980) and Van den Berg (1987) have identified a pattern in the development of European towns and cities. We first recapitulate the first three stages that can be distinguished. The first is the stage of spatial concentration, also called the urbanisation stage. It is the stage of development of countries and regions where the agricultural society is passing into an industrial

one. At the stage of urbanisation, to virtually all intents and purposes the fast growing towns form a spatial functional entity. Such socioeconomic activities as living, working and shopping proceed for the most part within the municipal borders. Spatial interactions are intra-municipal rather than inter-municipal.

All that changes considerably at the next stage of urban development is that of suburbanisation and eventually urban sprawl. It is basically a period of spatial deconcentration, when the suburban municipalities on the outskirts of the large cities or towns find their population growing fast, while the large central cities or towns of agglomerations are losing inhabitants. An essential feature of suburbanisation is that the migrants to the suburban communities for many socioeconomic activities remain oriented to the central town they had left. The vast majority of the suburban population has their job in the central town. Voluminous commuter flows between the suburban and the central town develop as a result. At this stage, the relevant urban labour market region is no longer limited to the central town itself, but extends to all suburban municipalities of which the majority of the active residents are commuters to the central town. But not only for work do the migrants continue to be oriented to the core town; they also rely on it for services, in particular the higher order ones such as hospitals and large shopping centres. With urban sprawl, a municipality's residential attraction has come to depend on the supply of welfare elements in surrounding municipalities. The implication is that the development of individual municipalities is determined more than before by developments in neighbouring communities.

The progressive separation of residences and workplaces, the ensuing unbalanced traffic flows, congestion in the inner cities, increasingly unprofitable public transport, and the inclination of service companies to quit the congested town centres, are developments that have upset practically all cities of Western Europe, disturbing their balance. With traffic congestion, the ageing of entire town quarters and other adversities, large towns are more and more at a disadvantage in the competition with medium-sized cities. In the smaller towns, those phenomena occur in much milder form. Besides, lower land prices and shorter travel time combine to provide small town citizens with a distinctly higher real income, even if the nominal income is the same. The ultimate consequence is that the large agglomerations tumble

from the suburbanisation stage into that of 'disurbanisation', the third stage distinguished in the pattern of urban development. Disurbanisation means that the entire agglomeration is losing inhabitants and employment, mostly to the smaller agglomerations some distance away. By that time the functional tie of the migrated population with the agglomeration of departure has become limited. The new settlers are pursuing most socioeconomic activities (working, shopping, sports, leisure etc.) within the borders of their agglomeration of settlement. Only to keep in touch with friends and relations, and perhaps to use services that are not yet available in the new agglomeration, will they maintain occasional contacts with the agglomeration they have left.

The conclusion from the above can be that at the stage of disurbanisation, the disurbanising large agglomeration feels the effects of the increased attraction of medium-size agglomerations at some distance. Another fact to observe is that, in comparison with the previous development stage, the external effect of local government measures has greatly intensified and widened in space. The evolution of the great traditional urban centres is thus increasingly determined by developments and administrative decisions elsewhere. At this stage, cities are progressively functioning as elements of an interdependent system.

Evidently, then, the degree to which cities are complementary or competitive depends mainly on their stage of development. At the urbanisation stage, towns function as independent units, and their functional connections with other municipalities are relatively few. There is hardly any complementarity between towns at this stage. They may be competitive, however; think of the rivalry among harbour towns. At the next stage, that picture changes a great deal. Suburban sprawl means the formation of a functional urban region or agglomeration. The large town experiences competition from its suburban municipalities. At the next stage, that of disurbanisation, competition comes from farther a field. Large towns are not only in peril from their own suburbs, but find themselves competing also with the alluring living environment of medium-size towns farther away.

At the time of writing Van den Berg also discussed the next stage of reurbanisation as some cities in the 1980s regained the attention of investors, companies and people. The core of those cities experience population growth again.

Another phenomenon discussed by Van den Berg is the so-called proliferation of functional urban regions under the influence of the rise of the information society. Nowadays the proliferation is a common phenomenon across Europe as we see more and more polycentric urban regions emerging. A recent analysis for The Netherlands (Van der Knaap, 2002) highlights the development of polycentric regions for the Netherlands. Suburban communities develop from mere dormitory towns to cores in their own right, with their own citizenship, employment and services. Thus burgeoning into a full-fledged city, the suburban municipality becomes in potential a new economic centre with its own labour market stretching to far outside the limits of the original agglomeration. The implication is that the original core-and-ring agglomeration is changing fundamentally to become a metropolis with several cores and rings. The interdependent urban system becomes more important than the role of individual core cities. In these interdependent urban systems, the relation between communities has changed as complementarities between different centres become more important. For example, Van der Knaap (2002) points to the development of 'network cities' on a wider spatial scale (national in the Dutch case). At the same time, the dynamics of urban systems bear the stamp of competition.

#### **2.4 *Contemporary challenges to cities***

Under the influence of forecasters such as Nasbitt (1982), Van den Berg (1987) already pointed to the rise of the information society and the consequences for urban development. In the 1980s the rise of what was then called the 'information sector' attracted a lot of attention worldwide. Observers such as Beniger (1986) concluded that the transition to an information society had already started at the turn of the 19<sup>th</sup> century. Castells (1989; 1996) asserted that we have entered the informational age or era and Hall (2000) sees that phenomenon as an important turning point in the development of cities.

In our view it is not so easy to label the 'cocktail' of trends that effect the development of contemporary cities. One could defend the position that urban dynamics are associated with the rise of the information society. In that line of thought, the informational era might still be an appropriate label to summarize all relevant trends for cities, but then again it might be the case that we have entered a

next stage of urban development. Actually, there are many issues that cities need to deal with. We have identified at least six fundamental developments that are at the root of a dozen or so (inter)national trends that cause or reflect the changing behaviour of urban actors. The first fundamental development is globalisation and internationalisation. There are quite different views on the subject. A lot of observers see globalisations as an economic phenomenon in which the rapid growth in international trade, investment and the mobility of capital are crucial. One example is a statement of Moss Kanter (1995) “that the world is becoming a global shopping mall in which ideas and products are available everywhere at the same time”. Ohmae (1995) also put globalisation in an economic perspective, claiming that globalisation spells the end of the nation state and of national economies. Increasingly economic activities take place on a global scale. Economic agents reorganise production chains to create the most cost-efficient functional and geographical (global) route. Other observers add that the increasing social, cultural and technological exchange across borders and continents is also part of the phenomenon of globalisation. An interesting definition is that of Lubbers (1999). He defines it as a process in which geographic distance becomes a factor of diminishing importance in the establishment and maintenance of cross border economic, political and socio-cultural relations. For some people, globalisation is a highly controversial subject that is seen as the imperialistic ambitions of nations and corporations to expand their influence across the globe (see for instance Ritzer (2003)). We prefer a very simple and broad description of Camagni (2001) who synthesises globalisation as the growing planetary interdependence of societies and territories.

A second relevant fundamental development concerns the rapid changes in information and telecommunication technology (ICT): the ongoing ICT-revolution (see Castells, 1996). Each city is affected by the rapid and continuous development of ICT as becomes evident from the analysis of Hall (1998) and Mitchell (1999). One could speak of an ICT-revolution in which the combination of information and telecommunications technology seems to have ‘opened up the globe’.

A third factor is the political developments such as the integration processes within the EU and its expansion, the NAFTA and the GATT negotiations. Increasingly, the global shift of political and economic power to South East Asia and

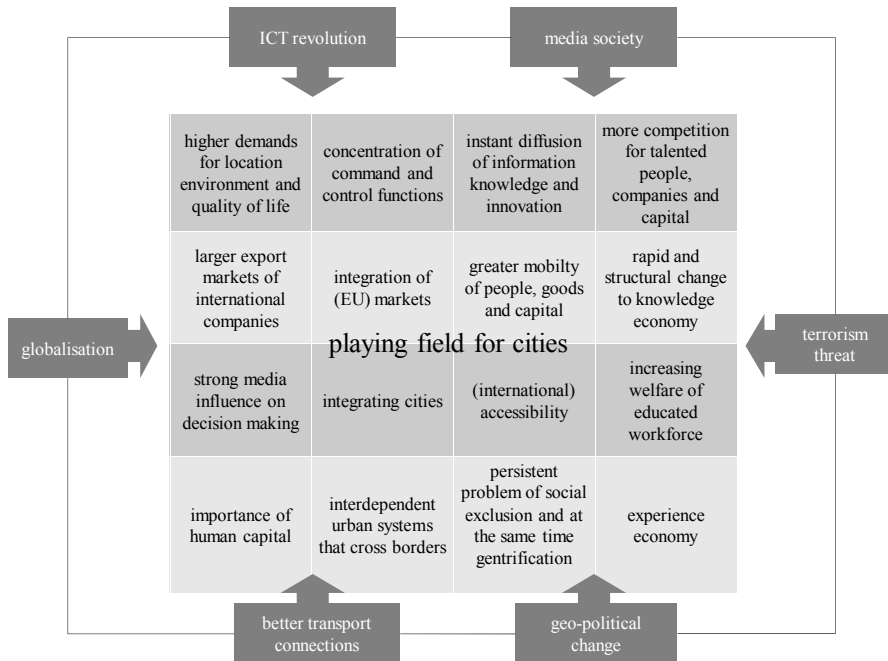
in particular China has been labelled as another geopolitical change with has an effect on the economy and jobs in cities in the Western world (World Bank, 2005; Van Winden, 2005).

A fourth fundamental development is the terrorist threat. According to Savitch and Ardashev (2001) cities have become the central venues for terror. In the aftermath of 9/11, some observers predicted that the threat would have drastic and negative consequences for the (bigger) cities. People and companies would flee from the big cities. There is no evidence to substantiate this drastic claim yet, but the events in other cities after 2001 have demonstrated that the terrorist threat is something that we have to reckon with. It is a fact, though, that under the influence of the terrorist threat, urban safety in general is a top priority for many cities (see also Van den Berg, Pol, Mingardo and Speller, 2005).

We also include the prominent position of the (mass) media as a fundamental development. The printed media has since long been important for cities, but we refer in particular to the tremendous development of the audiovisual media with big media conglomerates. In the last decade, the fast growing Internet media have gained their place as well, and have only added to the prominent position of the media. We live in a media society. Goldhaber (1998) establishes a link between the growth of the media and the rise of what he calls the attention economy. He argues that we are drowning in information and messages, and that there is great competition for our attention in and from the media.

Finally, we think that we should also refer to the changes in terms of transport infrastructure as well as changes in the transportation industry. The advancement of the high-speed train network is one example with a substantial urban impact (see also Pol, 2002) that influences cities. Another example is the introduction of low-cost airlines that for one thing stimulated urban tourism and air traffic among cities.

Figure 2.1 Fundamental developments and trends



We could discuss these fundamental developments endlessly, but it is our assumption that the combination of these fundamental developments has a profound effect on cities. Many authors follow a similar line of thought as for instance Hall (1998) who points to a set of major economic, political, social factors (globalisation, transportation infrastructure, European Integration, information technology, the opening up of Eastern Europe, etc.), that changes urban system around the globe. In our view these fundamental developments result in a cocktail of relevant trends as figure 2.2 suggests.

Some of these trends are pretty straightforward and strongly associated with globalisation and geopolitical change such as the continuous integration of markets, the enlargement of export markets of international companies but also the concentration of (inter)national command and control functions in major conurbations. The rapid diffusion of information and knowledge reinforces these processes. However, the impact of the rapid diffusion of information and knowledge

is not just economic: it touches all aspects of urban life. Another trend that does not need a lot of explanation either is the greater mobility of people, goods and capital that evidently can lead to more competition among cities.

One trend that we would like to stress is the rapid and structural change of the economic structure in Western cities towards a knowledge economy. Knowledge is a key input and output of economic processes. Dahlman and Andersson (2000) define the knowledge economy as “one that encourages its organisations and people to acquire, create, disseminate and use (codified and tacit) knowledge more effectively for greater economic and social development”. The implications for cities are serious as Van den Berg, Pol, Van Winden and Woets (2005) have explored recently. They claim that there is no univocal pattern for all cities, but that the impact can be very different depending on the potential of cities as locations for knowledge-intensive activities and pro-active policies of (local) governments. The abovementioned competition among cities is particularly strong for knowledge- intensive activities and companies as well as talented and qualified employees: human capital is a key factor in the knowledge economy. Hence, the educated and qualified employees earn high incomes and can put high demands on the quality of life and to the quality of the location environment in particular.

The knowledge economy presents opportunities for cities, but at the same time these structural economic changes do not bring prosperity to all segments of the urban society. Cities have to deal with the problem of social exclusion as a substantial group of the urban population does not profit nor participate in the regenerated urban life (see for instance Madanipour et al, 1998). This is not likely to change in the short term as the groups that lack the necessary education and skills do not have good prospects for the near future.

It is also clear that these fundamental trends reinforce the interaction between economic, social, governmental and environmental factors. Gordon (2005) is one of the many authors that highlight this development. He observes a tendency to acknowledge this interaction and puts forward the idea of integrating cities as response to this trend. Essentially it is about joined-up thinking in cities and avoiding treating challenges and problems independently.

A trend that is not always part of the discussion of urban development and change is the impact of the media. We have included the prominent position of the media in the fundamental trends. Especially the televised media and Internet media are very influential and impact the economic, social and cultural functioning of cities. Many decisions in everyday life of people and companies are highly influenced by the media. We should be aware that the media are not just carriers of information. They are also information gatekeepers as they select and process the information for their audiences. This is particularly relevant for the perception of cities and we will come back to this issue in the chapters to come (see for example Avraham, 2001).

Another issue that is mentioned a lot in the context of cities is what some have called the rise of the experience economy. According to Pine & Gilmore (1999) experiences represent an existing, but previously unarticulated genre of economic output. In their view, companies have to find new ways to add value to their economic offering to remain competitive in response to the volatile and high demands of their potential customers. Actually, it could also be seen as a different and much broader view on the products that companies offer to their customers. Mommaas (2000) sees that this is a relevant trend for the leisure market in cities. People do not just visit one shop or attraction; they want to experience the city. It is very much related to the increased welfare of (parts of the) population that are also willing to pay more for something special.

## **2.5 *A first assessment of the implications for cities and city marketing***

What are the implication of these fundamental developments and trends for the functioning of cities? In the model of Van den Berg these trends influence the spatial behaviour of urban actors (in his model the residents, companies and the government) or to be more precise: their mobility, preferences and aspiration levels. Generally speaking, for residents this means that they have higher aspiration levels towards their relevant environment in terms of accommodation, employment and facilities. Secondly, they have more options as their relevant region has become larger and it has become easier to move from one region to another. Of course, this is true for the people that are well equipped to benefit from the structural economic changes; residents that do not 'qualify' in the rapidly changing economy have far fewer

options. In the case of companies, the fundamental developments and trends also impact the preferences, mobility and aspiration levels. Companies will put higher demands on their relevant environment in terms of their location, labour market, inputs (notably knowledge) and markets. Also their locational options increase as their relevant environment expands and it has become easier to move to another region. Yet, this is true for companies that thrive in the structural economic change that set the pace of economic development. There are also a lot of companies in Western cities that increasingly face tough competition from other parts of the world where competitors can produce similar products for much lower prices. For these companies, the opening of the globe means much more competition and less opportunity, unless they change their business model.

Visitors have not been a central element in Van den Berg's model but if we do a similar analysis, it becomes clear that generally speaking people have much more options for leisure travel. Cities encounter much more competition for tourists and the local tourist industry needs to adapt to these changing market circumstances. At the same time cities that are not in the top league of urban tourism, have greater opportunities to develop tourism as a consequence of the easy and cheap accessibility by low-cost airlines and the importance of the Internet that might open up the restricted selection of destinations by tour operators.

In our view, the mix of developments and trends do not favour a single pattern of urban development. There are opportunities and there are threats for cities. It is clear that there is more uncertainty, in the sense that many of the old 'certainties' no longer exist. Maybe the conclusion is warranted that for some cities the fundamental developments and trends stimulate another urban renaissance with strong reurbanisation whereas cities in a less fortunate position might continue to feel the pressures of desurbanisation. Furthermore, if residents, visitors and companies have more options, they need to absorb and interpret much more information. What locations make it to the mental map of decision-makers? What is their perception of all their options? What is the role of the media in that process? In addition, the uncertainty for cities will remain an issue, as it is very unlikely that the terrorist threat will go away easily in the coming years. Economic success might also make cities a primary target.

What does this imply for (local) government? Van den Berg's analysis demonstrated that government policies have had inadvertent effects as these policies have mostly strengthened and reinforced urbanisation, suburbanisation and desurbanisation despite their intentions to curb or control urban sprawl. Van den Berg makes a plea for anti-cyclical urban policies. It is also very much a plea to develop a more pro-active attitude towards policymaking. Some observers refer to this pro-active approach as urban management – borrowing concepts and vocabulary from the business community. According to Bramezza (1996), urban management is the co-ordinated development and execution of comprehensive strategies with the participation and involvement of all relevant actors, in order to identify, create and exploit potentials for sustainable development of the city. Of course, this is easier said than done. Bramezza's research is a plea for a more future-oriented approach; it is not about taking away the uncertainty about the future development of cities. We also need to be aware that in the complex urban environment, city governments are no longer able, or not as able as they thought they were previously, to direct events (Kearns and Paddison, 2000). Nowadays urban governance has become the dominant terminology and urban challenges cannot be understood these days in terms of 'top down' or 'command and control' models of governance (Healey, 1997). This is an important observation for city marketing and we will come back to it in chapter 7.

What are the implications for city marketing? City marketing becomes more relevant in the setting that we have described above with more options for city users (in marketing terms: customers), a wider relevant region, competition among places, more uncertainty, a changing governance setting. Following the framework of Van den Berg, we argue that the higher aspiration levels, the enlargement of the relevant environment for city users and uncertainty, are strong incentives for cities to adopt city marketing strategies. The wider 'relevant environment' induces more intra-regional competition and also competition among urban regions. The parallel with the business community is evident as many companies adopt marketing strategies to safeguard their business in a dynamic and competitive environment. Also the rise of the polycentric regions, in which cities function as interdependent cores, urges cities to position themselves in the urban system. For example, the cities in the polycentric

region could be competitors today on the regional housing market, but might be collaborators in an effort to secure international investment the next day.

Another implication of using Van den Berg's framework is his plea for a pro-active attitude towards policymaking. According to scholars such as Kotler (1993; 1999) and McDonald (1996), marketing is a pro-active concept that helps companies to address a future that is "largely uncertain" (in the words of Kotler). The use of marketing by cities goes well with Van den Berg's analysis for a more pro-active approach to policymaking in cities. In sum, the main conclusion is that *the increasing competition and complexity in urban development urges cities to adopt city marketing policies*.

## **2.6 City typologies and city marketing**

Van den Berg's framework has taught us that fundamental trends and developments induce competition, enlarge the functional urban region and stimulate the growing attention for city marketing. Basically, the growing attention for city marketing affects all cities. However, we have also argued that the impact of the fundamental developments and trends is not the same for each and every city. In such a competitive environment the current position of cities does matter. Do these differences among types of cities affect incentive or their approach to city marketing?

We make use of research that has analysed the impact of globalisation and associated developments and used this analysis to group and rank different types of cities based on their characteristics. One of the most cited empirical city classifications is probably the GaWC inventory of world cities. This inventory is the work of the Globalisation and World Cities Research Group and Network at the University of Loughborough. Beaverstock et al. (1999) have constructed the GaWC inventory of world cities based upon their level of advanced producer services. These advanced producer services in their inventory are accountancy, advertising, banking and law. Global service centres are identified and graded on the basis of these four services. The aggregation of the scores on the four advanced producer services for the 122 cities in their sample, results in an inventory of world cities based on their "World cityness values" (Beaverstock et al 1999, p.456). The basic idea is that a city needs to be a global service centre in all four sectors to be top of the list (see table 2.1).

*Table 2.1 The GaWC inventory of world cities<sup>5</sup>*

A. Alpha world cities	12	London, Paris, New York, Tokyo
	10	Chicago, Frankfurt, Hong Kong, Los Angeles, Milan, Singapore
B. Beta world cities	9	San Francisco, Sydney, Toronto, Zurich
	8	Brussels, Madrid, Mexico City, Sao Paulo
	7	Moscow, Seoul
C. Gamma world cities	6	Amsterdam, Boston, Caracas, Dallas, Dusseldorf, Geneva, Houston, Jakarta, Johannesburg, Melbourne, Osaka, Prague, Santiago, Taipei, Washington
	5	Bangkok, Beijing, Rome, Stockholm, Warsaw
	4	Atlanta, Barcelona, Berlin, Buenos Aires, Budapest, Copenhagen, Hamburg, Istanbul, Kuala Lumpur, Manila, Miami, Minneapolis, Montreal, Munich, Shanghai
D. Evidence of world city formation		
Di: relatively strong evidence	3	Athens, Auckland, Dublin, Helsinki, Luxembourg, Lyon, Mumbai, New Delhi, Philadelphia, Rio de Janeiro, Tel Aviv, Vienna
Dii: some evidence	2	Abu Dhabi, Almaty, Birmingham, Bogota, Bratislava, Brisbane, Bucharest, Cairo, Cleveland, Cologne, Detroit, Dubai, Ho Chi Minh City, Kiev, Lima, Lisbon, Manchester, Montevideo, Oslo, Rotterdam, Riyadh, Seattle, Stuttgart, The Hague, Vancouver
Diii: minimal evidence	1	Adelaide, Antwerp, Aarhus, Baltimore, Bangalore, Bologna, Brazilia, Calgary, Cape Town, Colombo, Columbus, Dresden, Edinburgh, Genoa, Glasgow, Gothenburg, Guangzhou, Hanoi, Kansas City, Leeds, Lille, Marseille, Richmond, St Petersburg, Tashkent, Tehran, Tijuana, Turin, Utrecht, Wellington

Source: Beaverstock et al, 1999

The first group in their inventory are 10 Alpha world cities including London, New York, Tokyo and Paris. The second group is named Beta world cities and include ten cities such as Sydney, Brussels and Moscow. The third group, the Gamma world cities, comprises 35 cities such as Amsterdam, Barcelona, Copenhagen and Atlanta. The outcome of the first group is pretty straightforward and also the Beta world cities are no surprise. Their inventory is debatable for the third group of Gamma world cities and those 67 cities that did not make it to the Alpha, Beta or Gamma group. Some of them showed “relative strong evidence” of world city

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<sup>5</sup> Cities are ordered in terms of world cityness with values ranging from 1 to 12

formation (examples are Dublin, Helsinki); others showed some evidence (including Birmingham and Rotterdam) and finally the last group with minimal evidence of world city formation (Gothenburg, Glasgow, Leeds). The inventory does not have strict boundaries, but different shades of 'grey' open to question.

The accumulation of advanced producer services of global excellence creates a better starting position for cities. It reduces cities to production sites for advanced producer services. What are the consequences for city marketing? In the first place all cities in the inventory are stimulated to adopt city marketing but the incentive and the approach might differ. One can expect that Alpha and Beta cities, benefiting from the agglomeration effects of the accumulation of advanced producer services, give priority to safeguard their favourable competitive position and reputation and build upon their strengths. It is similar to the approach of established businesses or even market leaders. At the other end of the spectrum are the cities that score low on World cityness, which could have a stronger incentive to adopt more aggressive marketing strategies in order to expand their range of economic activities. This strategy is more compatible with a business that aims to gain market share or fight its way into a new market. We need to be cautious though as there are many more variables that influence the use of city marketing.

Another interesting classification is the analysis of Camagni (2001) who uses two logical dimensions to deepen the understanding of the role of global city regions. The first dimension is the spatial logic distinguishing between the territorial approach and the network approach. The territorial approach refers to the city as a place and the network approach treats the city as a node in a global network of trans-territorial relationships. The second dimension concerns the cognitive logic, comprising a functional approach and a symbolic approach. The first involves optimization among perfectly known alternatives; the second approach represents imperfect information and widespread uncertainty about alternatives, actions of other actors, and possible outcomes of present decisions. In this symbolic approach decisions are based on such things as established routines, imitation, exchange of opinions, feelings and symbols et cetera.

The combination of the two logics creates a classification that Camagni (2001) used to establish the roles of global city regions. The combination of the functional

and territorial approach concerns the role of *cities as clusters* of activities generating agglomeration and urbanisation economics that cumulatively enlarge the overall size of the urban region. The synergies come from the wide diversification of urban activities and the specialization of single economic units, the concentration of public goods and social overhead capital creating substantial positive externalities, the density of contacts because of proximity and the reduction in transaction costs also thanks to proximity (Camagni, 2001).

The second role comes out of the combination of the functional and network approach: *the city as interconnection*. Synergies emerge from a city being a node in “interplanetary” transport and communication networks but also non-material networks (professional networks, specialized functions, headquarters, etc). The size of the city is related to the role in those networks due to the critical mass effects of generating demand and the effects of supply of external connectivity on the competitiveness of local activities.

The third role combines the territorial logic with the symbolic logic and is labelled *the city as a local milieu*. The local milieu helps economic actors to reduce the uncertainty in a dynamic and complex setting where information collection is difficult and the decisions of actors influence each other heavily. The local milieu supports the absorption and interpretation of external information and its evaluation. It enables accurate assessments, faster adoption in decision-making and promotes the development of innovative ideas. The milieu reduces the costs of information collection and limits the danger of free-riding behaviour.

The fourth category combines the symbolic logic with the network logic: *the city as a symbolic entity*. The city is a means to overcome space and time: the first through global networks and the latter through the city’s collective memory preserved in monuments, etc. The city is a symbol of territorial control (for example Paris in France) and the city is a producer of new symbols such as new social codes, rules, languages, conventions and representations.

Figure 2.2 Combining Camagni’s spatial and cognitive logic

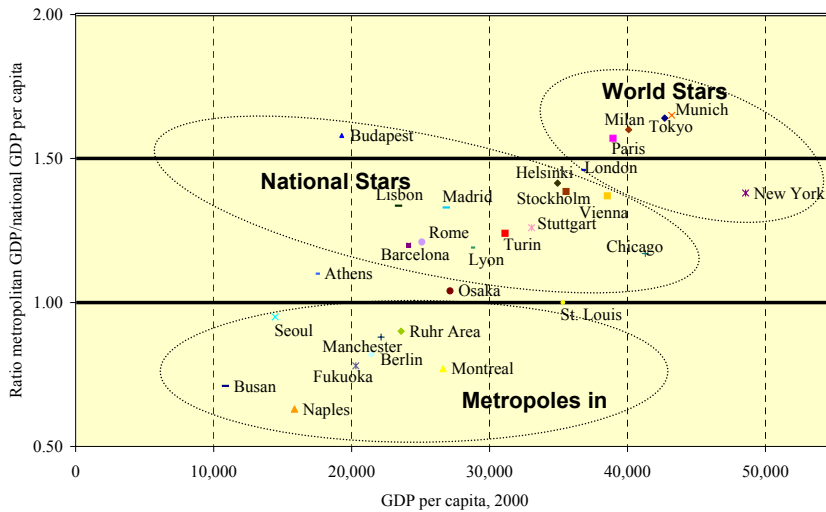
		Spatial logic	
		Territorial approach	Network approach
Cognitive logic	Functional approach	Cities as clusters of activities	The city as interconnection
	Symbolic approach	The city as a local milieu	The city as a symbolic entity

Source: Camagni, 2001

The analysis of Camagni is used to assess the roles of truly global city-regions. Cities that combine all four roles at the global level are truly global cities and most of the Alpha cities mentioned above qualify. We could use the four quadrants in the diagrams for a wider analysis of cities that are not in the top of list. The consequences for the use of city marketing are similar to our analysis above for the GaWC inventory of world cities. For the truly global cities, one can expect the similar outcome as for Alpha and Beta cities. Similarly to our analysis above, cities that do not benefit from the agglomeration effects and interconnectedness might also resort to more aggressive strategies and feel a stronger incentive. The most interesting feature in Camagni’s analysis is the symbolic function of a city. He refers to the symbolic functions of a global city region (“the global city status”) but we could also use this for other types of cities with a specific symbolic function for particular (economic) functions: port cities (for example Rotterdam), automotive cities (Wolfsburg, Ingolstadt), tourism (Venice), banking cities (Zurich) et cetera. Cities with a symbolic function based on past excellence of an industry or activity that has gone into decline might feel a strong incentive to diversify and change the perception through city marketing policies. This “free interpretation” of the scheme of Camagni fits well with the analysis of Ward (1998). He has linked the selling of post-industrial cities (he uses place marketing and place selling as synonyms) to the decline of prominent economic functions. The affected cities have actively taken up city marketing instruments to attract inward investment in new facilities and to re-image the city.

A final classification that we present in this chapter is that of Van Winden (2005). He has classified cities according to their (absolute and relative) economic performance: world stars, national stars, metropolises in transition and a rest category (see figure 2.3).

Figure 2.3 Van Winden's city typology



Source: Van Winden, 2005

The *world stars* are cities such as London, New York, Tokyo and Paris: core hubs in dense international networks with highly advanced, world-class specialized functions that attract investment and talent from all over the world. Van Winden (2005) also identifies a second tier of world stars: cities such as Boston, Milan and Munich (Gamma city in the GaWC inventory of world cities), that are high-performers thriving on one (or more) distinctive world-class specializations, but that do not host global command and control functions as the primary world stars. The *national stars* are leading cities in their national context such as Amsterdam, Barcelona, and Vienna, with excellent international connections. The cities mentioned above are established stars whereas cities such as Budapest, Prague or Warsaw in rapidly growing transitional economies: rising stars. The most interesting category is

the *metropolises in transition*: cities engaged in heavy restructuring of dominant economic specializations in sectors such as port-related activities, traditional manufacturing, or other declining industries with examples such as Dortmund, Liverpool, Rotterdam and Bilbao. Some cities are more successful in regeneration than others: Van Winden (2005) calls the first sub-category the come-back kids and the second less-successful: the strugglers.

We expect the relation between the world stars (1<sup>st</sup> and 2<sup>nd</sup> tier) and the national stars, and city marketing to be the same. The agglomeration of economic activity, high quality urban amenities, accessibility leads to the same analysis as for Alpha and Beta cities. From the metropolises in transition, we expect the strugglers to adopt a more aggressive marketing strategy and they are more willing to experiment and take up new possibilities, similar to the post-industrial cities of Ward.

The main distinction in terms of city marketing is between the cities that are well placed in the urban hierarchy with diversified economies, agglomeration economies, high quality amenities and embedded in productive global networks on the one hand, and the cities that still struggle to overcome economic decline with a relatively weakly diversified economy and a legacy of an industrial past that once symbolised the city but it is now associated with decline, on the other hand. The first is well endowed to compete in the knowledge economy and one can expect a consolidated marketing strategy; the latter has a stronger incentive to deploy a more entrepreneurial city marketing strategy. We choose to refer to these as *cities in transition* after Pol (2002). We need to be aware though that all cities have an incentive to adopt marketing policies, as competition exists on all levels.

## **2.7    *Urban dynamics and city marketing: conclusion***

In this chapter we have placed city marketing in the context of urban development. We have argued that Van den Berg's framework is a suitable one for this purpose and we have recapitulated the main features of the urban life cycle theory. Urban dynamics bear the stamps of competition and we have argued that the changing pattern of urban development and consequently the changing circumstances and challenges for cities explain the growing interest and need for city marketing. A key argument is the changing spatial behaviour of urban actors under the influence of fundamental developments and trends. In addition, we have looked at the implications for different types of cities in relation to city marketing. Some cities have stronger incentives than others; we are particularly interested in the *cities in transition* as the cities are in some ways front-runners in the field of city marketing.

### **3 Towards a concept for city marketing**

#### **3.1 Introduction**

The main objective of this chapter is to present an overview of main developments in the city marketing debate, to develop a concept of city marketing that will be used in the rest of the research and to examine the added value of city marketing. The chapter is structured as follows: the next section (3.2) briefly discusses the various names that have been used for the marketing of cities and explains our choice to use city marketing. Section 3.3 summarizes the main developments in the city marketing literature. Next, section 3.4 brings together relevant insights from the marketing domain. In section 3.5 we develop our own concept of city marketing based on the insights from the previous sections. How should we understand city marketing? Section 3.6 assesses the added value of city marketing. Section 3.7 concludes the chapter.

#### **3.2 City marketing: what's in a name?**

There are different terms to cover the marketing of cities. Van den Berg, Klaassen and Van der Meer (1990) use the term *city marketing*. Several others have used city marketing as well such as Van Gent (1984), Borchert and Buursink (1987), Buursink (1991), Paddison (1993) and Kriekaard (1994). Although city marketing is English, Peelen (1987) claims that city marketing first appeared in 1981 in a research of the Dutch city of Apeldoorn. This suggests that the term city marketing has Dutch roots. One thing is sure though: city marketing has become the standard term in the Netherlands when referring to the marketing of cities. Van 't Verlaat (1997) prefers regional marketing to city marketing, for one thing because cities are in many respects interwoven with their surroundings, and for another because in Dutch idiom 'city' sometimes has the limited meaning of 'city centre'. Despite such (partly justified) objections, the term city marketing has by now become generally accepted.

City marketing is also used frequently elsewhere on the European continent. We cannot conclude however, that city marketing is the standard abroad. One alternative is *urban marketing* used by Corsico and Ave (1994). In 1994 they

organised a big international conference in Turin entitled “urban marketing” or “marketing urbano” in Italian. The term urban marketing is still used to cover the marketing activities of cities today, but sometimes it also refers to special marketing strategies of firms for the inner city non-white population of cities in the United States. In Germany, *stadtmarketing* is commonly used, although city marketing and *kommunales marketing* (municipal marketing) are used as well (Mayer, 2004). The “selling of places” has been used more than once in the United Kingdom (see for instance Burgess, 1982; Ward 1998) to describe the marketing of cities. The emphasis is very much on the promotional aspects of marketing and the term place promotion is used as well (for instance Gold and Ward, 1994). This is also illustrated in one of the first publications in the UK (Burgess, 1982) that concluded that the benefits of place advertisement could not justify the high costs. Ashworth & Voogd (1990) have used the terms city marketing and place marketing. The term ‘place marketing’ has become more popular in the 1990s as a result of the two publications of Kotler et al. (1993;1999) concerning the marketing of places in the United States (1993) and Europe (1999). Van den Berg and Braun (1999) have used ‘urban place marketing’ in an attempt to make the link with place marketing explicit.

Another popular term as far as tourism is concerned is *destination marketing*. Early examples are the publication by Gartrell (1988) on destination marketing for convention and visitor bureaus and the book of Goodall and Ashworth (1990) on marketing in the tourism industry. There are still more terms used for the marketing of cities that are not as popular as place marketing and city marketing. For instance, Meester and Pellenbarg have used *geographical marketing* (Meester and Pellenbarg, 2001).

Overall, the most popular terms are place marketing and city marketing. Place marketing best describes the geographical element of the marketing of cities and regions. However, it is not restricted to cities as Kotler (1993) considers the marketing of US States and countries as part of place marketing as well. Place marketing could also refer to the marketing of rural areas: something completely different from marketing a city. We prefer to say that place marketing is the ‘family name’ for the marketing of neighbourhoods, cities, rural areas, regions, states, countries etc. We

choose to use the term city marketing to distinguish it from the marketing of other types of places.

### **3.3 Main developments in the city marketing debate**

#### *City marketing and city promotion*

The first contributions referring to the marketing of cities focused on the promotional efforts of cities with the publications of Burgess (1982) questioning the benefits of place advertisement as an example. Throughout the 1980s, the promotional aspect of city marketing was an important issue as well as the caution from many scholars that city promotion is not synonymous for city marketing (see for example Van den Berg, Klaassen and Van der Meer, 1990; Ashworth & Voogd, 1990; Buursink 1991; Kriekaard, 1993; Corsico 1994).

#### *City marketing stimulated by city competition and city image*

Van den Berg, Klaassen and Van der Meer (1990) put city marketing in the perspective of growing and intensifying (international) competition among cities. They argued that the growing importance of the quality of the living (and location) environment in combination with the intensifying spatial interaction among European cities causes the increase and changing nature of economic competition between cities and regions. As a result an increasing number of cities have access to the competitive arena. Buursink (1991) also mentioned the growing autonomy of cities vis-à-vis higher layers of government in establishing their own economic strategy as a stimulus for city marketing. In this way, city marketing is an instrument for cities that have more opportunities to compete. Also Ashworth & Voogd (1990) state that it is the abruptly changing rules of competition between places that explain the relevance of place marketing. They point out that the increasing importance of the quality of the natural and build environment in combination with the provision of social, residential, recreational and cultural services as a driver behind the attention for city marketing. The idea that city marketing is (partly) explained by growing inter and intra urban competition and the plea for a broader city marketing view can be found be more authors such as Boekema (1990), Buursink (1991), Kriekaard (1993), Meffert (1989) and others. Ashworth & Voogd (1990) also highlight another issue: the importance of

the city image as a driver behind the attention for city marketing. In their view, the perception of cities, and the mental image held of them have become important for economic success and failure.

### *City marketing and urban regeneration*

Paddison (1993) relates city marketing to the economic restructuring of the 1970s and 1980s. The restructuring has resulted in growing competition for inward investment among cities, in particular cities that have lost their traditional industrial base. In the view of Paddison (1993) city marketing reflects the new urban entrepreneurialism: "Reflecting the new urban entrepreneurialism, there are several features which distinguish city marketing from previous practice – in particular, how the promotion of place is expressed, and the adoption of targeted forms of marketing to bolster directly the process of image reconstruction"(Paddison 1993, p.340). Smyth (1994) describes the cocktail of flagship projects (popular in the late 1980s and early 1990s) public-private partnerships and city marketing that was apparent in large-scale regeneration projects. The view of Smyth is representative for the idea that city marketing is intrinsically linked to the regeneration efforts of cities in the course of the 1980s and 1990s. An excellent example is the analysis of Ward (1998) of the selling of post-industrial cities in which he linked contemporary place selling (he uses place marketing and place selling as synonyms) to urban regeneration efforts as many cities had moved into economic decline.

### *Early definitions of city marketing<sup>6</sup>*

The idea that city marketing is mainly promotion was the dominant view among practitioners in the 1980s. Van den Berg, Klaassen and Van der Meer (1990) reject the limited promotional view of these practitioners in the Netherlands and argued for a holistic interpretation of city marketing. This implies that city marketing is directed at the promotion of a *harmonious city*, able to satisfy the requirements of different users, its citizens, investors and visitors. They have described city marketing as the tuning between the supply of *urban functions* and the demand for them from inhabitants, companies, tourists and other visitors (Van den Berg, Klaassen and Van

der Meer, 1990). Paddison (1993, p.340) has labelled this as a “Dutch interpretation of city marketing”. Ashworth & Voogd (1990) can also be considered as advocates of the Dutch interpretation although they did not focus on the city but on the marketing of places. They also promoted a wider approach to marketing: “place marketing is a process whereby local activities are related as closely as possible to the demands of targeted customers. The intention is to maximise the efficient social and economic functioning of the area concerned, in accordance with whatever wider goals have been established” (Ashworth and Voogd 1994, p.41). Paddison (1993) dubbed the Dutch approach to city marketing as a catholic interpretation because it would go beyond the scope of traditional economic policies. In his view, city marketing was a new terminology for a set of basic local economic development policies to attract new industry, provision of sites and premises, fiscal incentives and other policies.

#### *City marketing criticism*

Paddison argued that city marketing is old wine in a new bottle<sup>6</sup>. The criticism of Philo and Kearns (1993) goes much further: (city) marketing is in itself something intrinsically bad. They associate the ‘selling of places’ with insensitive ‘commodification of places’. With commodification they refer to the idea of places as “bundles of social and economic potential competing against another on the open market for a share of capital investment”. They see commodification as a natural consequence of the marketing of cities. City marketing is a “...process of manipulation whereby urban bourgeoisies are seeking to mobilise segments of culture, history and locality in the competitive selling of places both to outsiders (to attract capital) and to insiders (to legitimate redevelopment)” (Philo & Kearns 1993, p.29).

They do raise some interesting issues: it is possible that city marketing is used predominantly to benefit certain groups or serve only selected interest. However, their criticism is not in itself connected with city marketing, but is part of a wider critical view on the functioning of ‘the market economy’ or ‘capitalist systems’ and its consequences for cities. One could argue that cities have their origin in the concentration of trade activities or that the concentration of economic, social and

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<sup>6</sup> See for some more definitions Annex A.

cultural potential has made cities into what they are today. However, our point is that their criticism completely discards other views in which marketing is not necessarily restricted to the purpose of making profit, but that it could also be useful in achieving broader citywide objectives.

#### *City marketing themes in the late 1980s and early 1990s*

The contributions in the 1980s and the first half of the 1990s, defining city marketing (or one of the related terms), discussing its applicability and limitations are characteristic of a field area of academic study in its infancy. It is clear that mostly scholars with a background in regional or urban economics, (economic, social, cultural, historical) geography, (spatial) planning and political science have contributed to the discussion in the late 1980s and early 1990s. An important topic in the contributions of these researchers is concerned with the differences with 'traditional' marketing and the pitfalls, problems and solutions in making marketing operational for the practice of cities. The debate has focused on modification or re-examination of some 'concepts' from marketing: the specific characteristics of 'urban products', the value of strategic marketing planning for urban policy, image reconstruction and promotion strategies, the social and political implications of city marketing. Also the problem that the roles of producer, operator and promoter of urban products are performed by different actors featured in that period (Braun, 1996).

#### *Kotler and place marketing: a new episode?*

One of the first marketing scholars who has taken an interest in the marketing of places is Philip Kotler, one of the most influential marketing scholars of the last 40 year. According to Handelman (2007, p.174), Kotler has "helped to shape the field of marketing". Kotler is the main author of a book entitled *Marketing Places* (Kotler et al, 1993). They also point to competition as the prime incentive to explain the adoption of marketing by places. He presents 'strategic place marketing' as the way out of what he calls the zero-sum or negative-sum game of competition for business attraction. In his American edition (1993) and the European edition (1999) he does not give a specific definition of place marketing; he writes that "places need to be

doing what business have been doing for years: strategic market planning” (Kotler et al 1993, p.79). In his Asian edition (2002) he defines place marketing as “designing a place to satisfy the needs of its target markets. It succeeds when citizens and businesses are pleased with their community, and the expectations of visitors and investors are met” (Kotler et al 2002, p.183). The structure of his books resembles many of the standard textbooks on marketing management that Kotler wrote in the 1980s and 1990s. We should give Kotler the credit that he is the first (mainstream) marketing scholar that showed an interest in the subject and that he published a readable textbook on place marketing. The books of Kotler and his colleagues contain many examples (as one might expect from a marketing textbook) and try to build up a place marketing approach including many marketing instruments and guidelines. Our criticism is that Kotler does too little to do justice to the differences between cities on the one hand and companies on the other. In addition, we miss the effectuation of his marketing recipes in the context of cities.

