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SUCCESS FACTORS OF PLACE MARKETING: A STUDY OF PLACE MARKETING PRACTICES IN NORTHERN EUROPE AND THE UNITED STATES

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Seppo K Rainisto

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ABSTRACT

The aim of the present study is to evaluate which are the most critical success factors in place marketing, and how these factors could be utilised in place development. The study builds a framework and analyses place marketing practices from the perspectives of the process, assessment criteria and success factors. The main research focus is on marketing management aspects in place marketing.

The primary theoretical background and concepts in place marketing for this study consist of marketing theory, branding, assessment criteria, process, place development, local economic development and non-profit organisations. This study uses a theory building, qualitative case research agenda, with an embedded, longitudinal and multiple case design. The study applies the theoretical framework of successful place marketing in an empirical research with the case locations of the Helsinki, Stockholm, Copenhagen and Chicago regions. The field research was carried out between April 2002 and March 2003. This study investigates also how Northern European versus U.S. place marketers differ in their practices and comes to the conclusion that both regions can benefit from a study of each other's practices.

This study contributes to the literature by "translating" the key concepts of corporate marketing theory for places, forms a conceptual framework and makes 35 propositions about general place marketing practices and its specific success factors. The study makes a managerial contribution by giving recommendations for place marketing practices, and by offering a new and holistic framework to help places move to a more systematic and effective marketing approach.

Strategic marketing can be also applied to places, and the tools of corporate marketing can be transferred to place marketing. Places can also be branded, through creating and communicating a place identity, which increases a place's attraction.

Key words: place development, place marketing, place customer, place branding, success factors.

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I hope that my study will bring new perspectives to the development of sophisticated place marketing.

Espoo, 21 August 2003

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1. INTRODUCTION

1.1 Place Marketing Phenomenon

Marketing, especially international marketing, is a great challenge even for private corporations, which are often regarded as specialists in marketing practices (cf. Duffy 1995; Sergeant 1999). Places are public organisations, and it is, therefore, no wonder that places suffer even worse from the same dilemma. In this study, the term “place” is used to mean all kinds of places like cities, city-regions, regions, communities, areas, states and nations¹. There is now a consensus about the suitability of marketing for places, and that places, indeed, should be marketed as efficiently as firms market products or services (e.g. Kotler & Hamlin & Rein & Haider 2002a; Berg & Klaasen & Meer 1990; Braun 1994; Herrn 1997; Holcomb 1993; Kearns & Philo 1993; Ward 1998; Witt & Moutinho 1995). It is now time for places to start to benefit from the best sophisticated marketing practices in the private sector.

The focus of the present study is on city-regions among places, and their foreign inward investment² activity, and the target group is firms, in the analyses of success factors in place marketing practices. This study is theoretically positioned in the theory of place marketing management³ discourse, emphasising the aspect of branding, but is also loosely connected in its operational environment with strategic management.

¹ A place is a nation-state, a geopolitical physical space; a region or state; a cultural, historical or ethnic bounded location; a central city and its surrounding populations; a market with various definable attributes; an industry's home base and a clustering of like-industries and their supplier; a psychological attribute of relations between people (Kotler & Hamlin & Rein & Haider 2002a: 4).

² Foreign inward investment activity is focused to attract investments from abroad to a place. (The Oxford Dictionary for the Business World: 318). Foreign direct investment is investing in a country with control or influence over the direction of the investment. For balance of payments purposes, any holding of more than 20 percent of the shares of a company is considered (in the U.S.) direct as opposed to portfolio investment. (Bennett: AMA Dictionary of Marketing Terms: 113).

³ *Management* in place marketing means effective use and coordination of place marketing resources of a place to achieve the defined targets.

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. 2002a: 183).

The potential target markets of place marketing are in this study defined as place customers, which are producers of goods and services, corporate headquarters and regional offices, outside investment and export markets, tourism and hospitality, and new residents. (Source: Kotler et al. 2002a).

Place marketing as such is not a new phenomenon, and like many marketing ideas, place marketing has its origins in the U.S. Already in the 1850s, place selling became a distinct feature of attracting settlers to the new frontier areas of the “Wild West”. British and French beach resorts were advertised intensively in the early 1900s, to attract tourists. (E.g. Arnold & Kuusisto 2000; Gold & Ward 1994). Before place marketing, place selling was a dominant form of promoting locations. As the name indicates, place selling is a more operational approach to promotion, which is strongly based on various forms of advertising. Recently, place marketing has become a prominent feature of the economic development strategy, place development.

Place development means to develop for a place a systematic and long-term marketing strategy directed towards nurturing and developing the natural and potential attributes of an area or region. (Source: Kotler et al. 2002a: 57).

European communities are in active competition with each other, and also leading places, due to a lack of skilled marketing abilities, can lose their vitality to survive in the place competition, when the practices of place marketing are not mastered. There is the necessity of “place excellence” among places (Kotler & Asplund & Rein & Haider 1999).

Place marketing is used for multiple goals, such as to build a positive image for the place and attract enterprises, tourists, institutions, events etc. Today, places need to attract tourists, factories, companies and talented people, as well as find markets for their exports, and this

requires that places adopt strategic marketing management tools and conscious branding. (Kotler & Gertner 2002:253⁴).

Branding means to build an offering from a known source; the intangible value proposition⁵ is made physical by an offering, which can be a combination of products, services, information and experiences (Kotler 2003:11). Place branding means bringing added attraction to a place, the central issue being to build the brand identity. Place product is total offering-mix of the place to-place customers (Rainisto 2001).

Past place promotion strategies no longer work in the rapidly changing markets, and in the new place competition situation (Kotler *et al.* 2002a). In order to compete effectively, places must develop a real marketing approach. The place competition is global, and all places whether located in Europe, Asia, Latin America or the USA, need to develop new capabilities to survive in the competition. Consequently, places must produce services that current and potential citizens, companies, investors and visitors need. Because place marketing is a global phenomenon, the present study has chosen an international approach, and has case locations both from Europe and the U.S., to search for differences in place marketing practices.

Place marketing, especially in the U.S., is a multi-billion dollar industry where places have been “commodities to be consumed”, and sold aggressively (e.g. Kotler *et al.* 1999; Ashworth & Voogd 1994; Ward 1998). Many places want to build a new image of the place to replace negative images. Place marketing adapts the place product to make it more desirable to place customers (also Holcomb 1994: 133-143), by creating a place identity from the substance of a place and then communicating it to the selected customers (e.g. Trueman & Klemm & Giroud & Lindby 2001; Asplund 1993; Hankinson 2001).

⁴ Kotler & Gertner in their article discuss place marketing focused on countries from the perspective of brand management.

⁵ Value proposition is a set of offered benefits to customers to satisfy their needs (Kotler 2003:11).

In Europe alone there are over 500 regions⁶ and over 100,000 single communities (e.g. Kotler *et al.* 1999) competing for the same scarce resources of foreign investments and a talented work force. Worldwide there are over three hundred city-regions with populations greater than one million. These large places are already “global city-regions” or “world cities”. The introduction of the Economic and Monetary Union (EMU) brought transparency to foreign investment and location decisions within the European Union. With more countries joining the EU, the importance of economic regions still increases in Europe, while the nation states are respectively losing their influence positions, due to the increasing power of the regions. (E.g. Weihe-Lindeborg 2000; see Jensen-Butler 1997; Jensen-Butler & Shachar & Weesep 1997; cf. Porter 2001; Porter 1998). Europe today is a concept not just for the member states of the EU, but also for their regions. “The regions have acquired more power and more tasks, and there is a clear trend towards more devolution and decentralization.” (Dammeyer 2002: 7)⁷. In this development, a strong regional identity has a growing market value (Weihe-Lindeborg 2000).

Place marketers need fresh ideas and good advice about how to manage the global competition between the locations. There is not much empirical research in the area, and the focal study can help places to move to a more sophisticated level in their place marketing practices.

One emphasis in this study is on Northern European place marketing practices, as Helsinki, Stockholm and Copenhagen Metropolitan Regions were selected as case locations. These represent the major capital cities in the Baltic Sea Region within the context of the European Union. The Baltic Sea Region is becoming a regional power centre in Northeastern Europe. The Chicago Region was chosen as the case location from the U.S. because of its long background of place marketing practices, and to get a different benchmarking location in

⁶ Weihe-Lindeborg (2000): The first map to show Europe from a regional perspective was published by the Assembly of European Regions (AER) in Strasbourg in 1990. Most Europeans have so far known Europe from the perspective of the nation states.

⁷ Dammeyer is the former President of the Committee of the Regions of the European Union (CoR), Brussels. Important steps towards a recognition of the political role of regions and local authorities in the EU have been: 1) The Single European Act 1986 2) The Maastricht Treaty 1991 3) The Amsterdam Treaty 1997 (Source: Dammeyer 2002). The CoR has developed into a parliamentary gathering of political players representing regions all over in Europe.

comparing practices. The results of the Northern European cases are also compared jointly to the ones of Chicago, comparing the Northern European and U.S. practices.

