

# **THE INFLUENCE OF STAKEHOLDER INVOLVEMENT ON THE EFFECTIVENESS OF PLACE BRANDING**

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Erik-Hans Klijn

Jasper Eshuis

Erik Braun

## **Abstract (106 words)**

The assumption in the governance literature is that stakeholder involvement enhances the chances of success of governance processes. Place branding has a strong governance character in that it involves many different actors and the government is one of the parties in the branding process. This article draws on survey data acquired from professionals involved in city marketing and branding in The Netherlands to analyse whether stakeholder involvement leads to a clearer brand concept and increased effectiveness of city brands in terms of attracting target groups. The analysis shows that involving stakeholders does make a difference and has positive effects on the clarity of the brand concept.

**Keywords: branding, stakeholder involvement, city marketing, place branding, brand effectiveness**

Erik Hans Klijn is professor at the Department of Public Administration, Erasmus University Rotterdam. (klijn@fsw.eur.nl)

Jasper Eshuis is senior researcher and lecturer at the department of Public Administration, Erasmus University Rotterdam. (eshuis@fsw.eur.nl)

Erik Braun is senior researcher and lecturer at the Erasmus School of Economics, Erasmus University Rotterdam. (braun@ese.eur.nl)

Contact address: klijn@fsw.eur.nl  
Department of Public Administration  
Erasmus University Rotterdam, P.O. Box 1738  
3000 DR Rotterdam, The Netherlands

## **A. INTRODUCTION**

The use of brands and branding to influence target audiences is well-developed in the corporate world. For many private firms, the brand is more important than the product (Arvidsson 2006), and branding is widely studied in the fields of marketing and business administration. Although branding in the public sector is an understudied topic, it has become more and more part of the array of strategies for influencing public perceptions of places, organizations, policies and politicians (e.g. Bennett and Savani 2003; Eshuis and Klijn 2012; Needham 2006). Smaller cities, such as Breda in the Netherlands or Dundee in Scotland, have followed the lead of major cities such as Glasgow ('Glasgow: Scotland with style'), New York ('I love New York') and Hong Kong ('Asia's world city'), launching branding campaigns to position themselves in the minds of citizens, tourists and firms. A wide variety of public organizations, varying from municipalities to ministries and agencies, have branded themselves through organization branding, whereby the organizations as a whole have become platforms for identity formation and differentiation, in addition to the services or policies they develop (cf. Balmer 2006; Schultz *et al.* 2000). And branding has a prominent place in contemporary political life. Politicians like Obama and Blair have made extensive use of branding to create an image of themselves and their policies. Hence, one can say that branding in the public sector is a widespread phenomenon, although it lags behind branding in the private sector in terms of budgets, experience and general knowledge of branding.

## **B. Place branding as governance**

Place branding is one of the best known applications of branding in the public sector. The branding of places concerns geographical locations, such as nations, cities, regions and communities (e.g. Braun 2008; Kavaratzis 2008; Kotler and Gertner 2002). It is variously referred to as place branding (e.g. Kavaratzis and Ashworth 2005; Gould and Skinner 2007), destination branding (e.g. Balakrishnan 2009; Morgan and Pritchard 2002) or location branding (e.g. Hankinson 2001; Kerr 2006). Place branding usually involves both public and private parties, for example tourist boards, hotels, museums, chambers of commerce and municipalities. Brands communicate selected functional, physical and emotional attributes of the place, thus giving it specific meaning. Associations are created that add particular psychological and emotional meaning to it (Kavaratzis 2008). Ultimately, place branding is aimed at attracting residents, companies, tourists or investors to a place (Braun 2011). Sub-goals include creating a favourable image of the place and differentiating it from competing places (cf. Kavaratzis 2008). The managerial literature on place branding emphasizes the importance of building an attractive brand with a clear brand concept supported by marketing activities to enhance the awareness and familiarity of the brand as well as a stronger brand image (Kotler, Asplund *et al.* 1999; Rainisto 2003; Hankinson 2004; Kavaratzis and Ashworth 2005).

This, however, does not always bring the desired effects such as awareness, more knowledge of the city or being perceived as more attractive by target groups. Sometimes the branding effort is plagued by problems. An example is the story of the so-called McEnroe Group in Manchester that stopped Marketing Manchester's 'We are Up and Going' campaign (Ward 2000). This McEnroe Group consisted of several stakeholders who criticized the proposed city brand as a poor reflection of the city and its people. The group launched a rival branding campaign which ultimately ended the original campaign. Such failures draw attention to another characteristic of place branding: it is undertaken in a context of several stakeholders who often either co-produce the brand or have the power to obstruct the whole process (Blichfeldt 2005; Braun 2011; Eshuis and Edelenbos 2009). Thus place branding also has the characteristics of governance processes.

The public administration literature on governance also stresses the interactive character of governance processes (Koppenjan and Klijn 2004; Osborne 2010). Most theories on governance tell us that in modern society governments are fairly dependent on other actors, and that many policies are formed and implemented in networks of interdependent actors. Recent research on complex policymaking and service delivery has shown that results of governance processes are better when stakeholders are involved more (see Edelenbos *et al.* 2010) and the process is more actively managed (see Meier and O Toole 2007; Provan *et al.* 2009; Klijn *et al.* 2010). This means that governance processes, and probably also place branding processes, will be more successful with stakeholder involvement. This article explores that assumption.