#### *City marketing or city branding?*

At the start of the new millennium, the focus in the debate on city marketing shifted somewhat in the direction of city branding. As a matter of fact, the branding of places and cities has become particularly popular in recent years. In the marketing vocabulary “branding” refers to the building of brands by companies. A brand is more than a label or umbrella of products. Kotler defines a brand as “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler 1991, p.442). The basic idea is that a brand represents brand equity for a company. Keller (1993, p.1) defines “brand equity in terms of the marketing effects uniquely attributable to the brand – for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have that name.” The American Marketing Association is still using the definition of Kotler (1991) today, but what goes for marketing also goes for branding: there are many different views and definitions. One example is the definition of Schmitt (1998) who claims that a brand is a rich source of sensory, affective and cognitive associations that result in

memorable brand experiences. Cities are looking for those positive associations as well and city branding is on the wax, although many are suspicious of the effectiveness. Hankinson (2001) concludes that the branding of cities is not impossible despite the general scepticism towards the subject. He substantiates his conclusion through a comparison of the branding practices of twelve cities in the UK. In a follow-up paper (Hankinson, 2004) he presents a comprehensive framework for destination branding. Mommaas (2002) also relates the public's associations with a city to the notion of city branding. In the context of city branding, cities seek to assume a positive image in order to realise symbolic and economic added value. With this added value of the 'city brand' they hope to reinforce the city's position as a residence, business location or destination. Kavaratzis (2004) sees city branding as the next step in the development of city marketing. In his view, the city brand is the ultimate objective of city marketing. Kavaratzis and Ashworth (2005) see the extensive use and success of product branding and the rapidly developing concept of corporate branding as drivers behind the transition of city marketing to city branding. Rainisto (2003) has also incorporated place branding in his empirical research, but other than Kavaratzis (2004) he does this in the context of place marketing.

City branding might be seen as a new kid on the block, but it relates to a subject that has featured in the city marketing literature from the very beginning: the city's image(s). Of course the image of the city has been a subject in its own right with the research of Lynch (1960) as a standard work. In the context of city marketing, especially the efforts of cities to change their image have been profound. As mentioned above Burgess (1982) addressed the costs and benefits of place advertisement. Padisson (1993) discussed city marketing as means to reconstruct the city's image. Bramwell and Rawding (1996) have studied the similarities and differences concerning the place images used in the context of tourism marketing of five industrial cities in the UK. In fact, the issue of destination image(s) has been a recurrent issue for the tourism researchers (see for instance Etchner and Richie, 1991). In the Netherlands, Meester and Pellenbarg have been active (see 1995) in measuring images of places. They used the case of Groningen to study the change of regional images and the contribution of regional marketing campaigns (Meester & Pellenbarg, 2001). Their research showed that images of cities do change but slowly, attributed to

changes in reality or changes in perception. We will come back to the issue of the city's image in more detail in the chapters to come, as it is a very important but also very challenging subject for cities. We cannot stop this overview without mentioning the growing number of publications related to the image(s) of cities, particularly in the new millennium. Avraham (2000, 2004) has reviewed the relation between city image and the portrayal of cities in the media.

### *The effectuation of city marketing*

We have already stated in the first chapter that the effectuation ('putting city marketing into practice') has not been covered extensively. There have been some attempts to identify conditions for the effectuation of branding (For example Hankinson, 2001 and 2004). Van den Berg and Braun (1999) have made an early contribution to this issue by linking city marketing to the concept of organising capacity. They have related the effectuation of city marketing to factors such as a wider city vision, leadership, networking and political and societal support. The dissertation of Rainisto (2003) has already been referred to in the introduction chapter.

One of his first conclusions is that strategic marketing can be also applied to places, and the tools of corporate marketing can be transferred to place marketing (Rainisto, 2003). Under the influence of the place marketing work of Kotler and his colleagues, he examined the success factors of place marketing in Helsinki, Stockholm, Copenhagen and Chicago. Rainisto (2003) has identified nine success factors of which some are concerned with effectuation; it concerns so-called self-action factors such as having a planning group, public-private partnerships and leadership. These factors are partly derived from Van den Berg & Braun (1999). Our main criticism of his approach is that he situates place marketing outside the political process. His success factor *political unity* is something that just occurs (or not). Another point of critique is that he stays too close to Kotler's oversimplification of planning and decision-making in cities.

### **3.4 City marketing and the marketing domain**

Is city marketing part of the 'mainstream marketing debate'? What is the place of city marketing in the marketing domain? The answer to the first question is easy:

no! One illustration is that it is a serious challenge to find relevant articles in renowned marketing journals such as the Journal of Marketing and the Journal of Marketing Research. Most scholarly papers on city marketing have been published in journals with a spatial focus, such as Urban Studies. The answer to the second question requires a short review of the development of the marketing domain.

### *Broadening the concept of marketing*

The insights with regard to the scientific domain of marketing have developed over the years (Kotler, 2005). Originally, the founders of marketing as an academic discipline focused chiefly on the business environment. In the late 1960s this started to change. The discussion of the concept of marketing entered a new phase with Kotler and Levy (1969) who aimed at broadening the concept of marketing. They observed that some of the activities and strategies of non-profit and public organisations are quite similar to marketing in the business community. They used the marketing efforts of political candidates, schools and charity organisations as examples. Kotler and Levy (1969) that marketing was no longer restricted to commercial organisations and commercial transactions.

Over the past decades, marketing in the non-profit sector has been accepted among marketing professionals and has developed in a discipline with its own academic journals, conferences and associations. For our investigation, it is important to conclude that marketing is not exclusively restricted to private organisations that strive for profit, or to a specific business-like organisation model.

### *Defining marketing*

The expansion of the marketing domain with non-profit or not-for-profit organisations also stimulated a re-examination of the foundations of the marketing science and the subject of marketing research. It might come as a surprise for some people, but there are various definitions of marketing and consequently of the marketing domain. An example is a statement of Angelmar and Pinson (1975) that “one of the most persistent problems of marketing has been the question of what is meant by ‘marketing’”. It goes beyond the scope of this research to give a repeat performance of the discussion among marketing theorists, but the work of Koster

(1991) is illustrative in this respect. Koster (1991) reviewed 84 definitions of marketing. In an effort to unite very different marketing definitions, he proposed to define marketing as “activities aiming to promote, facilitate and accelerate exchange transactions.” His efforts to unite very different marketing definitions certainly had an impact in the Netherlands, but the impact abroad is limited. In the light of the variety of marketing definitions, the variety of city marketing interpretations is not as strange as it might seem at first sight.

Notwithstanding the variety of marketing definitions, there is of course a mainstream in the marketing discipline. One of the most influential authors on marketing, Philip Kotler, defines marketing as ‘a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products or services of value with others’ (Kotler, 1997). In addition we should highlight that for Kotler (1997) a product is ‘all that can satisfy the needs and wants of customers’. Another representative view of the mainstream is the American Marketing Association (AMA). The AMA has changed the definition of marketing several times in the last years and presented its latest definition of marketing in 2007: *marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large* (American Marketing Association, 2008). We will continue our analysis with these mainstream definitions, but for now, we can conclude that there are still many views on and definitions of marketing around. Also it is important to highlight that it does not refer only to simple tangible products that go over the counter as both Kotler and the AMA acknowledge.

### *The marketing concept*

Another important part of the marketing field is the so-called marketing concept. The marketing concept underpins the marketing (management) efforts of organisations. It is one of the older marketing ideas that appealed to both practitioners and academics. Keith (1960) presented the wider adoption of marketing in manufacturing firms as the marketing revolution. According to Kotler (1997), the marketing concept implies that organisations’ objectives are attained by identifying the needs and wants of target markets better and satisfy the wants and needs of

customers more efficiently than the competitors. Sometimes observers would take this marketing concept too literal as the dominant and only management paradigm for successful companies (see Houston, 1986). It can be seen as a basic philosophy that understanding and knowing more of your (potential) customers helps businesses to remain competitive. Importantly, it is not a prescription that you have to satisfy all the needs and wants of your customers and that product development has to be based on current expressed needs and wants only. This is a crucial observation for city marketing as cities have many very different customer groups where finding a balance among customers' needs is more fitting than optimal satisfaction of all customer groups.

Another possible misunderstanding is that the marketing concept could potentially be seen as a managerial principle just for the organisation's top management. This might be so for strategic decisions but it is equally important that everyone in the organisation supports the basic idea that the customers are central to the operations of the business. Hooley, Lynch and Shepherd (1990) have studied the approaches and implementation of marketing empirically. They made a subdivision of five approaches to marketing and the organisations where the marketing concept has been put into practice were called the 'marketing philosophers'. This shared marketing philosophy is not the same as the market orientation of organisations, but it helps companies to develop a stronger market orientation. They concluded that there is an evolution of the approach to marketing in their research sample where companies had developed from a limited sales perspective to a broader supported marketing philosophy. The results confirm the results of the widely cited study on the marketing revolution of Keith from 1960.

In our view, the marketing concept is a basic marketing idea or as a loosely defined philosophy that underlines that understanding and knowing your customers helps organisations to make better decisions and do a better job.

Kotler also published, jointly with Andreasen (1995), his views of the societal marketing concept. This concept also puts the customers' wants and needs first, but at the same time takes account of the social effects of their satisfaction. The definition of Kotler and Andreasen is almost identical to that of the marketing concept, but with the addition 'in such a way that the welfare of the customers and society is not put in

jeopardy, or is even improved'. Given the explicit nature in which satisfying the needs and wants of customers is linked to the safeguarding general interest, the *societal marketing concept* is a good basis for city marketing.

#### *Applicability of marketing for the benefit of cities*

The next step in this section is that the discussion about the expansion of the marketing domain, the marketing concept and the discussion on the core of the marketing discipline, offer us an opportunity to explore the applicability of city marketing, from a marketing perspective. In the first place, Kotler & Levy (1969) identified nine principles for effective marketing (management). They argued that these nine principles should also be workable for non-business organisations. In table 3.1, we have summarized these nine principles and asked if these principles are a fundamental barrier to apply marketing in the context of cities. None of these nine principles are really a problem for the use of marketing for the benefit of cities. Most of these principles are straightforward recommendations for more effective city marketing as well. These are not barriers to use marketing.

*Table 3.1 Are the principles of effective marketing management a fundamental barrier for city marketing?*

<b>Factors</b>	<b>Principles of effective marketing management</b>	<b>Fundamental barrier to use marketing for the benefits of cities?</b>
<b>Generic product</b>	It is important to place a broad definition on products, one that emphasis the basic customer need (s) being served.	Actually a broad definition is much better suited for city marketing than a narrow one as the use of the city by its customers is not
<b>Target groups</b>	Marketers need to be able to offer their products to clearly defined target groups to more effective but also to deal with the scarce resources of their organization.	Cities can also define target groups and develop products for those groups. It is not a fundamental barrier. The difference is that cities need to balance the interest of many different target groups and exclusion of specific groups is unacceptable. The
<b>Differentiated marketing</b>	Organisations that serve more than one target group will be maximally effective by differentiating its product offerings	Cities serve many target groups by definition and that makes differentiation of its offerings highly relevant for city marketing
<b>Customer behaviour analysis</b>	Marketers need to seriously research and analysis customer behaviour	Systematic marketing research is also needed for city customers
<b>Differential advantages</b>	Marketing is more effective if elements in reputation or resources can be exploited to create a special value in the minds of its potential customers	Creating special value in the minds of its potential customers is also highly relevant for cities. Cities can also use differential advantages for various target groups
<b>Multiple marketing tools</b>	Effective marketing requires the use of multiple marketing tools	There are no barriers for cities to use multiple marketing tools.
<b>Integrated marketing planning</b>	The multiplicity of available marketing tools suggests the desirability of coordination so these tools work at cross-purposes.	The desirability of coordination is even higher in cities with the great variety of stakeholders involved
<b>Continuous marketing feedback</b>	Marketers need to gather information about changes in the environment and their own performance continuously	Cities should also monitor changes in their environment (see chapter 2) and their performance for their variety of target groups
<b>Marketing audit</b>	Good marketers make periodic audits of its objectives, resources and opportunities	Cities should also audit their efforts regularly
<b>Generic product</b>	It is important to place a broad definition on products, one that emphasis the basic customer need (s) being served.	Actually a broad definition is much better suited for city marketing than a narrow one as the use of the city by its customers is not

### **3.5 Towards a concept of city marketing**

How do we define city marketing? We begin our analysis with the definition of the AMA: marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2008). The

easiest definition of city marketing would be just to copy this definition as it does not refer to a specific type of organisation, products and explicitly acknowledges the importance of stakeholders. The only change would be to replace marketing by city marketing and customers by the city's customers.

### *Defining city marketing*

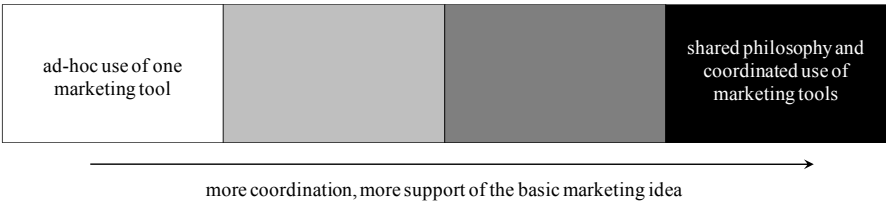
We see this broad definition as the basis for establishing a city marketing definition. It would also be bigheaded to completely redefine marketing for the purpose of city marketing. Nevertheless for the purpose of our investigation we want to make the city marketing definition more concrete. The most obvious way to do this is to make the “activities, institutions and processes” in the AMA definition more concrete. These activities, institutions and processes concern using and implementing marketing tools (or instruments) such as marketing research, market segmentation, product development, establishing the marketing mix, sales & promotion, account management, branding etc. It also involves the use of the shared philosophy that understanding the customers is vital for any marketing activity. One could see subscribing to the shared customer-oriented philosophy as one of the processes or as an institution (in the meaning of a social or organisational convention). We have already incorporated this in a definition of urban place marketing: “Urban place marketing can be seen as a managerial principle in which thinking in terms of customers and the market is central as well as a toolbox with applicable insights and techniques” (Van den Berg & Braun 1999, p.993). The elements in that definition have to fit into the AMA definition:

*City marketing is the coordinated use of marketing tools supported by a shared customer-oriented philosophy, for creating, communicating, delivering, and exchanging urban offerings that have value for the city's customers and the city's community at large.*

This city marketing definition has several advantages. First, it fits well with the societal marketing concept. The city's objectives are attained by identifying the needs and wants of target groups better and satisfy the wants and needs of customers

more efficiently than the competing cities, in such a way that the wellbeing of its citizens, companies and other stakeholders are not put in jeopardy, or is even improved. A second advantage has to do with the interpretation of city marketing. Remember that early contributors to the city marketing debate pointed to the problems of cities that mistaken marketing for promotion and for thoughtless application of other marketing instruments. The proposed definition makes it clear that these cities just pick one tool, promotion, without coordination with other tools and without taking notice of the marketing concept. In fact, we could easily identify different views on city marketing on the basis of this definition. At one end of the spectrum are cities in which city marketing includes a shared philosophy and the coordinated use of marketing tools. The other extreme concerns cities that just pick one marketing tool, usually promotion. In between these extremes there are different shades of grey with more coordination and more support for the marketing thought. For example, one interpretation acknowledges that the use of marketing instruments requires adjustment and coordination and planning: integrated marketing planning or marketing management. The classic example is the so-called 4P's in marketing: the marketing mix. A city that understands that one need to plan and coordinate the use of the tools in the marketing toolbox has set the first steps to city marketing management. These differences in the interpretations of city marketing might offer one explanation for the differences in the way cities 'market themselves'.

*Figure 3.1 City marketing interpretations*



*City Marketing Management*

We have already referred to the fact that there are several schools of thought in the marketing discipline. One issue that divides marketing scholars is that most authors distinguish between marketing and marketing management, whereas others

propose a straightforward managerial definition of marketing. We prefer to make the distinction between marketing and marketing management as well. The AMA's definition of marketing management is the process of setting marketing goals for an organization (considering internal resources and market opportunities), the planning and execution of activities to meet these goals, and measuring progress toward their achievement (AMA, 2008). The definition of marketing management can be easily adapted for city marketing management:

*City marketing management is the process of setting marketing goals for a city, the planning and execution of activities to meet these goals, and measuring progress toward their achievement*

Our choice to underpin city marketing with insights from the marketing mainstream is pragmatic<sup>7</sup>. However, it does not mean that we see cities and places in general, as part of the expansion of the marketing domain. We think that the differences are in the urban context in which marketing is used and in the fine-tuning of marketing tools. In our analysis this urban context relates to the functioning of cities (spatially, socially, economically, politically, administratively etc.). These are central elements in chapters 6 and 7.

### **3.6 The added value of city marketing**

If we combine the insights of this chapter with analysis of the previous chapter, we could have a closer look at the question: what is the added value of city marketing. Or to put it more popular: we have identified a parallel between the analysis for cities in chapter 2 and the adoption of marketing strategies in the business community. Many companies have adopted marketing strategies to safeguard their business in a dynamic and competitive environment. Essentially, the added value of marketing for cities is similar. The difference is in the main objective: profit and return on investment for companies and the wider public objectives (wellbeing) for cities.

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<sup>7</sup> The fundamental marketing concepts for city marketing are listed in Annex A.

According to marketing scholars such as Kotler and McDonald, marketing is a pro-active concept that helps companies to address a future that is “largely uncertain” (in the words of Kotler). Marketing is a means to monitor and signal relevant trends and developments in the market. In that respect, the use of marketing by cities fits very well with Van den Berg’s plea for a more pro-active approach to urban policymaking in response to competition.

A very important benefit from marketing for cities is the before mentioned marketing concept: understanding the needs and wants of your customers. This basic marketing philosophy is the foundation for a more targeted approach. A better understanding of customers enables cities to develop a more targeted approach to appeal to (potential) customers that are interesting for a city. To put it differently: cities that want to retain particular businesses, attract tourists or new residents can be more successful by knowing the preferences of the target groups better and invest in an attractive environment according to the demands. The targeted approach is very important in a competitive setting where the city’s potential customers have a wide option of choices. A closer match with the needs, wants and demands of the city’s (potential) customers is more likely to be successful.

Marketing offers cities a set of tools (such as segmentation, branding, product development, marketing communication, account management etc.) that can give substance to the targeted approach for particular customer groups. Especially the tools that are meant to have an effect on the city’s images have become particularly important nowadays. We have already seen in chapter 2 that have become increasingly important in a competitive environment where the media have a great effect on the perceptions of decision-makers.

On a more conceptual level, the use of city marketing makes sense if there are substantial groups of the city’s customers that differ on the basis of their needs and wants. In that way city marketing is instrumental to promote a better match between demand from the city’s customers and the supply of cities. Marketing means making markets work better. If it was the other way around, and all customers had the same needs and wants, the targeted approach would have no added value. There is one restriction though, as the application of marketing for particular groups could also have unintended effects for other groups of customers or the city’s community as a

whole. City marketing strategies should aim to avoid these possible externalities of marketing. Note that these externalities are not solely negative, but could also be positive. This is of course an important argument to root city marketing firmly in the societal marketing concept.

### **3.7 *Towards a concept for city marketing: conclusion***

In this chapter city marketing is positioned in the place marketing family. Furthermore, we have summarized the main developments in the city marketing literature. We have seen that branding has become a popular topic and that the issue of the effectuation of city marketing has not been studied extensively. We have related city marketing to the societal marketing concept that provides a good basis for city marketing. The basic idea is that identifying and satisfying the needs and wants of target markets is the basis of marketing. Furthermore, it is important to satisfy these wants and needs more efficiently than competitors in such a way that the welfare of the customers and society is not put in jeopardy, or is even improved. This is highly relevant, as cities need to find a balance between the needs and wants of different customer groups. In addition, we have also established that marketing is not intrinsically linked to making profit or businesses.

We have defined city marketing as the coordinated use of marketing tools supported by a shared customer-oriented philosophy, for creating, communicating, delivering, and exchanging urban offerings that have value for the city's customers and the city's community at large. Our choice to underpin city marketing and city marketing management with insights from the marketing mainstream is pragmatic. It does not mean that we see city marketing as part of the expansion of the marketing domain. We think that the urban context in which marketing is used is relevant for the effective use of marketing. City marketing needs to reckon with the functioning of cities (spatially, socially, economically, politically, administratively etc.). We come back to this issue explicitly in the chapters to come.

Finally we have combined the insights of chapter 2 and 3 to assess the added value of city marketing. What are the benefits for cities in using marketing? Marketing is a means to think ahead and develop pro-active strategies. Its core philosophy about understanding the customers is vital in developing targeted

strategies (with especially developed marketing tools) that are key in a competitive environment. The restriction is that cities need to be aware of potential externalities of city marketing policies.

## **4 Putting the city's customers central**

### **4.1 *Introduction***

A review of the city's customers is central in a dissertation about city marketing. In this chapter, we develop a framework that puts the needs and wants of the city's customers central and introduces the impact of perception on customer decision-making. What are the implications for city marketing from such a customer-centred analysis?

### **4.2 *Who are the customers of the city?***

The core idea of marketing is to think in terms of wants and needs of the (potential) customers. According to Aakers (2002) the most dangerous pitfall is the tendency to define organisations by their products instead of by the customer's basic needs, wants and demands. Levitt (1960) called that marketing myopia. Hence, in city marketing the (potential) customers should be the first concern as well. The question to be asked is: who are those customers?

The easiest answer to the question above is "all the people and organisations that are important for the functioning of the city", but this does not help us much further. The most common answer is that the city's customers are its residents, companies and visitors (see among others Van den Berg et al., 1990; Ashworth & Voogd 1990). In the same line of thought, Van den Berg and Braun (1999) and Braun et al (2003) distinguish four general categories of customers (potential) residents, (potential) companies, (potential) visitors and (potential) investors. They choose to include the last group of customers – investors – explicitly. This group concerns the professional investors such as pension funds, real estate companies, banks, venture capitalists et cetera. They invest capital in locations and projects in the city, but do not necessarily locate in a particular place. These investors are very important for the development of new housing projects, new office developments, new urban attractions, infrastructure et cetera.

*Table 4.1 Several ways to categorise the city's customer groups*

Categories	I	II	III	IV
<b>City's users</b> (Van den Berg et al (1990), Ashwort and Voogd)	residents	companies	visitors	
<b>Target markets of place marketers</b> (Kotler et al., 1993; 1999)	residents and employees	business and industry	visitors	export markets
<b>Place customers</b> (Rainisto, 2003; Kotler et al., 2002)	new residents	producers of goods and services, corporate headquarters and regional offices	tourism and hospitality	outside investment and export markets
<b>General customer groups</b> (Braun et al, 2003)	(potential) residents	(potential) companies	(potential) visitors	(potential) investors

In the course of the 1990s, Kotler et al (1993, 1999) presented a view in which visitors, residents and employees, business and industry and export markets are the target markets of place marketers. Essentially, there are two differences with the approach of Van den Berg and Braun (1999). The first is that Kotler and his colleagues analyse places as small countries: they include exports markets as a target group of place marketers. Of course, representatives of the city administration and the business community go on trade missions to promote their city as well as the city's businesses. One could argue that this is a special target group within the field of city marketing. This might make sense in the US context where companies pay more local taxes than in Europe. It could also be seen as marketing efforts for the benefit of the customer groups companies, and in the long run for the benefit of the entire city. A more fundamental critic is that if you look upon cities as small countries, you do not take into account that the needs and wants of the city's customers cross these administrative borders easily. Van den Berg's research (1987) has shown very clearly that we could better speak of functional urban regions. Nevertheless, for cities with a highly internationalised business community that substantially export products and services, these export markets could be seen as a special group of customers.

The second difference is the category 'residents and employees'. We prefer not to combine these two. Some residents are employees of companies in the city, some are employees elsewhere and some are not employed. Recently, Rainisto (2003)

uses another division of Kotler (2002) in which employees and residents are no longer taken as one group. In cities where the business community draws a large proportion of their staff from other communities, one could introduce commuters as a special group of city customers. It also acknowledges the fact that cities are part of a functional urban region.

The abovementioned classification used by Rainisto has a very strong economic and external focus as table 4.1 demonstrates. We think that such a focus is too much: in particular the category ‘new residents’ does not do justice to a very important customer group: the existing residents.

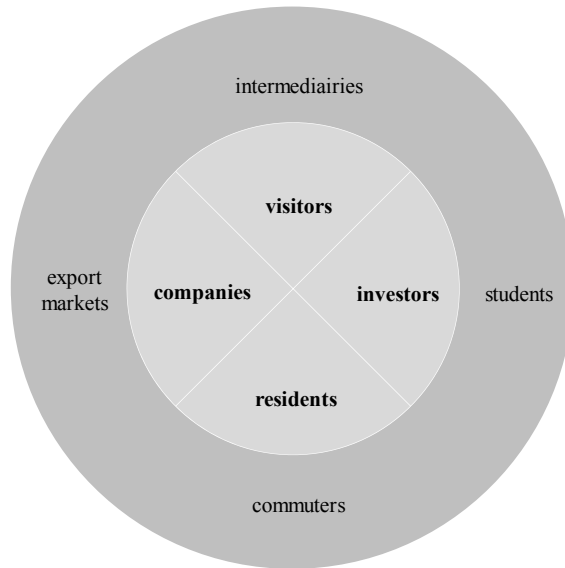
Another special group that could be added to the list are students. Of course students could also be residents, visitors, entrepreneurs and commuters and consequently creating overlap among customer groups. It is argued however that they should be included explicitly as the student community is vital for cities that want to safeguard their competitive position in the knowledge economy (Van den Berg and Russo, 2002). Finally, the intermediaries are also worth mentioning. They are particularly important for the category visitors. Examples are event promoters and organisers, very important in the MICE-business<sup>8</sup> and the tour operators. Note however, that intermediaries are not exclusively linked to visitors: real estate brokers for example, are important intermediaries for investors and business that want to relocate.

In sum, we would work with the four core customer groups: residents, visitors, companies and investors. They are depicted in the centre of figure 4.1. For certain cities, it could make sense to expand this list of general customers with commuters, students, export markets and intermediaries. These groups are in the second ring of figure 4.1. We want to emphasize again that the customer groups in the figure 4.1 concern both existing and potentially new customers: investors, residents, visitors and businesses within a city or region, but also people or organisations that aspire to live, work or visit a particular place are important as well as businesses or other organisations that consider that place as a possible location or as an investment opportunity.

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<sup>8</sup> MICE stands for meetings, incentives, conferences and events

*Figure 4.1 The customers of a city*



#### **4.3 Understanding the city's customers: what are they looking for in a city?**

At first sight the question seems easy: what are the needs and wants of the city's customers? However, the answer is not as straightforward as one might think. What needs and wants of residents, visitors, companies and investors concerning a city are relevant? We propose to focus on the needs and wants of urban customers expressed in their spatial behaviour: their spatial needs and wants. The most obvious example is a company or a household that decides to move elsewhere. Another example is someone that decides to visit Barcelona in the spring or a business executive deciding to go to the trade fair in Boston. These are decisions with a clear spatial dimension. It is not just the decision however: the decision-making process is equally relevant. A company that considers relocating is also relevant, even if it decides to stay put.

What is it that the city's customers take into account in their decision-making process? One way is to look at transactions of physical objects: a household buying a house, a company renting office space, an investor putting money in a shopping street and a visitor selecting a hotel to stay in overnight. This is a convenient approach for policy makers but in our view it is not an approach that puts the needs and wants of

customers central. Another approach is to concentrate on the location of the property as well. In that approach, one would include the direct environment of the particular building as well as the relative position of a particular location versus other locations. In Western society, a location is very much a place from which you can go to other places. Still, a location can also call to mind a more limited interpretation: a ‘dot on the map’. We assume that urban customers consider much more than just a ‘dot on the map’ and therefore we prefer environment to location. This basic idea is also incorporated in the attempts to use hedonic price models to improve the understanding of housing markets. Hedonic methods have been developed by economists to analyse particularly complex goods (Goodman & Thibodeau, 2003). Housing is a composite and heterogeneous good that can be characterised as a bundle of attributes (land plot, number of rooms, bathrooms, floor space etc.). Cheshire & Sheppard (1993) have not just included characteristics of the property itself but also characteristics determined by location. These are classical location factors (such as accessibility) but also local public goods, the character of neighbouring houses and other qualitative aspects of the property’s environment. The hedonic pricing models are used to explain (and predict) land prices (and housing prices) through a bundle of characteristics including the house and the location. We take a somewhat different perspective, as our objective is to understand the behaviour and preferences of the city’s (potential) customers, and not necessarily the variations in land or housing prices.

One way to incorporate the idea that customers consider more than just a dot on the map and stay close to the needs and wants of the city’s customers, is developed by Van den Berg (1987) as discussed in chapter 3. His analysis starts with the assumption that people aim to maximise their welfare (instead of utility or wealth). Next, he states that people’s welfare does not rely on local welfare elements alone; the provisions available in the “entire relevant environment” play their part. Van den Berg introduces the concept of ‘welfare potentials’ to incorporate that dimension of spatial behaviour. The idea behind these welfare potentials is to show that urban actors set the borders of their own relevant environment. It goes beyond the scope of this research to include welfare potentials, but we do adopt the basic idea that customers consider the relevant environment in which they operate instead of the narrower concept of a single location. Consequently the attractiveness of the customer’s

relevant environment leads to a change in their spatial behaviour. What would this be like for the four categories of customers that we have mentioned?

#### *4.3.1 Residents*

The first category of customers concerns residents and potential residents. What are their needs and wants concerning their spatial behaviour? What is it that residents are looking for in a city? The straightforward answer is a 'place to live' in the broadest sense of the word. It is a place where the home is, where their job is or from where they commute to their workplace, a place to raise children, to shop, to exercise a sport, to study, to be with friends or family, to go to the theatre or a sporting event etc. For some residents it is also place where they feel they 'belong'.

The 'place to live' is not one location, but it is a network of various locations in the city, but also elsewhere in the region: the relevant environment in the vocabulary of Van den Berg (1987). In our analysis, a customer-based view acknowledges that residents desire an attractive living environment that fits well to the needs and wants of its members in the household.

What makes for an attractive living environment? It is not possible to present a full list of all relevant elements of an attractive living environment because that might vary among different customers. What are the most important ingredients? Table 4.2 summarizes the most important categories.

In the first place there is the home. Evidently, a household values such issues as the number of the rooms, square metres, bathroom and kitchen, outdoor space, the construction and many other facilities. At the same time, fewer tangible factors such as history, style and architecture and design are significant elements in the household's appreciation. We consider that the attractiveness of the direct environment is also a part of the attractiveness of the home. The household could appreciate the built environment near its accommodation, parking facilities, neighbours, reputation of the neighbourhood, public transport stops, and grocery stores but also safety and daily leisure facilities such as green areas could be relevant.

Apart from the accommodation and its direct environment we can distinguish factors such as employment, family and friends, education, leisure facilities or other facilities and services used by a resident are equally important. Each of these factors

contributes to an attractive living environment as well. In addition each of these factors can be seen as a set of partial factors. For example, employment concerns income, colleagues, work activities, work environment, career perspectives et cetera. Furthermore, for each of these elements mentioned above, one should add the accessibility to employment, family and friends et cetera. Furthermore, it is not only the actual place of work or the facilities that are used that are relevant, but also the potential employment opportunities and facilities that the household could have access to. A member of a household could have an interesting job now but at the same time appreciate the possibility of future job opportunities; a household might value that its home is only 15 minutes walking from the beach but not necessarily go there very often.

*Table 4.2 Attractiveness of the living environment*

home and the direct environment
(accessibility of) employment
(accessibility of) education facilities
(accessibility of) leisure facilities
(accessibility of) family and friends
(accessibility of) other facilities

#### *4.3.2 Companies*

The second category of customers is companies. What is it that they look for in a city? We can also say for this category that they assess more than the location. A city is ‘a place to do business’ and an environment that helps the company to pursue its objectives. At first we could mention the widely used list of location factors access to markets, access to resources, workforce, space, quality of life etc. Similar to residents, companies aspire to locate in an attractive business environment.

What are the most important ingredients of an attractive business environment? The first factor is the site & buildings, whether it is office space, a production plant or a combined work and living space. For now, we refer to this as accommodation in the broadest sense of the word. Similar to households looking for a home, companies assess several aspects of the accommodation. A company looking

for a new location might consider obvious things like space, costs, storage and whether the building is functional for the company's operations. For one company the quality and appearance of the location to reinforce the company's image might hold value, for another company this might not be important at all. The company could also look for day care facilities or it might put high demands on its direct neighbours, whether it's other firms or residential property. A company might value the availability of parking spaces or a public transport stop. Next, for all sorts of reasons a company could aim for a location in the centre of the city, near a highway conjunction, in an industrial estate et cetera.

Again similar to residents, companies set great store by factors that they consider important for their business. The location is more than just the site and buildings. It concerns (among others) suppliers and partners, knowledge, employees, finance and (new) markets. Following on the analysis of the residents' situation, we assume that the business environment of a company concerns the site and buildings and its direct environment plus the accessibility to and from suppliers and partners, knowledge, finance, employees and (new) markets. Again, a location is very much a place from which you can go to, or send products to other places, and a place where others can send products or get to you. Naturally, it is not just the actual suppliers and partners, knowledge, employees, markets that are now important for the company, but also the potential suppliers and partners, knowledge, employees, finance and markets that a company could have access to.

*Table 4.3 Attractiveness of the business environment*

site and buildings and its direct environment
(accessibility of) employees
(accessibility of) customers and new customers
(accessibility of) suppliers
(accessibility of) finance
(accessibility of) partners

*4.3.3 Visitors*

The third category of customers is visitors. Contrary to residents and companies as discussed in the previous sections, visitors do not intend to settle in the

city that they visit. The city is the visitor's destination for a limited period in time. What is it that makes a city attractive for visitors?

Following on the analysis of residents and companies, we hypothesise that the visitor searches for an attractive visiting environment. For tourists the visiting environment consists of the temporary accommodation (hotel, apartment, camping, family's house et cetera) plus the accessibility to relevant attractions or other facilities or locations. With regard to the temporary accommodation the visitor could consider factors like the costs and type of accommodation, that architecture and design, comfort, availability of restaurants, the direct neighbourhood, parking facilities, public transport stops and other amenities. Also the visitor might have a preference for a central or a peripheral location of the accommodation. Logically, excursionists do not consider temporary accommodation.

Of course visitors find other factors important as well. Business visitors rate their business appointment high for example in an office, factory, laboratory et cetera. Others might put high demands on the cultural attractions or entertainment facilities ranging from beaches, sport parks, theme parks, Broadway shows, dining, nightlife et cetera. Some visitors find shopping very important (especially excursionists). All visitors assess *the accessibility* to important factors that suit their purposes. The business visitor gives priority to the accessibility to their business appointment (in an office or at a convention, or otherwise). Someone visiting for leisure purposes might value the accessibility to attractions whether these are cultural facilities, entertainment facilities or shopping facilities. Of course the visitor does not only acknowledge the facilities that are actually visited but also, to some extent, the potential business opportunities or attractions that could be visited as well.

*Table 4.4 Attractiveness of the visiting environment*

temporary accommodation and its direct environment (if applicable)
(accessibility of) cultural facilities
(accessibility of) entertainment facilities
(accessibility of) shopping facilities
(accessibility of) catering facilities
(accessibility of) business opportunities

#### *4.3.4. Investors*

The fourth category of customers is somewhat different from the other three discussed earlier. We have argued that it is necessary to treat investors as the fourth general category of urban customers. Naturally, companies investing in their business in the city, or households investing in their home, are investors. These investors settle in the city or in our terms: in their business environment or their living environment. Another important category of investors – such as financial institutions (for example banks, insurance companies, pension funds etc.), real estate companies, venture capitalists et cetera – invest within the city but do not necessarily settle there. These investors are very important for the development of new housing projects, new office developments, new urban attractions, infrastructure et cetera. For some cities it might be worthwhile to include investment in promising local businesses as well.

All these investors strive for a good return on their investment but do not select a physical environment in which to operate. For our analysis we focus on investment opportunities concerning investment in urban (re)development projects or (some form of) real estate used by residents, companies, visitors or the other customers mentioned in section 4.1, or a combination of urban customers. Interestingly, the return on investment therefore depends on the use and appreciation by these urban customers (the end users). In other words: the investment in a project or real estate should contribute to an attractive living, business and or visiting environment. Consequently, we can also speak of a relevant environment for investors. The investment environment is – depending on the investment – a synthesis of the relevant environments for urban customers.

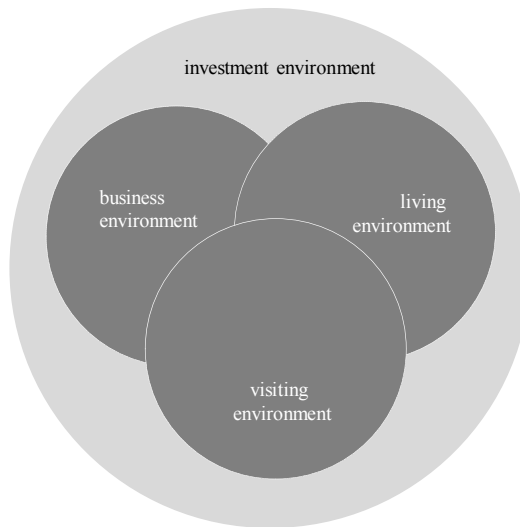
*Table 4.5 Attractiveness of the investing environment*

real estate
attractive living environment for the target group(s)
attractive business environment for the target group(s)
attractive visiting environment for the target group(s)

#### *4.3.5 Synergies and conflicts between customer groups*

The brief discussion of the group investors has made clear that the investment environment is related to the relevant environments of other customer groups. It is obvious that there are more relations among the relevant environments of customers. The connection may be positive and perhaps produce synergy but could also be negative and create conflicts. The easiest example is that companies may appreciate a high-quality residential environment on behalf of the (high-educated) staff they want to recruit for and keep within their business. Another example is that residents and visitors make use of the same leisure provisions. There is another side to the coin though. Easy access for entrepreneurs, for instance, may cause serious traffic nuisance to residents; heavy flows of visitors may disturb the chosen living environment of residents. Residents and visitors could value the same cultural facilities; companies and visitors could rate the accessibility of the international airport very high. Again, there could also be many potential conflicts between the appreciation of visitors on the one hand and residents and companies on the other: the city of Venice is the sad example. In general, we need to make clear that the living, business, visiting and investment environment are very much interconnected as figure 4.2 demonstrates. The synergies as well as the conflicts are inevitable and set the margins for the customer-based approach that is central to city marketing.

*Figure 4.2 Interaction between relevant environments of customers*



#### ***4.4 Understanding the city's customers: a closer look***

It is obvious that the general descriptions in section 4.2 are just the first step in a better understanding of the city's customers. We have discussed general categories of the city's customers and presented a first impression of the consequences of a customer-based view in the case of city marketing. In addition, we have restricted ourselves to the spatial behaviour concerning the (selection of) appropriate relevant environment(s) for the customer. The next step is to better understand the decision-making process concerning the relevant environment. We do not intend to present a fully-fledged version of the decision-making process, but we do want to discuss three important factors in that process: the first is the role of aspiration levels, the second is the characteristics of the city's customer, and the third is the role of perception.

##### ***4.4.1 Aspirations towards the relevant environment***

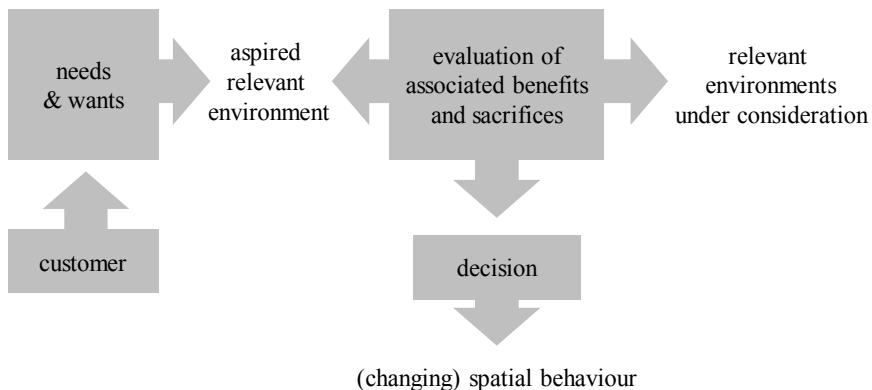
In the first place, each customer does not assess a relevant environment 'out of the blue'; we assume that the customer has certain aspirations concerning their relevant environment (following Van den Berg, 1987; and others). In our view, the needs, wants and demands of the city's customers come together in the customer's

aspirations concerning the relevant environment. A customer compares the relevant environment(s) under consideration against their aspired relevant environment

In that evaluation process, the customer assesses all known factors – the positive and negative – that are associated with the relevant environment. We assume that the customer considers the benefits (the positive aspects) and the sacrifices (the negative aspects) concerning the relevant environment(s) under consideration. These benefits could be for example in the hotel accommodation for the visitor, the accessibility of educational facilities for residents, or the access to markets for companies. In fact, it could concern all the elements that were mentioned in the previous section. The easiest example of sacrifices is the high price of housing, office space, hotel accommodation, but it could also be the lack of certain facilities or the relatively bad accessibility of certain facilities.

Figure 4.3 shows the first building blocks of our analytical framework. The analysis starts with the customer(s). Its needs and wants amount to an aspired relevant environment. The relevant environments under consideration are compared against the aspired relevant environment as all the known benefits and sacrifices are considered in that evaluation. The outcome of the evaluation determines the customer's decision about the relevant environment that best approaches its aspirations. The decision leads to (a change in) their spatial behaviour.

*Figure 4.3 Understanding the city's customer behaviour: the first building blocks*



#### *4.4.2 Customers characteristics*

Increasing the insight in customer behaviour requires that to take into account their characteristics as well. The customer characteristics are a basic element in any market segmentation. Let us look at the residents for example. One characteristic is the household's composition. We can distinguish between a household of a single person, a married couple, a family with children and many other forms of people living together, for example, a group of students that share a flat. Another factor its age: there can be a big difference between an elderly couple and two young urban professionals who have just bought their first apartment or between a family with very young children and a family where the teenagers are about to leave home for university. One very important factor should be mentioned: the household's income. The disposable income determines the household's options as it sets the margins for its spending. But also factors like race, religion, peer groups, family ties and educational background are relevant characteristics.

If we look at companies, it is clear to see for everyone that there are many important factors that explain the differences in company behaviour. The grocery store around the corner behaves differently from a multinational with offices all over the world. Indeed, the size of the company matters: major corporations, small and medium-sized businesses, single entrepreneurs all behave differently. Another important characteristic is the type of economic activities of the company. It could be active in the farming business, industrial production, business and financial services, distribution, retail, consumer services etc. Also, the question if the company's activities are labour or capital-intensive is relevant. Objectives of companies are not exactly the same either. Of course, generally speaking, the overall objective of companies is a fair return on investment. A fair return on investment implies making profit. However, there are different roads to making profit. Some companies take a short-term perspective and try to make a fast buck; other companies adopt a long-term perspective and link this to the continuity of the company.

For visitors we can also identify many important factors. One is the distinction between excursionists and tourists. Someone visiting the city for the day and return to their home the same day is an excursionist and others spending nights in a hotel or with friends or family are tourists (see Van der Borg 1991; 1996). The excursionists

and tourists could concern a household, single member(s) of a household, or company employees or entrepreneurs travelling for their business. In other words: The purpose of the visit could be leisure or business, or a combination of both. It is also important to find out if the visitor has a preference for an urban experience or for the countryside, and if he or she prefers an active or passive visit. A classical example is that some people derive value from the fact that they go to places where many others go, such as the Dutch holiday guests on the Spanish coast; others are actively searching for destinations to avoid the masses. Furthermore, what is the acceptable travel distance for the visitors and what is the disposable income? What is the country of origin and what is the nationality?