This focal study argues that places can be seen in many aspects as businesses, and strategic marketing can be applied to places (e.g. Kotler *et al.* 1999, 2002; Ashworth & Voogd 1990, 1994; Asplund 1993; Bailey 1989; Berg *et al.* 1990, 2002; Braun 1994; Gold & Ward 1994; Rainisto 2001; Hankinson 2001). Places need to be marketed like products and services in private firms, and in a similar sophisticated way. The tools of marketing can be transferred to “place marketing”. Moreover, the challenge in the global place market has never been greater. An additional argument is that places as geographic locations can also be branded (also Kotler *et al.* 1999, 2002; Keller 1998: 19; Hankinson 2001; Trueman *et al.* 2001, Kotler & Gertner 2002). When a region has managed to create a favourable infrastructure for the desired target-markets like foreign inward investment or tourism, and the hard attraction factors⁸ on a satisfactory level, it is then a task of place marketing to transfer the wanted identity to be understood by the selected target markets as favourable images towards the place (see Asplund 1993; Hall 2000). Place marketing can plant these images in the minds of the place customers. Soft attraction factors⁹ like an entrepreneurial image or creativity are becoming increasingly important while the place-product, which is the total service and product offering of a place, is becoming more complex and sophisticated, because the place customers are becoming more demanding. (e.g. Asplund 1993). Cities will need a different kind of creativity to solve pollution problems, generate new urban policy, reinforce the identity of a place or create social innovations (Hall 2000:33). City and regional organisations have started to reinvent local economic development. Cities and regional economies are now, indeed, seen as economic assets and building stones (Clark 2002). Thus, place marketing is a natural element to be integrated in the economic development of places. Each place needs its own solutions to be successful and visions as the leading star for the development strategy.

⁸ Hard attraction factors include economic stability, productivity, costs, property concept, local support services and networks, communication infrastructure, strategic location and incentive schemes (Kotler *et al.* 2002a:163).

⁹ Soft attraction factors include niche development, quality of life, professional and workforce competencies, culture, personal, management, flexibility and dynamism, professionalism in market contacts, entrepreneurship (Kotler *et al.* 2002a:163).

Cities, in particular, will be important players in the future. Often a well-known name creates good opportunities to fix associations, and build a place brand. Cities in general have to perform many objectives at the same time: attract new companies (domestic and foreign), retain their industrial base and develop the tourist and business visitor industries. At the same time, cities need to develop their internal services like transportation or health care for the demanding community. Additionally, all this must occur when there is a need to make savings or tax revenues are cut. But in addition to this, international competition with other regions also needs attention and resources from places. Market changes really occur much faster than a place's capacity to react and respond (e.g. Kotler *et al.* 1999; Scott 2001; Holcomb 1993, 1994; Arnold & Kuusisto 2000; Ashworth & Voogd 1990; Bailey 1989; Berg *et al.* 1990; Gold & Ward 1994; Hall 2000).

Various networking solutions, cross-border cooperation and joint place projects become more common (Taavitsainen 2000). The whole regional dynamics in Europe are changing, and, for instance, the Baltic Region can be a new powerful place market player in the Northeastern part of Europe. Evidence from successful regions around the world indicates that specialisation creates real wealth through high-value added products. (Barcleys 2002). Economic development is a market challenge, and nations compete with other nations and strive to devise sources of competitive advantage (cf. Porter 1989). The mere existence of substance, for instance, a favourable industrial infrastructure of the region is not enough to make a place successful, as the marketing message must be delivered to potential customers. (E.g. Berg *et al.* 1990; Clark 2002; Duffy 1995; Gilmore 2002; Hagbarth 2000).

In Figure 1.1, the various elements of place marketing are summarised in a framework called “*Levels of Place Marketing*” (Kotler *et al.* 2002a). The process comprises target markets, marketing factors and planning group. Target markets mean the selected segments and customers to which a place chooses to send marketing messages. Marketing factors are the attractions and infrastructure of the place, its people and image and quality of life. The planning group is responsible for the planning and control process of place marketing.

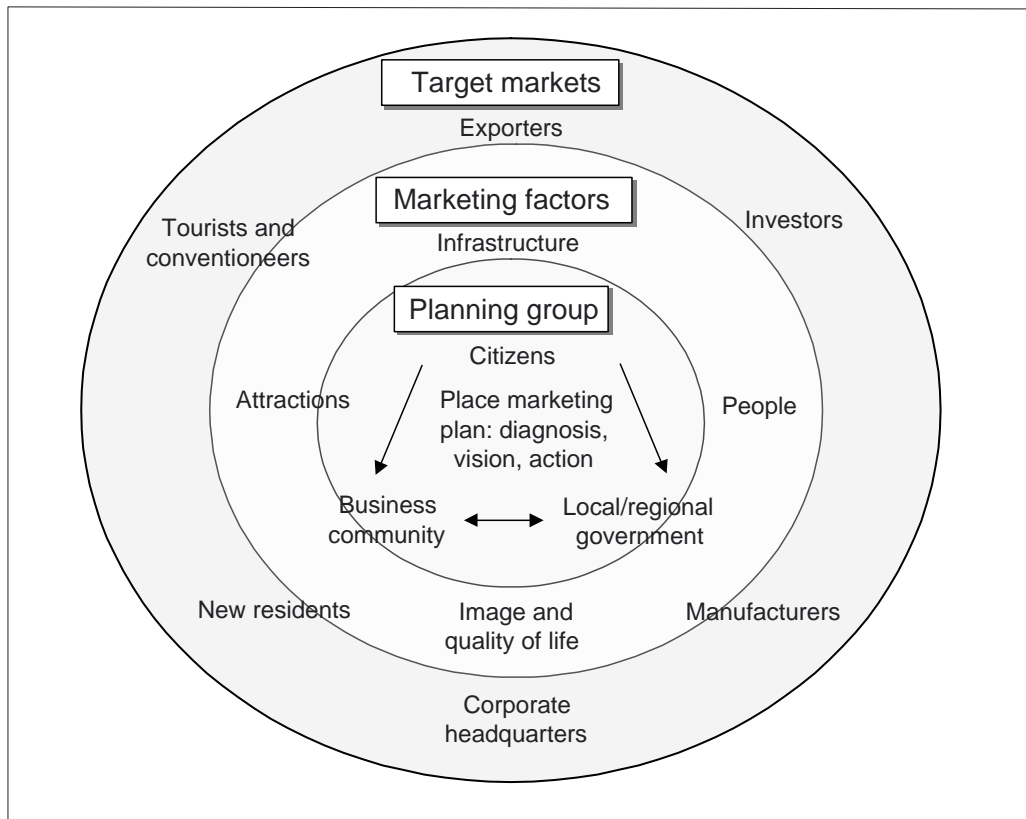


Figure 1.1 Levels of Place Marketing (Kotler et al. 2002a: 46)

The creation of value-added processes has four major marketing steps: 1) the basic services must be provided and infrastructure maintained to the satisfaction of citizens, businesses and visitors. 2) A place may need new attractions to sustain current business and public support and bring in new investment, businesses or people. 3) A place needs to communicate its features and benefits through a vigorous image and communication programme. 4) A place must generate support from citizens, leaders and institutions to attract new companies, investments and visitors. This framework, however, presents a challenge to enter into focused perspectives, by new studies. The focal study makes an effort to contribute to this challenge by forming a new framework for success factors of place marketing

Fresh ideas are needed for place marketing to give places a new set of tools. As brands are in the centre of marketing (e.g. Kotler 1997; Keller 1998), branding can also be a natural starting point for place marketing, as it forces a place to determine the essential contents of marketing.

If the city decides what it wants its brand to be, then it will try to make its appearance, services and messages consistent with the chosen brand identity. Branding is one aspect of place marketing. The mainstream of the discussion of branding of places has been related to nations and countries of origin (Kotler *et al.* 1999; Hankinson 2001; Anholt 2002).

Contemporary place marketing practices have not yet answered the challenges of our “knowledge” society, and there is still plenty of room for improvements (also Arnold & Kuusisto 2000). The place marketing approach needs continuous development, and the lead times involved in the process are long before results show up. The best performance in place marketing has not yet appeared. There are needs for additional discussion and modelling based supported by new empirical research. Due to the ability to focus on the most essential, the branding aspect within place marketing will probably be one major tool for places, in the same way as branding has been a major success dynamo for private corporations for many decades (cf. Kotler *et al.* 2002a; Kotler 1997; Keller 1998; Asplund 1993; Murphy 1998; Trueman *et al.* 2001; Killingbeck & Trueman 2002).

1.2 Current Place Marketing Research

The works of Kotler *et al.* (1999, 2002a) are currently the major holistic place marketing texts, originating from traditional marketing, including a combination of best practices and theoretical discussion. An effort was made in the present study to check how many “place marketing” related scientific articles can be found through the Internet, using “Social Science Citation Index” (SSCI), “ISI Web of Science” electronic library search.¹⁰ Only 26 documents to match the query were located, out of 2,282,497 existing ones in the data limits. The focal study makes use of the relevant parts of these articles, which will be referred to in the various contexts of the discussion. The *Journal of Brand Management* (Vol. 9, no 4-5, 2002) published a special issue on branding and marketing places. Anholt (2002) writes in his foreword that 766 major publications by 789 authors have been published on the subject of

¹⁰ Search was made together with Petri Parvinen, PhD, at Helsinki University of Technology 13 February 2003.

place marketing since the 1950s. This makes place marketing in general a major field of study, when looked at over the period of some 50 years. Several authors point out in this special issue:

“There is a remarkable paucity of real case histories, and surprisingly little work that is of direct practical application to the policy maker attempting to promote his or her country, region or city for tourism, inward investment, exports or culture” (Anholt 2002).