### **B. This article: stakeholder involvement in place branding**

Many of the lessons learned from building brands in the private sector in relation to the substance of the brand, marketing strategy and complementary marketing activities can be transferred to branding in the public sector. The central idea of this article is not only that branding in the public sector benefits from these *marketing* success factors but also that *stakeholder involvement* has an effect on the effectiveness of branding in the public sector, as emphasized in some of the branding literature and the literature on governance. Since place branding, the focus of our empirical study, shows many characteristics of a governance process (e.g. Van den Berg and Braun 1999), we expect stakeholder involvement to have a positive influence on the brand itself and on brand effectiveness. To test this expectation, we used empirical material from a 2010 survey among respondents involved in city marketing and branding in The Netherlands. This survey is one of the few large-scale empirical studies on place branding. Lucarelli and Berg (2011: 6) observe that the place branding research domain is ‘chiefly based upon qualitative studies focusing on one or few cases that draw conceptual and theoretical generalization from studies based on shallow empirical data.’ In section 2, we elaborate on stakeholder involvement and why this is beneficial according to the (branding) literature, and we propose a conceptual model and some hypotheses. Section 3 deals with the research design and the way we operationalized our main variables. Section 4 discusses the main findings, and we end with conclusions and reflections.

### **A. STAKEHOLDER INVOLVEMENT IN BRANDING: TOWARDS INTERACTIVE BRANDING?**

In this theoretical section, we explore the branding literature and why the interactive character of branding is beneficial for brands and their effects.

#### **B. What is a brand?**

Following Kotler, Armstrong *et al.* (1999: 571), we define a brand as ‘a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.’ A brand is not the product itself; it is what gives meaning and value to the product and defines its identity (Kapferer 1992). Brands exist in the minds of consumers and can be seen as a network of associations in consumers’ minds (e.g. Keller 1993; Keller and Lehmann 2006). In that sense, branding is an approach within marketing that aims at increasing the value to a user of a branded object, such as a place, by giving the object symbolic meaning that is valuable in the user’s psychological and social life (Arvidsson 2006; Danesi 2006). Someone buying a Dior perfume is buying not only a nice-smelling liquid, but also identity and social status. As Arvidsson (2006: 82) states: ‘a brand suggests ways in which a product or service can be experienced, related to or “felt”.’ For example, the negative brands that some public

organizations have as bureaucratic organizations influence the way in which their policies are experienced by the public, even before their policies have been implemented. In branding, it is crucial to generate associations between a product and wider social and psychological issues. One recent example is the association of change that Barack Obama used in his election campaign for the US presidential elections in 2008. In sum, brands:

1. give meaning to something; that is they construct webs of associations around products that have meaning for various actors (consumers, tourists etc.);
2. add value to the branded object;
3. distinguish the object from competitors, such as other cities;
4. have a visible or discursive manifestation in the form of a logo, design or a name;
5. are deliberately created and have to be managed to develop and maintain them.

### **B. Brands: powerful but also with limitations**

Brands can be a powerful means of communication with target groups, and they can provide several useful characteristics for consumers and voters. Needham (2006: 179) mentions four major characteristics of brands in political life: ‘First, brands simplify choice and reduce dependence on detailed information.... Secondly, brands provide reassurance by promising standardisation and replicability, generating trust between producer and consumer.... Thirdly, brands, like parties, are aspirational, evoking a particular vision of the good life.... Fourthly, to be successful, brands must be perceived as authentic and value-based, necessitating congruence between the internal values of the product or company and its external message.’ The advantages mentioned by Needham echo most writers on branding who emphasize the value of brands (see Aaker 1991; Keller 1993; Kotler, Asplund *et al.* 1999; Arvidsson 2006; Danesi 2006).

Marketing scholars stress that a strong brand is advantageous in terms of revenues (selling products), political power (getting votes) or economic prosperity (creating a more attractive urban environment which attracts inhabitants, firms and tourists in the case of place branding) (Keller *et al.* 2002; Kotler, Asplund *et al.* 1999; Kotler, Armstrong *et al.* 1999). This is mainly realized by creating the right image (see Danesi 2006; Batey 2008). The more the brand owner succeeds in creating a brand that is recognizable for consumers and the more he employs marketing activities to support the brand, the more effective the brand will be (e.g. Danesi 2006; Loken *et al.* 2010; Lees-Marshment 2009). How to build a strong brand? Park *et al.* (1986) introduced the notion of *brand concept management*. A key element in their analysis is the brand concept: ‘the firm-selected brand meaning derived from basic functional, symbolic and experiential consumer needs’ (Park *et al.* 1986: 136). The selected brand concept ‘sets boundaries on the scope of positioning strategies and hence influences the perceived brand image’ (Park *et al.* 1986: 136). In their model, the strategic choices concerning the substance of the brand – the brand concept – form the starting point, followed by the positioning strategies and the selection of the associated marketing activities (marketing mix) aimed at influencing consumer perceptions of the brand. This idea of a core brand concept is also visible in the literature on brand identity.