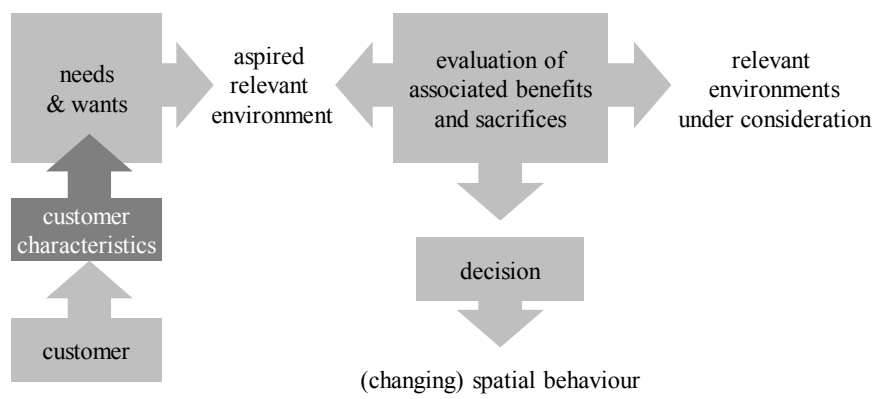
Finally we could point at a number of investor characteristics that are relevant in this discussion. Do the investors aim for profits in the short-term or in the long-term? What type of investor are we dealing with (wealthy individual, professional real estate company, etc.)? If it is an organisation, who do they represent? Does it concern small investors or major players at the stock exchange? What is the influence of competitor behaviour? What is the influence of financial opinion makers? Does the organisation have any connection to a potential investment place?

*Table 4.6 Examples of relevant customer characteristics*

Residents	Companies	Visitors	Investors
Household composition	Size	Purpose of visit (business/leisure)	Size
Age	Long-term vs short-term profit oriented	Excursionist vs tourist	Long-term vs short-term profit oriented
Income	Type of economic activities	Acceptable travel distance	Type of investor
Religion	Geography of market(s) served	Nationality	Representation
Family ties	Type of customers	Disposable income	Influence of competitor(s) behaviour
Educational background	Behaviour of competitors	Peer groups	Ties to a place
Peer groups	Influence of other companies	Preference for urban experience or countryside	
Emotional ties to a community	Ties to the community	Preference for active or passive visit	
	Labour vs capital-intensive	Emotional ties to a destination	

Table 4.6 summarizes some examples of relevant customer characteristics for each basic customer category. We have included the customer's characteristics in our analytic framework to better understand customer behaviour (see figure 4.4). The idea is that these customer characteristics have a profound impact on the needs and wants of the customer and consequently on the aspired environment.

Figure 4.4 Understanding the city's customer behaviour: customer characteristics



4.4.3 Perception and information

Perception is the human (in)ability to observe, to interpret, to process, to evaluate (information and other signals) of the world around them. According to Van Raaij (2000), we should not underestimate the element of human perception in trying to understand human economic behaviour. We do not see why city marketing would be an exception, as it wants to better understand the spatial behaviour of urban customers. Unfortunately, there is not one single, widely acknowledged and tested theory of perception. We do know that events (in the broadest meaning of the word) are interpreted based on a combination of what occurs in the external world and on existing thoughts, emotions, experience, and expectations. People develop a perceptual set, a predisposition to experience or interpret an event or object in a particular way (Van Raaij, 2000).

We think that perception is crucial in the context of city marketing. The (potential) customers of a city gather and interpret information concerning their relevant environment. In doing that, the customer has to make difficult and complex

choices and the rationality of residents, visitors, and company employees is bounded (see Simon, 1957). Bounded rationality implies that people do not have full access to all relevant information and that even if they did, the human capacity to process information is limited as well. Uncertainty about the future is adding to the complexity and difficulty of this process. We should therefore not portray contemporary urban customers as fully informed or with full access to all relevant information. Furthermore, it is not just the capacity to process all relevant information that is important when people have to choose between alternatives according to Van Raaij (2000). The presentation of information (input) is also relevant (framing in the vocabulary of experts in this area) and has consequences for the processing of information. In addition, in the case of lack of information, people will try to supplement the information based on their own preferences, biases and prejudices. Equally important is Van Raaij's observation concerning the processing of information. People transform information as they process it in their minds. People are mostly unaware of the influence of our preferences, prejudices and biases. For example, psychologists have identified that people learn to ignore information that they consider irrelevant to their needs at a given moment.

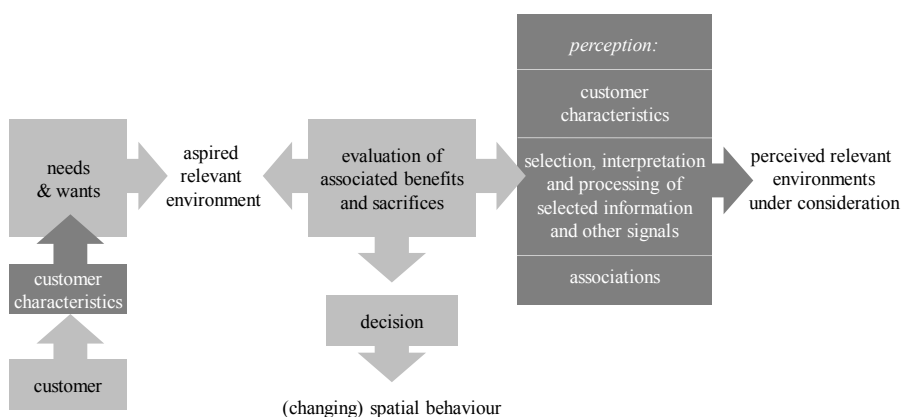
How to include the role of perception in the context of city marketing? Some standard marketing textbooks from the 1980s and 1990s chose to present perception as a black box. We prefer a pragmatic approach in which:

- We accept that perception is complex process in which human (in)abilities play a role that go beyond the scope of this research
- We explicitly acknowledge that customers select, interpret and process information from different providers and that the presentation of that information influences perception. We also acknowledge that emotional aspects are intrinsically part of the information interpretation and processing.
- The customer's characteristics are also an important factor in the perception of the relevant environment(s) under consideration. These characteristics such as for example in the case of residents, educational background, religion, income et cetera effect the selected and biased processing of that information.
- We also include that people might have strong (positive or negative) associations with aspects of the relevant environment. For instance for a tourist

this could be with a landmark building (such as the Eiffel Tower or the Golden Gate Bridge). It could also be buildings or district. This draws upon the famous work of Lynch (1960) where he pointed at the imagineability of the physical (urban) environment.

These considerations do help us to increase the insight in the role of perception in the behaviour of urban customers. We have included this in figure 4.5. At the right hand side of the figure we have changed the relevant environments under consideration into perceived relevant environments under consideration, as it is the perceived environments that the customers consider. The box entitled ‘perception’ represents the process of forming perceptions. Much is unknown about perception but we do assume that customer’s characteristics, the information selection, presentation and processing and strong associations are part of that perception process and we have highlighted these three aspects in that box. Apart from the inclusion of perception, the explanation remains the same as for figure 4.4.

*Figure 4.5 Understanding the city’s customer behaviour*



#### **4.5 The city’s customers: analysis and conclusions**

In this chapter we have identified four categories of (potential) urban customers: residents, companies, visitors and investors. We also pointed to other specific groups that could be seen as categories of customers as well. It is the spatial behaviour, or to be more precise, the decision-making process regarding the spatial behaviour of urban customers that is sphere of influence of city marketing. We have

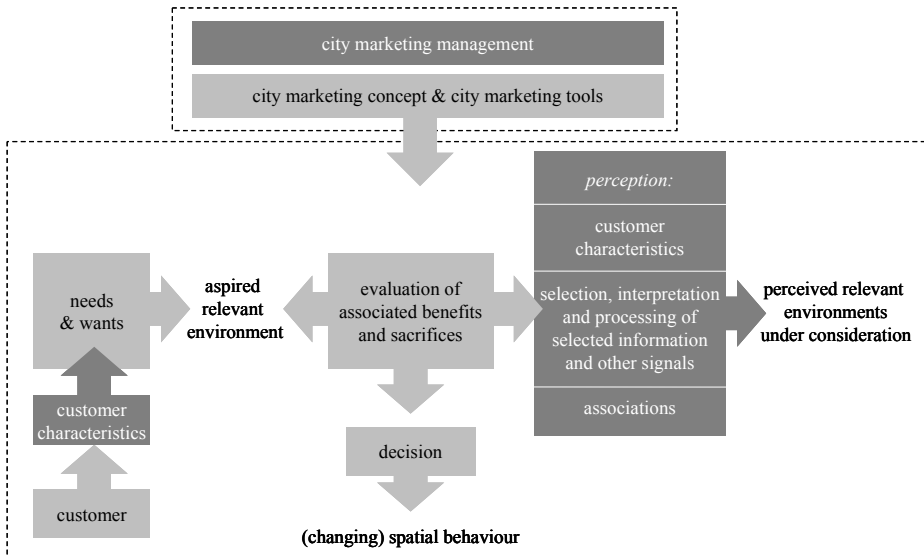
explored the consequences of a customer-centric view in the case of city marketing and we have established that these customers look for an attractive living environment, business environment, visiting environment and investment environment respectively. We have also learnt that the relevant environments of different customer groups (and customers from the same category) can overlap. Hence, synergies and conflicts are inevitable and set the margins for the customer-based approach that is central to city marketing.

These customers have aspirations with regard to their relevant environment (in the words of Van den Berg) and compare (other) relevant environments against the aspired relevant environment. We have acknowledged the influence of customer characteristics and the vital role of perception, in which these characteristics, information selection and processing, as well as strong associations of the customer with elements of the relevant environment, have been included explicitly. The analysis summarized above might seem pretty straightforward, but what are the consequences for city marketing in general?

Ultimately, city marketing is meant to have an effect on the decision-making process of the city's (potential) customers concerning their relevant environment. We have depicted this in figure 4.6. City marketing tools should help understand the needs and wants of the city's customers expressed in their aspired relevant environment influence the selection and the perception of relevant environments and know more about the evaluation of benefits and sacrifices leading to a decision. It is undoubtedly an ongoing process as aspiration levels change over time as well as the number and quality of suitable options from which customers can choose. If we take the relevant environments as the city's products (we explore this in the next chapter), it is clear that change does not come overnight. City marketing is therefore a long-term strategic commitment. The need for coordination of these marketing tools (management) becomes very important, as it is highly unlikely that the ad-hoc use of one or two marketing tools will cause a significant effect. Coordination is even more important, because the relevant environment is almost by definition the responsibility of more than one stakeholder (another topic for the next chapter). In addition, we argue that a customer-centric focus is also highly relevant for the effective use of city marketing

tools. It is our hypothesis that the use of city marketing tools needs to be supported by a shared philosophy (the marketing concept) and adequate planning (management).

*Figure 4.6 City marketing influencing the city's customer behaviour*



The diagram also indicates that the use of some marketing tools will be more complicated, or that some are more suitable than others. For example, the classic marketing mix (price, product, place and promotion) gets a whole new meaning if we subscribe to the assumptions that have led to the diagram in figure 4.6: there is not one price but there are many (unrelated) relevant prices in the case of a relevant environment; the product consists of a package of sub-products (also a topic for chapter 5); the place (accessibility in the case of cities) is part of the relevant environment and hence the product; promotion is usually an activity for the short term. What the diagram in 4.6 does not show is the possible tension between the short term and the long term. There might be quick fixes in the short run, but mostly the marketing activities need to have a longer lasting impact. For instance, it is by no means easy to assess the development of the aspired relevant environments in ten years time.

## **5 The city's products**

### **5.1 Introduction**

In the previous chapter, we have explored the consequences of a customer-centric view in the case of city marketing. We have already mentioned that this approach has a great effect on the concept of city marketing. In this chapter we explore the definitions and views on the city's products and we examine the implications of the analysis of chapter 4 for defining the city's products. We confront the main implications of a customer-centric view on the city's products with the networks of suppliers associated with the perceived packages by the city's customers.

### **5.2 The city's product(s): a first assessment**

How do cities meet the needs and wants of the customers described in the previous chapter? In other words: what do we understand by the supply of urban products to those customers? What are the city's products? In early discussions of city marketing, much attention was given to the specific features of urban products (Van den Berg, Van der Meer, Klaassen, 1990). In several publications the conclusion was that while business companies work with concrete (often tangible) products, the products of a city are hard to define, which makes it sometimes difficult to give substance to city marketing. In chapter 2 we have explained that products are more than physical goods that go over the counter. According to Kotler (1997) a product is 'all that can satisfy the needs and wants of customers'. It is vital to take the debate one step further and work with a better concept of the city's product. It is our ambition to come up with a framework that is compatible with the customer-centric view that we have presented in chapter 4. We will discuss the options for defining the city products in seven questions.

#### **5.2.1 Is the city a product?**

In the vocabulary of some urban decision makers the word city and product are almost synonyms. Is the city a product? In the 1980s and 1990s many observers

have raised that question<sup>9</sup>. In chapter 4, we identified four categories of customers looking for a suitable relevant (living, business, visiting and investing) environment. This customer-centric view is incompatible with the idea that the city as a whole is a product. In the first place, 'the whole city as a product' does not relate to the needs and wants of the customers as discussed in chapter 4. In the second place, it does not do justice to the complexity and diversity of cities: it is an oversimplification. In the third place, it is also impractical as it is difficult to see how detailed marketing instruments can be useful for such a broadly defined product. Many observers also dismissed this approach. It is useful when used metaphorically (see also Corsico, 1994) to sharpen the thinking about city marketing. Although we think that there is more to say for the metaphorical comparison with a supermarket (Buursink, 1991).

### *5.2.2 Are location factors the product?*

Another issue that we need to address in this context are the conventional location factors. Traditionally, it is concerned with factors that influence the location decisions of firms (labour supply, transportation costs, availability of inputs, access to markets etc.). In practice, location factors are associated with locations, cities and regions and nowadays many consultants compare cities and regions on the basis of a set of location factors.

It is possible to envisage our relevant environments as a more detailed and specified set of location factors. We have chosen to do otherwise for several reasons. First, we have brought the location factors to the level of individual decision-making processes of the city's customers. Second, we have not established a link to a specified location, city or region, but to a flexible relevant environment. Third, location factors are associated with the location decisions of companies and not with the decisions of other customer groups. Fourth, we have highlighted the role of perception much more than in classic location factor theory. Finally, our approach is essentially a behavioural one that aims to give a deeper understanding of customer behaviour.

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<sup>9</sup> See for instance Ashworth & Voogd, 1990; Buursink, 1991; Van den Berg & Braun, 1999.

### 5.2.3 *What are products according to the marketing mainstream?*

We need to find a product description that better matches the needs, wants and perceptions of customers. This question is not exclusively the problem of city marketing. In the field of marketing, there have been numerous approaches to include more than the narrowly defined (physical) object of exchange into the definition of products. In the marketing mainstream, products are bundles of attributes (both tangible and intangible). This bundle of attributes concerns usually (but not exclusively) features, functions, benefits, and uses, capable of exchange or use (AMA, 2006). In this mode of thought, we could see the different elements of the relevant environment as product attributes. Another approach is that of the core product and the augmented product. The core product is the central benefit(s) that makes the customer choose a product. Note that this central benefit is the benefit in the eye of the customer. This approach is usually combined with the so-called ‘augmented product’: “a product that includes not only its core benefit but adds other sources of benefits such as service, warranty, and image” (AMA, 2008). One could see these additional benefits as different shells of the product. Essentially, this approach is not very different from the mainstream product definition as a bundle of attributes, but it highlights other product dimensions and the image of the product in particular. We will use some of these mainstream marketing ideas, including the idea of different product shells.

### 5.2.4 *What are products according to Van ‘t Verlaat?*

Van ‘t Verlaat has studied product development in the context of regional marketing. He developed a framework to increase the insight in the phenomenon of product development concerning business locations. Products are the output of the product development process. In his framework he has distinguished several aspects:

1. *Product components.* The product components are part of his framework to emphasize that the product is more than the physical component. The physical component is something that you can see and or touch, made by nature or by man (in most cases real estate). Once it is there it only needs maintenance. Next, he identified a functional component consisting of human activities, relations and processes. The physical component is just there, the functional

component needs to prove itself again and again. An example to illustrate the difference: a concert venue is the physical component and the concerts or events inside the venue are the functional component. Finally, he sees patterns of behaviour coming from shared beliefs, norms, values and expectations as the cultural component. Examples are the international orientation of the business community (important for businesses) and local customs (important for tourists).

2. *Product shells (or layers)*. Van 't Verlaat identifies different product shells: the product core, the basic product, the full product and the psychological product. The basic product is the 'materialisation' of the product core<sup>10</sup>. The full product is the basic product plus extra ingredients that are part of the product but that are not crucial. A full product becomes a psychological product in the case that customers see a psychological added value in the product. Product cores and basic products can be part of different products.
3. *(Partial) products and conditional elements*. The difference between partial products and conditional elements can be explained by the factor control and influence: in most cases a motorway connection is part of complicated national or regional decision-making processes. In most cases, cities do not have the powers to control that decision making process. Van 't Verlaat calls these conditional elements and he concludes that they are relevant but that they should be seen outside the framework of city marketing policies. Contrary to conditional elements, (partial) products can be created, adapted within the city marketing policies.
4. *Regional total product versus products*. The regional 'total product' is the sum of individual products and conditional elements. It is an aggregation of products and elements that are linked because the shells, components and conditional elements could be part of various products.

This approach has proved to be a useful tool for understanding product development and it also reflects the complications of defining the city's products and

the relation between these products. However, it would go beyond the scope of this discussion to fully incorporate this concept of Van 't Verlaat. We do however subscribe to some of the basic principles such as the different product shells and the notion that the influence and the level of control over the product do matter.

#### 5.2.5 *What are products according to Kotler and Rainisto?*

Rainisto (2003, p.20) acknowledges that “places are not normal products or services, but complex packages of goods, services, customers’ perceptions and all combinations of these”. Following in the footsteps of Kotler, Rainisto refers consequently to the ‘place-product’. Rainisto (2003) describes the place product as the total offering mix of the place to place-customers. Kotler (1993, 1999, 2002) also refers to the place product.

The approach of Rainisto (2002) is very flexible, as it does not provide a more specific description of the place-product. Such a flexible approach enables a better match of the products of a city with the needs and wants of the customer: the relevant environment. It is remarkable though that he refers to the place-product systematically and not to place-products. One could get the impression that there is only one place-product that needs to be sold to different target groups or in his own words: “places are ‘multisold’ as products to many different groups of consumers and customers for different purposes” (Rainisto, 2002, p.38). At the same time he states (2002, p.38) that “place marketing can contain the selling of a selected package of facilities or the selling of the whole place through images associated with it”, making the number of products unlimited.

Kotler (1999) does not go beyond general descriptions of the place-product. His contribution focused on possible improvements of the place-product through four components:

1. *Place as character* concerns the design quality and architecture of places to create sense of the place;

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<sup>10</sup> Contrary to mainstream marketing approaches, the product core is not determined by the demand side (the main benefit in the eyes of the customer) but originates from the suppliers’ core competences. His argument for this approach is that such an approach is better to understand long-term product development.

2. *Place as a fixed environment* relates to basic infrastructure and the natural environment;
3. *Place as a service provider* is about the place as a provider of public services such as safety, waste collection, education et cetera;
4. *Place as entertainment and recreation* refers to the place as providing leisure facilities.

We think that the intention of this list is to provide strategic directions for investment in the place product, and is not limitative list of product components. It is therefore not an appropriate framework for our purposes. The open-end descriptions of the place-product of Rainisto and Kotler can be seen as support for a more customer-based or customer-centric approach to defining urban products.

#### 5.2.6 *Should we work with a simple product definition?*

Some observers would prefer a restricted or limited interpretation of the city's products. In such an approach, the emphasis is on the physical products (such as buying or renting a house or office space) or clearly defined use of services or facilities. One could also see this as an approach that focuses on transactions: the customer engages into a transaction with a supplier. For residents this could concern a house, school(s), children's day care, a parking garage, sporting facilities, theatres, cinemas, parks, shopping centres, shops, swimming pools, a football stadium, restaurants, pubs etc. In the case of visitors, this could be: museums, zoo, art galleries, shopping centres, shops, parks, restaurants, a hotel, exhibitions, opera, historic sites, etc. For companies one could think of office space, factory, storage, parking garage etc. The advantages of this approach are that the products are simple and that it is concerned with clear exchange transactions. Unfortunately, we see also disadvantages. One disadvantage is that the link with the customer's needs and wants (the aspired environment) is less clear. Another very important problem is to see all these individual transactions as part of city marketing. The quality and accessibility of schools are important elements of the aspired living environment for families with children. It is therefore a part of the evaluation process of relevant environments. The transaction between the school and the parents however, should not be seen as city marketing per se. The same applies for the tourist in Barcelona that decides to go to

La Pedrera instead of the Sagrada Familia. It would drastically expand the field of city marketing and almost every transaction of the city's customers can be seen as object of city marketing. Everything is city marketing in such an approach, making it a meaningless concept.

### **5.3    *Towards a customer-oriented view on the city's products***

In chapter 4, we have tried to put ourselves in the shoes of the customers and understand their spatial behaviour. We hypothesise that they are looking for a suitable relevant (living, business, visiting and investing) environment. In chapter 4, we have argued that the relevant environments satisfy the needs and wants of urban customers. One could say that in case of city marketing, these relevant environments are the city's products. Theoretically, there is a lot to say for such an approach, as it acknowledges the aspirations and perceptions of the city's customers. This does not mean that we consider the relevant environment of each individual customer as a unique product. Just as in most marketing applications, we would look for groups of customers with similar needs, wants, demands or perceptions: in our case aspired relevant environments. A more fundamental problem is that we do know that these relevant environments combine locations, facilities, services, estimates and expectations of future potentials and other aspects that are important for the customers' spatial behaviour: a mixture of tangible and intangible factors. These factors are linked in the perception and decision-making process of customers but are not necessarily seen as one integrated product by individual suppliers. How should we deal with this discrepancy?

The first step is to combine the most important lessons from the previous section. In the marketing mainstream, products consist of bundles of tangible and intangible attributes. It would be tempting to say that all the elements of the relevant environment are product attributes of the product 'relevant environment'. However, such a very broad interpretation of product attributes is not common in the marketing field. We start our framework for understanding the city's products from the point of view of an individual supplier. For example, it could be the hotel manager that offers temporary accommodation for rent or the real estate company that rents out (office) space. The hotel accommodation and the office space are products are also bundles of

attributes including tangible and intangible aspects. For the hotel these could be the additional facilities such as breakfast, dry-cleaning, room service but also the hotel's reputation, ambience, the status that clients attribute to staying in the hotel and the appeal of the building; in the case of the real estate company it could go from the square meters, broadband internet connection, the decoration, shared reception services, the reputation of other tenants, the design and appeal of the building etc.

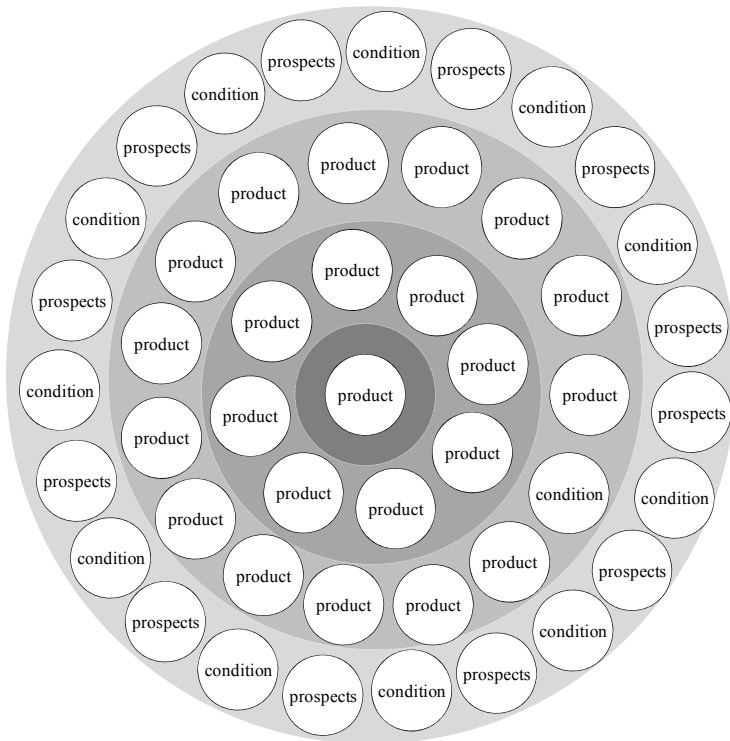
A second element in our analysis is that we also incorporate the idea of product shells, but we use it metaphorically. What are the implications of this choice? In figure 5.2 we have put the product of a particular supplier in the centre of the figure. It could be the hotel accommodation or the office space mentioned above. In the second shell, we have included possible other relevant related products in the eyes of the customers. A capable supplier (in our case a hotel manager or real estate agent) understands that its product cannot be isolated from its environment. For the hotel, restaurants in the vicinity or accessibility to attractions or interesting sites can also be relevant for its customers. The real estate company should be aware of the influence of other property and its users, on the office space for rent, as well as other services such as an adjacent parking garage. Of course, it depends on the characteristics and objectives of the customers what factors are relevant and what not.

An interesting perspective is that of Grönroos (1994) who stated that a product can also be seen as a value carrier. The hotel or the real estate company compete with other suppliers in the area, city or region. It is vital for them to offer greater value than the competitors. However, if we adopt the idea that these products cannot be isolated from their environment, the value is not only carried by the supplier's product and its direct attributes, but by a combination of products of different suppliers. That's why we have introduced a second shell in figure 5.2.

We follow Van't Verlaat (1997) to explicitly include the notion of control over the product as a relevant dimension in defining the city's products. So, a single supplier exerts control over its product and defines its attributes accordingly. The hotel manager and the real estate company would base their marketing activities on that. The dark colour of the small circle (shell) in the centre represents a high level of control over the product and its attributes (the hotel or the office space). Naturally, the

supplier of the product in the centre does not exert the same level of control over products in the second shell.

*Figure 5.2 Urban products: four shells*



It is possible however to exert some influence. The hotel could make arrangements with some of the restaurants and the real estate company could make a deal with the adjacent parking garage. The crux is that the suppliers should be aware that their product could be part of a multidimensional offering, at least in the eye of the customer. This awareness of suppliers of the potential interdependency of their products is an important first step and could be a basis for co-operation. By working together the suppliers create packages to anticipate to the needs and wants of the customer.

In the third shell, we have also included products that could be part of the offering as far as the city's consumer is concerned, but the individual supplier in the centre of figure 5.2 has less or no influence at all. In the fourth shell, we have also included conditions and prospects. Both conditions and prospects are very difficult to change by the supplier. In the case of the hotel and the restaurants, these conditions could be the weather or the quality of public space. For the real estate company this could be the accessibility to the ring way and its connections to other cities. The prospects in case of the tourist staying at the hotel could be the potential for future visits and in the case of the customer of the real estate company it could be the prospects concerning future customers.

#### **5.4    *The city's products: analysis and conclusion***

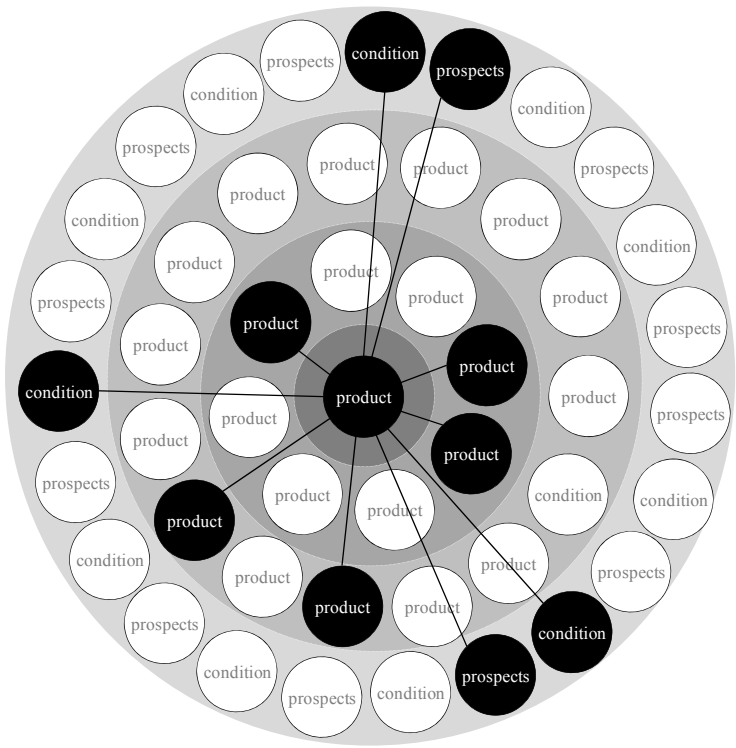
What are the implications of the approach outlined above? One could argue that the products, conditions and prospects in the other shells are all product attributes of the supplier's product in the central shell, or one could claim that these shells are layers of the augmented product of the supplier. We think that these interpretations do not correspond with the central ideas of both concepts. In the first interpretation, similar to an interpretation that the relevant environment is the product, too many product attributes would be completely out of the control of the supplier. This argument is also valid for the second interpretation. The concept of the augmented product also has the option to include other aspects (such as image) but it would also be too much for a single supplier to include all other products, conditions and prospects in its augmented product.

The key question is: what is the value carrier for the city's customer? In our analysis the value carrier for the customer is its (aspired) relevant environment. As said earlier a customer-based product definition implies that we should see the environment as the product. This is theoretically attractive but at the same time very difficult from the perspective of suppliers.

We argue that the answer is that the suppliers should think in terms of packages that are as close as possible to the relevant environments aspired to by potential customers. Let us examine another example. A single-minded supplier would only identify its product attributes in the core shell of figure 5.3. A supplier that

understands that their product is part of a wider package of spatial related products, conditions and prospects includes this in the thinking about their products. We have illustrated this in figure 5.3. In that example, the supplier acknowledges that the attractiveness of its product (in the centre of the figure) is related to other products and certain conditions and prospects; in other words, the supplier understands that its product is part of a package. In this example, the supplier sees three products of other suppliers in the second shell that are relevant for the supplier's product. Also, two products in the third shell are seen as relevant for the supplier's own product. Three conditions and two estimates of future potentials concerning the relevant environment are also part of the total package.

*Figure 5.3 An example of a package for a supplier of the product in the core*



From a supply-side perspective, the city's products are the city's offerings to its (potential) customers through packages of spatially related (partial) products, conditions and prospects relevant for the customers' spatial behaviour. The challenge is to think in terms of packages that are close to the aspired environment of (potential) customers. It also implies that there are more stakeholders involved responsible for a specific package as the product of a single supplier is only a partial product of the package. Recognition of being part of a package can be seen as a product attribute of the specific supplier's product.

Another implication is that we have placed a single supplier in the centre making it applicable to all suppliers in the city (and region). Actually, it is a framework for understanding the behaviour of the city's suppliers, making it possible to group suppliers with different perceptions of the packages.

The most important reason for this is that there is not one single supplier or manager of the customer's relevant environment. This is precisely one of the biggest challenges in city marketing: potentially a great number of stakeholders with partial interests and little shared responsibility, nor central oversight. At first sight, it has got some of the characteristics of a collective action problem but we get back to this in the coming chapters.

## **6 A closer look at city marketing management**

### **6.1 *Introduction***

The objective of this chapter is to give substance to the concept of contemporary city marketing management. We briefly assess the some popular beliefs concerning marketing management (section 6.2) and discuss urban governance as the context for city marketing management (section 6.3). Section 6.4 discusses city marketing management in a network setting. What is a proper allocation of city marketing activities in a city marketing network (section 6.5)? What are marketing activities for particular customer groups (section 6.6) and what city marketing activities are relevant for more than one generic customer group (section 6.7)? Section 6.8 explores other relevant marketing and section 6.9 summarizes the main ingredients of contemporary city marketing management.

### **6.2 *Marketing management as a strategic planning cycle***

In chapter 3 we have defined city marketing management as the (ongoing) process of setting marketing goals for a city, the planning and execution of activities to meet these goals, and measuring progress toward their achievement.

We need to understand that there are many interpretations of marketing management these days. A popular view in mainstream marketing management textbooks is to present marketing management as a multi-level planning cycle. Typically, a marketing management planning cycle includes stages such as audit/analysis – vision – strategy – developing an action plan - implementation – evaluation and feedback. The multilevel aspects refers to the distinction between the strategic marketing management decisions that are taken at the level of the board of directors and tactical and operational decisions that are the domain of lower levels in the firm such as the strategic business units (SBU). Kotler is one of the most influential authors in this domain and he has applied this concept also to the marketing of places (1993; 1999) almost without adjustments. Ashworth and Voogd (1990) also incorporate this marketing planning cycle in their early work.

Essentially, this planning cycle is no more than a logical sequence of activities that leads to marketing plans and implementation in order to obtain marketing objectives. In practice, the management of marketing activities does not follow such a nice and clear-cut sequential pattern (see for instance Mc Donald, 1992;1996). The classic idea of strategic planning (originating from Ansoff's groundbreaking work in 1965) as a step-by-step logically structured process, has been challenged by many authors. The rise and fall of strategic planning of Minzberg (1994) is a well-known example. For our discussion, it is important to know that there are many others that claim that the static view of strategic planning cycle is not intrinsically linked to marketing management. There are many alternative models for strategic decision-making in firms. Mc Donald (1996) refers to the work of Bailey and Johnson (1994) who distinguished six strategy-forming models for businesses of which the planning approach is only one. According to Mc Donald (1996), it is unlikely that an organization uses a pure version of any of these models. It is interesting though, that one of the alternative models is that a business strategy is the outcome of political process in which conflicts, cooperation among stakeholders and interest groups lead to compromises. Such a description of the process of strategic decision-making is more applicable for cities. Marketing management processes can take place simultaneously or overlap and are influenced by the context in which these processes take place. This observation is crucial for understanding marketing management in an urban context. Any discussion of city marketing management cannot ignore the specific context in which urban policies are developed and implemented.

### **6.3    *Urban governance***

We need to recognise that city marketing is to be seen in the context of what political scientists would describe as *urban governance*. A straightforward description of urban governance is how city policies are produced, decided, implemented and who does this. In practice this implies that city marketing is a subject of (political) decision-making and that it has to do with municipal administrative organisation(s), policy-making procedures, partnerships, implementation etc.

### *6.3.1 Governance as a flexible answer to the challenges of cities*

Governance has become a popular theme in the course of the 1990s. In many ways, the popularity of the notion of urban governance has to do with the sheer pace and rising complexity of urban development (see chapter 2) combined with the difficulty of decision-making systems to cope with the rapid changes and control the complexity. Harvey (1989) was one of the first to conclude that intra-urban competition and the complexity led to a changed pattern of governance. Kooiman (1993;2002) argues that the complexity, dynamics and diversity of present-day society implies that government on the basis of one-way traffic between public and private actors is no longer satisfactory. Kooiman (2002) sees (participatory) governance as a flexible answer to problems and challenges: “all those interactive arrangements in which public as well as private actors participate aimed at solving societal problems, or creating societal opportunities, attending the institutions within these governance activities take place, and the simulation of normative debates on the principles underlying all governance activities” (Kooiman 2002, p.73). In an attempt to explore the new challenges to urban governance, Kearns and Paddison (2000) also refer to the network of actors stating that “urban governance is a multi-level activity and urban governments exist within webs of relations.” Paddison and Kearns (2000) also highlight that urban governance seeks new ways to be creative, to build strengths and to access and utilise resources. Again, governance is a flexible and proactive answer to the challenges of cities. This is actually very close to the of concept organising capacity developed by Van den Berg, Braun and Van der Meer (1997): the ability to enlist all actors involved and, with their help, to generate new ideas and to develop and implement a policy designed to respond to fundamental developments and create conditions for sustainable development. This concept has also been discussed in relation to city marketing (Van den Berg and Braun, 1999).

### *6.3.2 No common understanding of governance*

The popularity of governance has not led to a common understanding of governance. In 1995 Jessop stated that “the academic literature on governance is eclectic and relatively disjoint”. This is no surprise as the contributions to the academic debate on governance come from political scientists, sociologists,

institutional economists, planners and scholars from other disciplines. A thorough review of the literature on governance would take too much space here, although the observation of Jessop is still relevant. We discuss a selection of contributions that will help us understand essential elements of governance in cities. Stoker's (1998) review of the literature of governance is widely cited in the in governance debate. On the basis of his review he presents five propositions on "governance as theory": 1) Governance refers to the set of institutions and actors that are drawn from but also beyond government; 2) Governance recognises the blurring of boundaries and responsibilities for tackling social and economic issues; 3) Governance identifies the power dependence involved in the relationships between institutions in collective action; 4) Governance is about autonomous self-organising networks of actors; 5) Governance recognises the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide. Stoker's observations concern governance in general and are *not restricted to a particular spatial scale*. It is clear though that his observations are particularly relevant for cities where the blurring of boundaries, steering in networks and dispersed powers have become evident.

Another influential political scientist, Rhodes, has been the advocate the self-organising networks in defining governance (also one of Stoker's propositions). According to Rhodes (1997, p.17) governance concerns "self organising, interorganisational networks characterised by interdependences, resource exchange, rules of the games and significant autonomy from the state". This focus on interdependent networks is also very relevant for the practice in cities. Rhodes (1997) sees his interpretation as one of the six interpretations of the term governance<sup>11</sup>. Just like Jessop, Rhodes (1996;1997) points to the wide range of theoretical perspectives and policy approaches in explaining the variety of interpretations. As it turned out, the list of Rhodes is just the beginning as Kooiman (2002) has added another six interpretations of governance to that list. The self-organising nature of networks advocated by Rhodes and others has also received criticism. For example, Dekker

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<sup>11</sup> These are the minimal state, corporate governance, the new public management, good governance, socio-cybernetics system and self-organising networks. For an explanation see Rhodes (1997).

(2006) has argued that it pays little attention to the characteristics and political nature of the institutions that design policies.

In relation to city marketing, we should mention one of the interpretations of Rhodes and Kooiman explicitly: new public management. It is not the same as the single-minded 'proclamation' to reinvent the government of Osborn & Gaebler (1992) but it is seen as an approach in which governments should be run like a business (or more business-like) and also that less government and more governance is better. Most authors do agree that key words for new public management are efficiency and outcomes. City marketing is sometimes associated with this school of thought.

### 6.3.3 *Modes of governance*

Harvey (1989) is one of the scholars that have tried to label different typical patterns of governance in order to explain changes in urban governance. These changes within urban governance are reflected in a shift from one pattern with particular characteristics to another pattern. Harvey (1989) documented a shift from managerialism to entrepreneurialism<sup>12</sup>. This thinking in terms of patterns of governance has gained considerable support as many scholars discuss different models or modes of governance<sup>13</sup>. Pierre (1999, p.374) outlines four (archetypal) models of urban governance: managerial governance, corporatist governance, pro-growth governance and welfare governance. Pierre sees institutions<sup>14</sup> as important factors behind these models of governance that differ in terms of participants, objectives, instruments and outcomes. Pierre adds that it is very likely that one might find various forms of these archetypal models in cities simultaneously and different models for different sectors. These models of governance of Pierre belong to the same family as urban regime theory. A regime is "an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions" (Stone 1989, p.4). Regimes can be seen as modes of governance

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<sup>12</sup> Harvey's interpretation of management is that of the caretaker, building on the original meaning: to manage is the careful use of (household) resources. Entrepreneurialism concerns a more entrepreneurial approach to (economic) urban development of which competitiveness, public-private partnerships and risky investments are central elements in the view of Harvey (1989).

<sup>13</sup> These modes are different from the well-known modes of governance of Williamson (1975): markets, hierarchy, bureaucracy etc.

and several authors have listed typical regimes. For example, Stone (1993) has defined four different regime types: maintenance or caretaker regimes, development regimes growth, middle-class progressive regimes and lower-class opportunity expansion regimes.<sup>15</sup> There are several other classifications of regimes (see DiGaetano and Klemanski 1993; Brindley et al, 1989).

The abovementioned interpretations are not without criticism. For instance, one could question the match of the models or modes of governance with the practice in cities. Also the observation of Pierre that it is very likely that one might find various forms of models in cities simultaneously is another point of critique on these labelling approaches. More importantly for this research is that most of these classifications of patterns of governance have been developed *to explain change in governance*. Our focus is not on the changes of governance but to understand city marketing management in the context of urban governance.

#### 6.3.4 *A broad approach to governance*

Apart from these modes, models and regimes, there are also broader and more open interpretations of governance. An example is the collaborative planning approach of Healey (1997; 2003). She also points to the relevance of networking but she puts more emphasis on the inclusion of all stakeholders, the collaborative process and a common vision, rather than the outcomes per se. She discusses governance in relation to planning of neighbourhoods, cities and regions, making the spatial dimension an explicit part of governance. The collaborative planning approach is rooted in a very broad interpretation of governance: the array of mechanisms for structuring collective action, whether by government, by business associations or associations arising from within civil society (Cars, Healey et al., 2002). Of course, such a broad approach to governance can also be criticised, but for our discussion of city marketing management it is relevant. We have already stated that it is important

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<sup>14</sup> Institutions are overarching societal values, norms, and practices that tend to make public policy path-dependent (Pierre 1999, p.376).

<sup>15</sup> Maintenance or caretaker regimes focus on routine service delivery and low taxes; Development regimes prioritise changing land use to stimulate growth; middle-class progressive regimes aiming for environmental protection, historic preservation, affordable housing and other middle class objectives; Lower-class opportunity expansion regimes that emphasize human investment policy and widened access to employment and ownership.

to put city marketing management in the specific city context of policy making. We think it is best to adopt a broad interpretation of urban governance as it does not squeeze city marketing management into a particular mode of governance. In chapter 7, we look more closely to the array of mechanisms relevant for (in the words of Healey, 1997 and Cars et al, 2002) for city marketing. For now, we need to summarize that the city marketing management is part of urban governance in which political processes, multiple stakeholders with varying objectives, are key elements; in other words: a network setting is the rule and not the exception.

#### **6.4 Marketing management in a network setting**

The previous chapter concerning the city's products as well as the previous section touch upon one of the main challenges in city marketing: the stakeholders involved. It should not come as a surprise, as city marketing concerns many different customer groups, numerous products and combinations of products. Stakeholders can be public and private. Is this network setting an obstacle for the use of marketing?

It is also clear that the network setting described above, implies that city marketing is not intrinsically linked to administrative boundaries. The picture that emerges is one of complexity and changing networks of stakeholders. Critics could say that this is an insurmountable obstacle for effective city marketing, but marketing in a network environment is certainly not restricted to cities. The popularity of relationship marketing is one illustration (see Grönroos, 1994). Another illustration is the citation below from Achrol and Kotler (1999) concerning the implications of marketing in the network economy:

*“More and more marketing activities will be characterised by management of interorganisational relations. The firm has dissolved into a network of internal units, suppliers, allies, and distributors. Even customers will enjoy an increasing capacity to be organised. In addition, marketing will be more a consumer consulting function than a marketer of goods and services. In all the networks, marketing operates less in the service of a given function or unit than it does on behalf of the market place as a whole and its customers.” (Achrol and Kotler 1999, p.161-162)*

They also argue that the very nature of network organisations make “a paradigm shift in marketing may not be far over the horizon”. They explore several

network settings and the role of marketing in those settings. The network settings that they use are not easily transferable to city marketing, but the thinking behind their 'opportunity network' is an interesting lead. In that network setting, marketing is first and foremost *an agent of the buyer* instead of an agent of the seller. In that line of thought, groupings of customers are leading, not individual suppliers. This view of Achrol and Kotler (1999) is useful for our purposes as it puts the customers central. In city marketing practice, one can expect to find networks of stakeholders around groupings of customers: specific city marketing networks. In addition, there could be networks of stakeholders that go beyond the interest related to a specific grouping of customers. To put it more strongly, we argue that city marketing is almost by definition marketing in a network setting: the core of city marketing management is the orchestration, coordination and implementation of city marketing activities in different city marketing networks with changing stakeholders. We add that a top-down management approach that controls all marketing activities for all customer groups is a utopia in such a network setting.