Place marketing has not had much explicit theorising, and researchers have used “whatever theoretical framework seemed most appropriate at the time” (Gold 1994: 19). Kotler *et al.* (1999) were probably the first to define the theory (Kotler: *E-mail-message 12 February 2003 at 18:35*). Trueman *et al.* (2001) and Hankinson (2001) welcome an analysis of place as a brand, because “there is a paucity of public research on the topic” (Hankinson 2001: 127). “Destination branding” is one aspect of destination marketing, concerning the development of tourism brands. Morgan & Pritchard & Pride (2002) argue:

Destination branding is one of the today’s hottest topics among place marketers. .. One inescapable conclusion is that there must be much more detailed case-study-based investigations into destination branding especially those evaluating the long-term success of such activities.

Opinions in the literature are emerging at the same time that branding of locations is a more difficult and complex process than that of products and services (Hankinson 2001: 128, Kotler & Gertner 2002). “Branding the nation is rising very fast” (Olins 2001: 248). Little is written by practitioners who know how to implement and impact (see Ashworth & Voogd 1994; Hankinson 2001; Killingbeck & Trueman 2002). Place marketing oriented research has been focused mainly on the identity and image issues on a theoretical level. Theory development would need more theoretical modelling and field studies to get feed back regarding real needs of the places for sophisticated developments (e.g. Hankinson 2001). Branding related to places has been discussed first recently and then also mainly in context of nations and countries (Anholt 2002; Olins 2001; Gilmore 2001; Kotler & Gertner 2002). Only a few authors have discussed the branding of places smaller than whole countries, for instance, regions, cities or locations. Hankinson (2001) has discussed the branding of locations and towns, and Rainisto the branding of city-regions (2000, 2001). An example of

practical research in city marketing is the activity of The European Institute for Comparative Urban Research, EURICUR, founded in 1998¹¹.

The research cooperation between various place players will become more frequent in the future than earlier. Place marketing is able to gather under its “umbrella” major issues of place development. In older place promotion, urban geography was often the active domain. Luckily, modern “place marketing” has also started to exploit other sciences like history, economics and human sciences (cf. Demattais 1994: 429-437). The new place challenges (discussed e.g. by Castells 1991, 1996; Castells & Hall 1994) have activated place marketing research to start to integrate various research approaches (Kotler *et al.* 1993, 1999; Bailey 1989). Mastering place marketing requires knowledge not only of business sciences and human sciences, but also an understanding of the total complexity of the place product.

1.3 Purpose of the Study

This study argues that successful place marketing practices increase the attractiveness and value of a place. The theoretical framework of the study makes an effort to integrate various success factors into one strategy in the context of place marketing and place development. No general definition for “success” in place marketing can be made, and there is no absolute success, the notion of success being always contextual. The theoretical framework tries to give leverage to existing capabilities for places, and to systematise the marketing efforts for a more effective process approach. The role of the leadership gets attention. In this study, a theoretical framework for “branding focused” place marketing will be developed, to be applied in the empirical research. First, the more general research question defines the purpose of the study as follows:

¹¹ Source: [http:// www.euricur.nl/](http://www.euricur.nl/) checked 1 July 2002. Euricur's goal is to activate fundamental international comparative research that interest cities, and has published several comparative analyses of European metropolitan cities.

Which are the most critical success factors in place marketing, and how could these factors be utilised in the development of places?

The present study focuses on places, and within places on city-regions. The study discusses the relatively new concepts of “place marketing” and “place branding” which have not attracted much empirical research. The study builds a theoretical framework for successful place marketing.

Marketing in corporations is a business tool, which brings a clearly defined offering to clearly defined customers, and the objectives in conventional marketing are naturally mostly related to sales and financial performance. It is not, however, possible to market places exactly in the same way for many reasons. Places are not normal products or services, but complex packages of goods, services, customers’ perceptions and all combinations of these. Places often have goals other than the direct monetary targets. Several differences in the products naturally also cause differences in the marketing strategy, but do not reject the use of marketing as such (also Gold & Ward 1994: 9, 41). There is a broad consensus in contemporary place marketing about the possibility of effectively using marketing tools to the development of places (also Kotler *et al.* 1999; Ashworth & Voogd 1994; 1990, Berg *et al.* 1990; Helbrecht 1994; Herrn 1997; Kearns & Philo 1993; Meer 1990; Ward 1998; Rainisto 2001). To answering the overall research purpose question, three fine-grained questions have been developed. The first of these questions is:

1. According to the literature, what is place marketing, how can place marketing be managed and what are the central success factors in place marketing?

This question is answered by the literature review. This study analyses place marketing practices in city-regions, and first develops an overview of the place marketing phenomenon, and then develops a theoretical framework for the central success factors of place marketing practices. The study investigates which of the factors are such on which a place can have a direct influence, and which occur during the process, as a part of the place’s “destiny” or as a process coincidence. It is interesting to know if the management can maintain the image of the place under negative conditions, and if the management could damage the attraction of the place with a good infrastructure. Answering this first research question provides a theoretical

contribution to the study by defining the core concepts and forming a theoretical framework. The second question is:

2. How do the city-regions studied conduct place marketing, and which factors explain the success or failure of place marketing?

This question builds empirical contribution for the dissertation, together with the third question. To help to answer the second question, place marketing practices are analysed to find the major success (or failure) factors of place marketing. In order to search for differences in place marketing management practices in Northern Europe and the U.S., the third question is formulated:

3. What are the major differences between the place marketing management practices in Northern Europe and the U.S.?

The empirical study has three case locations in Northern Europe and one in the Midwest in the U.S., and aims at finding essential differences in their place marketing practices, using international sources of literature and research evidence. By answering the above research questions, the present study contributes to the new understanding of place marketing and place branding as strategic tools in place marketing, and to strategic management literature by translating marketing concepts to match “business” surroundings of places. The study also analyses functional and strategic differences of private firms and places related to the marketing practices. This study gives understanding to the issue how place marketing can create attraction and promote economic development at locations. The role of the management and leaderships as a success factor in place marketing is actively present when discussing findings of the study, as marketing requires professional management (also Kotler 1997; Wilson & Gilligan 1998).

Table 1.1 presents the hierarchy of research questions based on the purpose of the study.

Table 1.1 Hierarchy of Research Questions Based on the Purpose of the Study

Purpose of the study	Which are the most critical success factors in place marketing, and how could these factors be utilised in the development of places?
Research question 1	According to the literature, what is place marketing, how can place marketing be managed and what are the central success factors in place marketing?
Research question 2	How do the city-regions studied conduct place marketing, and which factors explain the success or failure of place marketing?
Research question 3	What are the major differences between the place marketing management practices in Northern Europe and the U.S.?

1.4 Research Focus

Research focus is summarised in the Table 1.2 and then explained in more detail.

Table 1.2 Research Focus

Research dimension	Selected Focus
What kind of places?	City-regions.
Case locations?	The Metropolitan Regions of Helsinki, Stockholm, Copenhagen and Chicago.
Main target group in place marketing?	Firms and foreign inward investment.
Theoretical position?	Marketing management. Place marketing is studied from the perspective of the marketing organisations.
How is the empirical study carried out?	Qualitative case study.

The scope of the present study is already limited through the purpose of the study, the research context being places, which are public organisations. This study investigates successful place marketing practices as a strategic part of place development. The focus in the field study is on city-regions, to control a holistic and functional place entity. It is an increasing trend that a famous central city offers an umbrella brand to its neighbouring, less well-known communities through a common regional marketing programme.

Northern European capital cities of Helsinki, Stockholm and Copenhagen were chosen as case locations. The respective countries - Finland, Sweden and Denmark – are, in the context of the European Union, the major Nordic players in the Baltic Sea Region, which is becoming

a regional, for example, logistic power centre in Northeastern Europe. In spite of the various systems of government and levels of economic development in these countries, the Baltic Sea Region could develop into the Northern counterpart to the Mediterranean region. Through this choice one emphasis is on Northern European place marketing practices. To look for differences in place marketing practices, the Chicago Region was chosen as the case location from the U.S.

The main target group of the study is firms, and the focus is on business marketing of places, in this study on the foreign inward investment agency activity, in particular. The issues related to tourism, labour, landscape and architecture, politics and regional geography are not direct perspectives of the present study, in order to be able to concentrate on the selected contexts of place marketing. However, tourism will be tangent to the research context in some cooperation issues in place marketing. Places are also potentially the world's biggest tourism brands (Morgan *et al.* 2002: 4). Architecture will also be an issue when connected to the design aspects of a place.

The present study is theoretically positioned in marketing management, as place marketing practices are studied from the perspective of the marketing organisations. The strategic and managerial issues also get attention, when efforts are made to adjust corporate marketing theory to match the needs of the public sector.

This focal study is a qualitative case study, with a multiple case-research approach, which aims at generating a new theoretical framework for successful place marketing, using combined data collection methods.