Although many scholars have argued that brands are powerful vehicles to reach consumers and voters, and sell products connected to the brand, brands also have limitations. These limitations in general relate to three characteristics of brands: they are perceptual entities; they are constructed and experienced in an institutional environment (a community or social environment); and they can be contested.

Because brands are developed to create associations and are experienced by consumers and voters, consumers have their own perception of the brand. This can differ from the ideas and images the brand owner wants to communicate. Moreover, while experiencing and

‘using’ the brand, consumers can recreate or change the brand, thus changing meaning, associations and emotional experiences (Muniz and O’Guinn 2001; Ward 2000). This implies that brands are co-created by consumers and that the identity of the brand and its meaning can change or develop differently than intended by the brand managers, notwithstanding the marketing activities and strategies employed. It is precisely because of this that brands sometimes fail or are even contested by groups of consumers or other stakeholders.

This has led several authors on branding and marketing to conclude that control over the brand, as often assumed in the more traditional literature on branding, is an illusion. O’Guinn and Muniz (2010: 137) state: ‘It is the agent who at one time was thought to own the brand, determine its meaning. While that was never true, it is certainly not today... Marketers neither own nor control the brand.’ Arvidsson (2006: 82) observes: ‘While product placements, themed environments, sponsorships, events marketing and branded communities are important, there is also a recognition that this brand identity is only realized insofar as consumers are involved in its co-creation.’

Thus, although marketing activities and the brand image themselves certainly will be of importance to the success and the effect of the brand, there is a growing literature that stresses the involvement of consumers both in the creation of the brand image and in the process of sustaining it to achieve greater impact. Hankinson shows various different approaches to the more classical perspective of brands as communicators, in which brands are created by a brand owner and then communicated to an audience. Other perspectives (brands as perceptual entities, brands as value enhancers and brands as relationships) have in common that the role of customers is more prominent (Hankinson 2004). The perspective of brands as relationships in particular emphasizes that brands ‘also require interactions with a broader group of stakeholders than just consumers’ (Hankinson 2004: 111). In this perspective, the creation and maintenance of a brand is a continuous process where consumers and stakeholders not only become co-creators but are continuously involved in the process of recreation and implementation of the brand. Branding then is truly an interactive process. Interestingly, we also find this emphasis on the interactive character of branding elsewhere in the marketing and branding literature (Achrol and Kolter 1999; Hatch and Schulz 2003; McAlexander *et al.* 2002; O’Guinn and Muniz 2010). It fits observations in place branding and place marketing (Braun, 2011) and the general flavour of the public administration governance literature over the last ten years.

## **B. Place branding as governance process: contestation and stakeholder involvement**

The view of brands as co-produced with other stakeholders resonates with the majority of empirical research on complex governance processes. This literature emphasizes the complexity and interdependency of many governance processes and the possibility of various stakeholders having veto power (Rhodes 1997; Agranoff and McGuire 2001; Mandell 2001; Koppenjan and Klijn 2004). The literature also emphasizes that many governance processes are about value conflicts (e.g. environmental versus economic values) among different actors. The complex interdependencies among actors, and the complex nature of the decision-making process itself, lead governance scholars to the conclusion that most governance processes require the inclusion of stakeholders to be successful (see Rhodes 1997; Sorensen and Torfing 2007; for empirical evidence: Edelenbos *et al.* 2010).

It is noteworthy that especially the literature on place branding also emphasizes that city brands are co-produced by a wide variety of actors and that brand managers are actually interdependent on these actors (see Blichfeldt, 2005; Braun, 2011). Blichfeldt (2005: 392) tells us that ‘the place “product” is confusingly complex...the product is comprised of various elements involving a large number of different industries and individual companies and

agencies. And the place “product” includes several different services, with the visitor being a “co-producer” of each such heterogeneous service.’ Braun (2011) remarks that city marketing or city branding actually should be seen as urban governance and explicitly links city marketing to the public administration literature about governance and networks, which stresses that most policy processes are formed and implemented in networks of actors.

Thus, place branding is not only a process where brands are constructed and marketing activities are employed, but also a governance process where many different actors are crucial for the success of the place branding activities. Those actors often have different perceptions about the place to be branded, the desirable solutions to problems and different ideas about the desirable image to be communicated. We may expect multiple interpretations of the brand or even contestation if the image contains elements that are up for dispute (Greenberg 2008; Kavaratzis 2008; Loken *et al.* 2010).

This means that place branding, and all forms of branding, can profit from stakeholder involvement. After all, as is argued in most of the governance literature, stakeholders have resources that are crucial to achieve effects, stakeholder involvement can diminish the possible use of veto power by stakeholders, can contribute to the content of decision making because stakeholders’ specialized knowledge is used and can contribute to the democratic quality of decision making (see Sorensen and Torfing 2007; Edelenbos *et al.* 2010). Actually, some branding literature also stresses that the involvement of stakeholders can be beneficial to branding processes (see Achrol and Kotler 1999; Hatch and Schulz 2003; Arvidsson 2006). In this view, stakeholder involvement can create brand communities with stronger brands that fit stakeholders’ perceptions and loyalties, but also create a strong bond between brands and possible stakeholders (Muniz and O’Guinn 2001; Hankinson 2004). These stronger bonds make brands more effective in achieving the right brand associations and brand loyalty, thus adding to effectiveness and reaching the brand objectives. Thus, if these authors are right and place branding has many characteristics of a governance process, we may expect that stakeholder involvement will contribute both to the substance of the brand and to the effect of the brand. We turn to this in the next section.