#### **6.5    *A closer look at the coordination and allocation of city marketing activities***

The network setting in the case of city marketing raises several questions: what are relevant city marketing activities, who is responsible and who is doing what? These questions relate to the allocation and coordination of marketing activities, for short: the organisation of the marketing function. Surprisingly, the organisation of the marketing function has not been the most popular topic for academic marketing research. For example, the conclusion of a literature review of Workman, Homburg and Gruner (1998) is that there is relatively little empirical research that covers this issue. According to Workman, Homburg and Gruner (1998) the organisation of the marketing function addresses the allocation of marketing activities to groups. We will draw upon their empirical research (Workman, Homburg and Gruner, 1998; Homburg, Workman and Jensen, 2000). In their research they have analysed the structural location of marketing and sales groups, the cross-functional dispersion of marketing activities and the relative power of the marketing subunit (Workman, Homburg and Gruner, 1998). They define three factors which influence the (structural and non-structural dimensions) of marketing organisation: external factors, firm-

specific factors and specific factors for the strategic business units (SBUs). The first concerns sub-factors such as the market changes and technological development. In our analyses of city marketing these are the fundamental trends and the changing playing field of cities as described in chapter 2. We have already concluded in that chapter that these fundamental trends have affected the (growing) interest in city marketing. The third includes sub-factors as the strategic orientation and market orientation of the SBU. The most interesting one for the discussion in this chapter is the second factor in which they include size of the firm and “the relatedness of marketing and sales tasks across business units”. Firm size would in the case of city marketing be the size of the city and the type of city (see also chapter 2). Workman, Homburg and Gruner (1998) defined the relatedness of marketing and sales tasks across business units as “similarity of products, distribution, and marketing and sales tasks across the business units in the firm” (Workman, Homburg and Gruner 1998, p.29). This relatedness would be a justification for a central marketing department, unit or staff that would work together with the marketing staff that operates at the business unit level. In the case of city marketing, we would rather speak of activities instead of tasks.

We argue that this factor of relatedness of marketing activities is also highly relevant in the network setting of city marketing. The use of this factor of relatedness of marketing activities has two implications. The first is that the ‘relatedness’ can be used to allocate marketing activities across stakeholders. The second implication is that there are (at least) two levels of coordination: the first level is the ‘related marketing activities’ and the second are the marketing activities of relatively autonomous strategic business units that cater for a particular product-market-combination.

## **6.6 *Marketing activities for particular customer groups***

Let us begin with the second level of coordination. In city marketing, this second level of coordination concern networks of stakeholders around groupings of customers, comparable with strategic business units in companies. This distinction brings us back to the last part of the previous chapter where we indicated that there are different levels of city marketing as far as the role of suppliers is concerned. The

idea that particular needs and wants of customer groups are leading for this second level of coordination is also supported by the analysis of Achrol and Kotler (1999). They have stated that most marketing activities should be designed, planned and implemented as closely as possible to particular customer groups.

In city marketing, this implies looking at the coordination of multiple marketing tools at the level of supplier networks for specific customer groups. This includes the operational coordination of marketing tools for that particular customer group. Let us use the example of the (generic) customer group visitors. Effective marketing requires a segmentation of that customer group ‘visitors’ into segments of customers with similar characteristics. In practice, city marketers might segment this group based on duration of the stay, the purpose of the visit (business or leisure), accommodation needs, leisure activities (attending events, shopping, visiting sites or attractions) and factors that concern the decision-making in selecting a destination etc. Some marketing initiatives might be relevant for all these segments, some are more specific but generally speaking we expect that a considerable number of stakeholders have an interest in more than one segment group and also that the marketing approaches for each segment still have a lot in common. In our view, these city marketing activities at the second level of coordination do not call for a centralisation of marketing activities in cities. Coordination mechanism for specific customer groups (such as destination marketing organisations) are sufficient. Basically, most of the marketing concepts and tools can be used at this level of coordination. Table 6.1 lists some examples of basis marketing activities for particular groupings of customers.

*Table 6.1 Examples of city marketing activities for particular customers groups*

Strategic analysis of the environment (competitors, markets, etc.)
Market segmentation
Positioning
Market communication
Account management
Product development
Use of the marketing mix

## **6.7    *City marketing activities relevant for more than one (generic) customer group***

The next step is to focus on the relatedness of city marketing activities: what are related city marketing activities? In city marketing we define related marketing activities as activities relevant for more than one (generic) customer group<sup>16</sup>. These activities are at the first level of coordination. We argue that more central coordination is needed for these activities that are relevant for more than one generic customer group. Workman, Homburg and Gruner (1998) argued that the relatedness would differ among firms. We claim that this might also differ among cities in the case of city marketing. However, is it possible to identify related city marketing activities that would be common to most cities?

### **6.7.1   *Co-ordinating development of marketing vision, strategy and objectives***

The first concerns the development of the overall marketing vision, strategy and objectives. This also includes the monitoring and evaluation of the results. The development of this city marketing vision is relevant for more than one customer group and it is also important as a frame of reference for the various city marketing stakeholders. This is comparable with marketing management in bigger corporations, where marketing is guided by the companies' mission statement and corporate strategy. According to the marketing management literature (see for instance: Aaker, 2004) these are key elements in any structured and planned marketing effort. Kotler's application for cities (1999) also includes a planning cycle in which a vision is elementary<sup>17</sup>. In the case of city marketing it is also very relevant: city marketing is instrumental to the priorities of the government and the relevant stakeholders.

### **6.7.2   *Participating in the process of strategic product development***

Product development is commonly defined as inventing new products, improving existing products, and finding new applications for existing products. Van 't Verlaat (1997) has put a finger on the, to his mind, unduly strong fixation with

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<sup>16</sup> Residents, companies, visitors and investors

<sup>17</sup> Typically, such a planning cycle includes the stage: audit/analysis – vision – strategy – developing an action plan - implementation –evaluation and feedback.

physical aspects in the case of product development for cities. He proposes a distinction in city marketing between product development and product innovation (or product renewal). The former refers to the development of products on the basis of (known) needs and wants of clients; the latter refers to the development of products on the basis of their expected future needs and wants. This is an essential distinction because the ‘production process’ of the city’s products can take a relatively long time.

If we look back at the discussion on city products, we should make clear that there are different levels of product development. First, there is product development at the level of individual suppliers of partial products. Second, there is product development at the level of the creation of wider package of spatially related products, conditions and prospects to match the relevant environment of groupings customers. Third, there is *strategic product development*. This is product development with a wider implication in terms of customer groups, strategic importance of the products and synergies with other marketing tools such as image management. In other words: product development that scores high on ‘relatedness’ Strategic product development involves a complex decision processes involving numerous public and private stakeholders and other influential perspectives in city development (for instance planning). City marketers should ‘participate in that process’.

### 6.7.3 Oversight and coordination of strategic city image management

A very important marketing activity that scores high on ‘relatedness’ is strategic image management. We have explained the importance of perceptions (images) in the decision-making process of the city’s customers: perceptions of the relevant environment as well as the perceptions of the city in general. We have mentioned the difficulty in changing these perceptions, making city image management a real challenge. The efforts to change the perceptions of particular groups might easily reach other customer audiences. For example, communication messages that are sent to a specific audience (“we are a good city for industry”) might have a (positive or negative) effect on the perception of other groups (potential residents and visitors) as well.

We have explained in chapter 4 that there is not one single image for cities as different audiences might have different perceptions for different purposes. City

images are the (collective) perceptions of the city, city districts, city functions, areas and other aspects of the city, by different (internal and external) audiences. On top of that there is also something that goes beyond the perceptions of these groupings of customers or different city functions: a general view of customers and other stakeholders concerning the city.

Kotler et al (1999) have highlighted the importance of “strategic image management”. They define strategic image management as the “ongoing process of researching a place’s image among its various audiences, segmenting and targeting its specific audiences, positioning the place’s attractions to support its desired image, and communicating those attractions to the target groups” (Kotler et al, 1999).

We work with an slightly adapted definition of city image management: the ongoing process of researching perceptions (city images) among relevant audiences, making key decisions on the positioning of the city for these audiences, identifying strategic options for image improvement and develop a city image framework enabling to steer and coordinate the image improvement efforts undertaken at the level of customer groups and at the city level.

One aspect of strategic image management decisions well worth keeping in mind, is positioning, that is, the creation of a position for one’s organisation, product or brand in the perception of the customer in relation to that of the competitors. In our case, it is the positioning of the city or the city’s relevant environment in the mind of its (potential) customers. Similar to product development, we could distinguish between three levels of strategic image management: image management at the level of individual suppliers of partial products, image management at the level of packages of spatially related products and perceived relevant environment of groupings customers, image management that is not only relevant for a particular group of customers and their relevant environment, but that is also relevant for other general customer groups, or it is so special that it could be valuable for the general view of customers and other stakeholders concerning the city.

Influencing perceptions of stakeholders is not as straightforward as it may seem. We already discussed the importance of the selection, interpretation and information processing, the role of information providers, the presentation of that information, the emotional aspects, the influence of the customer’s characteristics,

associations with aspects of the relevant environment. Table 6.2 shows some of the options for strategic image management.

*Table 6.2 Examples of approaches for strategic image management*

<p><b>Branding.</b> To build up value added by a brand ('branding') is becoming popular for cities (Hankinson, 2001). A brand is more than a product. A city invokes certain (positive and negative) associations. In that sense the city can (metaphorically) be seen as a brand covering a multitude of urban products. The associations invoked can influence the use of urban products.</p>
<p><b>Communication policy.</b> One of the cornerstones is providing the city's (potential) customers with fair and adequate information. Communication means the transfer of information. It is always intended to affect the knowledge, attitude and perhaps the behaviour of persons and organisations. In the communication literature a distinction is made between corporate communication and marketing communication. Corporate communication relates to the company/organisation as a whole, and comprises communication with all direct and indirect stakeholders of an organisation that is relevant to them, without being explicitly concerned with the sale of products. Marketing communication is associated rather more with the products or services of an organisation and the related brands (Floor &amp; Van Raaij, 1998). The fact is that with corporate communication and marketing communication are densely interwoven. Such a sub-division of communication can also be carried through with respect to city marketing. Cities as well pursue an urban communication policy on the one hand, and practise marketing communication in the context of city marketing. For cities, the connection between the overall urban communication policy and city-marketing communication may even be more relevant.</p>
<p><b>Media strategies.</b> Cities can develop specific media strategies to inform their (potential) customers. One example is to provide the media with clear-cut pieces of information. But it is much more: it could concern a long-term media strategy to position the city through media coverage (see also Avraham, 2004)</p>
<p><b>Traditional city promotion.</b> Advertisement, city slogans, direct marketing and other common marketing communication tools</p>
<p><b>City websites.</b> The world wide web is not just a channel to provide potential customers with information. The websites of cities develop into virtual representations of the city. It is a strategic tool to influence the perception.</p>
<p><b>(Sporting or cultural) Events.</b> One of the most popular investments in relation to image improvement is organising and hosting events. Successful events combine product development, customer satisfaction and image improvement all in one. Investment in events makes sense if it is part of a long term strategy of event planning (see Van den Berg, Braun and Otgaar, 2002)</p>
<p><b>Architecture, public space and urban design.</b> Special architecture and famous public space, as well as urban design are also tools to change perceptions. Lynch already pointed to the imageability of the urban environment. Experiences of people in cities (partly) shape their perceptions of the place.</p>
<p><b>Sports teams.</b> Successful sports teams are also important to raise the awareness of the city in which they are based (See also Smith, 2005)</p>
<p><b>Cultural institutions.</b> Improving an existing cultural institution or the construction and/or attraction of a new cultural institution is also popular. The example of the Guggenheim has developed into an 'evergreen'</p>
<p><b>Citizen involvement and civic pride.</b> It is said that people that are happy with their city are very effective ambassadors</p>

Some would call all the efforts related to the city image(s), city branding, but we see branding as one of the instruments – or to be more precise – techniques to improve the city’s image. Given our analysis in the previous chapters (media society, the role of perception etc.), we can expect that image management is one of the key challenges to cities in the years to come.

Another observation is that people sometimes use city identity and image as synonyms. We clearly distinguish identity from image. City identities are rooted in city communities, and they concern the identification with a particular place (city, district, neighbourhood and streets), its space, people, community, culture, traditions, and heritage. Identity is a source of civic pride and gives people a sense of belonging and a sense of place.

#### *6.7.4 Promoting the marketing thought in the city: putting the customers central*

One of the most difficult related marketing activities in the case of city marketing is promotion of the marketing philosophy across city marketing networks: “understand your customer’s needs and wants and behaviour”. For cities it is a shared philosophy of putting the needs and wants of residents, businesses, visitors and investors central.

The promotion of the marketing philosophy is also a challenge for companies as a popular saying goes: marketing is too important to leave it just to the marketing department. In this line of thought all company employees are involved in the companies’ marketing. For cities we can set up a similar reasoning, although it gets more complicated as it also includes people that do not work in the city administration. A good example are taxi drivers, a polite, honest and helpful taxi driver makes for a better start of a first visit to a city.

#### *6.7.5 Developing and maintaining a city marketing information system*

The fourth issue is the development of a marketing information system in which all marketing intelligence and research is collected and made available to relevant stakeholders in the city. It should reduce the risk of duplicating research efforts and it helps stakeholders to make better decisions. We do not argue for the

centralisation of all marketing research, it is a plea for sharing this information with other stakeholders.

The provision of adequate information is indispensable to marketing managers in businesses. That is why entrepreneurs invest much in a so-called Marketing Information System (MIS). The purpose of this system is to collect, process, store, and make accessible data and information, for the support of marketing decisions. A part of the information springs from dedicated market research. Without such research, reliable decisions would be extremely difficult to make. Market research means to collect, classify and analyse data in order to support the marketing policy (Churchill, 1995). Nowadays, marketers also refer to a Marketing Intelligence System, emphasizing the analysis, selection and the presentation of information in a format that gives intelligence for marketing decisions and actions. Cities can also develop a system that can be used by the city's marketing agents.

6.7.6 *Summary*

We have selected five city marketing activities that score high on relatedness. Table 6.3 shows these five city marketing activities. In our analysis these five city marketing activities call for more central coordination and are the heart of city marketing management.

*Table 6.3 City marketing activities relevant for more than one customer group*

Co-ordinating the development of the overall marketing vision, strategy and objectives
Promoting the marketing thought in the city: putting the customer central
Developing and maintaining a city marketing information system
Participating in a process of strategic product development
Oversight and coordination of strategic city image management

6.8 *Three other relevant city marketing tools*

Apart from allocation and coordination of city marketing activities mentioned above, we would like to discuss some marketing activities that could be relevant for the first and the second level of coordination in city marketing management.

### *6.8.1 Market segmentation and target-group selection*

Market segmentation and target group selection is also a relevant marketing tool for city marketing at both levels of coordination. Entrepreneurs divide the market into segments of potential customers, and opt for certain segments, which they believe they can serve profitably. One company may choose to serve a specific segment (a niche), another to supply a range of segments, dependent on their present position, decisiveness, competencies, et cetera. For cities, the practice is different. For a city to address just one group of customers and neglect the others, is socially 'not done' in the European setting. Nevertheless, city marketing policy may give priority to certain groups of customers. A city might for instance decide to facilitate and encourage the establishment of ICT entrepreneurs because that group is under-represented. Such a choice does not mean, however, that other entrepreneurs should be unwelcome.

For example, Rotterdam would like to attract and keep more people from the medium and higher income groups, which at present are under-represented. City marketers must then ask themselves what people from these groups could be interested in an urban living environment. In other words, they must identify the members of the target group. The marketing tool to do this is market segmentation. It is one of the cornerstones of marketing. Smith (1956) already highlighted the importance of dividing up the market as the basis for more effective marketing strategies. Market segmentation is the process of subdividing a market into distinct subsets of customers that behave in the same way or have similar needs (AMA, 2008). There are various techniques to do this, but generally, the marketer is trying to identify specific factors concerning the product on offer that distinguishes a group of customer – a segment – from another group of customers. This could be product features, benefits sought (see Haley, 1968), brand preferences (see Kamakura and Russell, 1989) but also shared perceptions or the response to marketing instruments<sup>18</sup>. The next step is to find the right 'segment descriptors' (such as demographics, psychographics, industry etc.). Is this applicable in city marketing? The answer is yes, in city marketing one could identify groups of customers with similar aspirations towards their relevant environment or similar perceptions of the relevant

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<sup>18</sup> Beane and Ennis (1987) have made a simple overview of segmentation possibilities.

environment(s) as distinguishing factors and use the customer characteristics as segment descriptors.

Several more sophisticated market segmentation techniques have found their way into the world of cities. Segmentation based on lifestyle, as a tool to understand residential decisions, has gained popularity in the Netherlands over the last years (Van Diepen and Arnoldus, 2003). In this approach, the idea is that (dominant) lifestyle of a household explain the differences in the needs and wants of households concerning their spatial behaviour. A lifestyle refers to the combination of people's preferences, beliefs and behaviour. This could include the preferences concerning (patterns of) consumption (clothes, magazines, newspapers, cars etc), aesthetic preferences for art and design, political and moral beliefs, sporting and cultural behaviour.

#### *6.8.2 Acquisition and account management*

By acquisition is understood the recruitment of customers and orders. Companies put in several means to win customers and conclude transactions with them. There are untold ways to get in touch with the customers and to influence them, such as the dispersal of folders and brochures, advertisements in newspapers and other media, face-to-face interviews, and so on. In the 1990s, concepts such as relationship management and account management came into fashion. The central objective is to establish and maintain relations with (potential) clients. Several researchers assume that in some branches it is profitable to invest in long-term relations with customers instead of aiming at a transaction. Some see it as a special form of marketing, under the heading of 'relationship marketing' (see, among others, Raval and Grönroos, 1996).

Evidently, these concepts are also relevant to city marketing. For one thing, the maintenance and improvement of relations with customers – many of whom are already within its boundaries – is of vital importance to a city. To maintain relations with, for instance, economically prominent and/or eye-catching businesses, is an essential element of city marketing. One instrument to that effect is account management, an account manager serving as the address for a certain group of companies. Account management refers not only, however, to relations with the private sector, but also to relations with residents. Of course it is out of the question

for a large city to get into conversation with each and every single citizen, but the local government can invest in the relation with groups of residents, for instance by involving the active ones in the efforts to enhance their living environment. A city's account management can also relate to the intermediaries who serve as links between customer and suppliers of urban products. A good example is the tourist sector, in which travel organisations could serve as the point of address for tourist policy makers, and also be the ones who eventually sell a product to the (potential) visitors.

### *6.8.3 Evaluation of marketing policies*

Another matter of importance is that the efforts described above should be evaluated. What are the results? How can the results be measured? In that respect as well, cities can learn from successful companies that set off their investments in a marketing strategy against the revenues in terms of profit, turnover, market share, brand recognition, et cetera. In the context of city marketing, evaluation is less simple because the objectives are perhaps more complicated, but even so, measurable objectives can be developed, or the efforts of one city benchmarked against those of other comparable cities. If the Italian city of Turin wants to assess the effectiveness of its efforts to draw more tourists, a comparison with crowd-pulling Venice would not be realistic, but a comparison with Bologna might be useful. Again, cities can adopt marketing evaluation practices (see also Wijbrands, 2003).

## **6.9    *Towards a concept for contemporary city marketing management: conclusion***

In this chapter we have continued our analysis of chapter 4 and chapter 5 and we have repeated our definition of city marketing management from chapter 3 as the (ongoing) process of setting marketing goals for a city, the planning and execution of activities to meet these goals, and measuring progress toward their achievement.

We have shortly reviewed some popular beliefs about city marketing management and we have argued that the step-wise processes of analysis, planning, implementation and evaluation of marketing activities do not follow a fixed pattern with consecutive and precise stages. These processes to manage marketing activities

can also take place simultaneously or overlap and are influenced by the context in which these processes take place. In other words, city marketing is part of *urban governance*: the array of mechanism for structuring collective action in cities involving various public and private actors. Therefore, city marketing is part of the political process involving multiple stakeholders with different objectives. We also concluded that city marketing management is almost by definition marketing management in a network setting. A top-down management approach that controls all marketing activities for all customer groups is a utopia in such a network setting. It is also clear that city marketing does not stop at administrative borders as the perception of the relevant environment of customers does not stop at the municipal borders.

One of the most crucial challenges of city marketing management in a network setting is the allocation of city marketing activities. We have distinguished two levels of coordination in city marketing management: the first concerns city marketing activities that score high on 'relatedness' – these activities are relevant for more than one generic customer group – and the second concerns the coordination of marketing activities for particular customer groups. The first level of coordination concerns the co-ordinating of the development of the overall marketing vision, strategy and objectives, promoting the marketing thought in the city: putting the customers central, developing and maintaining a city marketing information system, participating in the process of strategic product development and oversight and coordination of strategic city image management. We have also argued that there are differences with the standard marketing practice for some of these instruments. Furthermore, we have identified different levels to take into account for product development and image management, whereas other tools are more easily applied. The second level of coordination comprises the marketing activities for particular customer groups. These could concern all marketing tools available. The basic idea is that these activities should be designed, planned and implemented as close as possible to customer groups.

## 7 An integrated approach to city marketing

### 7.1 Introduction

The main hypothesis of this research is that an integrated approach to city marketing is a necessary condition for the effective use of city marketing (see also the text box below):

**H1.0**

An integrated approach to city marketing is a necessary condition for the effective use of city marketing

In this chapter we set out to give substance to this idea of an integrated approach to city marketing and consequently we set out to do five things:

1. Synthesise why an integrated approach to city marketing has become more important and identify two key factors that are the pillars under such an integrated approach and develop these into two hypotheses (section 7.2);
2. Develop these factors into sub-factors that make these key factors operational in the form of sub-hypotheses to explore the city marketing efforts (section 7.3 and section 7.4);
3. Summarize our research framework (section 7.5) and our case strategy research approach (section 7.6);
4. Select four case studies in order to explore their experiences with the effective use of city marketing in the following chapters (section 7.7).

### 7.2 *Why is an integrated approach to city marketing important and what do we mean by it?*

We have adopted Van den Berg's framework of the urban life cycle as starting point for our analysis. In the model of Van den Berg (1987) the changing spatial behaviour of urban actors is caused by fundamental (economic, social, political, technological, demographical) developments, affecting the mobility, preferences and

aspiration levels of these actors. In chapter 3 we labelled these trends as the ICT-revolution, the media society, globalisation, terrorist threat, geopolitical change and better transport connections. Generally speaking these trends cause a change in the behaviour of urban stakeholders and change the 'playing field for cities'. The playing field of cities concerns the actual challenges and trends that cities need to respond to (see also chapter 3). For one, these trends induce a *rising attention for city marketing as weapon against city competition*. The changing playing field for cities has increased the awareness and induced a growing interest for city marketing. The pitfall is that this interest is predominantly in marketing tools and not in city marketing management and not in adopting the marketing philosophy. In addition, these trends *make the idea of integrating cities (Gordon, 2005) more important: cities that need to balance economic, social, cultural and environmental processes and objectives*. This balance is a key issue for cities across Western Europe. For example, it is important to safeguard the city's competitive position and at the same time maintain a social balance and sustain the environmental quality of city life. We are aware that it is difficult to define the 'right' balance, but it is an important issue for policy making in cities. City marketing processes and objectives are part of this equation. The changing pattern of urban development (see also Harvey, 1989) also affects the governance of cities. *The number of stakeholders increases and urban governance processes become more complex*. In turn, this *network setting puts high demands on city marketing management and affects the allocation and coordination of city marketing activities*.

It is our assumption that the competitive pressure to adopt marketing tools in combination with the complexity of implementing marketing in an urban governance setting, call for an integrated approach to city marketing. Governance is a multi-level activity (see for instance Paddison and Kearns, 2000; Healey, 1995). In the case of city marketing we distinguish between the level of (political) decision-making and the actual level of organising and implementing marketing activities – city marketing management. This is similar to the use of marketing in the business environment. Scholars as Aaker (2005), Kotler (2002), and many others, state that marketing has to be integrated within a company's strategic management. For one, marketing management is one of the functional areas (just like production, personnel, finance

etc.) within a corporation; for another, marketing is also part of the companies' broader strategic framework.

Both the political decision-making process and the actual level of organising and implementing marketing activities are crucial for the effective use of marketing concepts and tools. Essentially, an integrated approach to city marketing deals with that: fitting city marketing in with the pattern of urban governance and making city marketing management workable. We argue that these two elements are the cornerstones of an integrated approach to city marketing and for that reason are important for the effective use of marketing for the benefit of cities. For the purpose of our explorative and comparative investigation, we develop our main *hypothesis 1.0* into two *hypotheses 1.1 and 1.2* that will be the guidelines for our empirical research. An integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance and on four supportive factors for city marketing management:

**H1.1**

An integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance

**H1.2**

An integrated approach to city marketing rests upon four supportive factors for city marketing management

### **7.3    *Embeddedness of city marketing in urban governance***

Our objective is to investigate the embeddedness of city marketing in urban governance. We think it is best to adopt a broad interpretation of urban governance as mobilisation and organisation of collective action in urban areas based on the broad description of Cars et al. (2002). To some extent we could see city marketing as a collective action problem: there is a common interest for urban stakeholders to cooperate in attaining city marketing objectives and urban governance should develop

mechanisms to cope with this. However, we choose not to treat city marketing as a classical economic collective action problem. We think that it would underestimate the role of city marketing in the political process.

The embeddedness in urban governance has to do with the fit of city marketing in the city's wider policy framework in which it can be seen as one of the city's policy areas, a specific policy agenda (of some groups), a project, or a programme that crosses the borders of policy sectors. To mobilise and organise collective action in the case of city marketing, we need to identify the relevant "array of mechanisms" (in the words of Healey, 1997 and Cars et al, 2002) of urban governance in relation to city marketing. Our hypothesis is that an integrated approach to city marketing rests upon the embeddedness in urban governance. The above-mentioned mechanisms concern factors that contribute to this embeddedness. An interesting lead is the concept of organising capacity. We can describe organising capacity as the ability to enlist all actors involved, and with their help generate new ideas and develop and implement a policy designed to respond to fundamental developments and create conditions for sustainable urban development (Van den Berg, Braun and Van der Meer, 1997). A central element in this concept concerns strategic networks among stakeholders. Factors such as leadership, vision, and political and societal support, help to make the most out of the potential of these strategic networks. We will include most of these factors in this research as well, but we also want to highlight the political dimension. City marketing is part of political processes whether city marketers like it or not.

The first factor is very much linked to the other factors discussed below: *the interpretation of city marketing at the level of the city's decision makers*. What is the majority view on city marketing on the level of the city's decision makers? This factor speaks for itself. We have identified several interpretations of city marketing in chapter 3. At one end of the spectrum is the interpretation of city marketing as city promotion, on the other end of the spectrum is the interpretation similar to our definition of city marketing. One can expect that a restricted interpretation of city marketing as a set of tools might hamper the embeddedness of city marketing in urban governance whereas the broader view of city marketing might be a stimulus for the embeddedness in urban governance:

### H1.1.1

A broad and shared interpretation of city marketing at the level of the city's decision makers stimulates the embeddedness of city marketing in urban governance

The second factor is *the inclusion of city marketing in the city's political priorities and programme*. Normally, a newly elected city government presents their programme and political priorities for the time in office. Some cities also work with a long-term vision that goes beyond the term in office of one particular government. What is the role of city marketing? Is it part of the programme? Is it a priority? Our hypothesis is that the embeddedness of city marketing in urban governance is helped by incorporating city marketing in the political priorities and programme, and if applicable long-term vision. For short: the inclusion of city marketing in the political priorities contributes to the embeddedness of city marketing in urban governance<sup>19</sup>:

### H1.1.2

The inclusion of city marketing in the city's political priorities contributes to the embeddedness of city marketing in urban governance

The third factor is *the political responsibility for city marketing and the position of city marketing in relation to other (functional) policy areas, programmes and projects*. Depending on the system the responsibility could be with the mayor, the aldermen in the city cabinet, leaders of the council and other stakeholders etc. In most cases, the political responsibilities are organised through aldermen: such as an alderman for economic development and tourism or an alderman for sports and culture (typical for the UK). How is the political responsibility for city marketing organised? Is it clear who is responsible? We hypothesise that a clear-cut unambiguous organisation of political responsibility is another contributor to the embeddedness of city marketing with urban governance.

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<sup>19</sup> To keep the hypothesis short, political priorities stands for 'political priorities and programme, and if applicable long-term vision'.

A strongly related factor is the position of city marketing in relation to other (functional) policy areas, programmes and projects. Functional policy areas such as economic policies, planning policies, social policies are still the basic elements of policy making. In many cities, there are also projects and programmes that combine functional policy areas. The functional policy areas concerns a practical subdivision of policies that is in line with the political practice in the cabinet model<sup>20</sup> in which lord mayors, aldermen or other cabinet members are politically responsible for one or more policy areas. There are many functional policy areas with projects and programmes that combine various policy areas. Where does city marketing come in? We believe that acceptance of the role of city marketing in relation to other policy areas is also a factor that contributes to the embeddedness of city marketing with urban governance. If the situation is unclear, it is counterproductive.

### H1.1.3

Unambiguous political responsibility for city marketing and a clear position of city marketing in relation to other policies contributes to the embeddedness of city marketing in urban governance

The fourth factor concerns *the development of strategic networks of city marketing stakeholders*. A key element in the governance debate is that many decisions, policies and actions are not just a matter of (local) government and its traditional planning procedures, but come from strategic networks. We have already indicated that there are numerous stakeholders in chapters 5 and 6.

There are several issues that we consider in relation to these strategic city marketing networks. First, there is the issue of *involving relevant stakeholders*. Most contributors to the governance debate underscore the importance of the involvement of relevant stakeholders. The acknowledgement of their mutual interest in city marketing could lead to strategic interaction among city marketing stakeholders

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<sup>20</sup> In the cabinet model, lord mayors or aldermen are politically responsible for some policy areas depending on the size of the city and the political culture.

resulting in the development of strategic city marketing networks. The second sub-factor concerns *the support of important stakeholders for city marketing*. Representatives of the above mentioned groups could be actively involved in city marketing (see later in section 7.4) but it is first and foremost important that *the most important stakeholders support the adoption of city marketing principles and policies*. Thirdly, *leadership* is a crucial factor in complex decision processes (Teisman, 2005). The role of leadership has been studied from different perspectives. According to Bennett and Krebs (1991) effective leadership is a necessity to connect stakeholders and to balance local agenda's and political support. Bellini (2000) emphasizes the importance of the 'animateur' or 'social entrepreneur' in building strategic networks. Bang en Sörensen (1998) use the term *everyday maker* for someone with a strong local connection and a practical attitude taking initiatives and building up contacts. Malecki (2002) underline the importance of *community entrepreneurs* functioning as gatekeepers in knowledge networks with extended personal networks, bridging cultural and organizational differences and policy fields. Research of Fosler and Berger (1982) indicated that civic leadership is a crucial factor for cross-sector cooperation. Van den Berg, Braun, Van der Meer (1997) have highlighted the role of leadership in large urban revitalisation projects. In their analysis, leadership is not inherent to elected politicians or city officials. Leadership could come from people, organisations or a combination. Teisman (2005) draws attention to so-called informal or unofficial leadership in complex decision processes. Leadership can also be the result from interactions among various stakeholders where it is impossible to pinpoint *the leader*.

In our investigation, we choose to speak of leadership and see leadership as a factor that could be a stimulus to the development of strategic city marketing networks. Hence, leadership of key persons or key institutions is important for development, coordination and utilisation of the full potential of strategic networks.

## H1.1.4

Support from and leadership to develop, coordinate and use the full potential of city marketing networks promote the embeddedness of city marketing in urban governance

### 7.4 *Supportive factors for city marketing management*

In this section, we focus on the second hypothesis that we have distinguished: the supportive factors for city marketing management. These supportive factors are not temporary quick fixes and are relevant for all cities engaged in city marketing management. These supportive factors facilitate the functioning of city marketing management.

The first supportive factor establishes an explicit link with the city's vision and political priorities in order to avoid confusion among policymakers. The second and third supportive factors involve the two levels of coordination of marketing activities in city marketing management. Kotler and Levy (1969) referred to *integrated marketing planning* as one of the critical factors. The variety of marketing tools at hand "suggests the desirability of coordination so these tools work at cross purposes" (see also chapter 3). In today's marketing literature, this coordination of marketing tools is the foundation of marketing management. It also refers to a basic marketing idea because those marketing practitioners close to the customers know them better and it prevents that city marketing management becomes impracticable. The final supportive factor is concerned with the flexible spatial scale for the coordination of marketing activities to incorporate the relevant environments of customers. Coordination of marketing tools has to do with marketing organisation and with a comprehensive marketing vision, strategy and objectives. For the convenience of our investigation, we call this a comprehensive marketing framework.

How do we give concrete substance to these supportive factors for city marketing management? The first condition is the link between the level of political and administrative processes described in the previous section and city marketing

management: *the translation of political priorities and programmes (and if applicable long-term city vision) into a comprehensive city marketing framework*. This is comparable with marketing management in bigger corporations, where marketing is guided by the companies' mission statement and corporate strategy. According to the marketing management literature (see for instance: Aaker, 2004) this translation is a key element in any structured and planned marketing effort. Kotler's application for cities (1999) also highlights that a vision is elementary. In the case of city marketing it is also very relevant: city marketing is instrumental to the priorities of the government and the relevant stakeholders. In the case that this is unclear or absent, city marketing runs the risk of becoming an unguided missile or worse it might be competing with other city policies.

The abovementioned translation is strongly linked to the interpretation of city marketing at the level of the city's decision makers discussed in section 6.3. The view on city marketing could affect the translation considerably. It is likely that a restricted view on city marketing leads to a limited city marketing vision (for instance focusing on promotion or tourism). A broader interpretation could lead to a more comprehensive city marketing framework. We think that the *acknowledgement of the broad spectrum of city customers should be part of the city marketing framework*. In other words: residents, companies, visitors and investors are the city's generic customer groups. This acknowledgement is important for several reasons. We have established that there are relations among the relevant environments of customers: the living, business, visiting and investment environment of different customer groups are interconnected. In the vocabulary of chapter 5, this would imply that similar (partial) products and conditions are relevant for different customer groups. In addition, the inclusion of the broad spectrum of city customers immediately raises the question of the *potential synergies and conflicts among interests of customer groups*. We have argued in chapter 3, 6 and at the beginning of this chapter, that city marketing – like any policy initiative – is part of the balancing of social, economic and environmental processes and objectives. It is therefore crucial to be aware of the potential relations among customer groups and acknowledge that these can lead to synergies, but also to conflicts. We have stated that these synergies as well as the conflicts are inevitable and set the margins for city marketing policies. What do we mean with setting the

margins? It means that it could not be sustainable if marketing is vigorously applied to one group (for example visitors) neglecting the interest of other customer groups. It also implies that cities should safeguard a balance among different customer groups, although it is very difficult to establish what the optimal equilibrium should be. We do not claim that we have the formula for that balance, but we do think that it is an important consideration for city marketing. The translation of political priorities into a comprehensive city marketing framework supports city marketing management. For the convenience we use political priorities as an abbreviation for political priorities, programmes, and if applicable long-term vision.

## H1.2.1

The translation of political priorities into a comprehensive city marketing framework is a supportive factor for city marketing management

This translation of the city's political priorities and programmes into an overall long-term city marketing vision is one of the 'related' marketing activities that we discussed in chapter 6. The second supportive factor comes directly from our analysis in chapter 6 and concerns the allocation of marketing activities. We have used an important distinction developed by Workman, Homburg and Gruner (1998): the relatedness of marketing activities. The 'relatedness' can be used to allocate marketing activities across stakeholders and levels of coordination. In city marketing we see related marketing activities as activities relevant for more than one (generic) customer group.

A crucial factor in this research is the question: what do cities consider to be the city marketing activities relevant for more than one generic customer group and how are these activities coordinated? *The idea is that cities need to establish their city marketing activities that are relevant for more than one customer group and support these by an adequate coordination mechanism.* We assume that if these marketing activities have not been established or coordination of these marketing activities is lacking, or inadequate, city marketing management becomes increasingly difficult.

This is caused by the potential confusion that could arise about the coordination of marketing activities. It is particularly relevant for strategic city image management.

## H1.2.2

Identification of city marketing activities that are relevant for more than one generic customer group and supporting these by an adequate coordination mechanism is a supportive factor for city marketing management

These related city marketing activities are important, but for most of the other marketing activities the analysis of Achrol and Kotler (1999) is relevant: they have stated that most marketing activities should be designed, planned and implemented as close as possible to particular customer groups. For this reason, the next step (and third supportive factor) is to look at the coordination of multiple marketing tools at the level of supplier networks for specific customer groups. This includes the operational coordination of marketing tools for that particular customer group. For instance, in our view, it does make sense to establish a coordination mechanism for the customer group visitors. We have already stated that the development of specific marketing strategies for different groups does not jeopardise integrated city marketing management. In fact, we think that very strong centralisation of the marketing function is difficult, if not impossible because of the political and decision-making structures in cities. In addition, a tailor-made approach for a specific group of customers (for example the visitors mentioned above) requires knowledge and a good view of that group: marketing should be brought to the level close to the relevant customers. One can expect that for certain groups of customers, new units or entirely new organisations emerge in which the most important stakeholders participate, both public and private. The assumption is that *a decentralised approach with separate coordination mechanisms (for example specialized organisations for the different generic customer groups) does not jeopardise integrated city marketing management. On the contrary, it is necessary to make city marketing workable.*

### H1.2.3

City marketing activities for particular customer groups need to be supported by coordination mechanisms as close as possible to these customer groups as a supportive factor for city marketing management

A final supportive factor is the spatial dimension of the marketing activities – both the related marketing activities and the specialized activities for particular customer groups. This can be traced back to our analysis in chapter 4 and 5. It refers to the spatial scale (region, city, neighbourhood) with which these marketing activities are concerned. If customer preferences and associated products cross administrative borders, marketing activities have to be conducted in that setting as well. Marketing activities should be flexible in terms of their spatial dimension and should not be hampered by administrative borders.

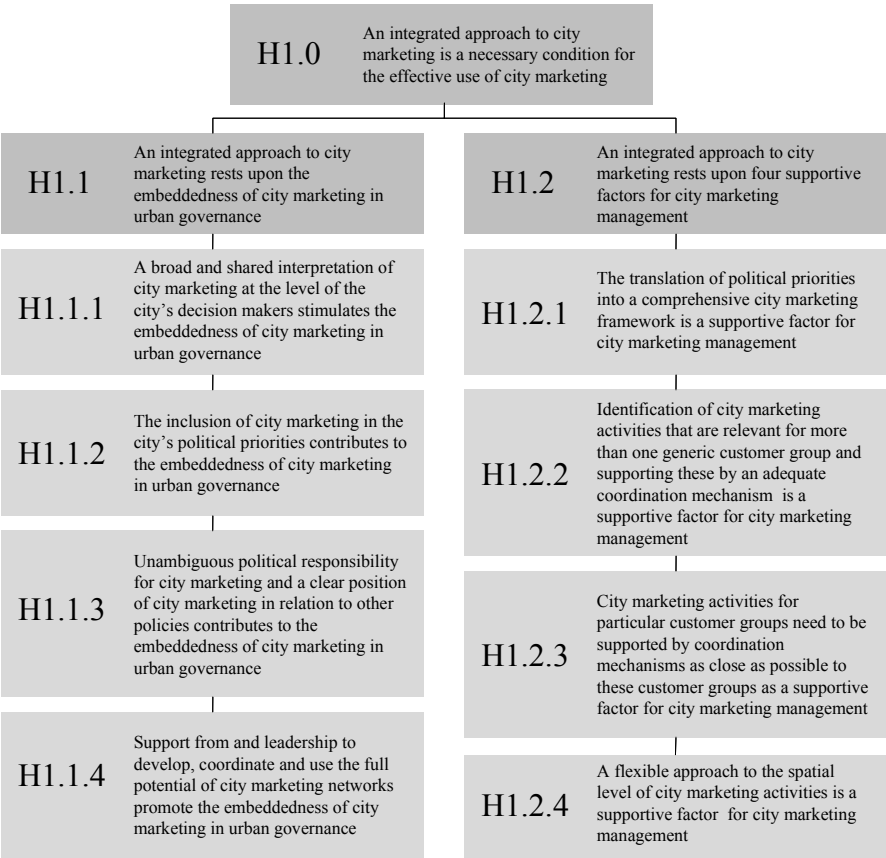
### H1.2.4

A flexible approach to the spatial level of city marketing activities is a supportive factor for city marketing management

## 7.5 *Research framework*

In the previous sections we have constructed our research framework for the empirical part of this thesis. The main hypothesis that an integrated approach to city marketing is a necessary condition for effective use of marketing concepts and instruments in the context of cities (hypothesis 1.0) has been reworked into two hypotheses. Hypothesis 1.1 states that an integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance and hypothesis 1.2 states that an integrated approach to city marketing rests upon on four supportive factors for city marketing management. We have developed an analytic framework for an integrated approach in which we have identified eight sub-factors that are relevant for these two hypotheses. Table 7.2 summarizes our research framework. It is our ambition to explore these eight factors empirically.

Table 7.2 An integrated approach to city marketing: the research hypotheses



## 7.6 *A case study approach*

Our empirical research objective is twofold:

- To contribute to the understanding of the effective use of city marketing;
- To test whether an integrated approach to city marketing is a necessary condition for the effective use of city marketing through the two derived hypotheses and the associated eight sub-hypotheses listed in table 7.2. Are these factors relevant, can we assess their importance for the effectuation of city marketing and do we find support for these hypotheses?

The most appropriate research method for our investigation is a case study approach. According to Yin (2003) there are three conditions that determine the research strategy: the type of research question posed; the extent to which the investigator has control of the behavioural events; the focus on contemporary or historical events. Yin (2003) argues that the case study approach is relevant when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events asked, over which the investigator has little or no control” (Yin 2003, p.9). In our empirical research there is no control whatsoever about the use of marketing by cities. The most important research question is a ‘how’ question and we see city marketing activities as contemporary events.

In our work the case studies can be considered as experiences to test the applicability and explanatory ability of the analytical framework. We select four case studies to increase the “robustness of the results” (in the words of Yin, 2003), compared to a single case study approach. The goal of the case studies is *analytical generalisation* as the cases are four different experiences and not a sample of four empirical observations. The comparative analysis of the four case studies is essentially explorative.

The research data comes from two sources. The first and most important source concerns stakeholder interviews on the use of city marketing in the selected cases. We have tried to identify a balanced and diverse set of stakeholders to be interviewed and the interviews were semi-structured. The second source concerns academic studies, reports, annual reports and other open sources of information.