1.5 Structure of the Study

The structure of the study is presented in Figure 1.2.

Chapter two defines the core concepts of the study and gives a theoretical view of place marketing through a literature review of place development, process, assessment criteria, place branding, and success factors in place marketing. The development of place marketing “theory” is also discussed. Chapter 2 forms the theoretical foundations of the study. Building on this foundation, a theoretical framework is built at the end of this chapter. Chapter 3

introduces the research methods and describes the qualitative case study research, selection of the cases, collection of the empirical data, analysis and interpretation of the data and discusses the quality of the data and validity of the study. Chapter 4 consists of the four case study descriptions and analyses of place marketing practices. Propositions based on the case analyses are presented in Chapter 5. Chapter 6 suggests effects on the theoretical framework, gives a summary of the results, presents a theoretical contribution together with managerial implications and makes recommendations. The limitations of the study and directions for future research are also pointed out.

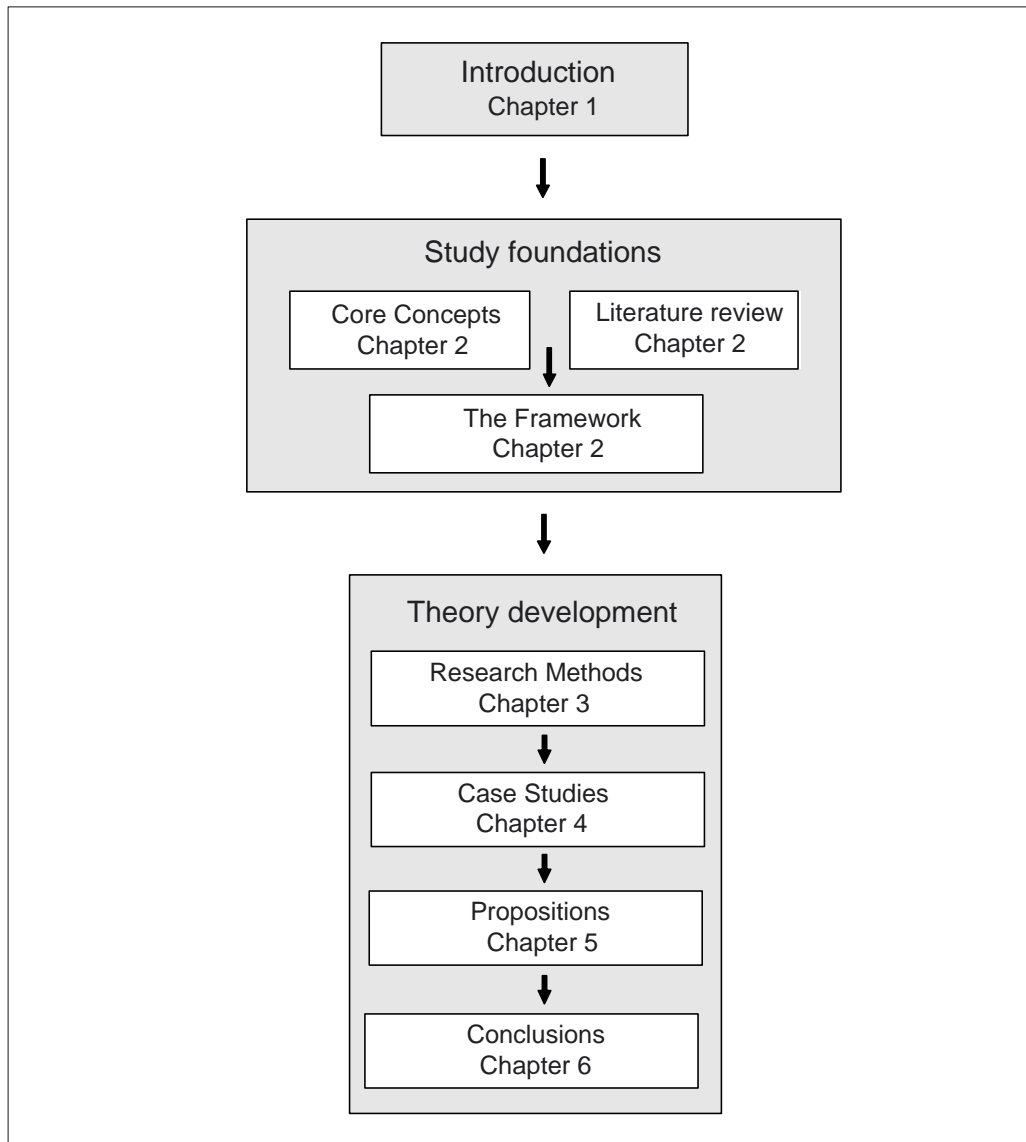


Figure 1.2 Structure of the Study

2. A LITERATURE REVIEW AND THE THEORETICAL FRAMEWORK OF THE FOCAL STUDY

2.1 Place Development

Place marketing is an aspect of place development¹² (also Kotler *et al.* 1999, Ashworth & Voogd 1994). Recently, a discussion about economic development in urban locations has really started¹³ (e.g. Castells & Susser 2002; Castells & Himanen 2001; Castells & Hall 1994; Castells 1996). Porter points out that the enduring competitive advantages in a global economy lie increasingly in local things: knowledge, relationships and motivation that distant competitors cannot match. Porter (2001) suggests that the same thinking about competitiveness should be applied to regional economies as to the rest of the economy, and that the traditional demarcation between rich and poor areas in the outcome of faulty policy choices is not inevitable.

These “soft factors” are becoming increasingly important in place development, with the sophistication of the place product (cf. Kotler *et al.* 1999). In the USA alone, 20 billion dollars was spent annually on economic development programmes¹⁴ (Holcomb 1994: 120). Approaches to place development are presented in Figure 2.1.

The community service development should create a quality environment for citizens living in the community and for potential citizens. Community service development works, for instance, for good schools, health facilities and day-care service, and issues which contribute to the quality of life in the community. Urban redesign and planning focuses on enhancing the design qualities of a place, for instance, architecture, open spaces, land use, street layout and environmental quality. Urban designers are increasingly incorporating ecological and

¹² Clark (2002): World Bank Urban Forum, Urban Economic Development.

¹³ Porter 1998: Clusters and the new economics of competition, *Harvard Business Review* Nov/Dec 1998.

¹⁴ This was an estimation by Donald Haider (1992) who used data from the Directory of Incentives for Business Investment and Development in the United States and other sources. Haider (1992: 130) stated that “an estimated 255 cities in the USA and abroad spend 250 million dollars annually for destination marketing and advertising in the highly competitive convention business”.

environmental considerations in the planning, such as population density, traffic and parking congestion and air pollution.

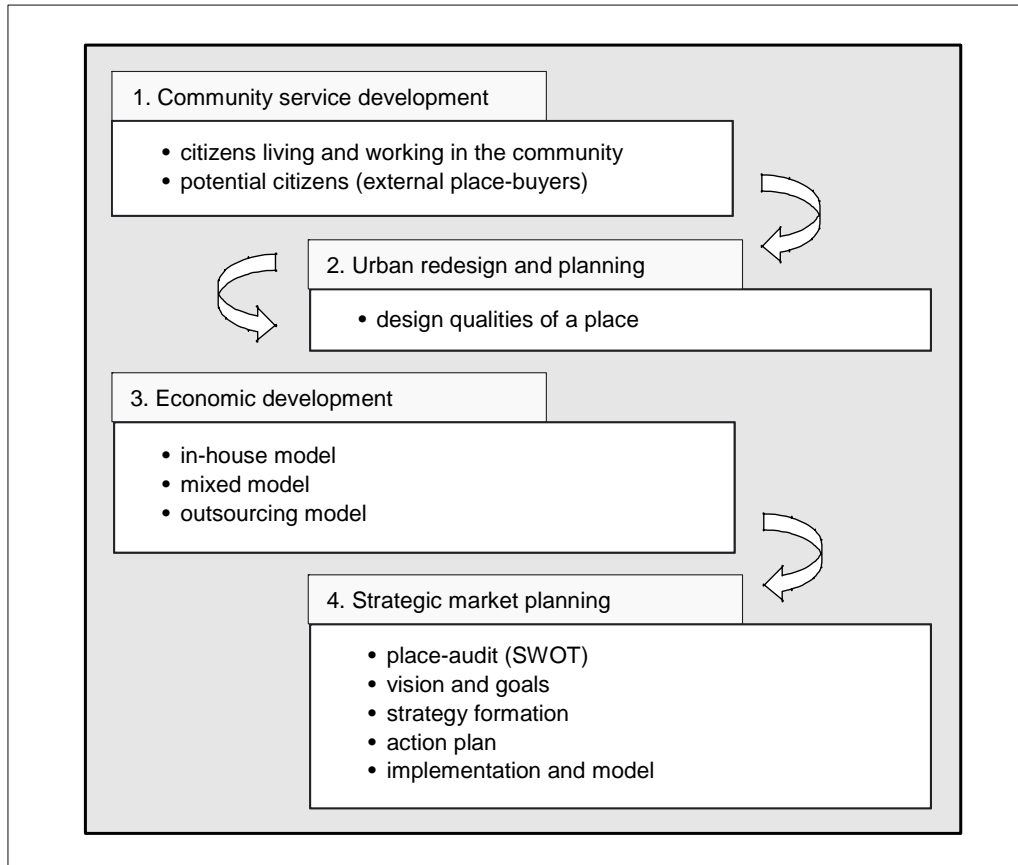


Figure 2.1 Approaches to Place Development (Source: Kotler et al. 1999)

The function of economic development is to help a place enhance its competitiveness. Economic business development units are normally separate from urban community planning units, which focus on infrastructure. One model to organise economic development activities is the in-house model, under public control. Another model is a mixed model where responsibility is shared between the public and private sectors. The business community shares the responsibility and financial burden. This is the most common in Europe (Kotler et al. 1999: 103). A third approach is an outsourcing model, which can be in the form of a company, or all the place marketing planning and services can be bought from a specific consulting company. Strategic market planning is practices to define a place as a distinctive

one having specific advantages for the target industries. The role of place marketing in place development is strong in the category of strategic market planning that covers the issues from the place-audit, visionary work and forming goals and strategies to the action plan and implementation. Combinations of these different approaches are most common in practice. (Kotler *et al.* 1999).