## **B. Stakeholder involvement in branding: a framework and hypotheses**

As shown in the previous section, the governance and branding literature provides several arguments as to why stakeholder involvement is beneficial for developing an effective brand and enhancing the results of that brand.

It is not easy, however, to assess the effects of a brand, and certainly not of place brands. City branding is – as already mentioned – aimed at attracting residents, tourists and investors to the city. Associated aims are to create a favourable image of the city and differentiate it from other cities. It is extremely difficult to empirically establish the extent to which branding has been effective in realizing those aims. To what extent can an increase in investment or the number of tourists be attributed to city branding? The question is hard to answer because many factors can cause an increase in investment or the number of tourists. Even in the case of campaigns that are generally seen as successful, for example the ‘I love New York’ campaign, the question of effectiveness is hard to answer. Parties involved in the campaign emphasize that awareness of the city of New York has increased, and that perceptions about the city have become more positive since the start of the campaign (Greenberg 2008). They point to correlations between the campaign and changing perceptions. They do acknowledge, though, that a causal relationship between the campaign and improvements in tourism has not been proved (Greenberg 2008: 214–17). Effectiveness is also hard to assess because place branding is heavily dependent on the perceptions and associations of a number of stakeholders involved in place branding.

In the model used for this research, we test the importance of stakeholder involvement, but we also take into account other factors regularly identified in the marketing and branding literature. Our outcome and dependent variable is attracting target groups; this can be measured by asking respondents whether they think this is the case. We have three independent variables which follow from the previous discussion. Apart from stakeholder involvement, we analyse whether the brand concept and marketing activities have a positive influence on both the brand and its outcomes.

It is not possible in a national survey to research the specific content and the substantial associations of the many place brands in a country; but we can determine whether a clear brand concept – as defined by Park *et al.* (1986) – has been created in the opinion of the respondents. Thus, our first independent variable concerns the strategic choices underpinning the brand, or to be more precise: whether there is a clear idea behind the brand. Keller *et al.* (2002: 6) put it like this: ‘You have to know who you are before you can convince anyone of it.’ We call this variable *clear brand concept*. We assume that a clear brand concept contributes to attracting more target groups – an assumption often found in the brand management literature (see Batey 2008; Keller *et al.* 2002; Kotler, Asplund *et al.* 1999; Kotler, Armstrong *et al.* 1999). This leads us to the first hypothesis:

- Hypothesis 1: The clearer the brand concept, the more target groups will be attracted.

The second independent variable in our model is the number of marketing activities to support the brand. This assumption can be found in many branding text books, given the strong emphasis on marketing activities to support the brand and communicate the brand to the outside world. It is also an explicit part of the brand concept management model developed by Park *et al.* (1986). We assume that marketing activities have a direct influence on outcomes (attracting target groups) but also an indirect effect by enhancing the clarity of the brand concept. This leads to the two following hypotheses:

- Hypothesis 2: The more marketing activities are employed to enhance the brand, the clearer the brand concept will become.

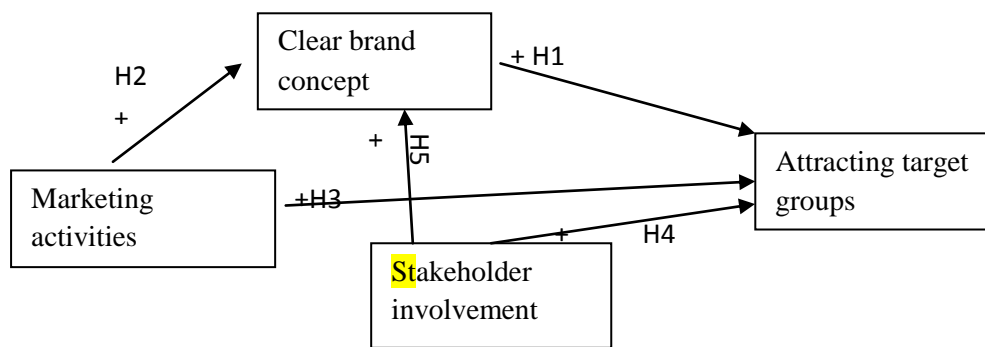
- Hypothesis 3: The more marketing activities are employed to enhance the brand, the more target groups will be attracted to the brand.

So far, our variables are ‘pretty classic’ in that they correspond to the mainstream of the branding literature: the brand manager constructs a clear brand and then uses marketing strategies to communicate the brand (and strengthen the brand itself). Thus, he is able to attract target groups. But we assume, in line with the above theoretical discussion, that in this relation stakeholder involvement also has an important function both to create a clearer brand concept and to enhance the effect in terms of attracting more stakeholders (partly because the stakeholders are involved in the process). This leads us to the last two hypotheses:

Hypothesis 4: The more stakeholders are involved in the branding process, the more target groups will be attracted to the brand.

Hypothesis 5: The more stakeholders are involved in the branding process, the clearer the brand concept will become.

The conceptual model and the five hypotheses are represented in Figure 1.