## 7.7 *The selection of case studies*

We have selected four case studies for the comparative analysis: the cities of Basel, Birmingham, Göteborg and Rotterdam. The selection of the case studies includes two main criteria. The first criterion is that the selected cities should be in a similar category to reduce the impact of the context on the comparative research. This includes population size, position in the national urban hierarchy, and the role in the region. We have already touched upon the different typologies of cities in chapter 3. It is always difficult to put cities into categories but it does help us to select our cases. The typology of Van Winden (2005) includes world stars, national stars, metropolises in transition and a rest category in which niche players are an interesting group. It is not our central objective to compare the marketing policies of different types of cities. To be more precise: we do not want to include *world stars* (big cities such as London, and New York) or *national stars* (leading cities in their national context usually capital cities). At the other end, we do not want to involve small niche players such as the smaller tourist destinations (for example Venice). In these cities, tourism will dominate the city's marketing agenda. The most interesting category is the *metropolises in transition* in the classification of Van Winden, cities in transition in the classification of Pol (2002) and post-industrial cities in the case of Ward (1998). All these descriptions overlap. The most prominent examples are the second cities that engaged in heavy restructuring of dominant economic specializations in declining or automated industries. Usually, these cities actively stimulate the service sector and other knowledge-intensive economic activities to strengthen the local economy. Frequently, redevelopment projects, culture as a tool for urban regeneration and the MICE-sectors are priorities in the policies of these cities. Some of these cities are more successful than others, but that is not a main factor.

The second criterion has to do with the "track record" of these cities. The selected cases should have a city marketing policy that is (to some extent) documented. Also, it is helpful if these cities have featured in other studies or if they have launched initiatives to make better use of marketing concepts and tools.

We have also limited our choice geographically to the Scandinavian countries, the United Kingdom, The Netherlands, Belgium and the German speaking countries. The administrative structures and cultures in Southern European cities are quite

different. These two criteria and our geographical focus, rule out a great number of cities, but there are still more options than the four cases that we have selected. The final selection was based on local contacts, previous research experience and perceptions of the researcher.

### **7.8     *The structure of the empirical work***

The main objective of the empirical research is to explore the research framework and in particular the eight sub-factors derived from hypotheses 1.1 and 1.2. We will present our comparative analysis of the embeddedness of city marketing in urban governance in chapter 9 and the comparative analysis of the supportive factors for city marketing management in chapter 10. In these chapters we do not want to interrupt the analysis by lengthy explanations of facts and details of the four cities and the development of city marketing in particular. For that reason, the next chapter, chapter 8, contains four short profiles of the case study cities. More information about the organisations referred to in the profiles can be found in the Annex B.

## 8 Profiles of the selected cities<sup>21</sup>

### 8.1 *Basel*

Population-wise, Basel is the third largest city of Switzerland. Basel is internationally known as a city on the river Rhine and its pharmaceutical industry. By Swiss standards, Basel is densely populated, the 187,000 residents living on a relatively small piece of land (37 square km). Basel is special in that it lies directly on the borders with France and Germany. That is one reason (international private enterprise being another) why the population consists for almost 30% of foreigners of over 150 nationalities (Statistisches Amt des Kantons Basel-Stadt, 2006).

The administrative situation of Basel is different compared to most cities across Europe. Basel is the canton of Basel-Stadt: a ‘city -state’. In the Swiss federal structure, the cantons hold a prominent position; they have legislative powers and operate with relative autonomy, determining taxes and pursuing an independent policy regarding education, police, culture, economy and social services. The canton Basel-Stadt nearly coincides with the municipality of Basel. Only the two municipalities on the German border – Riehen and Bettingen – are also parts of the canton. The region of Basel is a different canton: Basel-Landschaft.

Basel-Stadt has a parliament (‘Grosse Rat’) of 130 members, which is also the legislative power. The members are chosen directly by the population. It is administered by an Executive Council (‘Regierungsrat’) consisting of seven representatives of the largest political parties in the parliament. Each member administers a department (Physical Planning, Finance, Health, Education, Safety, Economic and Social Affairs and Justice). The seven government members are all on an equal footing, choosing a (ceremonial) president from their midst every year. The Swiss are traditionally reticent towards too much concentration of power, a reticence that is reflected in the administrative system.

In the Swiss urban hierarchy, Basel can be characterised as a ‘second city’. The most important and largest city is Zurich, the country’s financial capital. Basel is in a group with Geneva, Lausanne, and the Swiss capital Bern. People who do not

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<sup>21</sup> See annex B for an overview of city marketing stakeholders for the four cities.

know Basel very well still see it as an industrial city. The problem is that people might associate the decline of many industrial cities in Europe and with the possible negative aspects of industry (pollution, noise, congestion) with the city. This picture is not really accurate for two reasons. For one, the industrial activities in Basel do not concern the declining industries that hampered cities elsewhere in Europe. The region's internationally known pharmaceutical industry and more recently biotechnology are growth sectors. The city is strong in life sciences. There are few cities in Europe that have the privilege of accommodating the headquarters of such multinationals as Novartis, Roche, Syngenta, Lonza Group and Ciba within their borders. For another, the industrial activities are different from the ones in the 1950s. R&D has become much more important and environmental standards have been improved. On account of these companies and of course the university, the city can be typified as a 'city of knowledge'. At any rate, the city boasts the highest percentage of academics in Europe.

The city's economy is doing well. The city-state provides some 155,000 jobs and unemployment is just under 4% per cent. Basel-Landschaft also has a low rate of unemployment and rates some 115,000 jobs. Basel-Stadt has fewer inhabitants than Basel-Landschaft, but the former is the employment motor of the region. That picture does not change if we take the entire economic region of Northwest Switzerland (546,700 inhabitants) into consideration (Regio Basiliensis, 2003).

To understand the development of city marketing in Basel, we need to start in the 1990s as the call for a more effective marketing of the city of Basel became louder (see also Horvath, 2004). Some activities of the government or other parties that were presented as city marketing were mostly just forms of city promotion. Studies carried out at the University of Basel were among the sources of new concepts of city marketing. Journalists of the *Basler Zeitung* took up the plea for an integrated approach to city marketing, and some politicians used city marketing as a trump card at election time. In 1999, the time seemed ripe for change, and the government of the canton of Basel-Stadt duly launched a new programme, entitled *Stadtmarketing für Basel* ('City marketing for Basel').

The government of the city-state had several motives to start a new city-marketing programme. The two principal ones were: (1) that the city government

wanted to consider more than before the needs and wants of what were arguably the most important target groups of the city, namely, residents, visitors and business companies; (2) that the city government wanted to communicate to better effect the strong points that make the city attractive, both in the city as elsewhere in Switzerland and abroad. Politicians acknowledged that the city had an image problem. Many people knew (and still know) the city as a traffic junction, a place of industry, but were unaware of the attractive inner city and the relatively green living environment and the high level of quality of life. In sum, there were good reasons to take up marketing more professionally on the basis of Basel's own strong points.

The outlines of the new programme transpired from a strategic document entitled 'Stadtmarketing für Basel: Die ersten Schritte' (City Marketing for Basel: The First Steps) (Kanton Basel-Stadt, 1999). This document of the government presents a relatively integrated approach to city marketing. It gives substance among other things to the concept and delimitation of city marketing in Basel and the relation of city-marketing policy to the existing policy. The document also identifies some stakeholders and presents Basel's main attraction factors. The document 'Stadtmarketing für Basel: Die ersten Schritte' has not yet evolved into a comprehensive city-marketing plan, but it comes close. It makes choices and indicates the ensuing positions of prominent customer groups and marketing objectives.

In the programme 'City Marketing for Basel', city marketing is seen as an integrated way of thinking and acting, oriented consistently to the needs and wants of the main target groups of the city (Kanton Basel-Stadt, 1999; Hess, 2000). By 'integrated' is understood that the city-marketing policy joins together separate policy areas, stakeholders and target groups. The more so as in this philosophy the residents, business companies and visitors are explicitly marked as the main target groups. The connecting ('integrating') character of city marketing also finds expression in the definition of 'city'. Despite the fact that the government has direct control only of the canton of Basel-Stadt, its vision of city marketing comprises the entire agglomeration. The canton of Basel-Stadt envisages for itself a pioneer role in the agglomeration. While concluding that city marketing serves a regional interest, the authorities of Basel-Stadt do not explain clearly how the region will be involved in the city-marketing policy.

For another, Basel-Stadt regards city marketing as a challenge for the 'entire city', which implies besides the public authorities, all public organisations, private enterprise and persons involved in the development, implementation, execution and evaluation of urban policy. In a general sense, the government expects the programme 'City marketing for Basel' to achieve at least three things. First, the programme should activate the communication (both inwards as outwards) concerning the city on the basis of its own strong points. Second, the government expects the concrete services to the customer to improve. Third, the programme should in the long-term help raise the quality of the city (in all respects).

The organisation that should play a key role in the city marketing initiative is Stadtmarketing Basel. Before the official launch of the new unit at the beginning of the new millennium, various alternative organisational examples were studied. Eventually, a model was chosen in which city marketing is directed by the public sector. It also aims to strike a balance between a loose bottom-up approach and a more hierarchical top-down approach. This has resulted in a relatively complicated form of organisation. Basel's city marketing is organised as follows: the final responsibility is in the hands of a special committee of the canton government: the Executive Council's Delegation for City Marketing. This special committee consists of the directors of the three principal municipal departments involved: Wirtschafts- und Sozialdepartement, Baudepartement and Erziehungsdepartement. A small unit within the first, the Department of Economic and Social Affairs performs the co-ordination and part of the fieldwork (Kanton Basel-Stadt, 1999). At the start, the city-marketing unit is called Economy and City Marketing, and the head of Economic Services is at the same time director of the city marketing department. Nowadays Stadtmarketing Basel is called Standort-Marketing Basel, a small section within the Department of Economic and Social Affairs ('Dienststelle') with 7 employees. It is responsible for (general) image campaigns, residential promotion and event services. It is relatively small within a large department responsible for the canton's economic and social policy.

This relatively small unit facilitates a co-ordination group, in which beside the director of Stadtmarketing, Basel Tourismus, WIBB, Museumdienste Basel (unit of ED), Pro Innenstadt, Basler Hotelierverein, Wirteverband Basel-Stadt participate.

There is also an interdepartmental network for the marketing of the city, with a representative and point of address from each department of the city government. Another very important concern for the politicians to come up with this structure is that Standort-Marketing Basel should not overlap with activities developed by the organisations.

## **8.2 *Birmingham***

Birmingham is the second city of the United Kingdom, and the largest of the West Midlands region. It is situated in the centre of England at a junction of railways and motorways, at some 180 kilometres from London. Birmingham began to grow at an accelerated pace by the end of the eighteenth century, when a network of canals had been constructed. It played a prominent part in the industrial revolution in Great Britain with the metal and weapon industry, and the manufacture of buttons and jewels as examples.

In the twentieth century, Birmingham was increasingly recognised in the United Kingdom as a pioneering city. In 1911, it was the first to present an architectural plan and as early as 1933 experiments were made with one-way traffic. After the Second World War, the city was among the first to invest in motorcar access by laying out wide roadways – with pedestrian tunnels – right across the inner city. At the beginning of the 1960s, the Bull Ring was opened, a state-of-the-art shopping centre, one of the first indoor shopping malls in Europe. In the course of the twentieth century, Birmingham developed into the centre of the British motorcar industry, with Rover, MG and Jaguar as well-known car brands.

Like so many other industrial cities, in the 1970s and 1980s, Birmingham faced the transition to a service economy. Employment in manufacturing industry came under the pressure of increasingly capital-intensive new production methods and the displacement of labour-intensive activities to low-wage countries. Between 1971 and 1987 the number of employment opportunities in manufacturing fell by 46 per cent (149,000 jobs), diminishing total employment by one quarter (Barber, 2001). The decline of the local economy came later than in other British cities, but was therefore all the more serious (Spencer and others, 1986; Cherry, 1994). Nor was the decline in industrial employment, as elsewhere, compensated at once by new jobs in the service

sector. Furthermore, the position of Birmingham in the rising service economy was weakened by its unattractive inner city with low-quality buildings in the midst of motorways. Birmingham became known as ‘motor city’ not only because motorcars were produced there, but also on account of its inner-city road infrastructure as the icon of a city to pass through (at great speed) instead of a city where you work, invest, or spend your leisure.

From the 1970s onward, the city’s policy was to diversify the economic structure and improve its national and international image. The ambition was to be less dependent on manufacturing industry and anticipate better on the transition to a service society. In terms of product development, Birmingham cleverly responded to the trend of shows and exhibitions by building the National Exhibition Centre (NEC) just outside the municipal boundaries, close to the airport. The NEC also accommodates a multifunctional indoor stadium – the NEC arena – with a capacity of 12,000 seats. Quite soon the NEC won a place among the top exhibition centres of Europe. Initially, the economic effects remained limited, however, owing to the peripheral situation of the complex. Many visitors to the NEC turned home without setting a foot in the city. On the other hand, the presence of the NEC was one motive for Birmingham to gain fame as an international meeting place.

Many recent developments in Birmingham can be traced back to a vision that took shape in the course of the 1980s. In 1987 the city government organised a symposium in Highbury Hall. During that symposium – more popularly known as the Highbury Initiative – local politicians and civil servants discussed with people from the private sector and science. The vision ensued from that discussion – recorded in a new City Centre Strategy – is mainly concerned with the revitalisation of the inner city as a catalyst of the regional economy. One objective of the inner-city strategy is to improve internal access for pedestrians by sinking the motorways (whether or not underground) and replacing unattractive pedestrian tunnels with pleasant footbridges. The ultimate goal is to create a walking route crossing the inner city from east to west. The strategy also provides for the development of ‘distinctive quarters’ around the old city core, as well as guarding design quality by issuing clear guidelines for the quality

of building (Middleton, Loftman and Schaechter, undated<sup>22</sup>). Since 1987, the vision and strategy have twice been updated at repeat meetings in Highbury Hall. The meetings serve not only to bring knowledge and expertise together, but also to boost feelings of solidarity and strengthen support for the policy.

The desire to diversify the economy and the wish to revitalise the inner city led to the development of the International Conference Centre (ICC) in the western part of the city centre, as a catalyst for the revitalisation of the city centre. The ICC was looked upon as an addition to the NEC. Birmingham hoped to profit from its central location in the UK and the expertise already present in the sector of business tourism (see also Barber, 2001). By developing the congress centre, the City council hoped to enhance the image of the city both at home and abroad (Smyth, 1994).

The complex is the flagship of a pleasant area accommodating many urban provisions with a distinct accent on meeting-place functions. The ICC is connected by a skywalk to a four-star hotel (Hyatt), built on a plot of land made available by the city council, which was all for a high-quality hotel near the congress centre. On the other side, a bridge across one of the many canals takes you to Brindley Place<sup>23</sup>, a highly varied area with offices (over 100,000 square metres<sup>24</sup>), shops, apartments and cultural provisions (among which a theatre, an art gallery and the National Sea Life Centre). Restaurants, bars and shops are mostly concentrated at The Water's Edge, an attractive location on the canal bank. Together with the restaurants and bars along Broadstreet (one of the main access roads to the inner city), these provisions provide Birmingham's principal entertainment cluster. At walking distance from the ICC stands the National Indoor Arena (NIA), also opened in 1991.

The investment in the ICC (and adjoining facilities) not only symbolised the renewal of the city centre, but also proved to be a catalyst for further improvements in the remaining 1990s (see Barber, 2001). For one thing, the number of international visitors grew from 2.4 million in 1990 to 3.5 million in 1998<sup>25</sup>. For another, the hotel accommodation increased considerably. Barber (2001) showed that the number of hotel rooms grew in the 1991-2001 period by nearly 3000, concentrating distinctly in

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<sup>22</sup> <http://www.ifresi.univ.lille.fr/PagesHTML/URSPIC/Raphtml/birming/Birmingh.htm>

<sup>23</sup> The development of Brindley Place (costs: 350 million pounds) started in 1993 and finished in 2003.

<sup>24</sup> 1.1 million square feet.

the area around the ICC (the Convention Quarter). Three quarters of the visitors had a business motive, a high rate compared to the 65 per cent on the national level (BEIC, 2000). A disadvantage of the strong accent on business visitors is the widely varying occupation, with peaks during events and generally on workdays, and lows at weekends.

Generally speaking, the city centre is visibly becoming more appealing as a location for offices, shops, hotels, restaurants, bars, cultural provisions and apartments. For example, two local developers have invested in the redevelopment of the striking Royal Mail Sorting Office, or Mailbox for short. One of the most dramatic renovations in Birmingham has been the development of the central shopping precinct, with a new Bull Ring, Martineau Galleries and Martineau Place as spearheads. Prominent features are the easy access and the integration with the environment, as well as the high quality and striking architecture. The project includes the renovation of the Rotunda tower, which for a long time has been the city's landmark building.

Evidently, then, in the past few decades Birmingham has changed in many respects. Successive city governments have invested with priority in facilities that enhance the city's competitive power, focusing mostly on the city centre. Along with the large-scale physical and economic renewal, the authorities have also given priority to the marketing of Birmingham. In the early 1980s (1982), Birmingham affirmed its pioneer's role by being the first British city to call to life a so-called 'destination marketing organisation' (DMO) by the name of Birmingham Convention and Visitor Bureau. The way in which this bureau operated, was more or less comparable with the strategies of American congress bureaus. The autonomous organisation was positioned at some distance ('arm's length') of its public and private founders and financiers. In 1993, the marketing of Birmingham entered a new stage: the Birmingham Convention and Visitor Bureau was redeveloped into a new organisation, the Birmingham Marketing Partnership. The Partnership's mission reflected that of the Birmingham Convention and Visitor Bureau, complemented by 'promoting Birmingham'.

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<sup>25</sup> Source: Office of National Statistics, International Passenger Survey.

For the Birmingham Marketing Partnership, 1998 was the most successful year since the foundation. Three great events, including the G8-summit, offered the organisation plenty of opportunities to draw the attention of the national and international media to Birmingham. The subsequent years were much harder for the Partnership. Several problems curtailed the organisation's decisive power. In 2001, critics were increasingly of the opinion that the above-mentioned financial problems, the re-active rather than pro-active attitude, the vague mission and the intensifying competition among cities, were crying out for a new approach. There was no reason to blame it all on the Birmingham Marketing Partnership; the fact was that the Partnership had fallen behind the times.

By the end of 2001, the Birmingham Marketing Partnership was subjected to a close scrutiny. From an external audit, a new and different organisation appeared necessary for a more pro-active, result-oriented approach to city marketing. Officially, the new public-private partnership *Marketing Birmingham* became a fact in April 2002. Marketing Birmingham was to give the public-private city-marketing partnership a new dynamics, without throwing away the experience gained by the Birmingham Marketing Partnership. Marketing Birmingham, like the Partnership, is not part of the municipal apparatus, but an independent agency at arm's length from the City government<sup>26</sup>, a construction that according to those involved is an absolute condition for a successful undertaking.

How does Marketing Birmingham differ from the Birmingham Marketing Partnership? An important difference and perhaps the most fundamental change is the governance of the city-marketing agency. In the Partnership, the members of the congress bureau from the tourist sector were dominant. Marketing Birmingham has a board of 15 non-executive directors. The Board ensures the co-ordinated undertaking of city marketing and directs the activities of the city-marketing organisation. The Board also authorises the plans suggested and important decisions taken by Marketing Birmingham. Right from the beginning it has been evident that the Board is more than a supervisor; it is actively involved in the activities of the organisation. The Board can be typified as a strategic city-marketing network supporting the executive board. The

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<sup>26</sup> Marketing Birmingham does not have the same opportunities as an ordinary business company. The legal form chosen has some limitations that are often applied to public-private partnerships.

executive board consists of the chief executive and the three other directors (Marketing Birmingham, 2003). Another major difference is Marketing Birmingham's vision: "For Birmingham to become the leading global event city, a knowledge capital and an international destination of choice" (Marketing Birmingham, 2002). The mission of MB itself is to be the most successful Destination Marketing Agency in Europe.

A complicating factor is that at the time of the Birmingham Marketing Partnership, the City Council, being dissatisfied with the Partnership's negligence of leisure tourism, created a separate tourist department within the municipal organisation. In the end, the city government agreed to lodge the relevant officers with Marketing Birmingham, but the ties between the responsible alderman and that group of officers are by no means cut.

City marketing addresses several customer groups, such as visitors, residents, companies and (institutional) investors. Marketing Birmingham serves only a portion of these customers, and it is therefore hardly a surprise that several other organisations are engaged in city marketing, such as Advantage West Midlands (region), Locate in Birmingham, the NEC Group (MICE), and Birmingham Forward.

There are two main challenges that direct the marketing of Birmingham. The first is to safeguard and strengthen the position of Birmingham as a meeting place. We have already mentioned in the introduction that Birmingham positions itself as a meeting place since the National Exhibition Centre (NEC) opened its doors. Birmingham has expanded its supply of congress and exhibition facilities and worked hard on the secondary product as well (hotels, more attractive inner-city). The vision of Birmingham as a meeting place has had wide and sound support through the years. There can be no doubt that this is one of the city's strategic choices no matter what the political colour of the cabinet.

The second challenge has to do with the city's image by various audiences. The former leader of the Birmingham council spoke about "bridging the perception gap". An outstanding challenge to all stakeholders in city marketing and for Marketing Birmingham in particular is to close the perception gap. Many outsiders retain an outdated or very limited picture of Birmingham. They associate the city with manufacturing industry or obsolete infrastructure, with pedestrians delegated to

tunnels and cars racing through the inner city. That outdated image no longer reflects the reality of modern Birmingham. No longer is the economy dominated by industrial activity; indeed, nearly four fifths of employment is related to the service sector. Moreover, the level of services, especially in the inner city, has drastically improved since the late 1980s. Friends and foes are agreed that thanks to the investments made, the inner city has become far more attractive.

Birmingham's main problem is that the metamorphosis is far too little known among outsiders, a problem it shares with other former industrial cities. To substitute a new, up-to-date image for the obsolete one is far from easy, as Birmingham Marketing Partnership experienced to its undoing. Marketing Birmingham is the pivot of a new, more integrated image management.

### **8.3    *Göteborg***

Göteborg (known as Gothenburg in English) is the second largest city of Sweden after Stockholm, with approximately 490,000 inhabitants (Göteborgs Stad, 2006). The population of the region (by the definition of Business Region Göteborg) counts over 879,000 (Business Region Göteborg, 2005). The city is situated on the mouth of the river Göta Älv in the south-west of Sweden. Thanks among other things to its strategic situation on the Kattegat – the only access way to the Baltic – the city possesses one of the most important ports of Scandinavia.

Halfway the nineteenth century Sweden was confronted with the industrial revolution. The development of the city in that period was tightly bound up with the names of a few rich industrialists, among whom Chalmers, Sahlgren, Dickson, Renström and Keiller. In the same period, the port was considerably enlarged, putting Göteborg on the map as an important junction of transatlantic shipping. In a hundred years' time, the population grew tenfold from 20,000 in 1820 to 200,000 in 1920. The city's build environment changed a lot during the nineteenth century. Many defensive fortifications were demolished and many of the canals drained. Prominent buildings dating from that era are the Exchange, the Central Station, the Stora (Grand) Theatre, the Feskekörka fish market, and the covered Saluhallenmarkt .

In the first half of the twentieth century, the city developed steadily into an industrial centre of prominence in Scandinavia. Two internationally known companies

were founded in that period, namely, ball-bearing manufacturer SKF in 1907, and automobile producer Volvo in 1926. Another well-known company born in Göteborg is camera maker Hasselblad, whose history goes back to halfway the nineteenth century. Göteborg also manifested itself increasingly as a meeting place and trade centre. In 1917, the city was enriched with a congress centre, a joint initiative of the municipality, the Chamber of Commerce and some large companies. The congress centre is situated at walking distance (about 20 minutes) from the inner city. In 1923, a great exhibition hall was opened on the occasion of the city's 300<sup>th</sup> anniversary. A few years later the decision was made to replace the hall with a new complex, now known as Svenska Mässan, the Swedish Exhibition and Congress Centre.

Another important development in this period is the Liseberg amusement park, which opened its doors to the public in that same year 1923. Its location is exceptionally fortunate: quite near to the congress centre and at a reasonable distance from the old city centre. Liseberg is a public-owned enterprise whose shares are all owned by the municipality. In principle, the attraction park is financially independent in the sense that the revenues are high enough to cover costs and investments.

During the Second World War, the local economy was boosted enormously, in particular the shipyards and the ball-bearing industry. Göteborg belonged to the absolute top in the shipbuilding trade. The growth of the shipbuilding industry stimulated the rise of related activities, such as banks and insurance companies. Halfway the twentieth century, the city even had a severe lack of labour and housing. In the 1950s, Svenska Mässan (the congress and exhibition centre) and Liseberg were joined by a new urban facility, the Ullevi stadium, erected on the occasion of the 1958 World Football Championships, which were staged in Sweden. Together, the three facilities constituted the basis of the entertainment and meeting district, where today we find, next to those three, Valhalla and the Universeum.

As in many other European industrial cities, the 1960s and 1970s were years of fundamental changes of the local economy. Göteborg was confronted with the transition to a service economy and the increasing competition of (Asian) low-wage countries. Shipbuilding in particular suffered from the sharp competition of Japanese colleagues, who were able to produce a lot cheaper. After 1974, nearly all shipyards in the city went bankrupt, leaving a sad legacy of abandoned and dilapidated buildings

and waste grounds. The economic depression reinforced the call for diversification of the local economy. The 1980s did not bring much prosperity either. Volvo landed in dire straits, with in its wake several companies from other sectors, among which real estate and banks. Under pressure of globalising tendencies, many regional banks were taken over by competitors originating from Stockholm.

In the early 1990s, Sweden found itself in a severe recession, which hit Göteborg as well. The city made every effort to attract new activity, and succeeded in putting itself forward as a city of knowledge and IT. Moreover, an increasing number of visitors found their way to the city, not only tourists, but also business visitors. Göteborg was a fast riser on several rankings of congress cities in Europe. In the sector of events as well, business prospered, with the World Athletics Championships in 1995 and the European Union Summit in 2001 as peaks.

Many people look upon 1995 as a turning point in the recent history of Göteborg, for in that year, the city was the proud host of the World Athletics Championships, the greatest event ever celebrated in Sweden. For its sake the Ullevi stadium was fully renovated and extended by extra seats (present capacity: 43,000). Furthermore, the arena city concept was developed, implying the staging of activities not only in but also (far) outside the stadium. The arena city concept helped to get broad social support for this type of events. With contributions from the municipality in the shape of entertainment, concerts, displays and decorations, the so-called Göteborgkalaset (city festival) was organised. In that way, the World Championships grew out to 'more than a sports event', namely, a city festival for the whole population, young and old. The festival survived after the Championships and developed into an annual two-week free event for all residents. Every year since 1995 the event has drawn about a million visitors.

The establishment of the city's first marketing agency dates back to the end of the 1980s. The government had decided to call into being a separate agency to stimulate tourism. Initially, it was mostly the municipality that invested in the new agency, but quite soon, especially after some visible successes had been achieved, business companies could be incited to join in. The local economy could well do with an extra stimulus, for the entire country had since the early 1990s been combating a severe recession. The new agency was placed deliberately at some distance from the

municipality. The underlying philosophy was that tourism cannot be separated from other sectors and that active involvement of private enterprise is indispensable. By placing the agency at some distance from politics, the confidence of the private sector could be gained. The actions address in particular representatives of the tourist sector, such as the hotel and catering industry and attractions (among which the public-owned company Liseberg).

In the 1990s, the work area of Göteborg & Co was expanded step-by-step. In 1991, it incorporated the convention bureau (founded back in 1947) to give Göteborg a better profile as a congress city. While until 1995, only one person within the agency had been responsible for statistical research, the visible economic effects of the World Championships motivated Göteborg & Co to set up a Research & Development Division. In 2002, the division was separated from Göteborg & Co to go on as an independent undertaking by the name of Turismens Utredningsinstitut (TUI), that is, the Swedish Research Institute of Tourism<sup>27</sup>. Göteborg was thus once again equipped with a national research centre for tourism to replace the one that had been dismantled a short time before. The new institution moreover gives access to national and international knowledge networks for tourism.

Göteborg & Co concentrates on four market segments: business tourism, leisure tourism, events, and the trade and industry group. The operational unit of the segment 'business tourism' is the Göteborg Convention Bureau. Each business unit has its own steering committee under a 'Head'. Among the members of the steering committee of the Göteborg Convention Bureau are representatives of universities (with a view to scientific congresses), the Swedish Exhibition & Congress Centre, airline company SAS, and three interest associations for the hotel and catering branch. The steering committee for leisure tourism consists of, among others, representatives of Got Event (public-financed event organiser), Liseberg, Stena Line, two of the three interest associations for the hotel and catering branch, and the Head of Visitor Services (one of the support units, see below). In the steering committee for events we encounter persons who speak on behalf of the Swedish Exhibition & Congress Centre, Liseberg, Got Event (and the Ullevi Stadium), the Opera, the concert hall, the city

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<sup>27</sup> website [www.turismensutredningsinstitut.com](http://www.turismensutredningsinstitut.com).

theatre, the organisers of the international book fair, two hotel interest groups, and the Trade & Industry Group of Göteborg & Co. The steering committee of Trade & Industry consists of, among others, representatives of Business Region Göteborg, the Universities, the Göteborg Region Association of Local authorities, the port of Göteborg, the Swedish Exhibition & Congress Centre, and several companies among which such well-known names as Ericsson, Saab, SAS, SKF, Skandia, Stena Line, and Volvo (Göteborg & Co, 2002).

Göteborg & Co has three supporting units, namely, a media centre, visitor services, and finance & administration, which work actively together with other agencies. The media department, for instance, maintains good contacts with several institutions, well-known personalities and key persons from the cultural world and private enterprise.

The activities of Göteborg & Co come under the responsibility of the board and the managing director. Göteborg & Co is in essence a platform for collaboration on several levels. This agency is generally looked upon as the central force in the city's marketing network. Stakeholders participate on three levels: strategically on the board, operationally in the business unit, and on the level of projects. The board consists of representatives of the municipality<sup>28</sup>, Business Region Göteborg, Got Event, Liseberg, the Association of Local Authorities in the Göteborg Region, the Swedish Exhibition & Congress Centre, the West Sweden Chamber of Commerce and Industry, Stena Line and the local hotel and catering branch, and a few others. The chairman of the board of Göteborg & Co also chairs the executive board of the municipality, and sits on the board of several other agencies (notably business companies in which the City has shares). The board guards the integral and holistic approach, plotting out the main lines without imposing too inflexible limits. That holistic approach is thought necessary by all concerned to guard coherence in the city-marketing policy. The business units translate the outlines into concrete activities and are answerable to the general board. The business units are quite autonomous in their actions. Participation on that level occurs through the steering committees mentioned before. The third level of involvement is that of projects. Project groups, too, enjoy a

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<sup>28</sup> Beside the chairman, there are two members representing the city.

fair degree of autonomy, which presumably stimulates involvement. In several areas, the business units have found a form of collaboration. Thus, the Trade & Industry Group is represented with two persons in the steering committee of the events unit. The object of such collaboration is to intensify and co-ordinate the efforts to acquire events.

Göteborg & Co's ambition is to offer interesting products around the year. A good example of a seasonal product is 'Liseberg at Christmas'. Other recently developed products are the Universeum, the Museum of World Culture, and Casino Cosmopol. With the help of market research, Göteborg & Co has divided the tourist market by origin, composition of the household, and interests. It is also possible to assess in which season certain target groups visit the city, and in what attractions they are interested, so that the development of target-group and season-specific products can be adjusted accordingly. Examples of (national) target groups: are families with children (during school holidays; attractions: Liseberg, coast, shopping, cafés, restaurants, culture, parks), young people (in their twenties and thirties), and elderly people (fifty-odd) (in spring and autumn; attractions: theatres, shows, concerts, exhibitions, shopping, restaurants). International target markets have been selected largely by proximity, namely, Norway (Oslo region; mostly shoppers), Denmark, Germany and the United Kingdom.

#### **8.4 *Rotterdam***

Rotterdam is the second largest city of the Netherlands, after Amsterdam. It is situated in the western part of the country and it first and foremost known because of its port. Apart from the port, it is also known for its modern architecture and nightlife (Centrum voor Onderzoek en Statistiek, 2006). The city of Rotterdam counts some 600,000 inhabitants and the Rotterdam region (Rijnmond) just over 1.1 million inhabitants (Centrum voor Onderzoek en Statistiek, 2007).

The contemporary history of Rotterdam is closely bound up with the development of the port. The realisation of a new canal to the sea (Nieuwe Waterweg) in 1872 marked a new era for the city. Both city and port experienced a staggering growth. The port was expanded with the construction of many new and larger port areas and the city became a magnet for people from the countryside looking for a job.

The city saw its population increase from 210,000 to 515,000 between 1890 and 1920. The bombardment in the Second World War, destroying the entire city centre and parts of the port, brought the city's growth to a standstill. The bombardment is a turning point in the development of Rotterdam.

The Second World War was followed by a period in which reconstruction of the port and the city was the highest priority. It might seem strange but the devastation of the city's port was treated as an opportunity to modernize the port infrastructure. The development of new port areas such as the Botlek (1955-1966), Europoort (1957-1970) and the first Maasvlakte (1967-now) helped Rotterdam to become the largest port of the world. The turbulent growth of the port also caused a separation of the port and the city. The harbours 'moved away' from the city in the direction of the North Sea, partly because of lack of space to expand port activities in the city.

The reconstruction and expansion of the port was (again) the driving force behind the growth of the city in the first decades after the Second World War. The strong growth culminated in a (record) population of 732,000 in 1965. Industrial employment also peaked in that year with 116,000 jobs. From the 1970s onward, the rising prosperity and in its wake the greater mobility, changing residential preference and decreasing average dwelling occupancy resulted in a net population loss of 160,000 between 1965 and 1985. After the peak in industrial employment in 1965, industrial development stagnated. Between 1970 and 1985, Rotterdam lost 70,000 jobs mostly in shipbuilding and ship repair and other traditional industries and services. The growth of the service sector could not compensate for those job losses and unemployment rose to almost one fifth of the labour force. It was clear that the city suffered heavily under the economic recession of the early 1980s.

From the mid-1980s onward, the Rotterdam economy benefited from the international economic recovery and the city experienced a modest population growth. Rotterdam's economy has changed considerably in the 1980s and 1990s: services now determine the city's employment structure. Of course, the port and the petrochemical complex are still important for the Rotterdam economy. However, in contrast to the old days, the port is no longer the automatic 'job generator' for lower-educated workers. The port business has also changed drastically. Containers, computer-controlled vehicles and high-precision cranes set the scene in the port of today.

Furthermore, the economic benefits of the expansion of the port accrue mainly to inland regions, where transport and distribution activities increasingly locate (Van Klink, 1996). Besides the port and petrochemical complex, business services, finance, leisure and retail are also important economic functions. Rotterdam is still important for the Dutch economy, but its position changed in comparison with the one in the 1950s and 1960s. In that era the performance of the Rotterdam economy was above the national average and its economic future looked bright. Today, the city's economic performance is less impressive. The growth rate is similar to, or below the national average. The city's economy is also more vulnerable and many of today's growth sectors (for instance biotechnology) are not rooted in the Rotterdam region, or the region does not benefit fully from the growth in business services<sup>29</sup>. Also Rotterdam needs to cope with typical 'big city' problems, as considerable groups in the city (concentrated in a limited number of neighbourhoods) do not benefit from the recent economic growth.

It is not just the economy that makes Rotterdam different from other cities. It is considered to be a modern city or an 'American' city. Many European cities that were bombarded in the Second World War decided to rebuild the bombed areas just as they had been before the war. Rotterdam was one of those cities that decided not to rebuild the historic city centre but to make a new start with a new 'modern' city centre. The high-rise buildings, the contemporary architecture, the skyline along the river Maas, the centre's relatively good accessibility by motorcar are the legacy of the reconstruction era.

One of the main drivers for Rotterdam's city marketing efforts is the city's image with different audiences. The basic idea is that Rotterdam has changed considerably in the last decades but that these changes are insufficiently reflected in the perception of key audiences. We have described some of these changes above. Rotterdam has to *bridge a perception gap*.

The basis of Rotterdam's image problems can be found in the reconstruction area after the Second World War in which Rotterdam had to rebuild its port and the city centre. As we discussed before, rebuilding the port and the city centre were a

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<sup>29</sup> The northern ring of the Randstad (with Amsterdam and Utrecht) experienced more growth in business services.

major challenge for the city. Rotterdam did much more than just rebuilding the port: it redeveloped and expanded the port area and invested in ‘state of the art’ port facilities making it the largest port of the world<sup>30</sup>. The competitive position and the reputation of Rotterdam’s port in the logistical world are very strong. However, the strong association with its port is not always favourable for the city’s image as a place to live or as a tourist destination. For some people the port has an unfavourable association with industry, noise, blue-collar workers, congestion and pollution.

The city’s political leadership also decided to build a new modern city centre instead of meticulously rebuilding the old city centre. Where most people would agree that the redevelopment of the port is an unambiguous success, the redevelopment of the city centre has raised more questions. The bombardment and the choice to build a new modern city centre made Rotterdam an atypical Dutch city. Some people find that Rotterdam is a cold, unwelcoming city because of the physical environment and the high-rise buildings. Van Ulzen (2007) claims that Rotterdam’s modernity and its image as a metropolis has developed into something positive at the turn of the millennium. Rotterdam does not have the same appeal as the historical city centres of Amsterdam and Utrecht. It is still seen as a typical working class city and it is regularly associated with the relatively large concentrations of ethnic minorities.

Rotterdam is also the city of regeneration, dynamism, constant change, architecture, nightlife and much more. Someone who has visited the city 25 years ago and comes back today would not recognise the city. In the last decades, Rotterdam has invested a lot in sports, culture, the supply of high-quality urban amenities and the appeal of the city centre, with many small and large (re)development projects, with the *Kop van Zuid* and Erasmus Bridge as its flagship. It is the Dutch capital of modern architecture and boasts the highest concentration of architecture firms in the Netherlands. The city has gained a reputation for its strategic investment in its event calendar since the early 1980s. These events draw crowds from all over the country. It is also seen as a place with room for initiative compared to Amsterdam. Rotterdam has a lot of things going for them but it doesn’t come natural. We would argue that Rotterdam is still rebuilding the city from the devastations of the Second World War.

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<sup>30</sup> In 2003, Shanghai has taken over the number one position of the Rotterdam port.

It is one thing to build a new centre, but it is another to rebuild the city's pre-war vibrancy. Rotterdam has been successful over the years but those changes take time, particularly for a typical post-industrial city. According to many stakeholders therefore the perception gap is real and Rotterdam needs to work hard to bridge the gap.

City marketing has been on the Rotterdam agenda since the mid 1980s. Already at that time, several stakeholders claimed to be responsible for or to contribute to the city marketing of Rotterdam. In practice, most of the activities of those stakeholders came under the heading of place promotion. At the same time, others would be engaged in activities that had a strong marketing component to it (such as the Kop van Zuid project, combining strategic product development and image management) but were not seen as part of the city's marketing policy. Generally speaking, the city marketing practice was at best fragmented. It did not help that the city's political leadership also subscribed to this view where city marketing is a synonym for city promotion. Furthermore, in those days, there was also political and administrative opposition to the use of marketing for the benefit of the port city.

In the course of 1990s more and more stakeholders were dissatisfied with the management and activities of the city's traditional tourist office (VVV Rotterdam). This uneasiness with the performance of the VVV marked a change in the governance of Rotterdam's marketing. Rotterdam Marketing (RM) has replaced the traditional tourist promotion agency (VVV). Rotterdam Marketing is much more pro-active in comparison with its predecessor and has more responsibilities. Rotterdam Marketing is an independent foundation operating at arms length of the city administration. The link with the administration is very strong though: most of the funding of Rotterdam Marketing comes from the Rotterdam Development Corporation (OBR) and the alderman of Economic Affairs is politically responsible for its activities. Rotterdam Marketing has developed into a typical destination marketing organisation (DMO). It encourages leisure and business visitors to come to the city of Rotterdam. It promotes the city among these audiences and it develops (in cooperation with partners) new packages for visitors and strives to strengthen the city's image with leisure and business tourists (Rotterdam Marketing, 2006). Some stakeholders' expectations concerning Rotterdam Marketing were different, though; in their view the new agency

was going to do the marketing of Rotterdam in the broadest meaning of the word. These expectations did not come out of the blue but were instigated by statements of leading politicians at the time.

The establishment of Rotterdam Marketing had little effect on the fragmentation in city marketing. The Rotterdam Development Corporation (the city economic development agency and manager of city owned land and real estate<sup>31</sup>) has played an active role in city marketing. It is not just concerned with inward investment, retaining and attracting business, but the city's latest branding campaign Rotterdam Durft (Daring Rotterdam) originated from this organisation. There are many more organisations that claim to contribute to the marketing of Rotterdam.

In the course of 2005, the fragmentation in the city's marketing efforts also became an issue in the Economic Development Board of Rotterdam (an advisory board made up of business men and civic leaders). The EDBR advised the city government to appoint a chief marketing officer to coordinate the city's marketing activities. As of January first 2006, Rotterdam has a Chief Marketing Office. This new office is composed of a small team of marketing officials headed by the first ever Chief Marketing Officer in the Netherlands.

The mission of the Chief Marketing Office is "to initiate, support and safeguard all activities that position Rotterdam as an international, intelligent and advanced city in which it is interesting and pleasant to live, work, relax and study". (Chief Marketing Office 2006, p.1). The Chief Marketing Office is primarily responsible for the city's brand management. Main objectives are strengthening the Rotterdam brand and raising the city's international profile. Ultimately, this should result in attracting and retaining more inhabitants, companies, students and visitors. To that end the Chief Marketing Office has developed a brand strategy, building on a brand identity established in 2002: "Rotterdam is a young, international city on the water down-to-earth and decisive mindset." (Chief Marketing Office 2006, p.13). Rotterdam's brand values are ambition, change and commitment (Chief Marketing Office, 2007). These brand values have been the base for the Rotterdam Durft campaign.

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<sup>31</sup> This concerns land and property in the city; land and property in the port area is the responsibility of the Port of Rotterdam Authority.

The idea is that the Chief Marketing Office should be a catalyst for cooperation across the city and it should safeguard and promote six key principles for all marketing activities for the city: putting the customer central, intensifying the cooperation with the Rotterdam business community, strengthening (inter)national brand recognition, conscious communication of the city's opportunities and strengths, reinforcement of the city's cultural identity. All city marketing stakeholders with more than 25% government funding should subscribe to these principles. Note that it are the CMO's arguments that have to be compelling, because the office does not have real power to make these key principles compulsory for reluctant city marketing stakeholders.

In short, the city expects that the Chief Marketing Officer oversees and coordinates the marketing activities of city marketing stakeholders in Rotterdam. In particular, the CMO should develop, monitor, and promote the Rotterdam brand. The appointment of the CMO is another step in the development of Rotterdam's city marketing. The CMO is paid by the city administration but is not a civil officer. The start-up conditions are not ideal for the CMO as its staff is relatively small and its financial resources are limited. The CMO does not have formal powers to control the activities of other city marketing stakeholders. Interestingly, the CMO reports to a board with members from the city government (including a very supportive mayor) and Rotterdam based business leaders. This high-profile board gives the CMO office some backup.

## 9 Embeddedness of City Marketing in Urban Governance

### 9.1 Introduction

In this chapter we present our comparative analysis of the embeddedness of city marketing in urban governance in the four case cities. Remember that the case studies are instrumental to test the applicability and explanatory ability of our analytical framework and the four sub-hypotheses that we have identified in particular. The chapter follows the structure of the four sub-hypotheses for the embeddedness of city marketing in urban governance. We will begin with a review of the experiences in the four cities for each sub-hypothesis that we derived from hypothesis 1.1. Each section concludes with a general analysis comparing the experiences in the four cities. Section 9.6 concludes the analysis. If necessary, we refer the reader to the previous chapter 8 for more background information.