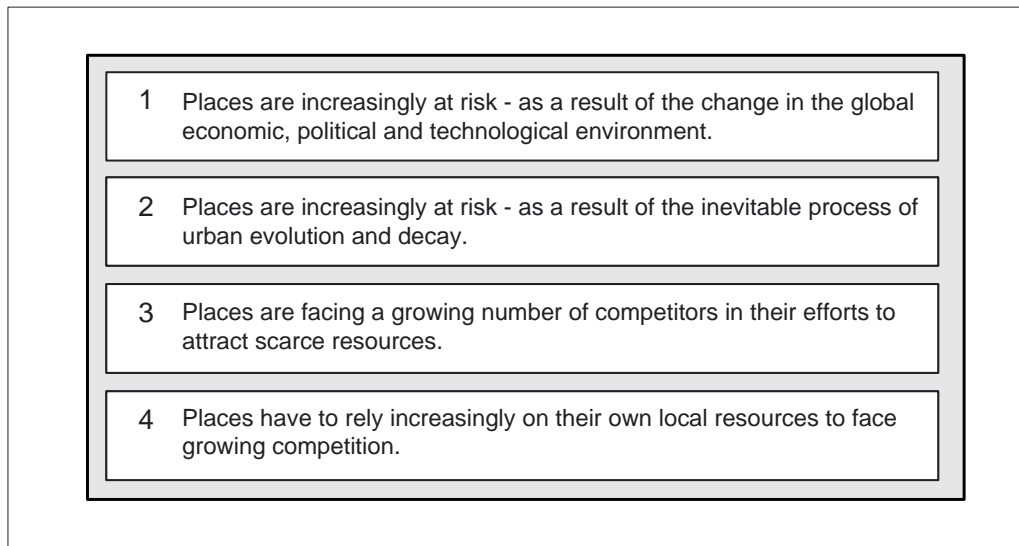


Figure 2.2 Key Challenges of Places (Source: Kotler et al. 1999)

A place must market its products in its local or domestic market and internationally (cf. Kotler *et al.* 1999: 1-5, 286; Ashworth & Voogd 1990). Places, like businesses, face new challenges as new technology and telecommunications have formed one global economy. At the same time, the economic gap between rich and poor nations is growing (e.g. Kotler 1997). The role of the place marketers will be critical to the success of the place. The term “leadership” fittingly describes the requirements of the management in place marketing. The new environmental challenges strongly influence the possibilities of managing in the competition (Castells 1991, 1994; Keller 1998: 501; Anholt 2002; Barcleys 2002). The place growth dynamics are presented in Figure 2.3 (Kotler *et al.* 1999: 16-17).

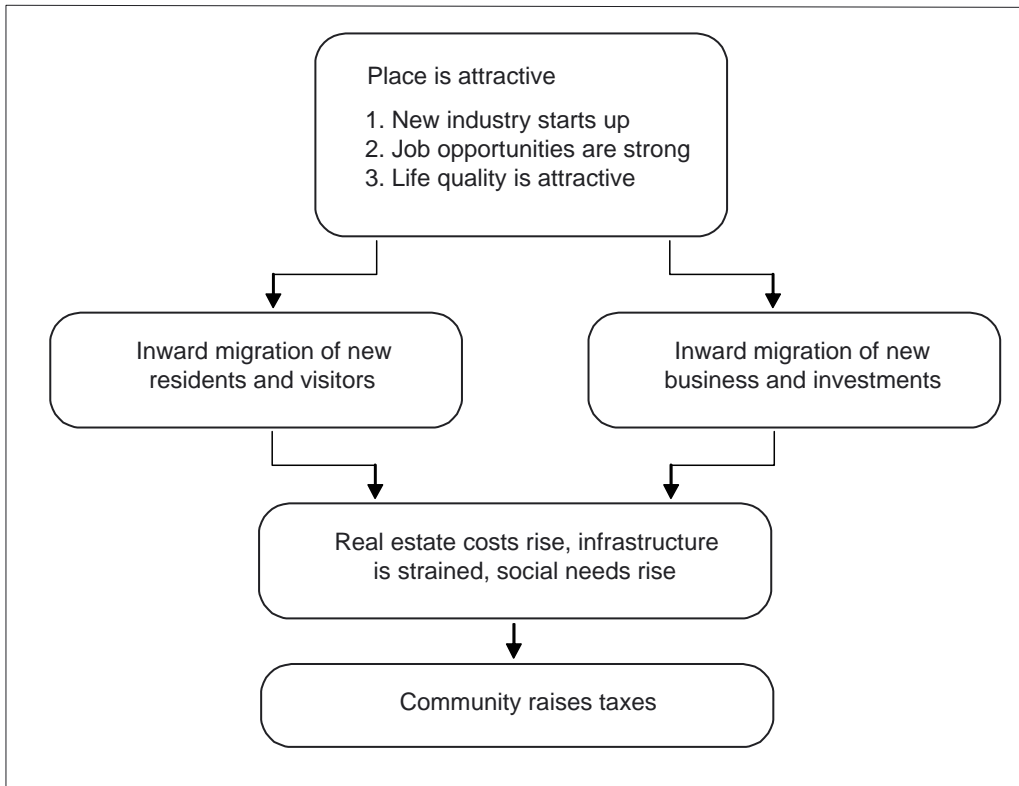


Figure 2.3 Place Growth Dynamics (Kotler et al. 1999)

Places often experience periods of growth followed by periods of decline, because places are subject to both internal and external forces, and the business cycles (Kotler *et al.* 1999). An attractive place attracts new visitors, residents and businesses. The process of inward migration of people and resources raises housing and real estate prices, and strains the infrastructure and social service budget. The city will typically raise taxes on residents and businesses to pay for the necessary expansion of transportation, communications, energy and social resources. Some residents and firms begin to move out of the city to lower their costs, and, therefore, the tax base is reduced. Besides these internal forces, places are also vulnerable to external forces like rapid technological change, global competition and political power shifts. The state of being attractive may bring forces that ultimately ruin the attractiveness of a place. There are also “process coincidences” (such as air pollution, strained infrastructure, crime rate) involved, which should be taken into consideration in advance

through contingency plans. (Asplund 1993; Berg *et al.* 1993; Killingbeck & Trueman 2002; Ashworth & Voogd 1994; Holcomb 1994).

In a study (Barcleys 2002) of economic place development strategies of some of the world's richest regions, six main areas arose, where economic and development strategies need to focus to build a competitive advantage for a location. Creating a competitive advantage is "the one big issue that stands out above all others":

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

A lesson from the study for places is that there are no quick solutions to achieving success. Focused economic development policies must be implemented over decades rather than years, and a long-term view and vision is vital. The successful regions had developed their own solutions to have a vision to guide economic development. According to Jensen-Butler's empirical studies, presented in the report of the RURE-programme which was financed by the European Science Association (1997: 10-17), the major correlates of success for a city are: (cf. Castells & Susser 2000; Castells & Hall 1994; Castell 1996; Castells & Himanen 2001; Castells 1991).

- Successful cities are leading the shift of production and employment from industry to services, which is most marked in urban areas (sectoral composition).
- Inside the service sector, the growth of high-valued sub-sectors appears as an indicator of success. New technologies, especially information and communications technologies, and the growth of producer services are related to the development of flexible production systems (types of tertiary activity).
- Fundamental innovations are highly dependent on the existence of well-developed information-rich and knowledge-rich environments, which are basically urban. Successful cities are more innovative and have higher growth rates in high-tech industries than unsuccessful cities, and high-tech firms have above-average rates of job creation and turnover increase than other types of firm (innovation and technological change). (The author's remark: this may no longer be on the same scale, due to the global crisis of the industries in question).
- Concentration of decision-making power in urban areas seems to be an indicator of success. The part of value-added going to profits is often distributed to the headquarters location (decision-making power).