**Figure 1 Conceptual model and five hypotheses**

## **A. RESEARCH METHODS AND SURVEY**

For the analysis in this article, we used data collected for the first National City Marketing Monitor in The Netherlands in the period May–July 2010. This large dataset enabled us to answer our question on the effect of stakeholder involvement in a more generalizable way than other, more qualitative research methods (such as focus groups or interviews). Of course, we trade greater generalizability here for accuracy, since with survey data it is not possible to research in detail the substance of the brand and the nature of the stakeholders’ involvement.

The web-based survey was exclusively sent to professionals and city administrators involved in the marketing of cities, towns and villages. To acquire a reliable set of respondents actually involved in Dutch city marketing, we worked closely with three organizations that provided us with possible respondents’ e-mail addresses:

- The main Dutch network for city marketing in the Netherlands (Netwerk City Marketing Nederland). This is a non-profit association of professionals working in city marketing. Many consultants in this field are member of this organization, as are city marketers employed by municipalities. Also, the network regularly organizes seminars and conferences on city marketing. We received the e-mail addresses of people who had participated in these events. This provided us with a large set of respondents:
- The Dutch organization for local and regional tourist offices (VVV Nederland). This is the umbrella organization of the tourist offices in the municipalities. They provided us with respondents within the local tourist offices who were involved in city marketing;
- The Dutch association for local governments (Vereniging Nederlandse Gemeenten VNG). This is an umbrella organization of municipalities in The Netherlands. They provided additional addresses of municipalities and contact persons. This facilitated our further research into people involved in city marketing.

These three independent lists of respondents, supplemented by our own search in the various municipalities (for instance using our existing network of people working in city marketing), provided us with a reasonably complete dataset of people involved in city marketing in the Netherlands (about 600 people). Of course, it is very difficult to assess how complete our list is since there is no official list of people working in this field, but given our extensive search for respondents we are reasonably confident that we included at least a very



large proportion of this group. In the first round, we sent the survey to the 600 respondents on our compiled list. We reached 541 respondents who are actually members of the target population. Two hundred and seventy-four respondents filled out all or part of the survey, so the response was 51 per cent. The high response rate, especially for a web-based survey, can be attributed at least partly to the involvement of our partners in the project. We must acknowledge, though, that the response to a few of the questions, which some respondents found difficult to answer, was significantly lower (for instance the questions on the effects of city marketing).

### **B. Survey respondents**

Out of the 274 respondents, 171 worked for a municipality, 68 worked for a tourist office and 35 for organizations 'at arm's length' – mostly foundations involved in city marketing (often the tourist office participates in such organizations). The respondents have a variety of functions, differing from marketing and communication advisors to neighbourhood managers, policy advisors and city alderman. Over 53 per cent of the respondents had more than two years' experience with city marketing. The larger cities are overrepresented in the survey. The number of municipalities in The Netherlands with less than 50,000 inhabitants is almost 60 per cent but the number of respondents from this group is only 37 per cent. The largest cities in the Netherlands (over 250,000 inhabitants) represent only 1.5 per cent of all municipalities, whereas almost 13 per cent of our respondents come from this group. This, however, may not come as a surprise since large municipalities tend to employ more people, including in city marketing, than small municipalities. Although our sample may not be representative of all municipalities, we are confident that it is representative of the people involved in city marketing thanks to our broad coverage of professionals (through the Network of City Marketing, the Dutch Tourism Offices and the Dutch Association of Local Governments) and the good response rate (51 per cent).

### **B. Independent variables: clear brand concept, stakeholder involvement and marketing activities**

We had three independent variables following from the hypotheses: stakeholder involvement, clear brand concept and marketing activities aimed at enhancing the brand. Stakeholder involvement was measured by looking at the involvement of two main groups: private firms and citizens, since these were considered the two most important groups of stakeholders and there was no space in the survey to question all possible stakeholders. Stakeholder involvement was thus measured by two items on a 5-point scale: (1) private firms have had considerable influence on the content of city marketing; (2) citizens have had considerable influence on the content of city marketing. The two items were summed to achieve the variable, stakeholder involvement (Cronbach alpha of the two items was 0.675).

Clear brand concept refers to making clear choices that underpin the brand or, to put it differently, there is a clear idea and strategy behind the brand. We used this variable as a measure, albeit a simplified one, for the quality of the brand. It was not possible to measure the detailed contents of all the place brands, nor their relative position vis-à-vis competitors, since it was not possible for a questionnaire among professionals to detect the content of the

associations and emotional feelings they evoke. We measured the variable clear brand concept with three items:

1. A clear brand concept has been chosen;
2. A clear (brand) identity has been established;
3. There is a clear marketing strategy.

Respondents could indicate whether they agreed or not with the three items (5-point Likert scale ranging from *completely disagree* to *completely agree*). The items were summed to construct a new variable, which we called clear brand concept as it indicates whether clear strategic choices have been made concerning the substance and position of the brand. The Cronbach alpha of the constructed variable was 0.939.

Our last independent variable was marketing activities to enhance the city brand. The place branding literature mentions many different marketing activities (Braun 2008; Kavartzis 2008). We determined three groups of activities that can be deployed to support place brands, and that are frequently mentioned and also used in practice by cities: events and festivals (Richards and Wilson 2004; Kavartzis 2008; Braun 2008), the use of media (Avraham 2000, 2004) and advertisement (Rainisto 2003; Kotler, Armstrong *et al.* 1999). They were measured by the question ‘To what extent does the municipality take on activities to improve the image of the city/municipality?’ Respondents could indicate whether three types of activities were performed (5-point Likert scale ranging from *never* to *very often*).