### 9.2 *A broad and shared interpretation of city marketing at the level of the city's decision makers (H1.1.1)*

The first factor that could stimulate the embeddedness of city marketing in urban governance concerns the interpretation of city marketing at the level of the city's decision makers. What can we learn from the four cities with regard to a broad and shared interpretation of city marketing?

**Birmingham** is considered to be one of the pioneering cities in the field of city marketing (see Braun, Otgaar and Van den Berg, 2003). Nevertheless, we cannot say that the majority view in Birmingham is that city marketing is about putting the needs and wants of its customers central, regardless of the specific customer groups or traditional policy areas. What is the majority view on city marketing in the case of Birmingham? In the first place, an important part of city marketing is destination marketing, especially concerning the MICE-business and Birmingham as a shopping destination. In the second place, city marketing is associated with improvement of the city's image, or in the words of a Birmingham politician: 'bridging the perception gap'. The city has changed dramatically over the last decades, but the positive changes have not trickled down fully to the perceptions of potential customers and other key stakeholders. In sum, the majority view on the level of the city's decision

makers is that city marketing includes destination marketing and image management. To a lesser extent, attracting companies and other investors are also linked with city marketing, but many see this as separate and part of the city's economic policy. The combination of residents and city marketing does not really exist in the heads of the decision makers. The exception is the role of proud residents as good city ambassadors.

**Rotterdam** is considered to be among the most active cities in The Netherlands with regard to city marketing. At the level of the city's decision makers in Rotterdam, city marketing is associated with tourism, events, promotion, communication, and branding. City marketing is not seen as a philosophy that is relevant for all city users and for the city's policy making in general. Over the years, the interpretation has become somewhat broader as the predominant city marketing view was more restricted in the 1980s. The link between city marketing and events became more explicit in the 1990s (under the influence of Rotterdam Topsport and Rotterdam Festivals). The theme city branding is the newest kid on the block. For some it has even become synonymous for city marketing. This is not very different from other cities that are active with regard to city marketing. There are some interesting changes as the city's leadership has put higher priority on a customer-friendly approach to residents. Another interesting phenomenon is the ambition to attract (or retain) middle class groups to the city, but we argue that it is too early to say that the majority of decision makers see this as part of city marketing.

In **Göteborg**, city marketing is associated with tourism, (sporting) events, image improvement, communication, and to some extent inward investment. In many ways city marketing has been synonymous for destination marketing but the support for a broader approach is on the wax. A growing number of stakeholders acknowledge that city marketing goes beyond the activities of the destination-marketing organisation Göteborg &Co. For example, the activities of the regional inward investment agency Business Region Göteborg are also considered to be part of the city's marketing policies.

At first sight the quote from **Basel's** strategic city marketing document is promising: City marketing is now seen in Basel as an integrated way of thinking and acting, oriented consistently to the needs and wants of the main target groups of the

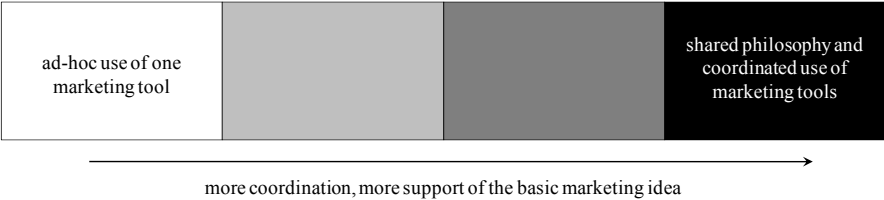
city (Kanton Basel-Stadt, 1999). By ‘integrated’ is understood that the city-marketing policy joins together separate policy areas, stakeholders and target groups. Reading the plan (Stadtmarketing für Basel: die Erste Schritte) and considering the fact that the strategic document has been approved by the parliament (Grosse Rat) could lead to the conclusion that Basel has adopted the marketing philosophy and that the city’s political leadership sees city marketing as an integrative application of the marketing concept. The city marketing on paper does not reflect the practice. Generally speaking, the city’s decision makers do not consider city marketing as a leading principle in their policymaking. City marketing concerns image management, supporting events and residential marketing for international knowledge workers. We could add the acquisition of investors and companies and the one-stop shop city store as part of city marketing. Nevertheless, the situation would not be much different from many cities in Europe where city marketing is more than city promotion but less than a leading principle for city policies. Standort-Marketing Basel has insufficient political backing to act as an overall city-marketing coordinator. According to some, the lack of a univocal political leadership is the principal cause of the sub-optimum embeddedness of city marketing in urban governance. Others point out that a decision for a small unit, with no powers over other stakeholders and a relatively low budget, cannot spring from a shared broad-based view on city marketing.

What can we learn from these experiences in the four cities? Our hypothesis is that *a broad and shared interpretation of city marketing at the level of the city’s decision makers stimulates the embeddedness of city marketing within urban governance* (hypothesis 1.1.1). Is the broad and shared interpretation relevant and can it explain the problems and successes with implementing city marketing?

- The first observation is that the case study cities do not work with the broad interpretation of city marketing as developed in chapter 2. However, the four cities have moved away from the interpretation where city marketing is synonymous with tourist promotion or city communication. In figure 9.1 (equal to figure 3.1) the cities could be placed in the middle between the two shades of grey. We are well aware that such a moderate change cannot be seen as conclusive evidence of a major shift in the majority view with regard to city marketing. The change in itself though, can be interpreted as supportive for

our hypothesis. Apparently, the experiences in the cities with city marketing have induced a moderate change in the majority view because a limited interpretation has created problems over the years.

Figure 9.1 The majority view on city marketing in the four cities



- Another supportive observation is that the range of activities, which in the majority view of decision-makers come under the heading of city marketing in the four cities, has increased. The inclusion of image management – in some cities seen as branding – for the city as a whole is a good example of the expansion. Of course, the development in the majority view with regard to city marketing is not similar for all the cases. Nevertheless, the increasing range of activities as part of city marketing can be seen as another supportive observation for our hypothesis stating the importance of a broad and shared interpretation of city marketing.
- Note that the above-mentioned developments do not imply that the stakeholders in the city have a common view on city marketing. The variety of interpretations is still considered to be a problem in all of the four cities, especially by those that need to implement city marketing policies. We have seen this for example with the launch of Basel’s new city marketing initiative where the city marketing interpretation in the strategic document is not supported widely in the city’s administration. Another example is the creation of Rotterdam’s Chief Marketing Office where important administrative, political and important private stakeholders held different views of city marketing. A key element of the establishment of the new office has been to find common ground. In sum, the variety in the interpretations among key decision-makers (promotion, tourism, events, branding etc) induces confusion

both at the level of decision-making but it also ‘trickles down’ to the level of city marketing practitioners.

- Sometimes, the variety of interpretations affects the cooperation between stakeholders negatively. In Birmingham and Rotterdam for instance, the variety is also a barrier for city marketing to work across different policy fields (see also section 9.3). In addition, a broad and shared interpretation among key public stakeholders facilitates the communication and cooperation with private stakeholders.

*In sum, the observations provide support for our hypothesis a broad and shared interpretation of city marketing at the level of the city’s decision makers stimulates the embeddedness in urban governance. The problems associated with the variety of city marketing interpretations, the movement away from stereotype ideas about marketing and the potential benefits of a broader and shared view can be seen as support for our hypothesis. In addition, the development to include more activities in the view of key stakeholders is another supportive observation.*

### **9.3 Inclusion of city marketing in the city’s political priorities (H1.1.2)**

What is the role of city marketing in the political priorities, programmes and long-term city visions in the four case studies?

In the city of **Birmingham**, city marketing (in the broadest meaning of the word) is not explicitly included in the top political priorities of Birmingham. At least, it is not explicitly included as such in the most important and recent political documents (see Birmingham City Council Development Directorate, 2005; Birmingham City Council, n.d.; Birmingham City Council Housing Department, 2005). Having said that, the development and marketing of Birmingham as an attractive place for the MICE-sector and the improvement of the city’s image have been priorities for quite some time now. Especially the MICE business has been on the agenda since the opening of the NEC in the 1970s. Most stakeholders agree that city marketing – as they see it – has been a priority for a long time in Birmingham. The fact that city marketing does not feature prominently in the documented priorities or programmes illustrates that it is not necessarily to have it all on paper. City marketing (seen as the image management and destination marketing) is a priority in

the shared vision among the most important stakeholders in the community. This still leaves enough room for disagreement about the implementation, but it has been a solid base for the continuity over the last decades.

The situation in **Göteborg** is similar to Birmingham. City marketing – in its broadest meaning is not a top priority within the documented ambitions of the city government: the city's comprehensive plan (see Göteborgs Stad Stadsbyggnadskontoret, n.d. and Göteborgs Stad Stadsbyggnadskontoret, 2006) and the political priorities of the city's executive board. Despite the fact that events and tourism are not in the top political priorities for the short-term, they do play a role in the long-term. Again similar to Birmingham, the priority for these marketing activities is part of the shared vision for the development of the city.

In **Rotterdam**, city marketing is not explicitly included in the new four-year programme of the coalition cabinet for the period 2006-2010 (see also: College van Burgemeester en Wethouders (2002) and PVDA, CDA, VVD, Groenlinks (2006)). It was also not explicitly included in the official political programme and priorities of the previous city government either. The absence of city marketing in the official declarations of the consecutive city governments tells us something about the importance of city marketing. However, it does not mean that politicians do not give priority to city marketing. It has been on the radar of the alderman of Economic Affairs (2002-2006) and the mayor as we can deduct from their efforts to reorganise the city marketing of Rotterdam through the establishment of the Chief Marketing Office (to be discussed in the next chapter). In fact, city marketing has been on and of the political agenda for the last two decades. The establishment of Rotterdam marketing at the time is also an illustration. The major political forces in Rotterdam do not question the importance of city marketing, although the interpretations vary among political parties and politicians. However, it has never been included as a real priority in the coalition agreements or consecutive city visions.

The inconsistency between the city marketing ambitions on paper and the practice is also relevant for the role of city marketing in the political priorities and programmes in **Basel**. It is not one of the top priorities in the political programme for the period 2006-2009 and it has not been a top priority under the previous government (Regierungsrat des Kantons Basel-Stadt, 1996). It is mentioned in the city's Politik

Plan under the heading of ‘standortförderung’ (freely translated as promotion of the location environment) (Regierungsrat des Kantons Basel-Stadt, 2005). It is a minor point in the plan, and the goals and activities mentioned are still the same as when Stadtmarketing Basel (the predecessor of Standort-Marketing Basel) started. It is still not a major issue in the heads of the political decision makers.

Our hypothesis is that *the inclusion of city marketing in the political priorities contributes to the embeddedness of city marketing in urban governance* (hypothesis 1.1.2). Is this inclusion a relevant factor for the embeddedness and can we use the insights of the cases to increase the insight into this factor?

- Basel is the only city where city marketing features in one of the official plans, but it is certainly not a priority. In the other cases the documented coalition agreements, strategy documents and long-term visions of the cities do not include explicit references to the city’s marketing policies. The absence of city marketing in the documented political priorities, programmes and city visions is considered to be a problem by the policymakers involved. It weakens the position of city marketing vis-à-vis other policies that do feature in the documents.
- The experiences also indicate that the omission of city marketing in the documents mentioned above does not mean that city marketing is not a priority at all. In the four cities, city marketing (and in the beginning destination marketing) has been on the political agenda for some time and in the case of Göteborg, Rotterdam and Birmingham, political leaders have taken action to improve the city’s marketing policies and governance structure (see chapter 10). Of course, most stakeholders in the cities agreed that it would be better if city marketing were among the explicit priorities on paper, but a shared priority in the hearts and minds of key stakeholders is equally important. It seems that most stakeholders in the cities consider city marketing to be a priority but it is not reflected in the official documents. One could ask the question: why not include city marketing in these documents? The lack of a shared view with regard to concept and meaning of city marketing could be one explanation, but it is also an indication that it is not a real priority and that this affects its position to other policies. At the same time, some observers saw

the absence as positive to keep city marketing away from the day-to-day political hassle, provided that it was a long-term priority in the hearts and minds of the city's political leadership. Birmingham and Göteborg are examples of such a situation where destination marketing and later on also branding (and image management), have been supported by the city's political leadership.

- A final observation is that the inclusion would urge city governments to be clearer about their view on city marketing and also it effects the expectations that stakeholders have concerning city marketing activities.

*In total, the observations from the four cities are supportive of our hypothesis that the inclusion of city marketing in the political priorities contributes to the embeddedness of city marketing in urban governance. Generally speaking, it is important that city marketing is an explicit part of the city's documented political priorities and programmes. The absence weakens the position vis-à-vis other policies. The omission from the documents can be partly compensated when it is a long-term priority in the hearts and minds of political leaders and other key stakeholders. Of course it would be better to have both.*

#### **9.4 Unambiguous political responsibility for city marketing and clarity about the relation with other policy fields (H1.1.3)**

Does the political responsibility for city marketing matter in the cities and what are the experiences regarding city marketing in relation to other policies? Remember that by policies we mean (functional) policy areas, programmes and projects.

The administrative system in **Göteborg** is different from our other cases in the investigation. On the one hand, there is the city administration supporting the council with various sub-units, functions and committees. On the other hand there are numerous companies, owned or partly owned by the city government (see also Göteborgs Stad, n.d.). Most of the city marketing activities can be found in the second category. The political leadership for city marketing (MICE, events, inward investment and tourism) is clear in the case of Göteborg. The leader of the executive council has a very strong position and safeguards stable political leadership for city

marketing. The leader of the executive council is represented in many Göteborg organisations including Göteborg & Co. He is also politically responsible for the working field of Göteborg & Co as well as economic development and the economic promotion of Göteborg incorporated in Business Region Göteborg.

In **Birmingham**, the strategic directorates for Development, Social Care and Health, Local Services and Resources as well as the Housing Department are examples of important organisations within the council. City marketing is not an explicit part of that institutional system. We do find several aspects of city marketing policy with a number of departments and sub-units. Also, the political responsibility for city marketing in Birmingham is not as clear as some stakeholders would like it to be. This can partly be explained by the fact that the majority view of the city's decision makers is that city marketing is not the conscious application of marketing for all the city's customer groups. In that way, some activities that could be considered city marketing are not treated in such a way and therefore the political responsibility is scattered. For example, the cabinet members responsible for regeneration and the cabinet member responsible for housing do not list city marketing as one of their priorities. The leader of council is a very important political figure for city marketing (he or she can lead the way because of the responsibility for economic policy and through the membership of the board of Marketing Birmingham). However, strictly speaking the leader of the council controls more of the city marketing activities in his city than the other cities in our comparison. Events are the domain of the councillor for leisure, culture and sports.

The canton of **Basel**'s administrative system is pretty straightforward with the seven departments and the seven cabinet members heading the departments. City marketing does not fit easily with that system and that's why it has been problematic to see city marketing as the glue for integrating the city's other policy areas as expressed in their strategic document. The political practice in Basel is that each member of the cabinet (Regierungsrat) is responsible for one of the seven departments and the associated policy fields. Most of the city marketing activities come under the responsibility of the cabinet member that is leading the Department of Economic and Social Affairs. At least the activities of Standort-Marketing Basel, Basel Area Business Development and Basel Tourismus are within the domain of this

department. Sports and culture are the domain of the cabinet member leading the Erziehungsdepartement, citizen services have been put in the Sicherheitsdienst and many important decisions about improving the city's attractiveness are prepared by the cabinet member leading the Baudepartement. Political responsibilities are scattered and as all cabinet members are on equal foot, compromises among the cabinet members are common. This divided responsibility for city marketing is going to be a problem if the city decides to step up its marketing activities.

Formally, city marketing is the political responsibility of the alderman of economic affairs in **Rotterdam**. However, if we look closer, this concerns (leisure and business) tourism. The alderman of Economic Affairs is also politically responsible for economic policies, including the acquisition of companies. Cultural events, sporting events, housing (including residential marketing) are part of the responsibility of three other cabinet members<sup>32</sup>. Communication is the responsibility of the Mayor. Politically, there is no univocal political responsibility for city marketing as we have defined it in chapter 3. The establishment of the Chief Marketing Office did have some impact on the situation as the Mayor has become more important because of his role on the Chief Marketing Office's board but it has not resulted in a fundamental change in the political leadership. The dispersion at the political level is also reflected in the organisation around mainstream policy areas that dominate the agenda. City marketing is not seen as one of those policy areas or as a programme connecting different policy areas. Parts of city marketing are incorporated in economic policy, planning, cultural policy, sports policies, communication policies and other policy areas.

What are the lessons for this particular theme from the cases? Are unambiguous political responsibility and a clear position of city marketing relevant? Does it contribute to our understanding of the challenges of city marketing management in practice?

- It appears that the combination of the political responsibility for city marketing and the position of city marketing in relation to other (functional) policy areas, programmes and projects is one of the most important factors. It is inevitable

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<sup>32</sup> This observation is valid for the previous city government and the current city government for the 2006-2010 period.

that city marketing is part of the political process. In that context, a clear political responsibility in combination with leadership is a crucial factor (see also section 9.5). Especially because city marketing interferes with other policy areas and other political responsibilities.

- Lack of clarity concerning the relation to other policy areas, programmes or projects complicates matters further. The cases of Rotterdam and Basel can serve as examples where the political responsibility and the departmentalised administration are bottlenecks for implementing city marketing policies. If we look at the situation in Rotterdam, the planners (the Planning Department), economists (public Economic Development Corporation), the port cluster (through the Port Authority), the tourist organisation, the cultural sector (event organisation and the Department of Culture), the sports sector (Department of Sports & Leisure, the city's top sports promoter) and many more claim their role in city marketing. This departmentalised structure can be traced back to the fragmentation in the political responsibilities of the aldermen.
- Unambiguous political responsibility and a clear position of city marketing to other policies make it also easier to evaluate the marketing efforts. Otherwise scattered responsibilities lead to scattered objectives and lack of evaluation.

The experiences in the cities are supportive for our hypothesis that *unambiguous political responsibility for city marketing and a clear position of city marketing in relation to other policies contribute to the embeddedness in urban governance* (hypothesis 1.1.3). A strong position in the political process (responsibility, leadership, position) reinforces the embeddedness in urban governance.

### **9.5    *Support from and leadership to develop, coordinate and use the full potential of city marketing networks (H 1.1.4)***

What is the status of support for city marketing in the four cities? What is the role of leadership in relation to the development of strategic city marketing networks?

What about the development of strategic city marketing network(s) in **Rotterdam**? Most of the existing city marketing networks are connected to a particular theme or customer group such as tourism, sports, festivals, housing, inward investment, port development, students. It is not really a surprise as key Rotterdam

players such as the Rotterdam Development Corporation (OBR), the Planning Department (dS+V), the Bestuursdienst ('Administrative Services'), The Arts and Culture department or the Port Company, all claim their role in city marketing. Most of the traditional city marketing agencies (such as Rotterdam Marketing, Rotterdam Festivals, Rotterdam Topsport) are linked to one or more of these players. These explicit marketing organisations include important stakeholders from their network in their board. Also private enterprise with a stake in developing housing, office space, tourist attractions etc. are active in these networks. There are several links between these networks, for instance between tourism/leisure and festivals, or between tourism and sports. Some of these networks are facilitated by platforms for consultation. An example is *the city as an experience* (de stad als belevenis). It is a platform for the 'leisure economy' in which Rotterdam Marketing, Rotterdam Topsport, Rotterdam Development Corporation, the Department of Sports and Leisure, Rotterdam Festivals and some others participate. There are more relevant platforms such as one for city promotion and one for city communication.

There have been earlier attempts to create a broader network for city marketing in the early 1990s (see Van der Vegt, 1998) but without much success. The initiative of the Economic Development Board of Rotterdam seems to be more successful. It has started to develop a broader network, crossing the borders of customer groups and functional policy areas, for the theme of city branding. The taskforce City Branding of the Economic Development Board of Rotterdam has mobilised a broader network that includes 'birds of different feathers'. Three influential entrepreneurs played a leading role in the development of this network. This informal leadership has been important for the establishment of the Chief Marketing Office. The Mayor has also been a leading figure in the development of this broader network. A key problem remains that there is no univocal view on city branding, let alone city marketing.

In **Birmingham**, city marketing is not a politically controversial subject as it has been in some other UK cities. The local authorities, the three largest political parties and the regional authorities support city marketing activities and also organisations representing the business community such as the chamber of commerce or Birmingham Forward, but also educational institutions, the main local newspaper

and leading businesses support the idea that Birmingham should market itself. We have already concluded that the interpretations of city marketing vary among these stakeholders. Despite these differences, the idea that marketing is relevant for cities and that Birmingham should do something about it is widespread. Leadership of successive leaders of the council in combination with private leadership from the board of Marketing Birmingham has contributed very much to this situation. As a result, we can say that there is support for city marketing from public and private stakeholders.

In **Basel** the actual city marketing activities are still of a limited scale compared to the other cities in our comparative analysis. These city marketing activities are not a controversial issue. Many of the stakeholders welcome the initiative but would like to see more. Some stakeholders have been actively involved (for example the Basler Bankenvereinigung) others have supported the initiative passively. To be fair, there are also stakeholders that do not see much value in this integrated city marketing concept and do not see the need of a more coordinated city marketing policy.

In **Göteborg** the support for city marketing activities (in particular for destination marketing and inward investment) has been crucial over the years. The stable political leadership and the stable leadership of Göteborg & Co has been a stimulus for the development of strategic networks for the various aspects of city marketing. A special situation is created by the establishment of the Trade & Industry Group by some large companies in Göteborg, among which Volvo and SKF. Other companies are well known names as Ericsson, Saab, SAS, Skandia and Stena Line. The Trade & Industry Group is a high-profile network organisation that develops and supports initiatives that reinforce the city's competitiveness in the broadest meaning of the word. Nowadays, not only companies but also the municipality, Business Region Göteborg, the Association of Local Authorities (Göteborg Region), and the Swedish Exhibition & Congress Centre contribute this group. The main objective of the Trade & Industry Group is to help develop Göteborg into one of Europe's most pleasant urban regions to visit, live in and work in. The Trade & Industry Group aims to boost the city's image and it supports, stimulates and initiates projects related to trade and industry, the knowledge economy, and events.

What are the main features of this section? Our hypothesis is that *support from and leadership to develop, coordinate and use the full potential of city marketing networks promotes the embeddedness in urban governance*.

- Actually, this is a hypothesis that links the organisation of support in strategic city marketing networks among public and private stakeholders to the development of strategic networks and the influence of leadership. All these factors are elementary to the concept of organising capacity of Van den Berg, Braun and Van der Meer (1997) and organising capacity could also be seen as governance capacity. It clearly contributes to the embeddedness in urban governance.
- The success of the embeddedness of city marketing in urban governance depends crucially on the development of strategic alliances between city marketing agencies on the one hand and business companies and institutions on the other. Numerous initiatives developed in the four cities of our research have revealed that businesses and institutions are aware of their stake in city marketing, to the effect of making available knowledge, money, people, contacts (networks) and ideas, and participating in city marketing agencies. Besides, strategic alliances are also formed in terms of the other city-marketing instruments.
- Strategic alliances established with private enterprise are as such a step towards a more integrated undertaking of city marketing. The involvement of businesses may add to the support for city marketing both inside and outside the city's administration. On the other hand, too close a relation with a select group of companies may reduce support among other parties.
- Support in strategic networks is present in Rotterdam, Birmingham and Göteborg and to some degree in Basel. Problems arise if stakeholders do not share the same ideas about city marketing and the dominant marketing strategy. Support will also be crucial for city marketing. It is no longer controversial as it was in the 1980s but it is not on the radar of all stakeholders and support is essential in the network setting of city marketing.
- Leadership is vital for the organisation of support, the development and utilisation of the full potential of strategic city marketing networks according

to the experiences in Basel, Birmingham, Göteborg and Rotterdam. Leadership promotes new initiatives and build bridges between stakeholders. In all of the four cases leadership has been a major factor behind the changes in the city marketing priorities and governance structure. The mayor of Rotterdam - in close cooperation with some business leaders - has played a leading role in the creation of the new Chief Marketing Office. The consecutive leaders of the council in Birmingham have been leading in Birmingham's city marketing initiatives.

*The experiences of the cities offer support for our hypothesis in which we link the organisation of support in strategic city marketing networks among public and private stakeholders to the development of strategic networks and the influence of leadership on that process. In other words: setting up and changing a city marketing policy requires organising capacity.*

## **9.6 Conclusions**

The experiences of Basel, Birmingham, Göteborg and Rotterdam are supportive for the four sub-hypotheses in our analytical framework. We have argued that together these four sub-hypotheses stimulate the embeddedness of city marketing in urban governance. In that sense, these supportive experiences provide support for hypothesis 1.1.1 that an *integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance*.

We have to make two comments. The first one concerns hypothesis 1.1.2 as it is not just the recognition of the priority of city marketing on paper but the experiences indicate that it is particularly important that it is in the hearts and minds of the city's leadership. The second comment is for hypothesis 1.1.4 where leadership and support are relevant separately, but even more so in combination. We can also conclude that the sequence of sub-hypotheses is interesting. One could see the four factors as a chain of factors that collectively contribute to the embeddedness of city marketing in urban governance.

We have explored the four cases and the experiences with city marketing providing support for our analysis that these four factors are relevant and help us to

better understand the position of city marketing in urban governance. Finally, we need to be aware about the limitations of our analysis as well. The research is explorative and we cannot exclude that there are more factors involved, but we have found support in these four cases for these four factors.

## 10 Supportive factors for city marketing management

### 10.1 *Introduction*

In this chapter we discuss our comparative analysis of supportive factors for city marketing management in the four case cities. The structure of the chapter is similar to the structure of chapter 9. The chapter follows the structure of the four sub-hypotheses that have been developed in chapter 7 concerning the four supportive factors for city marketing management. The experiences in the case studies are instrumental to test the applicability and explanatory ability of our analytical framework and the main hypothesis (1.2) in this chapter: An integrated approach to city marketing rests upon four supportive factors for city marketing management. For each sub-hypothesis that we derived from hypothesis 1.2, we will review the experiences in the four cities, tying it together in the final section 10.5. For background information, the reader can refer to chapter 8.

### 10.2 *The translation of political priorities into a comprehensive city marketing framework (H1.2.1)*

The first supportive factor concerns the translation of political priorities into a comprehensive city marketing framework. Remember that politic priorities refer to political priorities and programmes as well as a long-term city vision. In addition, a comprehensive city marketing framework brings together coordination, city marketing vision, strategies and objectives. What can we say about the translation in the four cities?

In the case of **Birmingham**, several political priorities and elements of the city's vision have been translated into a marketing vision, strategy and objectives. The most obvious example is the strategic choice to position Birmingham as a meeting place. This decision has been made almost three decades ago. This vision has been translated into an investment programme including several accommodations, hotels, shopping facilities and a complete makeover of the city centre. Marketing Birmingham and its predecessors have been active to position Birmingham in that market and have been marketing the city aggressively to organisers of exhibitions, events and other organisations that could bring business to Birmingham. More

recently, shopping (and leisure in general) has become a prominent factor in Birmingham's city centre regeneration strategy with the shopping mall Bullring as the flagship development. Shopping and leisure are integrated into Marketing Birmingham's lifestyle marketing. In the case of image management, the efforts to strengthen the brand of Birmingham can be seen as a marketing strategy to bridge the perception gap, another ambition of the city's political leadership. To put it differently: the political priority to change the city image has been translated into a branding strategy.

Birmingham has not institutionalised a city marketing framework that addresses the broad range of the city's customer groups. Having said that, they do target more groups than the traditional visitor and there is certainly awareness of the relations between the need and wants of different customer groups. For example, the city's marketing agents (such as Marketing Birmingham and Locate in Birmingham) have an open eye for potential synergies in their efforts to address specific customer groups. Generally speaking, there is awareness of relation among different customer groups in the context of city marketing. What is remarkable though, is that residents are not part of the city marketing equation. This does not imply that Birmingham is marketing it self vigorously at the expense of its (potential) residents. Residents are not really integrated in the city's marketing framework. Generally speaking, balancing the interest of different groups is first and foremost part of the day-to-day political process.

In the case of **Göteborg**, the city's long-term priorities can be found in the city's comprehensive plan (see also chapter 9) and in the political priorities of the city's executive board. The comprehensive plan is essentially a spatial plan for the use of the city's resources. The comprehensive plan starts with defining strategic issues and key strategic directions and also includes future long-term development projects. We could see these issues and strategic directions as the city's long-term city vision that sets the margins for the city's development. As said before, the marketing of the city is not mentioned as one of the priorities.

The two most important city marketing agents – Göteborg & Co and Business Region Göteborg – work for the city and are expected to contribute to the abovementioned priorities. The overall objective of Business Region Göteborg is to

contribute “*to strong growth, a high level of employment and diversity in trade and industry in the region*” (Business Region Göteborg, 2005). Göteborg & Co aims to contribute to make the city “*a preferred choice among cities in Europe by being: One of Europe’s most pleasant and attractive urban regions to live in, work in and visit*” (Göteborg & Co, 2006). These ambitions of these city marketing agents (partly owned by the city of Göteborg) are so general that they fit easily with the economic priorities of the comprehensive plan and the current political priorities of the City’s Executive Board. This is also true for the city vision developed by Göteborg & Co (see Göteborg & Co, n.d.). Based on the available policy documents, we cannot assert that these ambitions have been derived from the political priorities and programme. More importantly, our case study confirmed that most stakeholders share the same priorities regarding destination marketing and inward investment policies and the consecutive roles of Göteborg & Co and Business Region Göteborg. The stable (political and managerial) leadership of these organisations stimulates these shared ambitions. The same applies to the activities of the marketing activities of the Port of Göteborg. We have also established that there is no broad marketing vision and strategy for Göteborg that covers all city marketing customer groups and stakeholders.

Prior to the creation of the Chief Marketing Office in **Rotterdam**, there was no coordination mechanism that had the legitimate base to translate the political priorities into a city marketing framework. Generally speaking most of the city marketing agents (such as Rotterdam Development Corporation, Rotterdam Marketing) designed their own strategy and set their objectives. Of course, these city marketing agents have set their priorities with the city’s main priorities in mind. In the case of Rotterdam, there are several city visions that co-exist such as Rotterdam, The Gateway to Europe, Stadsvisie Rotterdam: *Spatial development strategy 2030* (Gemeente Rotterdam, 2007), Economic vision 2020 (Economic Development Board Rotterdam, 2005) as well as the coalition agreements of the consecutive city governments. This variety of vision documents could work counterproductive in the translation process.

Just like in Birmingham and Göteborg, there is no translation of political priorities into a broad city marketing strategy. In the case of Rotterdam it is interesting to see if the city’s new Chief Marketing Office takes on that responsibility. The

exception is the brand strategy where the Chief Marketing Office explicitly strives to reinforce the city's strategic development objectives through its brand strategy. The brand strategy of the Chief Marketing Office has not been developed for one particular group, but it is meant to reach out to all the city's audiences (Chief Marketing Office, 2007). It acknowledges the broad spectrum of city customers and the potential synergies among interests of customer groups. Having said that, there is no long-term broad marketing vision and strategy that has been derived from the city's political priorities and programmes.

The city government of **Basel** has developed the vision Basel 2020. It is actually more a mission statement claiming that in 2020 Basel is a city of education, research and development, a popular location for pharmaceutical firms, 'agricultural chemistry', medical technology and other interesting economic activities and an international city of culture with the highest quality of life in the border region. The vision is 'translated' into the consecutive 'politik plans' (see Regierungsrat des Kantons Basel-Stadt, 1996; 2005). City marketing is mentioned in these plans of the city government. The "Wohnort marketing" and event services (Standort-Marketing Basel) and the tourism marketing activities (Basel Tourismus) correspond with the ambitions in the 'politik plans' and the city vision. The core values for Basel's image campaign (knowledge, art, quality of life, innovation) are consistent with the vision 2020. Just like in Rotterdam, one could see this as the beginning of a broader translation process, but marketing is more than image management. The marketing vision had been worked out in a general strategy with general strategic choices. However, these strategic choices have not been translated into basic marketing processes such as segmentation and identification of product-market combinations. The biggest problem is though that the city's marketing ambitions have not been translated from paper into a realistic implementation scheme.

Our hypothesis is that the translation of political priorities into a comprehensive city marketing framework supports city marketing management (hypothesis 1.2.1). Is this translation process relevant and does it help us to understand the challenges in city marketing practice? Is it really important for city marketing management?

- The experiences in the four cities confirm that this translation is very important for the effective use of city marketing. In most of the four cases, we see a link between the city's priorities and the objectives and activities for particular customer groups and associated city marketing agencies. This is also true for the city marketing activities relevant for more than one customer group that the cities have identified.
- The observation in the previous paragraph is important, but we also learned that there is not really a translation of political priorities into a comprehensive city marketing framework that includes all the city's customers groups as well as the possible interaction among the marketing efforts for these customer groups. The cases indicate that a broader systematic translation into a marketing framework can reduce the risk of competition among city policies. By definition, a broad view on city marketing touches upon various policy areas. The case of Basel is an illustration. The ambitions expressed on paper (*Stadtmarketing Basel die Erste Schritte*) have only been partly translated into a marketing policy. Apart from the modest resources available for city marketing, the city marketing ambitions affect the policies of powerful city institutions and this induces opposition to – or lack of support for - the city's marketing ambitions. A broad city marketing framework including a marketing vision, strategies, objectives and implementation scheme could at least limit the competition among policies.
- A broad city marketing framework can also contribute to position city marketing in relation to other policy area, one of the issues in chapter 9. We have used Basel as an illustration but also the other cities have had similar experiences. These cities have not launched such an integrated city marketing ambition in writing such as Basel, but they too experienced that this translation sets the margins for the implementation of city marketing in practice. Rotterdam politicians and key stakeholders have expressed broad (for more customer groups) city marketing ambitions, but these have not been translated into a comprehensive city marketing framework leaving enough room for various interpretations among city marketing stakeholders such as the Rotterdam Development Corporation and Rotterdam Marketing for instance.

That has affected especially the latter because some key stakeholders expected Rotterdam Marketing to be the leading city marketing agency whereas it has only the mandate to be the city's destination marketing organisation. The Chief Marketing Office has a broader mission but might also be at risk for unworkable expectations.

- The translation into a broad marketing framework also stimulates the balancing of the interest of specific customer groups. In most of the cases, the city's residents are not part of the city marketing policies but marketing policies for visitors or companies might also affect them. Inclusion of residents might also help to argue against the perception that city marketing is for companies and visitors and not for residents.
- Another important benefit of this translation process is that it becomes clear for critics of city marketing (within the administration and among other stakeholders) that city marketing is instrumental for the city's wider goals and that it is not an objective in itself. These critics can be found in all the four cases. The opposition is not that strong as it was in the past (for some cases in the 1980s, for others also the 1990s) but as we argued in chapter 9, support is crucial for city marketing. A final issue is that the translation into a broad city marketing framework creates some distance between marketing operations and the day-to-day political process (we get back to this in the next sections).

*Overall the cases provide support for our sub-hypothesis that the translation of political priorities and programmes into a broad city marketing framework is a supportive factor for city marketing management. It is relevant and it helps us to understand some of the problems with the implementation of city marketing. City marketing practitioners acknowledge the problems associated with the lack of a comprehensive city marketing framework such as competition among policies, potential conflicts and missing potential synergies. The cases also demonstrate that this translation is relevant because most of the marketing activities for particular groups can be linked to priorities, programmes or vision(s).*

### ***10.3 Identification of city marketing activities that are relevant for more than one generic customer group and supporting these activities by an adequate coordination mechanism (H1.2.2)***

The next supportive factor concerns city marketing activities that are relevant for more than one customer group and their coordinative mechanism(s). Can we find confirmation that it is also relevant for our four case cities?

According to **Basel**'s initial city marketing plan, image management, events and coordination of marketing activities and promotion of a more customer friendly approach have been identified as tasks that go beyond one of the target groups. In practice, it is the first two that absorb most of the attention of Standort-Marketing Basel. Standort-Marketing Basel is a section of the Department of Economic and Social Affairs. It is responsible for these tasks and it is expected to lead and coordinate these efforts. The section is supported by a city marketing delegation from the cabinet and a coordination group in which other public and public-private stakeholders participated. One of the weaknesses of this approach is that the position of this specialized group (employing approximately seven persons) is not particularly strong within the city's administration. The third task of promoting a more customer friendly approach across the city's stakeholders has not been a high priority for this specialized group.

What are the marketing activities that are considered to be relevant for more than one customer group in the case of **Rotterdam**? In the discussion leading to the establishment of the Chief Marketing Office several of the related marketing tasks were considered relevant for the new institution. Looking carefully at the situation in Rotterdam there are two related city marketing tasks. The first is strategic image management and comes directly under the responsibility of the Chief Marketing Office. Before the creation of this new office, there have been other attempts to align the image improvement policies of city marketing stakeholders for instance through the Working group Image ('Werkgroep Imago'), an advisory and coordinative platform in which most public stakeholders participated. That platform had no formal powers. The powers of the Chief Marketing Office are limited as well. The difference is though that the board ('Raad van Toezicht') is a relatively powerful body through the involvement of the Mayor, directors of city departments and leading business

people. This political backing helps the Chief Marketing Office in implementing their strategy, but we should not exaggerate their influence: the campaign *Rotterdam Durft* is still managed by the Rotterdam Development Corporation. One might expect that the oversight for such a campaign would have been transferred to the CMO.

Another related marketing task is the promotion of true marketing thinking. One of the key principles that the CMO endorses is putting the customer central whether it concerns inhabitants, businesses, visitors, investors or students. There is a mandate for strategic image management underpinning the activities of the CMO, but the endorsement of the marketing philosophy is not something you can impose on other stakeholders. It is a matter of 'spreading the word'. However, Rotterdam's Chief Marketing Office consists of a relatively small group of people.

Another interesting feature of the Chief Marketing Office is that it is not part of the city administration. The idea is that it creates some distance from the day-to-day hassle of the administration and it also makes it easier to invite leading figures from the private sector in the board. This involvement of private stakeholders enables the Chief Marketing Office to adopt a more long term perspective. An issue that is still at the table is that the Chief Marketing Office cannot directly bring proposals to the city council for decision-making and that there is no guarantee that the advice of this office will be adopted by the board of the city and other public stakeholders; it needs to find support from another city marketing agent such as the Rotterdam Development Corporation.

In the case of **Birmingham**, the marketing activities that are considered relevant for more customer groups are image management and the MICE sector. There is not really one coordinating mechanism for these two tasks. Marketing Birmingham plays a leading role in image management but it needs to work together with the city's marketing and communications division. In the case of the MICE sector both NEC group and Marketing Birmingham are key players working together when needed.

Some stakeholders argue that the coordination of marketing research is also an issue that is relevant for more customer groups. Marketing research is carried out by Marketing Birmingham, but it is still rather limited and it does not amount to a systematic full-scale marketing information system. It evaluates the campaigns of

Marketing Birmingham and it includes perception research among various audiences, but predominantly visitors.

The first category of city marketing activities relevant for more than one customer group in **Göteborg** is image management. The leading organisation in this respect is Göteborg & Co. It works together with the communication unit with the city's administration. Many stakeholders understand that perception and image are crucial factors that link the four work areas (and market areas) together. Göteborg & Co has led a process in defining Göteborg's brand values, which serve as guidelines for many stakeholders in the city marketing network of Göteborg. These brand values have been determined after an extensive investigation into the perceptions of the principal target groups, among which residents, business companies, visitors and journalists. From that investigation a reasonably homogeneous perception of the city has resulted, at least among persons who are familiar with the city. Göteborg is described as a relaxed city with friendly inhabitants. Many people praise the 'walkable' distances in the city centre and the city's capacity to organise major events. Thanks to the extensive student population (two universities) and the concentration of knowledge-intensive activity, Göteborg is more and more earning the reputation of a city of knowledge. Those Swedish citizens who are less familiar with Göteborg still associate it with its industrial past and the corresponding living environment: the gravity centre of heavy industry and shipyards. These brand values are the cornerstone of many of the city's communication efforts.

Göteborg pays considerable attention to monitoring its perception. Thus, an extensive investigation has been set in move into the perception among the city's target groups (residents, businesses, visitors, journalists). Although this investigation is confined to individuals who are customers of the city (or spread news about the city), the city marketing organisations in Göteborg have also formed themselves a reasonable idea of the perception of people not directly involved in the city.

A second marketing activity that is relevant for more than one customer group concerns events. One could see Got Event as one of the leading organisations, but Göteborg & Co is equally important being responsible for the MICE sector. Events are seized upon as opportunities to put the city in the international spotlight and

demonstrate the willingness of Göteborg residents to function as ambassadors for the city.

Our sub-hypothesis is that identification of city marketing activities that are relevant for more than one customer group and supporting these by an adequate coordination mechanism supports city marketing management. Is the identification of these related marketing activities important for city marketing management and does this condition contribute to understanding the challenges of city marketing management?

- One of the most important problems in city marketing is the allocation of city marketing activities among stakeholders and also to establish what marketing activities need supervision at the level of the city (or region). We have identified five marketing activities that could be considered relevant for more than one group of customers: co-ordinating the development of the overall marketing vision, strategy and objectives; promoting the marketing thought in the city; developing and maintaining a city marketing information system; participating in the process of strategic product development; and oversight and coordination of strategic city image management. In all four cases, we have identified a trend that image management - in some cases interpreted as branding - is regarded as a marketing activity that is relevant for more than one customer group. The importance of image management for more customer groups is broadly supported although the policies and activities vary among the cases: a classical branding exercise in Birmingham, brand values that direct the city's communication in Göteborg, corporate communication in Basel and brand management in Rotterdam.
- There are more activities that are seen as relevant for more than one customer group but these are not similar for all cases such as events (or sometimes the MICE sector) and the promotion of the marketing thought. Events are considered to be marketing activities for more than one group because they combine product development and image promotion for various audiences. Göteborg's recent edition of the World Athletics Championship is an example of that view on events.

- The promotion of the marketing thought is an explicit issue both in Rotterdam and Basel, but in practice it does not have a very high priority.
- Our analysis is that the idea that some marketing activities call for supervision above the level of customer groups has become an issue in the four selected cases. Of course, there is still a big difference between what we have argued for in chapter 6, but the awareness is growing. It is also supported by the development of coordination mechanisms for city marketing in these four cities.
- The organisational changes that have been made in the four cities can be linked directly to the need for more coordination for at least image management in the four cases. Göteborg and Birmingham have added city branding to the responsibilities of their destination-marketing organisation. These destination-marketing organisations have started as convention bureaus and over the years acquired more tasks and responsibilities. Slowly but surely they have assumed more competencies, but they need constantly to re-establish their position among numerous other stakeholders in city marketing. Basel and Rotterdam have decided to create new coordinative structures. Standort-Marketing Basel has been set up to supervise the city's marketing ambitions. In practice, it contributes to the city's general communication. It does not have the resources, formal powers nor material competence to supervise all the ambitions in the city's leading marketing document. Rotterdam's Chief Marketing Office is also a new coordinative body that is meant to supervise the city's brand, develop support for city marketing and promote the marketing thought in the city administration. In its first two years the organisation focused on linking stakeholders in the city marketing network and brand management. Just like in Basel it is not easy to put the city's ambitions into practice due to the lack of resources and formal power. The powerful and public-private nature of the board of the Chief Marketing Office gives Rotterdam an advantage over Basel. We interpret these organisational changes as support for the idea that some marketing activities need supervision at a higher level with an adequate supportive governance structure.