- Knowledge-intensive localities will play a more important role in income generation in the future. Highly qualified labour has market power and specific demands with respect to environments and services. Successful cities are able to respond to these demands (knowledge-based production)
- Successful cities tend to have a large and rapidly growing urban middle class with rising levels of qualification. The successful city may also face increasing problems of social polarisation, and the number of unskilled workers increases (class structure).
- The successful management of conflicts in the city (crime, drug and alcohol abuse) is a criterion of success (conflict management). (The outcome can be measured, for example, by using follow-up statistics of the development of the crime rate etc.).
- Related to the growth of the urban middle class is the increasing importance of non-material values: arts and cultural provision have become an indicator of urban success (amenity, environment and non-material values). (One measurement technique is to analyse the news in the media related to the cultural events).
- Increased production and consumption create negative externalities, like congestion and pollution. Successful cities tend to be cities where the equality between private marginal and social marginal costs has been restored (control of negative externalities).
- Level and development of external relations are clear indicators of success. The degree of external orientation of the city is indicated by external links like the number of connections (air, rail), network development and by strategic alliances.
- Rising income also implies an expanding tax base and developing infrastructure and public service (income and employment).
- Efficiency –factors are professional skills, research and development, number of patent applications, new firms and employment, high tech industry, digitalisation etc.
- Equity-factors are share of unemployed populations, sub-standard housing, serious crime.

An internationally competitive city has several criteria¹⁵ for which functions a city must perform. Sánchez (1997: 455-465) lists them as follows:

- Population over one million; a diverse, qualified labour force; the presence of great universities, of high-level research and of a complete infrastructure.
- International activities that earn the city a place in networks of economic, scientific and cultural exchange and make it a financial centre; a high volume of air traffic; being well-served by advanced telecommunication facilities.
- A high level of specialisation and the availability of services at an international level; the ambition to serve as a location for the headquarters of international corporations.
- Facilities that allow the organisation of international events such as congresses, trade shows and festivals.
- Resident communities of foreign officials and business leaders with their associations or clubs.

¹⁵ Comment by the author: Sánchez uses the term “criteria” in this connection that in the present study means assessment criteria, that is, goals in place marketing. However, these “criteria” could also be used, context-related, as success factors to explain the outcome, meaning that the same criteria could be both goals and outcomes. The choice is, however, a matter of which way you look at it.

- A cultural infrastructure, including press agencies and book publishers, museums, monuments to be visited, cultural events of international renown; artistic manifestations that project it as a centre for business, culture, leisure and tourism far beyond the national borders.
- City should strive to remain distinct among the set of competitors in a global context, spanning the cultural, political and economic fields.

In the long run, the most competitive cities in international terms are those offering the best quality of life to their inhabitants (Sánchez 1997). Cities that were once industrial are restructured for the service economy. Glasgow was regarded as Britain's first major post-industrial success. The economy of cities as a whole must be competitive internationally. Powerful communication infrastructures and logistics zones, based on telecommunications have been seen to be invaluable for success (Borja & Castells 1997: 14, 252).

Key titles are summarised in Table 2.1. Non-existence of the ability described in the factor can be regarded as a failure factor accordingly.

Table 2.1 Factors Proposed to Contribute to Success in Place Marketing and Place Development

• Availability of qualified staff.	• Population over one million.
• Easy access to markets, customers or clients.	• Qualified labour force.
• Transport links with other cities and internationally.	• Presence of great universities.
• Quality of telecommunications.	• High-level research infrastructure.
• Climate for business through tax; the availability of financial incentives.	• International activities; a place in economic networks.
• Quality of life for employees.	• Scientific and cultural exchange.
• Freedom from pollution.	• High volume air traffic.
• Focussed economic development.	• Advanced telecommunication.
• Policies implemented over decades.	• Cost of staff.
• Creating competitive advantage.	• Ambition to serve as a location for international headquarters.
• Specialisation for high value-added products.	• Facilities for congresses and trade shows.
• Focusing regional resources through regional clusters.	• Cultural infrastructure.
• Supporting local entrepreneurs.	• Resident communities of foreign business leaders.
• Bringing education and business together.	• Leading the shift of production and employment from industry to services.
• Creating regional leadership through a shared vision, co-ordination and funding.	• Growth of high-valued sub-sectors inside the service sector.

<ul style="list-style-type: none"> • Creating community involvement. • Local economic development (LED). • Strategies. Learning from each other. • No one city is uniquely successful. • Existing business base supported. • Good governance to mobilise energy. • Knowledge-based production, decision reform. Stakeholders together. • Brand building and marketing planning. • Degree of dominance of the central city. • Control of externalities. • Innovation and technological change. • From short term to longer term in planning. • Repositioning of economic urban policies. • Branding as a cluster challenge. • Brain circulation for new values. 	<ul style="list-style-type: none"> • New technologies, flexible production. • Existence of well-developed information-rich and knowledge-rich environments. • More innovative and higher growth-rates in high-tech industries. • Concentration of decision-making power in urban areas. • Knowledge-based production. Large and rapidly growing urban middle class. • Successful conflict management. • Increasing importance of non-material values: arts and culture. • Spatial-economic conditions. • Ability in strategy and implementation. • The most successful strategies have been developed during economic growth. • Administrative-political objectives. • Making power, conflict management.
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Factors are drawn and modified, for example, from the following sources: Cushman *et al.* (2002) European Cities Monitor 2002 (www.cushmanwakefield.com); Clark (2002); Barcleys (2002); Wirtschaftswoche (2002) 8.8.2002, Empirica Delasasse: Europas Städte im Vergleich; Jensen-Butler (1997); Gold & Ward (1994); Berg *et al.* (1993); Sanchez (1997).

2.2 Place Marketing

The essence of professional marketing is not always understood correctly, even in many corporations that are regarded as experts in marketing. Contemporary marketing is a holistic process, and should have presence in all the functions of the organisation. The core of the marketing concept is understanding customer needs and wants (Gummesson 1999: 8; Rainisto 2000b). Marketing's contribution is to organise effectively the use of the resources to achieve the overall targets. The basic idea in all marketing is to solve customers' problems by producing added value, while the creation of the customer satisfaction should be the responsibility of the whole organisation (Weilbacher 1993: 43, 189; also de Chernatony 2000: 4, 8-9; Kotler 1997). Firms compete with services, not physical products (e.g. Grönroos 2000).

It is a very important strategic decision for a place to start systematic place marketing. This is also a matter of resources, because there must be sufficient organising capacity. In a city-region

there are often numerous communities, which have their own individual place marketing practices. Then a decision to create a common regional marketing programme requires that all parties can agree about the common goals, not conflicting with the individual place marketing programmes of these locations.

In place marketing, the place product must be adapted to fit the needs of place customers. The overall targets of a place can be reached only when this task has been fulfilled. Each place should define and communicate its special features and competitive advantages effectively. Places must find ways to differentiate and position themselves for their target markets (Kotler *et al.* 1999: ix, Nasar 1998; Krantz & Schätzl 1997; Kotler & Gertner 2002). Segmentation is a core task in the place marketing to decide about the targeted customers. The four main target markets of place marketing, illustrated in Figure 2.4, are visitors, residents and employees, business and industry and export markets (Kotler *et al.* 1999). The visitors market consists of two broad groups, namely business and non-business visitors. Within these groups there are sub-target groups that need to be carefully prioritised.

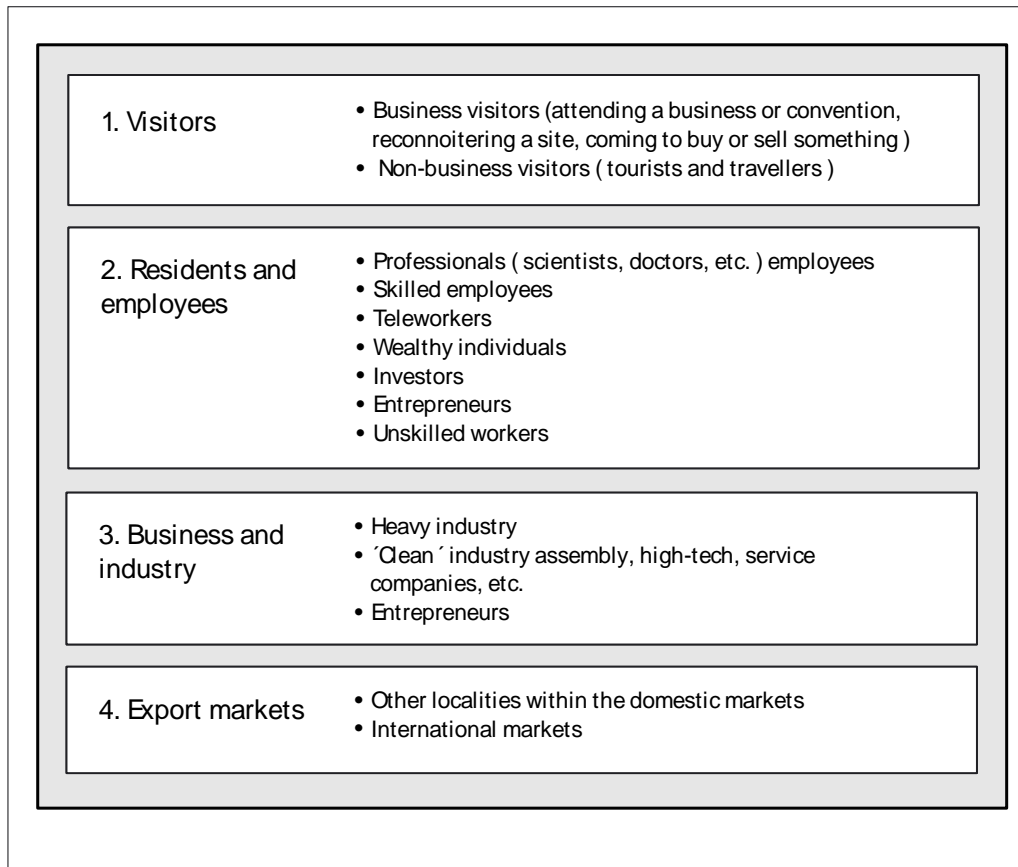


Figure 2.4 Place Marketing Target Markets (Source: Kotler et al. 1999)

The business, industry and economic investment category has the longest tradition in Europe¹⁶. Businesses are becoming increasingly professional in their place hunting. However, places often do not define their target groups, leading to an unclear focus that reflects on the marketing message (Kotler *et al.* 1999).