1. Organizing or subsidizing events and festivals;
2. Purchasing advertising space in media;
3. Influencing the media through free publicity.

The variable marketing activities was constructed by summing the three scales. The Cronbach alpha of the new variable was 0.722.

## **B. Dependent variable and control variables**

As dependent variable to measure the effects of the brand, we focused on the way target groups were attracted, a main goal mentioned in the literature on place branding (Blichfeldt 2005; Greenberg 2008; Braun 2011). We used three statements, focusing on the three main groups of actors at whom most city brands are aimed:

1. City marketing has contributed positively to attracting visitors;
2. City marketing has contributed positively to attracting new residents;
3. City marketing has contributed positively to attracting companies/firms.

Again we summed these items to create a new variable that we called attracting target groups and used as dependent variable. The Cronbach alpha of the new variable was 0.787.

We used three control variables. The first one was the growth of the city marketing budget, which we expected to influence our independent and dependent variables. After all, when the budget grows, more marketing activities can be deployed to support the brand, and time and money can be invested in developing a clear brand. For this we used the statement: ‘The size of the budget for city marketing has grown considerably over the last five years.’ The second control variable was the size of the city. For this we used a simple classification of the cities by number of inhabitants. The question used for this was: ‘How many people live in your municipality/council (0–50,000 inhabitants; 50,000–100,000 inhabitants; 100,000–150,000 inhabitants; 150,000–200,000 inhabitants; 200,000–250,000 inhabitants; 250,000 inhabitants)?’ We wanted to control for the possibility that larger cities would employ more marketing activities to enhance the brand and also have more stakeholder involvement because of more elaborate branding campaigns. The third control variable was an indication

of whether city marketing was divided among various departments in the municipality. The assumption was that, if more departments within a municipality were responsible for city marketing, this would have a negative impact on choosing a clear brand concept. The statement used for this control variable was: ‘The responsibility for city marketing is divided within the municipality’ (5-point Likert scale ranging from *completely disagree* to *completely agree*).

## A. STAKEHOLDER INVOLVEMENT IN BRANDING: SOME RESULTS

To analyse the main variables in our model, we first performed a correlation analysis of the variables described above. Then we carried out structural equation modelling.

### B. Descriptive statistics: a first analysis of the correlations

The main correlations between the variables show that most of the expected relations are significant in the dataset (see Table 1).

**Table 1 Correlations between variables in the analysis**

		Involvement stakeholders	Results attracting target groups	Clear brand concept	Marketing activities	Size municipality	Budget city marketing increased	Responsibility city marketing spread in municipality
Involvement stakeholders	Pearson	1						
	Correlation		,293**	,351**	,160*	-,024	,173*	-,089
	Sig. (2-tailed)		,000	,000	,029	,743	,016	,216
Results attracting target groups	N	194	152	189	187	194	194	194
	Pearson	,293**	1	,397**	,462**	,299**	,145	-,112
	Correlation							
Clear brand concept	Sig. (2-tailed)	,000	,000	,000	,000	,000	,074	,171
	N	152	156	153	152	156	152	152
	Pearson	,351**	,397**	1	,498**	,249**	,285**	-,255**
Marketing activities	Correlation	,000	,000	,000	,000	,000	,000	,000
	Sig. (2-tailed)	,029	,000	,000	1	,442**	,345**	-,065
	N	189	153	204	197	204	189	190
Size municipality	Pearson	,160*	,462**	,498**	1	,442**	,345**	-,065
	Correlation							
	Sig. (2-tailed)	,029	,000	,000	,000	,000	,000	,373
Budget city marketing increased	N	187	152	197	217	217	188	189
	Pearson	-,024	,299**	,249**	,442**	1	,085	,014
	Correlation							
Responsibility city marketing spread in municipality	Sig. (2-tailed)	,743	,000	,000	,000	,000	,239	,840
	N	194	156	204	217	273	195	196
	Pearson	,173*	,145	,285**	,345**	,085	1	-,107
Involvement stakeholders	Correlation							
	Sig. (2-tailed)	,016	,074	,000	,000	,239	,136	,136
	N	194	152	189	188	195	195	195
Results attracting target groups	Pearson	-,089	-,112	-,255**	-,065	,014	-,107	1
	Correlation							
	Sig. (2-tailed)	,216	,171	,000	,373	,840	,136	
Clear brand concept	N	194	152	190	189	196	195	196