- Furthermore, the change in the governance structure of city marketing is triggered by the rising interest for image management and branding in particular. The stakeholders in the four case studies have faced the ‘relatedness’ of this marketing activity.
- Another fact apparent from the case studies is the preference for public-private arrangements for city marketing governance structures. Basel is the ‘odd one out’ with a predominantly public city marketing governance structure. A predominately public city marketing governance structure can more readily convince colleagues and other city institutions to support city marketing. A public-private arrangement has the advantage of easier participation by business and other private stakeholders. It is also seen as a good way to increase support for city marketing in the city (as a community) rather than the administration.
- Another lesson is that we cannot really say what the exact nature of the organisational structure of the main city marketing agency should be. We know that the public-private structure might be positive but what is better: a new coordination mechanism or the expansion by an existing marketing agent? We cannot say with certainty what will be more effective. The main lesson is that those city marketing activities such as image management require a supportive governance structure. On the one hand, the advantage of the creation of a new coordination body is that you do not place a marketing activity relevant for more than one group with an existing specialized marketing agency for a particular group. On the other hand, the ‘expansion model’ (Birmingham and Göteborg) where a specialized agent gets more responsibilities does not add “yet another” stakeholder to the group of city marketing stakeholders. An insider in Rotterdam once identified 33 organisations (!) claiming their role in the city’s marketing. Many stakeholders in the four cities argued that the ‘culture’ of the principal marketing stakeholder is probably more important. For a successful city-marketing management, the main stakeholder needs to function as a network organisation, earning such qualifications as ‘open’, ‘externally-oriented’, and

‘network builder’. The staff policy of such agencies should be to recruit associates likely to flourish in such a culture.

- The experiences with city marketing in the four cities also support the need for a clear distinction between activities for more than one customer group and the marketing activities for particular groups in terms of governance and stakeholders involved. At the level of particular customer groups much can be left to the marketing professionals and stakeholders that are close to the target groups as discussed in the next section.

*All things considered, we would argue that such trends as the increasing awareness for oversight of marketing activities that are relevant for more than one generic customer group (such as image management), the efforts to develop new governance structures and the attempts to come to a workable division of tasks and activities, support our hypothesis that identification of city marketing activities relevant for more than one customer group and supporting these by an adequate coordination mechanism supports city marketing management.*

#### ***10.4 City marketing activities for particular customer groups need to be supported by coordination mechanisms as close as possible to these customer groups (H1.2.3)***

The third supportive factor is about marketing activities for particular customer groups and supportive coordination mechanism(s) as close as possible to customer groups. What do we observe in the four cities?

**Rotterdam** has several dedicated governance structures for groups of customers. We have already mentioned Rotterdam Marketing that has been set up as an independent foundation operating at arms length of the city administration, with a strong link to the administration in terms of funding. It is a typical destination-marketing organisation working together with many private stakeholders in the field.

Inhabitants are the responsibility of the Planning and Housing Department of Rotterdam as well as the Rotterdam Development Corporation. There are no dedicated city marketing governance structures for these groups. An exception is the establishment of Rotterdam LiViN’ (‘Stichting Woonpromotie’) in 2005. The Rotterdam Development Corporation and the city’s most important real estate

developers and brokers have jointly established this foundation. Their objective is to present all new housing development in Rotterdam together. It creates transparency in the market and they hope to position Rotterdam as an attractive place to live with regard to good quality new housing development.

For companies and investors both the Rotterdam Development Corporation and the Rotterdam Port Authority have set up structures within their organisations. An exemption is the Rotterdam Port Promotion Council in which port stakeholders join forces to promote the port globally. Apart from that exception, these big municipal organisations have internalised marketing and account management for big stakeholders themselves. The marketing activities for companies and investors are in line with the objectives of these two large organisations. These activities are clearly part of city marketing but not everyone in the city's administration sees it like that.

Companies with location plans for the **Göteborg** region may count on intensive coaching by Business Region Göteborg. That agency helps newcomers in the process of (re)location. Business Region Göteborg (and other stakeholders) work with a list of growth clusters as a guideline for their marketing efforts and for the development of some concrete projects. Its role has been mainly facilitating: it is the companies themselves (in the organisation's committees) that propose the ideas and co-ordinate the projects. It also works closely together with the national inward investment agency Invest in Sweden.

There are several stakeholders that are active for the customer group visitors: Göteborg & Co (including the Göteborg Convention Bureau), Swedish Exhibition Centre, Got Event, Liseberg amusement park, and the hotel association. Collaboration is very important but the most important stakeholder for this customer group is Göteborg & Co. In the 1990s, the work area of Göteborg & Co was expanded step-by-step. Göteborg & Co concentrates on business tourism, leisure tourism and events. The operational unit of the segment 'business tourism' is the Göteborg Convention Bureau (incorporated in 1991). Each business unit has its own steering committee with relevant stakeholders.

We can be pretty short about **Basel's** residents in the framework of city marketing. They are mentioned in the city's ambitions but they are not served by any of the explicit marketing agencies. Residents are served by units within the

Sicherheitsdiens, Baudepartement and Wirtschafts- und Sozialdepartement. The picture is different for the acquisition of new residents, in particular from abroad. Residence promotion ('Wohnortmarketing') is included in the policy pursued by Standort-Marketing Basel focusing its attention on international 'knowledge workers', or 'high-potentials', which are much in demand by large companies.

Another marketing organisation, Basel Area Business Development is an important player. It looks carefully for new prospects that consider Basel as an interesting location. The strategic clusters, laid down in the general economic policy of the city, are leading in their search for new business. The activities devolved by Basel Area Business Development, are not essentially different from what is generally undertaken in other cities in Europe.

Companies that are already located in Basel can address several units within the Department of Economic and Social Affairs with their questions. There is no explicit policy to pro-actively develop relationships with these customers. We have to add though that the big multinationals have direct access to the city's political leadership. Product development for this customer group is not really done under the flag of city marketing.

Finally we come to the visitors where Basel Tourismus is the leading city marketing agency. One of Europe's oldest tourist associations has two divisions, one engaged in marketing and sales, and the other in supplying information (Basel Tourismus, 2006). The Marketing & Sales division is active in the MICE sector for which it organises particular leisure programmes around congresses and conferences. Basel Tourismus works together with the principal player in the field of fairs and exhibitions, Swiss Exhibition (Egloff et al, 2003). In the MICE sector, Basel Tourismus fulfils mainly a facilitating role. Swiss Exhibition and other market parties maintain the contacts with the organisers of events.

Residents are not really part of the marketing equation in **Birmingham**. Their recent lifestyle campaigns should also appeal to (potential) residents and residents are crucial for those hosting sporting and cultural events. For the rest, they are not targeted as a separate customer group within the framework of city marketing. The ambition of the Planning and Regeneration Group is interesting in this respect: "encourage and guide development that will help make Birmingham one of the

world's top cities – a place where people increasingly want to live, work and visit and where businesses choose to invest". It is too early to say that this is the fundamental change to adopting a more customer-centric approach to the development of Birmingham.

An activity now getting more priority than before is leisure tourism. As said before Marketing Birmingham is the destination marketing organisation for Birmingham. Apart from the coordination and orchestration of Birmingham's image management, it does all the work that one expects of a destination marketing agency for leisure tourists, individual business tourism but it has special attention for the MICE sector.

Locate in Birmingham and Advantage West Midlands are marketing organisations that deal with the customer group companies. Other organisations do also serve this group but not as part of a marketing strategy (for instance planning regulation). Birmingham - or to be more precise Locate in Birmingham - counts financial and business services, ICT and bio-technology as well as (automotive) industry among the economic sectors vital to the city's future (Locate in Birmingham, 2003).

To tempt even more prominent lawyers' offices and consultants to establish here, and point out the good job opportunities to those newly graduated elsewhere and keep talented regional graduates from moving out, a campaign was started jointly with the Birmingham Law Society under the heading of *Advised in Birmingham*. In the glory time of industry, 'Made in Birmingham' was synonymous with 'Prime quality'. The ambition is for 'Advised in Birmingham' to deserve the same connotation.

Locate in Birmingham is too small to take on large projects on its own; therefore, collaboration is of the essence. Thus, Locate in Birmingham joins forces with Advantage West Midlands, Marketing Birmingham and the Birmingham Alliance to present the city at the annual property convention (MIPIM) in Cannes jointly.

Also Advantage West Midlands works with a selection of economic clusters that are to give the region a better economic position in the coming years (Advantage West Midlands, 2005). By its objectives and its envisaged role, Advantage West Midlands gets involved in a many affairs. It supports regional economic enterprise by

knowledge development (evolving and/or coaching special education programmes, for instance). And as the region's champion it tries to influence regional policy as well as improve outsiders' perception of the West Midlands. To the latter end, the company serves as the point of address for investors with an interest in the region, informing, accompanying and advising potential clients in their decisions about investment and/or establishment in the region.

How important is this marketing principle to organise marketing activities as close as possible to customer groups? Remember that *our sub-hypothesis is that city marketing activities for particular customer groups need to be supported by an adequate coordination mechanism as close as possible to these customer groups to facilitate city marketing management*. Is it relevant and can we understand the development concerning this supportive factor in the four cases?

- We can begin to repeat one of the last statements of section 10.4: “the experiences with city marketing in the four cities also support the need for a clear distinction between activities for more than one customer group and the marketing activities for particular groups in terms of governance and stakeholders involved. At the level of particular customer groups much can be left to the marketing professionals and stakeholders that are close to the target groups.” This basic marketing principle is also relevant for city marketing.
- All the cities in our investigation have several specialized marketing agencies that coordinate and implement marketing activities for particular customer groups. These specialists are considered to know better the preferred packages by various target groups. The best examples are destination marketing organisations and inward investment agencies.
- Apparently the competitive pressure on cities in those areas stimulated the development of these agencies focusing on particular groups. There have been voices in some of the cases (in particular Basel, Birmingham and Göteborg) to bring these agencies together but it has not happened and many feel that it is unlikely that it will happen in the near future. One explanation might be the vested interests of those organisations but it could also be that there is a lack of synergies to put them together in one organisational structure.

- An interesting observation is that these specialized marketing agencies cater for leisure and business tourism, investors, companies, but there are very few initiatives to establish specialized marketing agencies for (potential) residents, with Basel's knowledge workers and Rotterdam LiViN as exceptions. There are several explanations for this omission. Firstly, residents are generally not seen as part of city marketing. This does not mean that residents are not important, but other institutions are responsible for them (such as the planning department and several others). It is also possible that these institutions adopt a customer-centred approach but this is usually not considered to be part of city marketing. Secondly, the competitive pressure on these cities mentioned above has induced a strong external focus for incoming customers: leisure and business visitors, investors and companies. This external focus overshadows the importance of satisfying the customers that are already there. For a long time, potential new residents have not been part of this external focus but the examples in Basel and Rotterdam indicate a moderate change.

*On the whole the observations above give us support for our sub-hypothesis that city marketing activities for particular customer groups need to be supported by an adequate coordination mechanism as close as possible to these customer groups. In sum, this basic marketing principle is relevant for the four cities as these decentralised coordinating organisations have been developed. Furthermore, we have not seen successful attempts to bring those specialist agencies together in a big organisation. Many stakeholders question the effectiveness of such an approach.*

### **10.5 A flexible approach to the spatial level of city marketing activities (H1.2.4)**

The easiest dimension of the city marketing governance structure is the flexibility of the spatial level at which marketing activities are coordinated and implemented. Are the marketing activities limited by the city's administrative boundaries in the four cases?

In the case of **Rotterdam**, the related marketing activities are not institutionalised in a regional setting. The Chief Marketing Office has been established by the city and its working area is the city's territory. The key brand values have been selected for Rotterdam particularly but the organisation can also

take a regional perspective in 'selling Rotterdam'. This is also true for many other stakeholders such as Rotterdam Marketing that positions the Rotterdam region as a destination or the Rotterdam Development Corporation that adopts a regional perspective if necessary.

Business Region **Göteborg** works to strengthen and develop trade and industry in the Göteborg region. Its activities concern business development projects promoting clusters and industries, marketing the region nationally and internationally, giving advice to investors and newly established companies. It operates on behalf of the thirteen municipalities that form the Göteborg region. Göteborg & Co organizational mandate is limited to the city borders, but just like Rotterdam Marketing it adopts a wider perspective when necessary for the target groups in focus.

In the case of **Birmingham**, regionalism is promoted by Advantage West Midlands, the regional economic development company for the West Midlands. Advantage West Midlands aim is that the region will be recognised as a world-class region in which to invest, work, learn, visit and live (Advantage West Midlands, 2005). AWM has its own regional marketing programme and inward investment policies. It stimulates Birmingham's marketing agencies such as Marketing Birmingham to adopt a regional perspective and promote the collaboration of Birmingham and one of the region's attractions Stratford-upon-Avon, the birthplace of Shakespeare. The spatial flexibility also applies to a smaller scale for a special policy to boost Birmingham's Jewellery Quarter and city centre shopping areas.

**Basel** Area Business Development (Wirtschaftsförderung Basel-Stadt & Basel-Landschaft) caters for the target group 'businesses'. This association has existed since 1996 and is joint venture by the two cantons of Basel-Stadt and Basel-Landschaft, the Chamber of Commerce, the Basel Association of Employers and other organisations representing the business interests. The association promotes the region as a business location (including acquisition), stimulates starting entrepreneurs and supplies information and mediation. Standort-Marketing Basel has been established by the Kanton Basel-Stadt but also adopts a wider regional approach if necessary for instance in the case of the residential marketing for knowledge workers.

*Is this flexible approach to the spatial level of city marketing activities a relevant supportive factor and does it help us to understand the development in the four cities?*

- The first general observation is that the spatial flexibility of marketing operations relates to the other sub-hypotheses in this chapter. It is important for the marketing vision and the marketing activities for more than one customer group as well as those activities for particular groups.
- The second observation is that most stakeholders in the cities agree that flexibility is important. Place marketing can be relevant for neighbourhoods, cities, regions, wider city partnerships or nations, but the marketing of the city itself is also helped by adopting a wider regional approach or a more focused approach on a particular area.
- Having said this, we have also learned that the flexibility is very much linked to the political leaders and the city marketing practitioners. If the flexibility for the spatial scale is not institutionalised, different political leaders and different managers might induce a change for the worse.

*Generally speaking, the experiences support our hypothesis that a flexible approach to the spatial level of city marketing activities is a supportive factor for city marketing management. The city marketing practitioners experience the importance of this flexibility in their day-to-day management of city marketing activities.*

## **10.6 Conclusions**

The experiences of Basel, Birmingham, Göteborg and Rotterdam are supportive for our hypothesis 1.2: *an integrated approach to city marketing rests upon four supportive factors for city marketing management*. In chapter 7 we have identified four supportive factors and developed these into four sub-hypotheses. The explorative study confirmed that these are relevant and increase our understanding. In that way, the comparative analysis of the four sub-hypotheses together lead us to the conclusion that there is support for hypothesis 1.2 that *an integrated approach to city marketing rests upon four supportive factors for city marketing management*.

It is also clear that these supportive factors are linked to some extent. The second and third are linked by definition because it concerns the allocation of

marketing activities. The first supportive factor sets the margins for the activities and strategies that are considered to be relevant for city marketing management and we have also acknowledged that there is a link with the fourth condition for the other three.

Just as in chapter 9, we acknowledge that the support for our sub-hypotheses cannot be seen as the ultimate test of these factors as the most important ones for city marketing management. It is not the 'final verdict' but a positive step to increase our insight into an integrated approach to city marketing as a necessary condition for the effective use of city marketing.



## **11 Synthesis and conclusions**

### **11.1 Introduction**

This research has dealt with the phenomenon of city marketing. The objective of this research has been twofold: contribute to the development of the concept of city marketing and increase the insight into the conditions for effective use of city marketing both theoretically and empirically. Marketing has demonstrated its value in a business environment, but what are the conditions for cities to benefit from marketing? Hence, our main (explorative) research question is:

*How can cities make effective use of city marketing?*

In the next section 11.2, we synthesise our theoretical analysis of the concept of city marketing and the conditions to make effective use of city marketing. In section 11.3 we summarize the analytical framework for the empirical research and explain how we have investigated our main hypothesis:

*An integrated approach to city marketing is a necessary condition for cities to make effective use of city marketing.*

We have argued that an integrated approach to city marketing has two dimensions. The main findings concerning the first dimension, the embeddedness of city marketing in urban governance, are synthesised in section 11.4. The second dimension has to do with supportive factors for city marketing management and the main findings for this dimension are synthesised in section 11.5. The final answer to this research question and an outlook for the future are presented in section 11.6.

### **11.2 Contribution to theoretical development of the concept of city marketing**

We review the first six research questions below.

*How can we explain the growing attention for city marketing?*

We have placed city marketing in the context of urban development through the urban life cycle theory of Van den Berg. In a nutshell, the analysis of Van den Berg highlights the changing spatial behaviour of urban actors caused by fundamental (economic, social, political, technological, demographical) developments, affecting the mobility, preferences and aspiration levels of these actors. We have labelled these trends such as the ICT-revolution, the media society, globalisation, terrorist threat, geopolitical change and better transport connections.

Generally speaking these trends cause a change in the behaviour of urban stakeholders and change the 'playing field for cities'. For residents it implies that they have higher aspiration levels towards their relevant environment in terms of accommodation, employment and facilities. Secondly, they have more options as their relevant region has become larger and it has become easier to move from one region to another. Of course, this is true for the people that are well equipped to benefit from the structural economic changes; residents that do not 'qualify' in the rapidly changing economy have far fewer options.

Companies will put higher demands on their relevant environment in terms of their location, labour market, inputs (notably knowledge) and markets. Also their locational options increase as their relevant environment expands and it has become easier to move to another region. Yet, this is true for companies that thrive in the knowledge economy and benefit from the rapid and structural economic change. There are also companies in Western cities that increasingly face tough competition from other parts of the world where competitors can produce similar products for much lower prices. For these companies, the opening of the globe means much more competition and less opportunity, unless they change their business model.

For visitors we can do a similar analysis as they have also much more options for leisure travel. Cities encounter much more competition for tourists and the local tourist industry needs to adapt to these changing market circumstances. At the same time cities that are not in the top league of urban tourism, have greater opportunities to develop tourism as a consequence of the easy and cheap accessibility by low-cost airlines and the importance of the Internet that might open up the restricted selection of destinations by tour operators.

City marketing becomes more relevant in the setting that we have described above with more options for city users, a wider relevant region, competition among places, more uncertainty and a changing governance setting. Following the framework of Van den Berg, we argue that the higher aspiration levels, the enlargement of the relevant environment for city users and uncertainty are strong incentives for cities to adopt city marketing strategies. In addition, if residents, visitors and companies have more options, they need to absorb and interpret much more information and it becomes vital for locations to make it to the mental map of their potential users, yet another stimulus for city marketing. The wider 'relevant environment' induces more intra-regional competition and also competition among urban regions. Also the rise of polycentric regions, in which cities function as interdependent cores, urges cities to position themselves in the urban system. For example, the cities in the polycentric region could be competitors today on the regional housing market, but might be collaborators in an effort to secure international investment the next day. Overall, the increasing competition and complexity in urban development urges cities to adopt city marketing policies.

*What is city marketing and what are the key elements of city marketing?*

One of the persistent problems in the academic debate on city marketing is the variety of interpretations and definitions of city marketing. The explanation for these differences could be the variety in the definitions of marketing itself: different ideas about marketing lead to different interpretations of city marketing. We have argued that the most pragmatic approach is to look for a solid base for city marketing in the mainstream of marketing science.

We have related city marketing to the societal marketing concept that provides a good basis for city marketing. The basic idea is that identifying and satisfying the needs and wants of target markets is the basis of marketing. Furthermore, it is important to satisfy these wants and needs more efficiently than competitors in such a way that the welfare of the customers and society is not put in jeopardy, or is even improved. This is highly relevant, as cities need to find a balance between the needs and wants of different customer groups. In addition, we have also established that marketing is not intrinsically linked to making profit or businesses.

We have defined city marketing as the coordinated use of marketing tools supported by a shared customer-oriented philosophy, for creating, communicating, delivering, and exchanging urban offerings that have value for the city's customers and the city's community at large. The definition is quite similar to the latest definition of marketing by the American Marketing Association; the difference is that we explicitly included the coordinated use of marketing tools supported by a shared customer-oriented philosophy instead of the more general formulation of the AMA ("activities, institutions and processes"). Examples of these marketing tools are marketing research, market segmentation, product development, establishing the marketing mix, sales & promotion, account management and branding. The shared customer-oriented philosophy refers to using the marketing concept: identifying and understanding the needs and wants of your customers is central to the use of marketing.

Similarly to city marketing, we have also underpinned city marketing management with the definition of the AMA. We describe city marketing management as the process of setting marketing goals for a city, the planning and execution of activities to meet these goals, and measuring progress toward their achievement.

Our pragmatic choice to underpin and define city marketing and city marketing management with insights from the marketing mainstream does not mean that we see cities and places in general, as part of the expansion of the marketing domain. The urban context in which marketing is used does make a difference in the city marketing practice, for example in the fine-tuning of marketing tools for the urban context.

#### *What is the added value of city marketing?*

We have identified a parallel between the analysis for cities in chapter 2 and the adoption of marketing strategies in the business community. Many companies have adopted marketing strategies to safeguard their business in a dynamic and competitive environment. Essentially, the added value of marketing for cities is similar. The difference is in the main objective: profit and return on investment for companies and the wider public objectives (wellbeing) for cities.

According to marketing scholars, such as Kotler and McDonald, marketing is a pro-active concept that helps companies to address a future that is “largely uncertain” (in the words of Kotler). Marketing is a means to monitor and signal relevant trends and developments in the market. In that respect, the use of marketing by cities fits very well with Van den Berg’s plea for a more pro-active approach to urban policymaking in response to competition.

A very important benefit from marketing for cities is the before-mentioned marketing concept: understanding the needs and wants of your customers. This basic marketing philosophy is the foundation for a more targeted approach. A better understanding of customers enables cities to develop a more targeted approach to appeal to (potential) customers that are interesting for a city. To put it differently: cities that want to retain particular businesses, attract tourists or new residents can be more successful by knowing the preferences of the target groups better and invest in an attractive environment according to the demands. The targeted approach is very important in a competitive setting where the city’s potential customers have a wide option of choices. A closer match with the needs, wants and demands of the city’s (potential) customers is more likely to be successful.

Marketing offers cities a set of tools (such as segmentation, branding, product development, marketing communication, account management) that can give substance to the targeted approach for particular customer groups. Especially the tools that are meant to have an effect on the city’s images have become particularly important nowadays.

On a more conceptual level, the use of city marketing makes sense if there are substantial groups of the city’s customers that differ on the basis of their needs and wants. In that way city marketing is instrumental to promote a better match between demand from the city’s customers and the supply of cities. Marketing means making markets work better. If it were the other way around, and all customers had the same needs and wants, the targeted approach would have no added value. There is one restriction though, as the application of marketing for particular groups could also have unintended effects for other groups of customers or the city’s community as a whole. City marketing strategies should aim to avoid these possible externalities of marketing. Please note that these externalities are not solely negative, but could also

be positive. This is of course an important argument to root city marketing firmly in the societal marketing concept.

*Who are the city's customers and what are their spatial needs and wants and what are the consequences of adopting a customer-oriented approach for the concept of city marketing?*

In the case of city marketing the customers are (potential) residents, businesses, investors, visitors and other (potential) users of the city. These customers look for an attractive living environment, business environment, visiting environment and investment environment respectively. The value that is delivered to the city's customers is derived from that relevant environment. We have also learnt that the relevant environments of different customer groups (and customers from the same category) can overlap. Hence, synergies and conflicts are inevitable and set the margins (to prevent negative externalities from marketing policies) for the customer-oriented approach that is central to city marketing.

These customers have aspirations with regard to their relevant environment and compare (other) relevant environments against the aspired relevant environment. We have highlighted the vital role of perception, in which the customer's characteristics, information selection and processing, as well as strong associations of the customer with elements of the relevant environment play a role. The perceived attractiveness of the relevant environment is very important in the decision-making process of the city's customers. Ultimately, city marketing should have an impact on this decision-making process of (potential) urban customers concerning their spatial behaviour. This is also an important delimitation for the domain of city marketing.

City marketing tools should help understand the needs and wants of the city's customers expressed in their aspired relevant environment. City marketing should influence the selection and the perception of relevant environments and know more about the evaluation leading to a decision. It is undoubtedly an ongoing process as aspiration levels of the city's customers change over time as well as the number and quality of suitable options from which customers can choose.

*What are the consequences of adopting a customer-oriented approach for the concept of the city's products?*

A customer-oriented product definition implies that the abovementioned relevant environment is the value carrier – the product. This is a difficult starting point for an individual supplier. An individual supplier needs to understand that its product is part of a package. From a supply-side perspective, the city's products are the city's offerings to its (potential) customers through packages of spatially related (partial) products, conditions and prospects relevant for the customers' spatial behaviour. The challenge is to think in terms of packages that are close to the aspired environment of (potential) customers. It also implies that there are more stakeholders involved responsible for a specific package as the product of a single supplier is only a partial product of the package. Our framework for understanding the behaviour of the city's suppliers makes it possible to group suppliers with different perceptions of the packages.

*What are the ingredients of contemporary city marketing management?*

Our analysis of the preferences of the city's customers, the potential synergies and conflicts among customers groups and the complex configuration of the suppliers of the city's products demonstrate that adequate city marketing management is very important. We have argued that the step-wise logical order of analysis, planning, implementation and evaluation of marketing activities promoted by influential marketing scholars is not very realistic for city marketing. These processes can also take place simultaneously or overlap and are influenced by the context in which these processes take place. A crucial observation is that city marketing management is part of urban governance: the array of mechanisms for structuring collective action in cities involving various public and private stakeholders. Consequently city marketing management is part of the political processes involving multiple stakeholders with varying objectives in a network setting. A top-down management approach that controls the marketing efforts for all customer groups is not fitting with this network setting.

A key question for city marketing management in a network setting is the allocation of marketing activities among stakeholders at different levels. We have

distinguished two levels of coordination in city marketing management: the first concerns city marketing activities that score high on 'relatedness' - these activities are relevant for more than one generic customer group - and the second concerns the coordination of marketing activities for particular customer groups. The first group of activities concerns the co-ordinating of the development of the overall marketing vision, strategy and objectives, promoting a customer-oriented approach (the marketing thought) in the city, developing and maintaining a city marketing information system, participating in the process of strategic product development and oversight and coordination of strategic city image management. The coordination of these marketing activities at a higher level implies a need for oversight, safeguarding strategic marketing choices and alignment of bottom-up initiatives. It does not mean that these activities can or should be imposed top-down upon all city marketing stakeholders: this is not compatible with the complex network setting. The second group comprises most of the marketing activities that are relevant for particular customer groups based on the popular idea that marketing activities should be designed, planned and implemented as close as possible to particular customer groups.

*Why is an integrated approach to city marketing needed and what do we mean by it?*

The answers to the questions above already indicate that the effectuation of city marketing is not as straightforward as one might expect. We have argued that an integrated approach to city marketing is a necessary condition to make effective use of city marketing. First, the need for integration is caused by the potential synergies and conflicts among the interests and preferences of different customer groups as discussed before. Our analysis using the urban life cycle theory of Van den Berg, also pointed to the need for an integrated approach to city marketing. The accumulation of challenges and trends that affect cities (we have called this the 'playing field' of cities) highlight the need for integration. For example, the omnipresence of the media affects perception of cities and raises the attention for city marketing and city branding in particular. Changing perceptions is difficult and requires an integrated approach combining several marketing (communication) instruments. This aspect of integration draws upon a fundamental marketing principle of a coordinated use of various marketing instruments. Also, these trends contribute to rising attention for city

marketing as a weapon against city competition. In such a competitive environment, the effective use of marketing instruments requires an integrated use of the available marketing instruments, as the resources of cities are usually scarce. In addition, our analysis also highlighted that balancing economic, social, cultural and environmental processes and objectives is very important for cities. Of course, it is difficult to define the 'right' balance, but it is an important issue for policymaking in cities. City marketing processes and objectives are part of this balancing challenge and need to be an integrated part of this balancing process. Another effect of the 'changing playing field' is on the increasing number of stakeholders and the greater complexity of urban governance processes, another stimulus for an integrated approach.

Essentially, an integrated approach to city marketing concerns two dimensions. These two dimensions concern the effectuation of city marketing and are important conditions to make effective use of city marketing. The first dimension is about fitting city marketing in with the pattern of urban governance. This dimension of an integrated approach involves the position of city marketing in the political and administrative processes. We have argued that the embeddedness in urban governance is stimulated by:

1. A broad and shared interpretation of city marketing at the level of the city's decision makers (avoiding confusion among policymakers);
2. The inclusion of city marketing in the political priorities (making it an explicit part of the political and administrative process);
3. The unambiguous political responsibility for city marketing and clarity about the relation with other policy fields (prevent the competition among various policy fields);
4. The support from city marketing networks (make the most of the wide variety of stakeholders with relevant expertise and interests) and the leadership to develop, coordinate and use the full potential of these networks.

The second dimension of integration concerns the supportive factors for city marketing management. We stress that these supportive factors are not temporary quick fixes and that these factors are relevant for all cities engaged in city marketing management. These supportive factors have been derived from our analysis in the first 7 chapters of this research:

1. The translation of political priorities into a comprehensive city marketing framework (to avoid negative externalities, conflicts and provide a link with the city's wider political objectives);
2. The identification of city marketing activities that are relevant for more than one generic customer group and supporting these activities by an adequate coordination mechanism (to facilitate city marketing management);
3. City marketing activities for particular customer groups need to be supported by coordination mechanism as close as possible to these customer groups (a basic marketing idea because those practitioners close to the customers know them better and preventing that city marketing management becomes impracticable);
4. A flexible approach to the spatial level of city marketing activities (to make it possible to respond to customer preferences that cross administrative borders).

### **11.3 The empirical research**

Our main hypothesis for the empirical research (1.0) is: *An integrated approach to city marketing is a necessary condition for the effective use of marketing.*

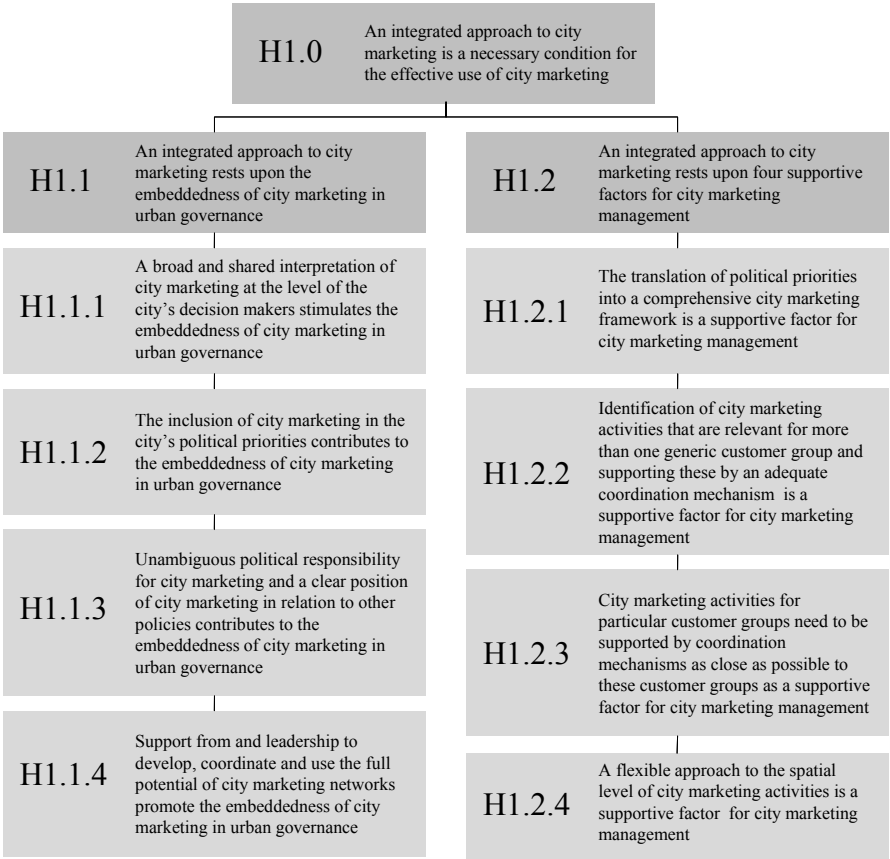
This hypothesis is the top of a three-stage rocket. We have already stated that the integrated approach to city marketing has two dimensions: the embeddedness of city marketing in urban governance and supportive factors for city marketing management itself. In our empirical analysis we have developed the main hypothesis into two derived hypotheses along these lines: an integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance (1.1) and an integrated approach to city marketing rests upon supportive factors for city marketing management (1.2).

The two derived hypotheses have been operationalised into the eight sub-hypotheses based on the factors that have been discussed above. The first four factors increase the insight into the embeddedness of city marketing in urban governance; the last four sub-hypotheses shed more light on the supportive factors for city marketing management. Table 11.1 summarizes our research framework.

We have selected four case studies on the basis of their characteristics and their track record with regard to city marketing for the comparative analysis: the cities

of Basel, Birmingham, Göteborg and Rotterdam. The case studies can be considered as experiences to test the applicability and explanatory ability of our research framework.

*Table 11.1 An integrated approach to city marketing: the research hypotheses*



#### ***11.4 An integrated approach to city marketing rests upon the embeddedness of city marketing in urban governance (H1.1)***

In this section we synthesise the main findings for the four sub-hypotheses regarding the embeddedness.

##### *A broad and shared interpretation of city marketing at the level of the city's decision makers stimulates the embeddedness of city marketing in urban governance (H1.1.1)*

In our analysis of the four cities, we did find problems with the implementation of city marketing associated with the variety of city marketing interpretations at the level of political and administrative decision-makers. It creates confusion and that confusion also trickled down to the level of those that need to implement the policies. The variety of interpretations also affects cooperation negatively in three of the four cities. A positive development is that in all four cities the majority view on city marketing is more than just promotion or tourism. Image management (in two cities defined as branding) is a part of city marketing in all four cases. This has resulted in the implementation of more serious branding or image improvement policies. Also the range of activities considered to be part of city marketing has expanded. City marketing has become more important as the scope of city marketing in the view of political and administrative decision-makers has widened. These observations in the four case studies can be seen as supportive for our hypothesis (1.1.1).

##### *Inclusion of city marketing in the city's political priorities contributes to the embeddedness of city marketing in urban governance (H1.1.2)*

We have seen that only in one city (Basel) where city marketing featured in strategic political or planning documents, be it marginally. The non-appearance of city marketing in these types of documents in the other cities is considered to be a problem as it complicates the positioning of city marketing in relation to other policy areas. The weak representation of city marketing in the abovementioned documents does not mean that it is not a priority at all. It has been on the political agenda for more than two decades in three of the four cities (Birmingham, Göteborg, Rotterdam) and there is a sense of urgency in particular for image improvement. At the same time, we have seen that the lack of representation is sometimes considered to be an advantage as it

keeps city marketing away from the daily politics. We have seen too much disadvantages though to see this as a rejection of our hypothesis. Overall, we conclude that the lack of clear documented priorities does not help to get resources and political commitment for city marketing policies. The observations from the four cities support our hypothesis (1.1.2). Although, it can be partly compensated when it is a long-term priority in the hearts and minds of political leaders and other key stakeholders.

*Unambiguous political responsibility for city marketing and a clear position of city marketing in relation to other policies contribute to the embeddedness of city marketing in urban governance (H1.1.3)*

The departmentalised structure of the administration along policy fields is present in all our cases and makes the effectuation of city marketing more complicated, as city marketing is usually not part of the traditional functional division of policy fields. Ambiguous political responsibilities reinforce the fragmentation among policy fields. The experiences of the cities point mainly to the problems, but it is expected that more clarity and less ambiguity improve the performance of city marketing policies. It will certainly lead to better and more structured evaluation of city marketing efforts, which are lacking. In sum, the experiences in the cities are supportive for our claim that ambiguous political responsibility for city marketing and an unclear position of city marketing in relation to other policies does certainly not contribute to the embeddedness in urban governance. We can see this as circumstantial evidence for our hypothesis (1.1.3).

*The organisation of support in and leadership to develop strategic city marketing networks among public and private stakeholders promote the embeddedness of city marketing in urban governance (H1.1.4)*

The support in networks and leadership to develop them is expected to increase the organising capacity and thus the embeddedness in urban governance. We have found a lot of support for our assumption that the development of (public-private) strategic alliances is relevant in this respect and that a growing number of private stakeholders see the added value of city marketing. The growth of public-private networks does have a positive effect on support and leadership is instrumental

for utilising these city marketing networks (for instance in Birmingham and Göteborg). We have found considerable support for our hypothesis (1.1.4).

Together, the support for the four hypotheses above provides support for our hypothesis 1.1.

### ***11.5 An integrated approach to city marketing rests upon four supportive factors for city marketing management (H1.2)***

In this section we address the main findings for the four sub-hypotheses regarding the supportive factors for city marketing management.

*The translation of political priorities into a comprehensive city marketing framework is a supportive factor for city marketing management (H1.2.1)*

In our study, the political priorities could also refer to programmes or if applicable long-term city visions. The comprehensive city marketing framework brings together a comprehensive city marketing vision, strategy and objectives. Additionally, we have postulated that the acknowledgement of the broad spectrum of city customers and awareness of potential synergies and conflicts among interests of customer groups should be part of the city marketing framework. The cases show that this translation process is relevant and it happens for particular customer groups and activities. The translation into a comprehensive city marketing framework has not materialised. There is awareness that all customer groups are part of city marketing and sometimes it is documented (Basel) but it is not implemented. The awareness also concerns the potential conflicts among different customer groups. The cases also demonstrate that this translation is relevant. We have seen that the partial translations of city marketing elements (such as branding in Rotterdam and Birmingham) helped to improve the position vis-à-vis other policy fields.

The fact that not all customer groups are included in city marketing, in particular residents, does jeopardise support for city marketing. Overall the experiences in the cases support our hypothesis (1.2.1).

*Identification of city marketing activities that are relevant for more than one generic customer group and supporting these by an adequate coordination mechanism is a supportive factor for city marketing management (H1.2.2).*

We have argued that the identification of city marketing activities that are relevant for more than one generic customer group and adequate coordination of these activities is a supportive factor for city marketing management. In the cases, image management (4 cities; sometimes referred to as branding), events (2 cities, the MICE-sector (2 cities) and promoting the marketing thought (2 cities) have been mentioned as those tasks. The cases have clearly demonstrated that once a city experienced problems with the coordination of a particular broader task – for example image management – we have seen attempts to restructure the city marketing governance structure (some more successful than others). In our theoretical analysis we have identified more city marketing activities that are relevant for more than one generic customer group. There is awareness that the co-ordinating of the development of the overall marketing vision, strategy and objectives is relevant, but it is not put into practice as a higher-level task. Another issue is that it has proved to be difficult to come up with *the adequate* coordinating mechanism for the city marketing activities relevant for more than one customer group. The cities have different approaches and it is difficult to tell what is better. We do know from the experiences however, that the adequate coordination is very relevant. We have found enough support for our hypothesis (1.2.2).

*City marketing activities for particular customer groups need to be supported by coordination mechanism as close as possible to these customer groups as a supportive factor for city marketing management (H1.2.3)*

All the cities in our investigation have several specialized marketing agencies that coordinate and implement marketing activities for particular customer groups. These specialists are considered to know better the preferred packages by various target groups. It has to be noted that competition has induced a strong external focus leading to special marketing agencies such as destination marketing organisations and inward investment agencies, for incoming or new customers. These special agencies are organised as close as possible to the customer groups in cooperation with other

private and public stakeholders. The scope is widening though as there are some new initiatives where special marketing activities are deployed for the customer group residents (Basel, Rotterdam). Generally speaking the cases provide support for the hypothesis (1.2.3). This basic marketing principle has proved to be relevant in the four cities.

*A flexible approach to the spatial level of city marketing activities is a supportive factor for city marketing management (H1.2.4)*

The main argument here is that the behaviour and preferences of the city's consumers do not stop at administrative borders. The cases teach us that it is important to use the wider spatial scope in positioning the city for particular customer groups and that some of the specialized marketing agencies already work on a wider spatial scale. City marketing practitioners experience the importance of this flexibility in their day-to-day management of city marketing activities. Generally speaking, the experiences support our hypothesis (1.2.4).

The support for the second set of four factors also implies support for our hypothesis 1.2.

## **11.6 Conclusions**

This research has set out to answer the following question: *how can cities make effective use of city marketing?* In our theoretical analysis we have provided for a definition of city marketing that fits with the context of cities, constructed a customer-oriented perspective, developed a concept for urban products, outlined contemporary city marketing management and developed and gave substance to an integrated approach to city marketing. As the previous sections indicate we have found support for our hypotheses 1.1 and 1.2, we conclude that the empirical analysis supports our main hypothesis that *an integrated approach to city marketing is a necessary condition to make effective use of city marketing.*

The subject of this investigation has not been a popular topic in more than 25 years of research into the marketing of cities. Hence, our research approach has been explorative to examine a subject that has not been documented very well. We aimed to address a real problem: city marketing holds potential for cities, but many cities are still confused about the interpretation and struggling with its effectuation. The

experiences in the case cities are a clear illustration of this struggle. Our analysis provides these cities with a concept for city marketing and with eight critical factors for the effectuation. Hopefully it stimulates cities to make more effective use of the potential of marketing. Some of the signalled problems are inherent to the political and administrative systems of cities, some are easier to tackle. We feel that there are enough opportunities for cities to explore possible improvements. Actually, the competitive environment that we have described gives cities little choice. We expect that embedding city marketing in urban governance and creating the right conditions for city marketing management will become key challenges for cities that want to make the most of their marketing efforts in the coming years. City branding is popular at the moment, but also city branding will not produce the desired results without proper effectuation in the urban context.

Of course our integrated approach to city marketing is a necessary condition for the effective use of marketing and not a sufficient condition. If city marketing is embedded in urban governance and the supportive factors for city marketing management are supportive, it still comes down to hiring the right kind of people to do the job. City marketing also relies on creativity and marketing skills to give substance to their actual marketing strategies. This makes city marketing a challenging field to work in for people with marketing qualifications and a solid understanding of the context in which it is applied.



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## Annex A

*Table A.1 Definitions and descriptions of city marketing and related concepts*

Term	Definition/ Description
Geographical marketing	The process of geographical marketing combines promotional, spatial and organisational activities, and can be aimed at various groups. (Meester & Pellenbarg, 2001)
City marketing	The tuning between the supply of <i>urban functions</i> and the demand for them from inhabitants, companies, tourists and other visitors. (Van den Berg, Klaassen and Van der Meer, 1990)
Urban marketing	Urban marketing is an instrument which can be used to advantage by the city to achieve two goals: to face up against competition on a supranational scale and to reorganise urban policies in order to enhance local resources. (Ave and Corsico, 1994)
Regional marketing	Regional marketing is part of regional management and within its framework of the presence of alternative options for users, an entire plan of activities by regional authorities that is aimed at enlarging the use of regional products by businesses, investors, visitors and other users of the region by means of optimisation of the agreement between the wishes of those (potential) users on the one hand and the supply of regional products on the other hand. (Van 't Verlaat, 1997)
Place marketing	Place marketing is a process whereby local activities are related as closely as possible to the demands of targeted customers. The intention is to maximise the efficient social and economic functioning of the area concerned, in accordance with whatever wider goals have been established. (Ashworth and Voogd, 1994)
Place marketing	Place marketing means designing a place to satisfy the needs of its target markets. It succeeds when citizens and businesses are pleased with their community, and the expectations of visitors and investors are met. (Kotler et al, 2002; p183)
Urban place marketing	Urban place marketing can be seen as a managerial principle in which thinking in terms of customers and the market is central as well as a toolbox with applicable insights and techniques. (Van den Berg & Braun, 1999; p993)

*Table A.2 Fundamental marketing links for city marketing*

Term	Definition
Marketing	Marketing is 'a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products or services of value with others' (Kotler, 1997).
Marketing	Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2008).
Marketing Management	Marketing management is the process of analysing, planning, implementing and evaluating of marketing activities in an organisation, with a view to achieving its marketing objectives.
Marketing Concept	The societal marketing concept implies that organisations' objectives are attained by their identifying the needs and wants of target markets better and satisfy the wants and needs of customers more efficiently than the competitors.
Societal Marketing Concept	The societal marketing concept implies that organisations' objectives are attained by their identifying the needs and wants of target markets better and satisfy the wants and needs of customers more efficiently than the competitors, in such a way that the welfare of the customers and society is not put in jeopardy, or is even improved.