Export markets means the ability of a place to produce more goods or services that other places, people and business firms are willing to buy, and many places have developed a strong export image. Public and private sector players can develop cooperation that

¹⁶ With almost 20 million unemployed within the EU it is logical that the business and industry target market has received so much attention (Kotler *et al.* 1999: 40).

strengthens the image of the place on the export market. This is called co-branding (Kotler *et al.* 1999: 50). The existence of ready business acts as a driver for a firm to consider whether to locate an office or production plant in the target location instead of the export activity ¹⁷.

2.2.1 Place Marketing Process

A process is simply a set of activities designed to produce a specified output for a particular customer or market. It has a beginning, an end, and clearly identified inputs and outputs. A process is therefore a structure, for how work is done. (Davenport 1994: 13). The (place) marketing process consists of analyzing marketing opportunities, developing marketing strategies, planning marketing programs, and managing the marketing effort (Kotler 1997: 90).

The process of place marketing starts with the strategic analysis of the place (Kotler *et al.* 1999, 2002; Berg *et al.* 1993; Rainisto 2001; Duffy 1995; Killingbeck & Trueman 2002), together with the work of the vision and mission statements. A SWOT-analysis is a recommended technique to summarise and make visible the strengths, weaknesses, opportunities and threats of the place and its environment. No development can succeed without prior analysing work.

Figure 2.5 presents the “Elements in a place marketing process” framework, where the elements are divided into three perspectives: producers, market and consumers. The process elements consist of resources, product, marketing strategies and measures, customer populations, segmentation and strategies.

¹⁷ Interview in MIPIM, Cannes, 6 March 2003 with Dr. P.W. Anderson, President P.W. Anderson & Partners, Inc., Virginia. Anderson has acted as a localisation consultant for Scandinavian locations (e.g. the Helsinki Region) in the USA.

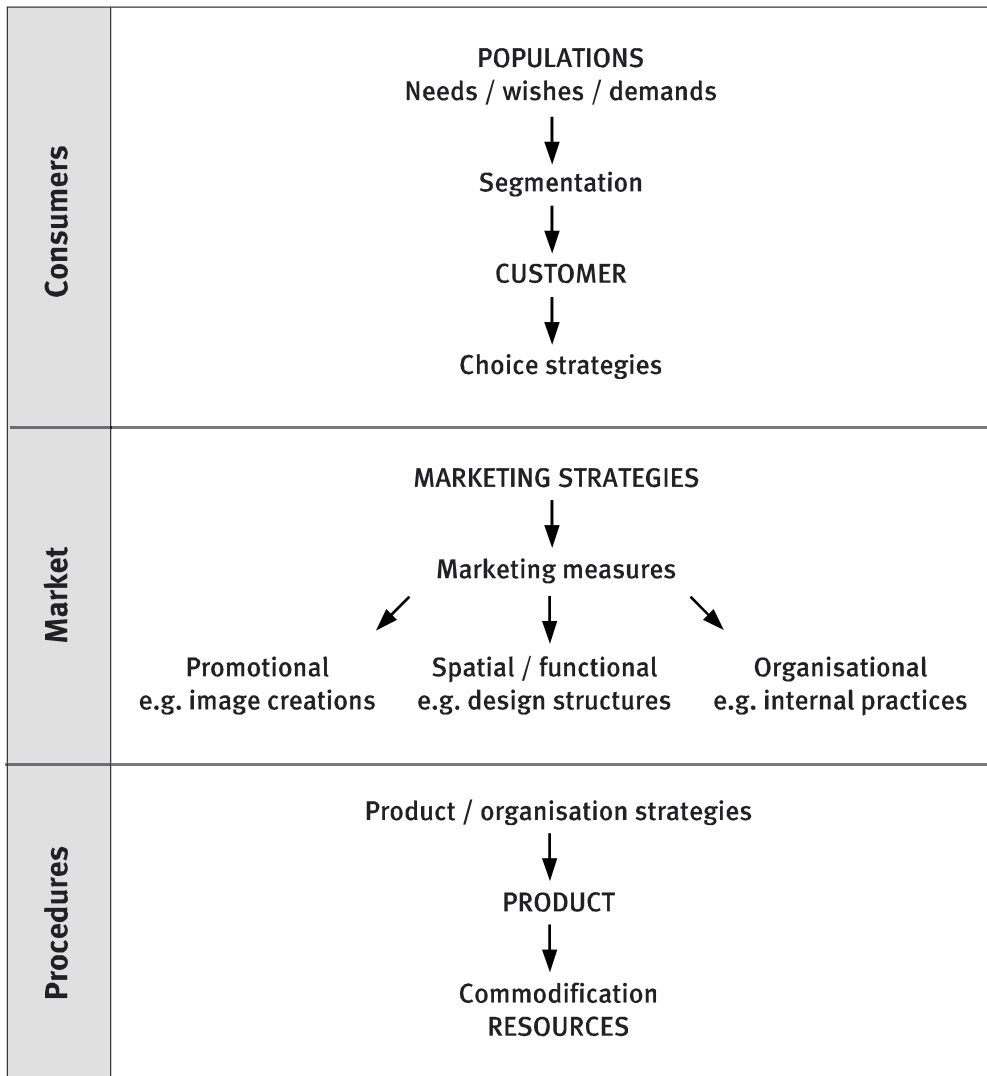


Figure 2.5 Elements in a Place Marketing Process (Ashworth & Voogd 1994: 43)

Each of the elements is different from those in traditional marketing.¹⁸ These differences determine the distinctive character of place marketing that is more than a simple transfer of

¹⁸ Kotler 1986: “Marketing is a process of planning and movement of a product from the supplier to those who are to use it..., and the marketing process is incomplete unless all of its functions are performed”.

techniques (Ashworth & Voogd 1994). Place marketing can contain the selling of a selected package of facilities or the selling of the whole place through images associated with it. Places are “multisold” as products to many different groups of consumers and customers for different purposes. Public, semi-public and private organisations can be producers of a place-product. The place customers are free to choose between comparable products on the place market. The pricing of places is usually indirect, intangible and often non-monetary. Advertising and promotion is only one of many possible sets of marketing measures. The choice of measures depends on the choice of marketing strategies and goals of the organisation. Each strategy will require a different mix of marketing activities, and numerous strategies may be simultaneous. (Cf. Meer 1990; Sanchez 1997; Rainisto 2001; Porter 2001; Kotler & Gertner 2002; Jensen-Butler *et al.* 1997). The intangibility of nonbusiness¹⁹ products, the nonmonetary price of purchase, the extreme lack of frequency of purchase, the lack of behavioural reinforcers, the need to market to an entire but heterogeneous market, and the extreme levels of involvement²⁰ (Rothschild 1979: 178-188²¹) are features of a place product. The political element is strongly involved in the place’s decision process. There can also be a gap between the realities of a place as a product and its marketing communication. (Rothschild 1979: 178; Ashworth & Voogd 1994). A place can make various investments to improve liveability, investability and visitability of the place product, which comprises four components (Kotler *et al.* 1999: 125), namely: 1) Place as character. Aesthetic urban design reveals a great deal of “the sense of the place”, and makes a statement about a place, because it reflects how values and decision-making combine on issues affecting development. 2) Place as a fixed environment. A compatible basic infrastructure with the natural environment makes the urban design possible, but cannot guarantee a place’s growth, although its absence is a

¹⁹“Nonbusiness” is used in this study in the same meaning as “nonprofit”, “public” (organisation or sector), is the opposite of “business”, “profit” or “private” (organisation or sector).

²⁰ Involvement emerged during the 1970s as a popular construct which was hypothesised as acting as a mediating variable in learning, information processing, attitude change, and behaviour development. A major contribution of this construct may lie in its value in nonbusiness situations. It seems that a range of involvement becomes more extreme in both the very high and very low ranges, and, therefore, information processing, decision-making, and communications effects may differ dramatically. (Source: Rothschild 1979: 180).