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

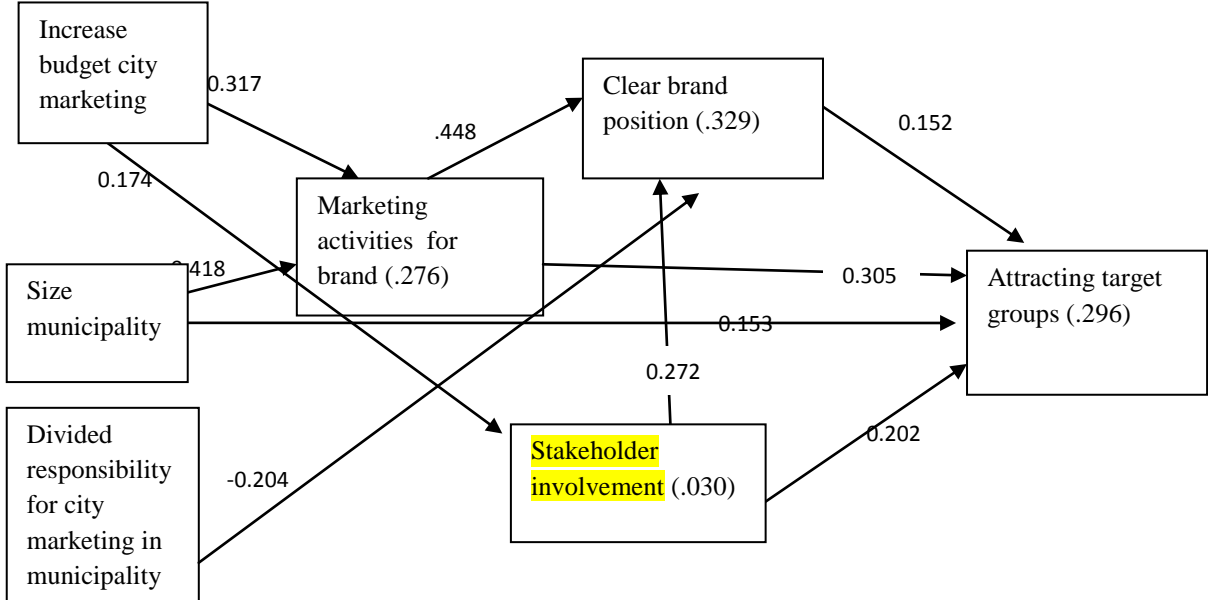
We see that stakeholder involvement is connected with clear brand concept (.351) and with the results of place branding (0.293). The marketing activities aimed at improving the brand and the image of the city are related both to the result (.462) and to clear brand concept

(.498). The clear brand concept is strongly connected with the results (.397) and with stakeholder involvement and marketing activities. The correlations in Table 1 thus give a first impression of the importance of the three independent variables in that they all have a significant effect on the dependent variable. They also show that the control variables size of the municipality and the growth of the budget might be important in the explanation. The spread of the responsibility for city marketing within the municipality seems to have a less significant effect since the correlations with the other variables are not particularly high.

Generally, this confirms all our hypotheses, but we need a further analysis that takes into account the various inter-correlations, if we want to be sure of the importance of each of the variables in relation to one another. What does every independent variable contribute to the variance of the dependent variable in the presence of other independent variables? Structural equation modelling can answer this.

**B. Branding processes explained: testing the model**

To test the relations between the variables, we used structural equation modelling with AMOS (version 17). The advantage of structural equation modelling compared with correlation analysis is that the relations in the conceptual model can be tested simultaneously. This approaches reality better since in reality the various factors also interact with one another to produce effects. It also enables us to see whether some of the relations that appeared to be strong in single correlation remain significant when they are combined with the other variables. Figure 2 provides the result of our AMOS analysis.<sup>i</sup>



**Figure 2 Result of testing the conceptual model by structural equation modelling**

The most significant relations are shown with arrows between the variables. The figures in the boxes of the four core variables of the model, results, stakeholder involvement, clear brand concept and marketing activities indicate the explained variance. Thus, 29.6 per cent of the variable attracting target groups is explained by the other variables in this model. If

we look at the other variables, 27.6 per cent of the variable marketing activities is explained by the increase in the budget for city marketing and the size of the municipality, 32.9 per cent of the variable clear brand concept is explained mainly by the marketing activities and stakeholder involvement, but also by the divided responsibility for city marketing in the city, and only 3 per cent of the variable stakeholder involvement is explained by the variables in the model.

Several models were explored and revised in the AMOS analysis based on the original four variables and the three control variables initially selected. The model in Figure 2 had the best fit (see also the next section). We see that most hypotheses are confirmed apart from hypothesis 1, which states that a clearer brand concept will attract more target groups. The significance is just above the 0.05 level (0.059), which makes the relation non-significant. However, deleting the relation between the two variables leaves us with a model with a worse fit, which means that the relation does improve the overall explanation of the model.

We see that the dependent variable attracting target groups is positively influenced by stakeholder involvement (0.202), marketing activities (0.305), by clear brand concept (0.152) and size of the municipality (0.153). This confirms hypotheses 3 (the influence of marketing activities) and 4 (the influence of involving stakeholders). We also see that clear brand concept is positively influenced by the involvement of stakeholders and the marketing activities. This confirms hypothesis 5 (involvement of stakeholders has positive influence on clear brand concept) and hypothesis 2 (marketing activities have positive influence on clear brand concept).

Thus, our research shows that involving stakeholders does lead to a clearer brand and to better performance in the sense of attracting target groups. We think that this is an important finding. It is also interesting that we find that stakeholder involvement has an autonomous effect on attracting target groups. This is not caused by the other variables. It is therefore beneficial to both employ marketing strategies and involve stakeholders. Here, our AMOS analysis adds to the overall analysis. Furthermore, it shows that, contrary to expectations and to the single correlations (Table 1), the contribution of clear brand concept, as an indication of brand quality, is not that impressive if it is combined with other variables. The two most important control variables size of the municipality and growth of the budget are especially relevant in explaining the marketing activities. That is understandable since growth of the budget enables more marketing activities, as does the size of the municipality.