## Annex B

*Table B.1 Selection of marketing stakeholders Basel*

<b>Standort Marketing Basel</b>
Stadtmarketing Basel has been established following the launch of Basel's new city marketing initiative summarized in a strategic document entitled 'Stadtmarketing für Basel: Die ersten Schritte' (City Marketing for Basel: The First Steps). Stadtmarketing Basel is a small unit ('Dienststelle') with six employees within the Department of Economic and Social Affairs. It is responsible for (general) image campaigns, residential promotion and event services (Horvath, 2004).
<b>Basel Tourismus</b>
Basel Tourismus is the oldest and largest (in terms of staff) marketing organisation of Basel, and its target group are visitors from Switzerland as well as from abroad. Hotels and other tourist stakeholders founded it in 1890. It is an association in which the members elect the board, including the chairman. Prominent tourist stakeholders such as Swiss Exhibition, the Department of Economic and Social Affairs, and the airport are represented in the board. The board appoints an executive director for the organisation with around 25 full-time and some part-time employees.
<b>Messe Schweiz (MS)</b>
Messe Schweiz (Swiss Exhibition) is a holding company that manages the Exhibition Center in Basel, the Exhibition Center in Zürich, Congress Center Basel, Musical Theater Basel, and Theater 11 Zurich. The holding is owned by several parties, half of whom are public agencies such as the canton of Basel-Stadt (33.5 per cent) and canton of Basel-Landschaft (7.8 per cent) (Messe Schweiz, 2003). Of the 330 employees, 300 work in Basel, which also hosts most of the facilities. Swiss Exhibition calls itself a live marketing company "creating marketing platforms and solutions by organizing specialized and public fairs and exhibitions of national or international character". Swiss Exhibition also rents out its facilities in Basel and Zürich to independent fair and exhibition, convention and event promoters. Both exhibition grounds total up an exhibition area of some 195,000 square meters (162,000 in Basel and 33,000 in Zürich).
<b>Wirtschaftsförderung Basel-Stadt &amp; Basel-Landschaft (WIBB)</b>
Wirtschaftsförderung Basel-Stadt & Basel-Landschaft (Basel Area Business Development) caters for the target group 'businesses'. This association exists since 1996 and is a joint venture by the two cantons of Basel-Stadt and Basel-Landschaft, the Chamber of Commerce, the Basel Association of Employers and other organisations representing the business interests. The most important employers have a seat in the board. The association promotes the region as a business location (including acquisition), stimulates starting entrepreneurs and supplies information and mediation.
<b>Wirtschafts- und Sozialdepartement (WSD)</b>
The Wirtschafts- und Sozialdepartement ('Department of Economic and Social Affairs') is responsible for the canton's economic and social policy. It is a large city department with more than 1500 employees. It incorporates the Basler Verkehrs-Betriebe (1000 employees) responsible for public transport (bus, trams, trolleybus) and the Amt für Wirtschaft und Arbeit (labour market policies and contact for companies located in Basel-Stadt. Stadtmarketing Basel is also a unit within this department.

<b>Baudepartement (BD)</b>
The Baudepartement ('planning department') is responsible for urban development, planning, enforcing construction rules, infrastructure and several other policy areas. It is another large department (1800 employees). Apart from spatial planning, transport planning, construction licensing and subsidies, the department is also responsible for improving the conditions for city living (more and better housing).
<b>Erziehungsdepartement (ED)</b>
The Erziehungsdepartement (Department of Education) is not just responsible for the city's education policies but it also includes the units for sports (sport amt) and culture (resort culture).
<b>Sicherheitsdienst (SD)</b>
The Sicherheitsdienst is responsible for the police, but it also provides the general services for citizens ('Einwohnerdienste').
<b>Others</b>
There are numerous organisations representing the business interests that could play a role in the city marketing such as the Handelskammer beider Basel, the Basler Bankenvereinigung (including most banks in Basel), Basler Hotelierverein. Also private enterprise with a stake in developing housing, office space, tourist attractions etc.

*Table B.2 Selection of city marketing stakeholders Birmingham*

<b>Marketing Birmingham</b>
Marketing Birmingham is the destination marketing organisation for Birmingham, making it the most visible city marketing organisation in Birmingham. Marketing Birmingham was set up in 2002 and is a public-private partnership. It receives financial support from the city government and other public and private stakeholders. Consequently, Marketing Birmingham operates at arm's length from the city government. It does all the work of a destination marketing agency but it is also the coordinating organisation for Birmingham's image management.
<b>Locate in Birmingham</b>
Locate in Birmingham is a typically English 'inward investment agency' <sup>33</sup> , whose key task is to market Birmingham as a profitable location for the establishment and expansion of businesses. Contrary to its name, Locate in Birmingham does not limit itself to the attraction of activities from outside the city, but considers the preservation of local employment, investment and companies of at least equal importance. In the past few years, the organisation has extended its scope, counting financial and business services, ICT and bio-technology to manufacturing as well as (automotive) industry among the economic sectors vital to the city's future.
<b>NEC group</b>
Another prominent player in the field of city marketing is the NEC Group. That conglomerate has existed since 1995, when the exploitation of all convention, exhibition and event accommodations

<sup>33</sup> Many British cities have similar organisations oriented to attracting and holding investors.

mentioned in section two (the NEC, the NEC Arena, the ICC, and Symphony Hall) were put under one roof: the NEC Group. The land and the accommodations remain the property of the City. The NEC Group, owned by the City and the Chamber of Commerce, is responsible for the exploitation. The NEC group promotes events (together with the organisers) and markets its facilities for exhibitions and conventions, congresses and so on to the city.
<b>Marketing and Communications Division</b>
The Marketing and Communications Division manages the council's relation with the media and it devises communications and marketing plans for city-wide campaigns, events and services. It is also responsible for city dressing and it offers marketing and communications advice to other departments, organisations and stakeholders with whom they collaborate.
<b>Advantage West Midlands</b>
Advantage West Midlands is the regional economic development company for the West Midlands. This region counts some 5.3 million inhabitants in 38 municipalities. The region unites rural areas such as Herefordshire and Staffordshire with Birmingham and Coventry. Advantage West Midlands is one of nine regional development companies in the United Kingdom. The British Government funds AWM. The regional development agency is a "non-departmental public body that is accountable to the Department of Trade and Industry". Advantage West Midlands' aim is that the region will be recognised as a world-class region in which to invest, work, learn, visit and live". One of its tasks is the promotion of the region. AWM has its own regional marketing programme but it also supports initiatives of local partners of which Marketing Birmingham is one.
<b>Development Directorate</b>
The Development Directorate was formed in 2002 as part of a fundamental restructure of Council services. It brings together the city's development responsibilities. The Development Directorate supports the growth of the local economy, contributes to positioning Birmingham as a major European and international city and regenerate local neighbourhoods, following the successful example of the inner-city. It is a relatively large directorate comprising a lot of activities and with many sub-divisions. Especially the planning and regeneration group is important within the context of city marketing. Its role is to "encourage and guide development that will help make Birmingham one of the world's top cities - a place where people increasingly want to live, work and visit and where businesses choose to invest". This group includes several units such as Locate in Birmingham, Economic Strategy and Information, Regeneration services, Planning etc.
<b>Housing Department</b>
The Housing department manages 70,000 council homes and it is responsible for the city's housing strategy working with Housing Corporation (national Government agency that funds new affordable housing) and private sector stakeholders.
<b>FILM Birmingham</b>
FILM Birmingham is the city's new film office. It offers support throughout all stages of film and television production, it promotes the city as a prime location for film production.
<b>Birmingham Chamber of Commerce</b>
The Birmingham Chamber of Commerce is one of the oldest in the United Kingdom. It represents 5,000 members and fulfils some classical roles, such as lobbying to improve the location climate for entrepreneurs, a platform for networks, and business-supporting services whether or not through its own training centre. Besides these classical roles, the Chamber also wants to be a partner in the region. The Chamber is not only directly involved – as representative of its members – in the

marketing of Birmingham, it is represented in the board of Marketing Birmingham. Besides, the Chamber is a fellow-owner of the NEC Group.
<b>Birmingham Forward</b>
The Chamber of Commerce is not the only representative of organised enterprise. Birmingham Forward represents the financial, professional and business services. The organisation was founded in 1980 under the name of Birmingham City 2000. At the time of its foundation, some companies from the service sector held the view that the Chamber of Commerce had failed to defend adequately the interests of business companies in that sector. A group of entrepreneurs filled up the gap and erected a new representative organisation. Its mission was to strengthen, extend and promote the financial, professional and business service sectors at home and abroad. Birmingham Forward is one of the owners of Marketing Birmingham.
<b>Others</b>
Birmingham Museum & Art Gallery and other museums, the Arts Team, Strategic Sports Team, Social Care and Health Directorate, Corporate Policy and Performance Team, etc.

*Table B.3 Selection of city marketing stakeholders Göteborg*

<b>Göteborg &amp; Co</b>
Göteborg & Co was created in 1991 as a destination marketing organisation. The new agency was placed at arm's length from the municipality. The underlying philosophy was that tourism cannot be separated from other sectors and that active involvement of private enterprise is indispensable. The name 'Göteborg & Co' symbolises the co-operation between municipality and the private sector as well as the interaction between tourism and other sectors. Göteborg & Co is responsible for business and leisure tourism (it incorporates the convention bureau), events, image management and stimulating private sector involvement in city marketing.
<b>Business Region Göteborg (BRG)</b>
Business Region Göteborg is a non-profit company that works to strengthen and develop trade and industry in the Göteborg region. Its activities concern business development projects promoting clusters and industries, marketing the region nationally and internationally, advice to investors and newly established companies. BRG represents the thirteen municipalities that form the Göteborg region. It is owned by the City of Göteborg.
<b>Trade &amp; Industry Group</b>
In 1987, some large companies in Göteborg, among which Volvo and SKF, initiated the Trade & Industry Group. At present, not only business companies are participants (among which well-known names like Ericsson, Saab, SAS, SKF, Skandia, Stena Line and Volvo), but also the municipality, Business Region Göteborg, the Association of Local Authorities (Göteborg Region), and the Swedish Exhibition & Congress Centre. The main objective of the Trade & Industry Group is to help develop Göteborg into one of Europe's most pleasant urban regions to visit, live in and work in. The Trade & Industry Group aims to boost the city's image and it supports, stimulates and initiates projects related to trade and industry, the knowledge economy, and events.
<b>Got Event</b>
Got Event is responsible for attracting and arranging big events at Ullevi stadium, Scandinavium

Arena and the Valhalla Swimming Complex.
<b>Swedish Exhibition &amp; Congress Centre</b>
Swedish Exhibition & Congress Centre is owned by an independent foundation, intended, as laid down in its bye-laws, to act in the interest of commerce and industry in Göteborg. On the board and in the advisory council of the foundation sit representatives of commerce and industry, the universities of Göteborg (University of Göteborg and Chalmers University of Technology), and the municipality. Besides congress and exhibition halls, the centre comprises a hotel (Gothia Towers), office space (among which the World Trade Center, the West Sweden Chamber of Commerce and Industry), and the Scandinavium (an indoor stadium opened in 1971 accommodating twelve to fourteen thousand spectators, which gives direct access to the congress and exhibition facilities).
<i>A selection of other relevant stakeholders:</i>
<b>Liseberg</b>
Liseberg is a public-owned enterprise whose shares are all owned by the municipality. In principle, the attraction park is financially independent in the sense that the revenues are high enough to cover costs and investments.
<b>Göteborg Region</b>
Göteborg Region <sup>34</sup> was the result of a merger in 1995 of two regional organisations. Its jurisdiction comprises thirteen municipalities with a total population of some 850,000. The organisation is financed in part by annual membership contributions from the municipalities, and for another part from revenues of commercial activities (such as congresses and workshops). GR stimulates collaboration across municipal boundaries by functioning as a platform for the exchange of ideas and experiences. GR does not take decisions, but merely advises.
<b>West Sweden</b>
West Sweden <sup>35</sup> is a partnership of 67 municipalities (founded in 1992 by 65 municipalities), two counties and the Västra (western) Götaland region. The organisation has offices in Göteborg and Brussels
<b>Förvaltnings AB Framtiden</b>
Förvaltnings AB Framtiden is wholly owned by the City of Göteborg and the Group comprises 13 subsidiaries. Its housing companies, Bostads AB Poseidon, Bostadsbolaget, Familjebostäder, Gårdstensbostäder and HjällboBostaden, the Framtiden Group, administers roughly 70,000 houses.

*Table B.4 Selection of city marketing stakeholders Rotterdam*

<b>Rotterdam Marketing</b>
Rotterdam Marketing (RM) has been created in the course of the 1990s on the initiative of the Rotterdam Development Corporation (OBR). The new organisation replaced the traditional tourist promotion agency (VVV) that had been criticised for some time. RM is much more pro-active in

<sup>34</sup> Website: <http://www.gr.to/>

<sup>35</sup> Website: <http://www.westsweden.se/>

<p>comparison with its predecessor and has more responsibilities. Rotterdam Marketing is an independent foundation operating at arms length of the city administration. The link with the administration is very strong though: most of the funding of Rotterdam Marketing comes from the OBR and the alderman of Economic Affairs is politically responsible for its activities. RM is the destination marketing organisation for Rotterdam encouraging leisure and business visitors to come to the city. It promotes the city among these audiences and it develops (in cooperation with partners) new packages for visitors and strives to strengthen the city's image with leisure and business tourists.</p>
<p><b>Rotterdam Festivals</b></p>
<p>Another independent foundation is Rotterdam Festivals (RF) that could be described as the city's cultural events agency. It facilitates the development, organisation, staging and promotion of cultural events in the city. The budget of RF also comes from municipal sources: the city's cultural budget (most of RF's funding) and from the OBR. RF's main objective is to stimulate cultural events. It stimulates both large events for a broad audience as well as specialized events for a smaller audience. Note that some of Rotterdam's bigger festivals such as the International Rotterdam Film Festival, North Sea Jazz and the Wereldhavendagen ('world port days') are not the responsibility of RF.</p>
<p><b>Rotterdam Topsport</b></p>
<p>The Rotterdam Topsport (RT) foundation's mission is to promote a positive climate for top class sports in Rotterdam. RT is a relevant player for city marketing as it is actively engaged in facilitating attracting sporting events and positioning the city as a city of sports. RT is also financially supported by the city, but it has been successful in raising funds from other sponsors.</p>
<p><b>Rotterdam LiViN' ('Stichting Woonpromotie')</b></p>
<p>Rotterdam LiViN' ('Stichting Woonpromotie') has been jointly established by the Rotterdam Development Corporation and the city's most important real estate developers and brokers.</p>
<p><b>Rotterdam Port Promotion Council</b></p>
<p>The Rotterdam Port Promotion Council (RPPC) acts as an intermediary for its members (250 companies active in and around the port of Rotterdam). It coordinates the general promotion of the city's port. The RPPC puts the port of Rotterdam on the world map arranging contacts with potential customers through promotional trips and business receptions and (representation on) trade fairs.</p>
<p><b>Chief Marketing Officer (CMO)</b></p>
<p>As of January first Rotterdam has appointed a chief marketing officer. The city expects that the chief marketing officer oversees and coordinates the marketing activities of city marketing stakeholders in Rotterdam. The CMO is paid by the city administration but is not a civil officer. The CMO operates with a relatively small team and has to report to a board with members from the city government and private stakeholders. The CMO does not have the formal power to control the activities of other city marketing actors but works together with many city marketing stakeholders.</p>
<p><i>A selection of other relevant stakeholders</i></p>
<p><b>Rotterdam Development Corporation (Ontwikkelingsbedrijf Rotterdam)</b></p>
<p>The Rotterdam Development Corporation is responsible for the (re)development of land for housing, business and amenities, the management of city owned land and real estate, the Rotterdam land lease policy and is one of the key agents in determining the city's economic policy.</p>

<b>Economic Development Board Rotterdam (EDBR)</b>
The EDBR advises the cabinet of Mayor and Aldermen on the city's economic policy. It is a platform in which more than thirty opinion-leaders participate. They come from the business community and the educational, scientific, sporting and cultural sectors, together with the director(s) of the Rotterdam Development Corporation and the Port of Rotterdam Authority. The EDBR has developed a new economic vision for Rotterdam and operates a number of task forces concerning the Rotterdam economy. One of these taskforces was about city branding.
<b>Port of Rotterdam Authority</b>
The Port Authority develops, manages and operates the port of Rotterdam. It leases sites to businesses, develops new sites, is responsible for port safety, and it provides the infrastructure of waterways, roads, quays and other services for the users of the port area. The Port Authority safeguards the competitive position of Rotterdam's port complex and it promotes the interests of the port community.
<b>Planning and Housing Department of Rotterdam (dS+V)</b>
The dS+V is the Rotterdam planning department and a key player concerning the city's housing policies. It designs and develops plans for the development of Rotterdam with regard to building, housing and city transport and infrastructure. It is also responsible for the enforcement of the city's (and the region's) planning guidelines, construction regulations and national housing laws.
<b>City Management Department</b>
The City Management department ('Bestuursdienst') supports the city's council and cabinet with the coordination and launch of urban policies. It functions as the 'linking pin' between the city's political leadership and the city departments. One of its units is 'corporate communication' responsible for the city's Public Relations and media policies.
<b>Rotterdam Department of Sport &amp; Leisure</b>
The Rotterdam Department of Sport & Leisure is responsible for the city's sports and recreational facilities. It controls the city owned facilities, it assesses and develops new facilities and it supports important third-party owned infrastructure.
<b>Department of Culture (Dienst Kunst en cultuur)</b>
The department of arts and culture is responsible for the city's cultural policies and it distributes the city's arts and culture subsidies.
<b>Others</b>
There are numerous organisations and platforms that are also important for Rotterdam's city marketing such as the Chamber of Commerce (facilitating the business community with a regional focus), Deltalinqs (stimulating the economic development of the port of Rotterdam), the platform for Promotion consultation ('werkoverleg Promotie' for the coordination of promotion activities of key stakeholders), communication council ('communicatieraad' in which the communication units of the city departments participate). Also private enterprise with a stake in developing housing, office space, tourist attractions and other facilities are relevant stakeholders.



## **Annex C Interviewees (2002-2006)**

### *Basel*

Daniel Egloff, Basel Tourismus  
Alex Guldemann, Basler Bankenvereinigung  
Samuel Hess, Stadtmarketing Basel  
Robert Heuss, Staatskanzlei Basel-Stadt  
Sabine Horvath, Stadtmarketing Basel  
Bernhard Keller, Messe Schweiz AG  
Rolf Röthing, Basel Area Business Development  
Stephan Suter, Syngenta Crop Protection AG  
Jörg Uebelhart, Stadtmarketing Basel

### *Birmingham*

Sue Bernard, Marketing Birmingham  
David E. Clarke, Clarke Associates  
Elizabeth Clifford, NEC Group  
Bob Gilbert, Marketing Birmingham  
Robert Gorham, Birmingham Alliance/Hammerson  
Clifford Grauers, Hyatt Regency Birmingham  
John Heeley, Marketing Birmingham  
Michael Loftus, Locate in Birmingham  
Jane Lutz, Centre for Urban and Regional Studies, University of Birmingham  
Nigel Peardon, Development & Investment Services, Birmingham City Council  
Economic Development/Locate in Birmingham  
Bev Petrucci, Marketing Birmingham  
Nicola Poultny, Marketing Birmingham  
Carol O' Reilly, Marketing Birmingham  
Charles R. Smith, Boston Fieldgate Property Consultants  
Ian Ward, Cabinet Member Leisure, Sport & Culture, Birmingham City Council  
Mike White, Marketing Birmingham

### *Göteborg*

Gunnel Aho, Göteborg & Co, City of Göteborg

Hans Amneby, Göteborg Region

Tommy Andersson, Göteborg University

Henrik von Arnold, Göteborg Convention Bureau, Göteborg & Co

Claes Bjerkne, Göteborg & Co

Jacob Broström, Business Region Göteborg

Jan-Olof Fritze, Media Center, Göteborg & Co

Stefan Gadd, Media Center, Göteborg & Co

Bengt-Erik Larsson, Larsson & Partner

Ulf Lundbladh, City of Gothenburg

Toralf Nilsson, General Secretary, 19th European Championships in Athletics  
(Göteborg 2006)

Birgitta L-Öfverholm, Trade & Industry Group

Mona Skugland, TUR

Ossian Stiernstrand, The Swedish Research Institute of Tourism

### *Rotterdam*

Rien van den Berg, OBR

Roelf de Boer, RPPC & Deltalinqs

Stef Fleischeuer, OBR

Ton Geerts, Kamer van Koophandel

Jos Hooysschuur, Bestuursdienst

Marianne Klein, Rotterdam Marketing

Jeroen Koedam, Port of Rotterdam

Bram Lopik, Stichting Woonpromotie/ Ooms makelaars

Johan Moerman, Rotterdam Festivals

Hans den Oudendammer, Rotterdam Topsport

Ceen van der Plas, Bestuur Rotterdam Marketing

Wim Pijbes, Kunsthal Rotterdam

Guus van der Werff, Ondernemersfederatie Rotterdam City

Roland Wondolleck, Rotterdam Airport

## **Nederlandse samenvatting (Dutch summary)**

Voor ondernemingen is marketing een effectief middel gebleken in een concurrerende omgeving. In theorie zouden ook steden deze potentie van marketing kunnen benutten. De centrale vraag in dit proefschrift is hoe kunnen steden effectief gebruik maken van citymarketing? Teneinde deze vraag te kunnen beantwoorden, hebben we acht afgeleide onderzoeksvragen geformuleerd die we in deze samenvatting kort de revue laten passeren.

### *Hoe kan de toegenomen aandacht voor citymarketing worden verklaard?*

De toenemende concurrentie en de complexiteit van de stedelijke dynamiek maken dat steden eerder gebruik maken van citymarketing. Deze concurrentie en complexiteit zijn onderdeel van het continu veranderende ‘speelveld’ van steden. Deze dynamiek wordt veroorzaakt door een combinatie van fundamentele ontwikkelingen (zoals onder meer de ICT-revolutie en globalisering). Deze fundamentele ontwikkelingen beïnvloeden de keuzes, aspiraties en het gedrag van de gebruikers, de overheid en andere belanghebbenden van de stad. De gebruikers stellen hogere eisen aan hun omgeving en hebben beduidend meer keuzemogelijkheden. Ook wordt de relevante regio waarin ze opereren groter en de relatie tussen kernen in die regio wordt complexer. Daarbij krijgen de potentiële gebruikers van de stad steeds meer informatie te verwerken over steden, waardoor het steeds belangrijker wordt dat steden op de ‘mental map’ van gebruikers komen en blijven. In deze omstandigheden wordt de prikkel om citymarketing te gebruiken groter.

### *Wat is citymarketing en wat zijn de belangrijkste elementen van citymarketing?*

Het marketingvakgebied is volop in beweging. Dit blijkt alleen al uit de regelmatige wijzigingen in de definitie van marketing door 's werelds grootste platform voor marketingacademici en professionals – the American Marketing Association. Onze definitie van citymarketing is een aangepaste versie van de meest recente definitie van marketing:

*Citymarketing is het gecoördineerde gebruik van marketinginstrumenten, ondersteund door een gedeelde, klantgerichte filosofie, bedoeld om stedelijke producten te creëren,*

*communiceren en ruiltransacties te realiseren die waarde hebben voor de klanten van de stad en de stedelijke gemeenschap in het algemeen.*

Deze omschrijving omvat kernbegrippen uit de marketing, zoals het tot stand brengen van een ruil ('exchange') en het aanbod van producten (in de meest brede betekenis) dat van waarde moet zijn voor de klanten. We hebben daaraan toegevoegd dat ook rekening moet worden gehouden met het belang van de stad als geheel conform het maatschappelijk marketingconcept. In onze omschrijving hebben we het gecoördineerde gebruik van marketinginstrumenten ondersteund door een gedeelde klantgeoriënteerde filosofie expliciet opgenomen, omdat dit essentieel is voor het effectief gebruik maken van citymarketing. De gedeelde filosofie refereert aan het gebruik van het marketingconcept – de basisfilosofie van marketing dat de behoeften, verlangens en vraag van klanten centraal moeten staan. Voorbeelden van marketinginstrumenten zijn de traditionele marketingmix, productontwikkeling, marketingonderzoek, marktsegmentatie en branding.

*Wat is de toegevoegde waarde van marketing voor een stad?*

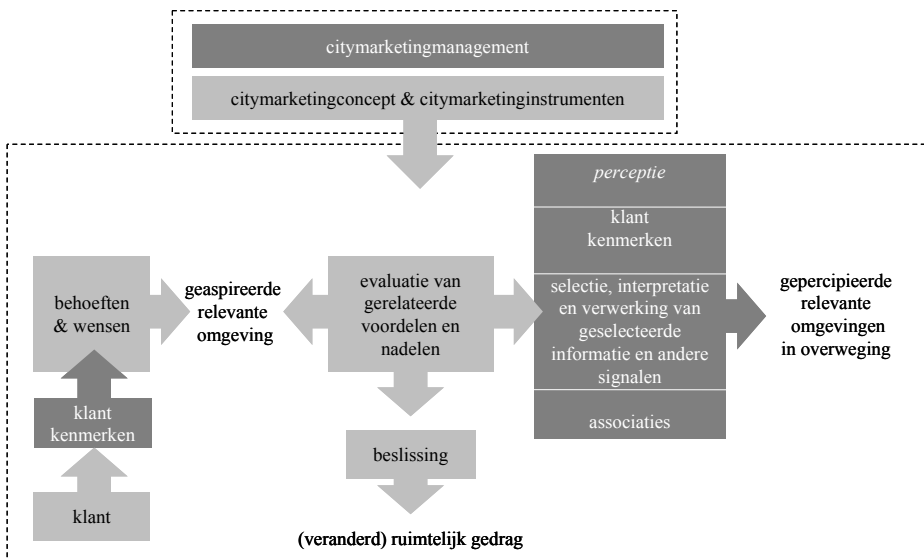
Marketing is voor ondernemers van belang om de concurrentiepositie van het bedrijf veilig te stellen en te versterken. In feite geldt dit ook voor steden maar er is dan geen sprake van een winst oogmerk. Ook de doelgroepgerichte aanpak die kenmerkend is voor marketing, is van waarde voor steden. Het beter kunnen inspelen op de behoeften en wensen van klanten maakt effectiever beleid mogelijk. Op een hoger abstractieniveau is citymarketing instrumenteel om het stedelijk aanbod beter af te stemmen op de vraag van de klanten van de stad.

*Wie zijn de klanten van de stad, wat zijn de ruimtelijke behoeften van deze klanten en wat zijn de consequenties van het gebruik van een klantgerichte aanpak voor citymarketing?*

Het toepassen van de marketinggedachte betekent dat we ons de vraag moeten stellen wat de behoeften en wensen zijn van de klanten van de stad - bewoners, bedrijven, bezoekers en investeerders. Het betreft zowel de huidige als mogelijke toekomstige klanten. De behoeften en wensen komen tot uitdrukking in het ruimtelijk gedrag en de ruimtelijke voorkeuren van (mogelijke) klanten. De essentie van onze

analyse is dat deze klanten niet op zoek zijn naar een woning, kantoorruimte, hotel of andere accommodatie. De klanten zoeken een passende relevante omgeving voor hun activiteiten. De omgeving is een optelsom van locaties, voorzieningen en factoren die van belang zijn voor de desbetreffende klant. Het is daarbij belangrijk om te onderkennen dat de relevante omgeving van verschillende klantgroepen kunnen overlappen met als resultaat mogelijke conflicten of synergie.

*Figuur N.1 Beïnvloeding keuzeproces van stedelijke klanten middels citymarketing*



In het kader van citymarketing zijn vooral de keuzes ten aanzien van ruimtelijk gedrag relevant. Citymarketing beoogt dit keuzeproces te beïnvloeden. We hebben daarom een model gemaakt van het ruimtelijk keuzegedrag van de (potentiële) stedelijke klanten. De behoeften en wensen van de klant komen tot uitdrukking in de door hen gewenste relevante omgeving. De huidige relevante omgeving en mogelijk alternatieven worden afgezet tegenover deze gewenste omgeving. In het model is ook expliciet de rol van perceptie in het beslissingsproces opgenomen. De klant evalueert de gepercipieerde relevante omgeving(en). In dit model wordt duidelijk dat de keuzes van de klant worden bepaald door de voor- en nadelen van gepercipieerde relevante omgeving(en). Uiteindelijk is het de bedoeling dat door middel van citymarketing het

keuzeproces van klanten beter wordt begrepen en dat citymarketing dit keuzeproces beïnvloedt, zoals weergegeven in figuur N.1.

*Wat zijn de consequenties van de klantgerichte benadering voor het afbakenen van de producten van de stad?*

Een klantgerichte benadering van stedelijke producten impliceert dat de relevante omgeving de waarde voor de klant vertegenwoordigt en dus het product is. De producten van de stad zijn per definitie samengestelde pakketten. Deze pakketten omvatten ruimtelijk gerelateerde deelproducten, randvoorwaarden en eventuele toekomstige mogelijkheden voor de klant. Deze pakketten zijn zelden in de hand van één aanbieder maar het is vaak een samenstel van deelproducten van individuele aanbieders. Het is van belang dat deze aanbieders onderkennen dat hun deelproduct onderdeel is van een pakket.

*Wat zijn de ingrediënten van modern citymarketingmanagement?*

Op basis van theoretische inzichten vanuit de marketingliteratuur en vanuit de literatuur op het gebied van urban governance hebben we inhoud gegeven aan citymarketingmanagement. Een belangrijke constatering is dat citymarketing niet los kan worden gezien van de politieke besluitvorming in een stad en dat citymarketing per definitie wordt gekenmerkt door een complexe netwerk omgeving met uiteenlopende publieke en private belanghebbenden. Deze context bepaalt mede de mogelijkheden en onmogelijkheden voor citymarketingmanagement. Een 'top-down' benadering van citymarketingmanagement is in deze configuratie geen optie.

Een cruciaal onderscheid dat we hebben gemaakt in onze analyse van citymarketingmanagement is dat we twee niveaus van coördinatie van citymarketingactiviteiten hebben gedefinieerd. De eerste groep activiteiten betreft de marketingactiviteiten specifiek voor geselecteerde doelgroepen zoals bijvoorbeeld het bepalen van de operationele marketingmix voor een specifieke groep stedelijke toeristen. De coördinatie van deze activiteiten dient zo dicht mogelijk bij de klant te worden gerealiseerd. Veelal bedienen specialistische marketingorganisaties deze klanten. Het tweede niveau van coördinatie betreft de citymarketingactiviteiten voor meer dan één generieke klantgroep. Dit onderscheid is van wezenlijk belang voor de

allocatie van citymarketingactiviteiten over de citymarketingbelanghebbenden. Tabel N.1 geeft een overzicht van de laatstgenoemde activiteiten.

*Tabel N.1 Citymarketingactiviteiten die relevant zijn voor meer dan een klantgroep*

Coördineren en ontwikkelen van de overkoepelende marketingvisie, strategie en doelstellingen
Promoten van de marketinggedachte in de stad: stel de klant centraal
Ontwikkelen en onderhouden van een citymarketinginformatiesysteem
Participeren in processen van strategische productontwikkeling
Supervisie en coördinatie van strategisch imagomanagement

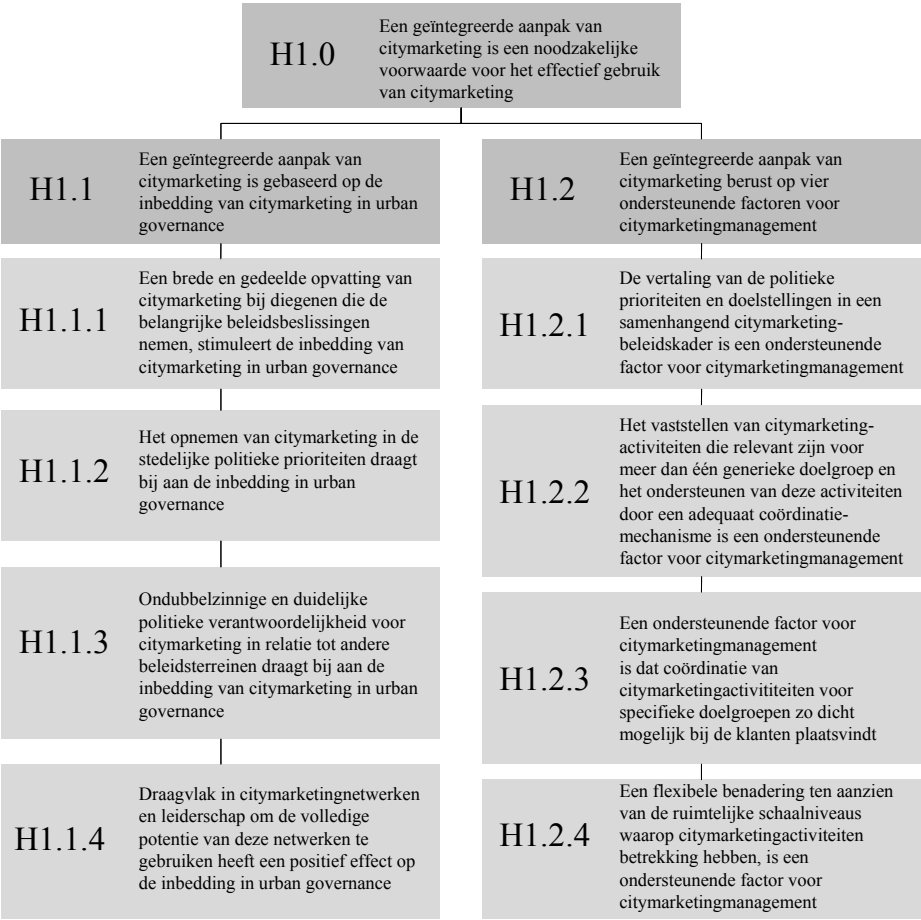
*Wat verstaan we onder een geïntegreerde aanpak van citymarketing en waarom is het nodig?*

We hebben hiervoor al geconstateerd dat steden in toenemende mate worden gestimuleerd om gebruik te maken van citymarketing. Tegelijkertijd zoeken steden naar een balans met betrekking tot de sociale, economische en culturele ontwikkeling en milieuaspecten. In de literatuur wordt dit ook wel aangeduid als de *geïntegreerde stad*. Citymarketing is per definitie onderdeel van deze zoektocht naar balans en citymarketing is onlosmakelijk verbonden met de politieke besluitvorming en stedelijke beleidsprocessen. Als relatieve nieuwkomer is het belangrijk dat citymarketing goed is ingebed in ‘urban governance’. De eerste dimensie van een geïntegreerde aanpak van citymarketing heeft betrekking op deze inbedding. In de marketingliteratuur wordt marketingmanagement gerelateerd aan het strategisch management van een onderneming en is ook de coördinatie van de marketingactiviteiten een belangrijke factor inzake citymarketingmanagement. De tweede dimensie van een geïntegreerde aanpak van citymarketing heeft betrekking op het faciliteren van citymarketingmanagement.

De centrale hypothese van dit onderzoek is dat *een geïntegreerde aanpak van citymarketing een noodzakelijke voorwaarde is voor het effectief gebruikmaken van citymarketing*. Op basis van het bovenstaande is deze centrale hypothese te herleiden tot twee hypothesen: *een geïntegreerde aanpak van citymarketing is gebaseerd op de inbedding van citymarketing in urban governance* en *een geïntegreerde aanpak van citymarketing berust op vier ondersteunende factoren voor*

citymarketingmanagement. We hebben deze twee hypothesen verder uitgewerkt in acht subhypothesen die we hebben gebruikt voor de empirische studie. Figuur N.2 geeft dit weer.

*Figuur N.2 Een geïntegreerde aanpak van citymarketing: de onderzoekshypothesen*



*Is een geïntegreerde aanpak van citymarketing een noodzakelijke voorwaarde voor het effectief gebruik van citymarketing?*

We hebben de dimensies van een geïntegreerde aanpak zoals weergegeven in figuur N.2 onderzocht door middel van een internationaal vergelijkende analyse van de citymarketingervaringen in vier steden: Birmingham, Basel, Göteborg en Rotterdam. We hebben er voor gekozen vergelijkbare steden te kiezen op basis van

grootte, economische ontwikkeling, rol in de regio en de positie in de nationale stedelijke hiërarchie. Ook voeren deze steden een citymarketingbeleid en is er in de afgelopen jaren getracht citymarketing een nieuwe impuls te geven.

### *De resultaten van de vergelijkende analyse*

#### *De inbedding in urban governance*

- De ervaringen in de vier steden ondersteunen onze analyse dat een brede en gedeelde interpretatie van citymarketing de inbedding in urban governance bevordert. Uiteenlopende opvattingen over wat city marketing is, blijken contraproductief. Breed gedragen consensus ten aanzien van de interpretatie van citymarketing heeft een positief effect op het gebruik van citymarketing.
- Het opnemen van citymarketing in de stedelijke politieke prioriteiten draagt bij aan de inbedding in urban governance zo blijkt uit de cases. Het ontbreken van citymarketing in de politieke prioriteiten of de geringe politieke prioriteit voor citymarketing is een probleem voor stedelijke marketeers. In de vier steden is citymarketing slechts in beperkte mate opgenomen in de gedocumenteerde prioriteiten.
- De schotten tussen politieke verantwoordelijkheden en tussen beleidsterreinen en gemeentelijke diensten maken het moeilijk om citymarketing te effectueren. Meer duidelijkheid ten aanzien van de politieke verantwoordelijkheid voor citymarketing en meer duidelijkheid omtrent de verhouding tot andere beleidsterreinen, maakt het effectief gebruik van citymarketing eenvoudiger.
- De vier cases laten zien dat draagvlak in strategische citymarketingnetwerken en leiderschap om dit verder te ontwikkelen het organiserend vermogen vergroten en bijdragen aan de inbedding in urban governance.

Samenvattend concluderen we dat de ervaringen in de vier steden onze vier subhypotheses ten aanzien van de inbedding in urban governance ondersteunen en daarmee ook de hypothese dat een geïntegreerde aanpak is gebaseerd op de inbedding in urban governance.

### *Ondersteunende factoren voor citymarketingmanagement*

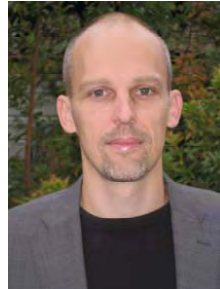
- Er is een groeiend bewustzijn in de vier steden dat de ‘vertaling’ van de politieke prioriteiten en doelstellingen in een samenhangend citymarketingbeleidskader een belangrijke ondersteunende factor is voor citymarketingmanagement. De positieve ervaringen op deelgebieden van citymarketing ondersteunen deze stelling.
- De belangrijkste ondersteunende factor voor citymarketingmanagement is het vaststellen van citymarketingactiviteiten die relevant zijn voor meer dan een generieke doelgroep. De coördinatie van deze activiteiten vraagt om meer centrale regie. Het blijkt dat de vier steden imagomanagement zien als de belangrijkste doelgroepoverstijgende activiteit.
- De vier steden hebben allen specialistische marketingorganisaties die specifieke klantgroepen bedienen (bijvoorbeeld toerisme). Een ondersteunende factor voor citymarketingmanagement is dat coördinatie van citymarketingactiviteiten voor specifieke doelgroepen zo dicht mogelijk bij de klanten plaatsvindt.
- In de citymarketingpraktijk van de vier steden blijkt dat een flexibele benadering ten aanzien van de ruimtelijke schaalniveaus waarop citymarketingactiviteiten betrekking hebben een ondersteunende factor is voor citymarketingmanagement. De steden onderkennen hun belang om indien nodig de regio erbij te betrekken.

Ook de subhypothesen ten aanzien van de vier ondersteunende voorwaarden worden door de resultaten van de comparatieve analyse ondersteund. Daarmee wordt ook onze hypothese ondersteund dat een geïntegreerde aanpak van citymarketing berust op de vier bovengenoemde ondersteunende factoren voor citymarketingmanagement.

Het empirisch onderzoek ondersteunt de centrale hypothese van dit onderzoek: een geïntegreerde aanpak van citymarketing is een noodzakelijke voorwaarde voor het effectief gebruik van citymarketing. Let wel, het is een noodzakelijke en geen voldoende voorwaarde. Citymarketing vraagt ook om creatieve ideeën en de juiste mensen om het aan te sturen en uit te voeren.

## About the author

Erik Braun (1970) is employed in the Department of Applied Economics at the Erasmus School of Economics of Erasmus University Rotterdam. In the department he works in the unit Urban, Port and Transport Economics. His specialisation is city marketing, but he is also interested in a wide variety of research topics in urban economics and urban management. He teaches in educational programs of the Erasmus School of Economics and is also lecturer in several international Master's programs on Urban Management. He is also associated with the European Institute for Comparative Urban Research (EURICUR) of Erasmus University Rotterdam. Over the years, he has participated in many comparative urban research projects that included more than 50 different cities in Europe and the United States. He is the (co)author of several books published in the EURICUR-series with Ashgate Publishing, numerous research reports and he published in journals such as *Urban Studies* and *Environment and Planning C: Government and Policy*.





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## CITY MARKETING TOWARDS AN INTEGRATED APPROACH

This book deals with city marketing: cities making use of marketing ideas, concepts and tools. Marketing has proved its value in the business environment, but what about applying marketing in the context of cities? How can cities make effective use of the potential of marketing?

The first contribution of this study is the development of a clear concept of city marketing that is based on a customer-oriented perspective, which acknowledges the importance of perceptions of places in the decision-making process of the city's customers, and which delineates urban products. The analysis results in a framework for city marketing management that distinguishes between city marketing activities that need more oversight and central coordination and those activities which are best dealt with close to groupings of specific customers.

It is argued that the effective use of city marketing requires a more integrated approach to city marketing. This integrated approach rests upon two dimensions. The first is the embeddedness of city marketing in urban governance – the fit of city marketing in the city's wider policy framework. The second concerns supportive factors for city marketing management. Next, the study has identified four factors that stimulate and contribute to the embeddedness in urban governance and another four that are supportive factors for city marketing management.

The empirical part of the thesis contains a comparative analysis of the city marketing experiences in Basel, Birmingham, Göteborg and Rotterdam. The empirical analysis supports the idea that these eight factors indeed contribute to the embeddedness in urban governance and are supportive for city marketing management. Hence, an integrated approach to city marketing is a necessary condition for the effective use of city marketing.

The study is relevant for academics, but it also provides cities with a concept for city marketing and eight critical factors for its effectuation.

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Internet [www.erim.eur.nl](http://www.erim.eur.nl)