## **B. Fit of the model**

With structural equation modelling (SEM), several indices are used to judge the fit of the model. The most important indices are: the CMIN/DF, which should have a score between 1 and 3; the NFI, the TLI and the CFI, which all should be above 0.95; and the RMSEA, which should be preferably less than 0.05 (although a score between 0.06 and 0.08 is also acceptable) (Hu and Bentler 1999). As Table 2 shows, our model has a good fit.

**Table 2 Fit indices for the model**

Model	N	df	CMIN/DF (1-3)	TLI (>0.95)	CFI (>0.95)	RMSEA (0.05<)	PCLOSE (>0.5)
Full sample	274	11	1.323	.956	.983	.034	.678

## A. CONCLUSION AND REFLECTIONS

Branding is increasingly employed in the public sector. Although the public sector is lagging behind the private sector when it comes to branding, we do witness more and more processes of service delivery, policymaking and city promotion in which branding is applied. In this article we analysed a prominent form of branding in the public sector, place branding.

Place branding involves many different actors that either contribute to the effect of the brand or are part of the network that shapes and maintains the brand. That makes place branding a governance process as we have argued in this article. The literature on governance stresses stakeholder involvement as an important condition for effective outcomes. Also, some of the literature in (place) branding emphasizes stakeholder (and consumer) involvement.

In this article, we have tested the assumption that stakeholder involvement matters for both the substance and strategic choices behind the brand (here conceptualized as clear brand concept) and the effect of the branding process (in this article conceptualized as attracting stakeholders). We did that with a survey among professionals involved in city marketing in The Netherlands. Our model also included *marketing success factors*, such as a clear brand concept and marketing activities to support the brand.

Our research shows that more stakeholder involvement in branding does matter. Stakeholder involvement leads both to a clearer brand concept and to increased effectiveness in terms of attracting target groups such as new inhabitants, visitors and firms. In that sense, this research confirms the growing importance of this subject in the branding literature.

Our structural equation modelling also enables us to research the relative weight of stakeholder involvement compared to other important factors such as the marketing activities employed to enhance the brand. Marketing activities also contribute significantly to the explained variance of the dependent variable. This is in line with the literature on place branding that generally emphasizes the importance of communicating the brand to an audience by advertising, launching events and using multi-media. Thus, our research confirms the importance of marketing activities to support the brand. The analysis also shows that the combined effect of marketing strategies and stakeholder involvement is higher than the effect of each of them separately.

Interestingly, the other independent variable that we distinguished in the model, clear brand concept, does not have a very significant effect on our dependent variable, attracting target groups. At first sight, this result is surprising as the strategic choices behind the substance and position of the brand are considered to be very important (Aaker 1991; Danesi 2006; Park *et al.* 1986; Arvidsson 2006; Kotler, Armstrong *et al.* 1999; Kotler, Asplund *et al.* 1999; Keller, 2002). Of course one explanation may be the conceptualizing of the variable.

We tried to conceptualize the clear brand concept (following Park *et al.* 1986) based on three items in the survey, but of course this does not capture the whole concept and substance of a brand. It does not capture the complex associations and the emotional value of a brand for instance, and this may account for its relatively low explanatory value in relation to attracting target groups. The abovementioned authors stress the relevance of the whole brand building process, many aspects of which could not be captured in our survey. Our variable is only part of that process. Another explanation might have to do with the public sector character of place brands. Maybe the political and multi-stakeholder environment in the public sector requires greater stakeholder involvement, whereas in the private sector much more emphasis is put on sending out a clear brand concept and identity (e.g. Aaker 1991). Thus a clear brand concept might be of more importance in private sector brands than in public sector brands.

There are, of course, some limitations to the research. The survey measures effects on attracting target groups as perceived by professionals involved in city marketing activities. It does not measure 'hard' objective effects. However, if we had had data about attracting target groups for each municipality, it would have been very hard to relate those to the marketing activities. We would then have needed empirical data from the target groups themselves and whether they were influenced by the associations of the brand of a specific city. It is, however, extremely difficult to collect from those groups data that stretch beyond one marketing campaign and that could fit the data collected here, which cover various marketing campaigns in many different cities. Consequently, to acquire more accurate data on the effects of brands on the target groups, we would have to conduct quite different research that digs deeper into a limited set of branding campaigns.

Despite these limitations, the results presented here are valuable in our view. There is little scientific quantitative research on the efforts and effects of city branding (e.g. Lucarelli and Berg 2011). In addition, the outcomes of this research do provide several interesting findings that should generate discussion and lead to more research. In particular, the weak relation between clear brand concept and the effects of branding is something that begs further exploration. For that, we need a different kind of research with more focus on the reaction of target groups to see what brand characteristics appeal and whether a clear brand concept, the coherence of choice about what to communicate, influences that.

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<sup>i</sup> We first analysed the model without the missing values and then performed the same analysis with all the data. There were no significant differences in the fit of the two models.