²¹ Rothschild (1979) discusses marketing in “nonbusiness situations”, utilised, for example, by government, education, health and social services, charity and “many other type of nonbusiness (public and nonprofit) organisations”. Marketing places, however, was not mentioned by name in his early article.

serious liability. Strategic market planning must deal intelligently and creatively with the various infrastructure proposals. Also, infrastructure development needs to be adjusted to the overall place development priorities. 3) Place as a service provider. Like place design and infrastructure, successful places demand good public services, which can also be marketed as a place's primary attraction and product. Programmes for improving security, education and attractions ²² need to be developed. 4) Place as entertainment and recreation. The traditional institutions serving this function are the restaurants, parks, zoos, sports arenas, and more complex combinations of attractions are emerging.

Place marketing needs to be successful in both strategic and operational skills. Figure 2.6 presents four basic environments in which place marketing strategy and implementation can take place.

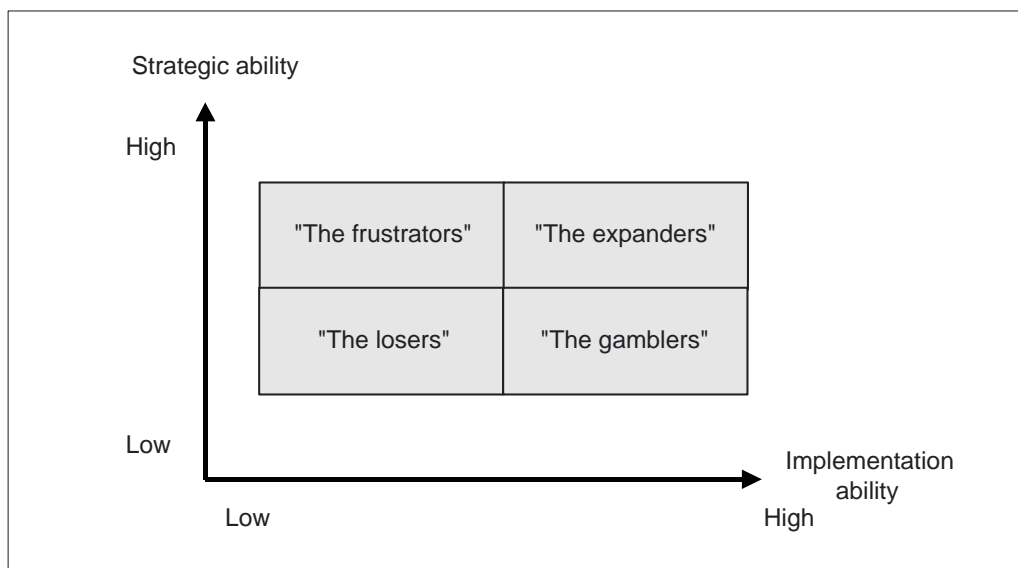


Figure 2.6 Place Marketing Strategy (Kotler et al. 2002: 177)

²² Attractions cover physical features and events that appeal to citizens, new residents, visitors, businesses and investors (Kotler et al. 1999: 140).

With low implementation strategy and low strategic ability a place is a “loser”. These places have no capacity to take action in the implementation or the strategy work. “Expanders” are good in strategy and implementation. There is leadership for the long-term strategy supporting action plans. “Frustrators” get frustrated because they lack implementation skills although they have good strategic skills. “Gamblers” lack the strategic eye, and with luck and hard work gamblers may get some short-term success. The place marketing process should consist of a balanced mix of strategic and implementation efforts. When planning place marketing, the place strategists can identify the position of a place, and find a way to a new position. For instance, if the strategist notices that the place is obviously “gambling” as the strategic process is not leading to concrete suggestions, the place can decide to invest more in the strategy process, targeting the “Expanders” position. The place marketing process comprises place marketing projects²³ formed of place marketing practices. A project is often part of a larger unit of work, a programme, which delivers a stream of new (products), one from each project⁶³. The term “activity” in this study means the same as the term “practice”.

The major actors in the place marketing process are presented in Figure 2.7. It is critical to find solutions as to how to motivate and co-ordinate the various stakeholders for the regional interests. (See Rainisto 2001, 2000; Berg *et al.* 1993; Braun 1994). The actors in place marketing consist of local, regional, national and international players.

²³ “Project is a unit of activity which involves a multidisciplinary group of people, tightly or loosely “ (Bennett 1995: 227).

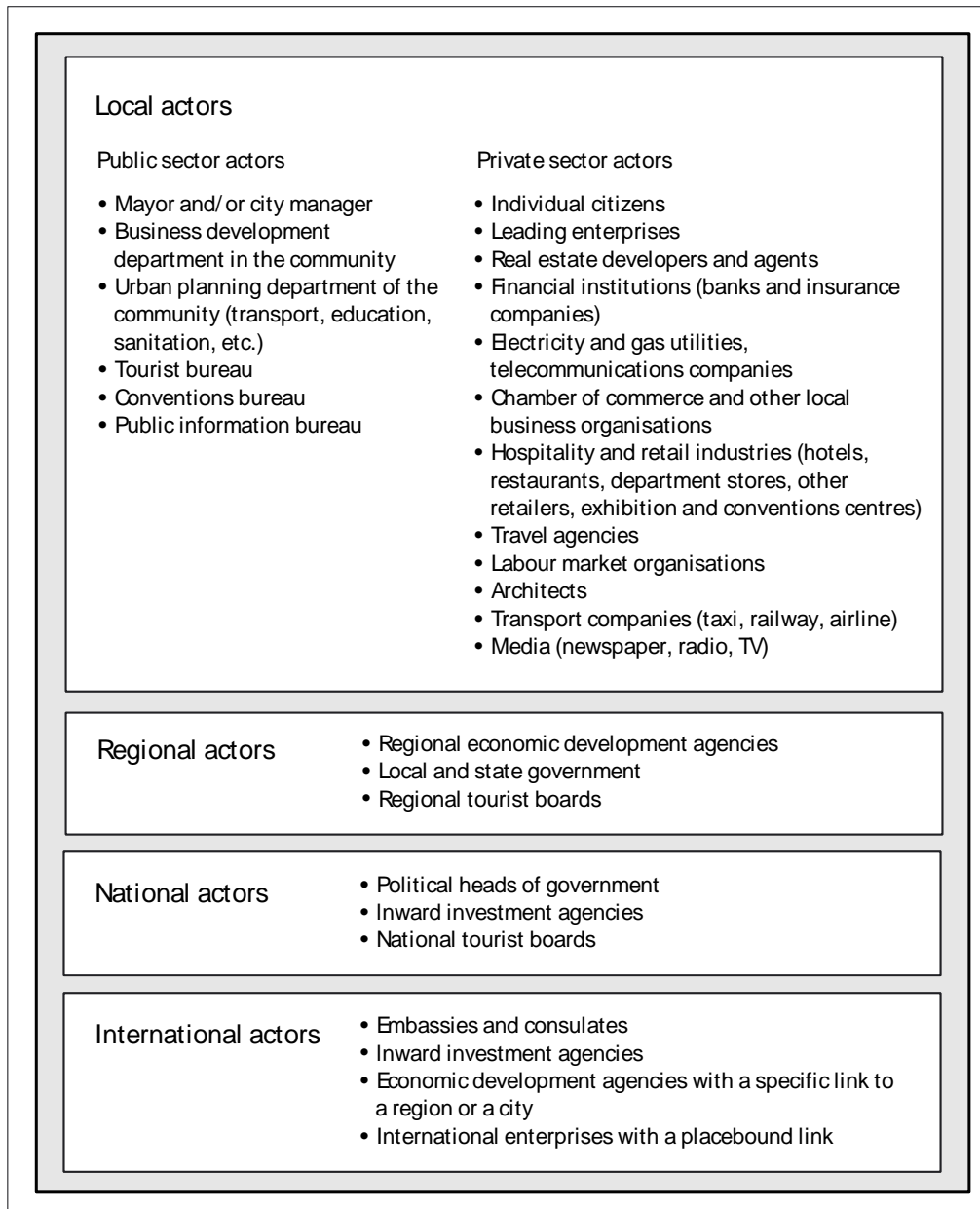


Figure 2.7 Major Actors in Place Marketing Process (Source: Kotler et al. 1999)

When practicing place marketing, “cross marketing” is useful in the process. Cross marketing means continuously marketing between and among place players. In cross marketing, all the

parties can be winners and benefit from each others' possibilities. For instance, visitors are not only tourists but are also potential links to firms and investors in their home areas, and can influence their employers, for example, to arrange an international meeting in the location (Haider: Interview 9 April 2002). A place can be marketed in different ways to different place consumers through its fragmented images (e.g. Gilbert 1988; Lynch 1960; Nasar 1998; Kotler & Gertner 2002).

It is useful in place marketing to realise in general, how place buyers²⁴ proceed in their decision-making process. The steps in the site selection process, put in the European framework are illustrated in Figure 2.8. The absence of professional place marketing strategies in Europe has led to an almost random handling of place-buyers, and, consequently, almost random results, as few places in Europe actually anticipate and understand the resulting decision process (Kotler *et al.* 1999: 75) of the place customers.

The first step concerns the decision whether to enter the European market or not. In the second step, place customers decide if they want to enter the European Union's market. In the third step, place buyers face all the national offers. The fourth step about the choice among hundreds of regions is often the most competitive part of the process. In the fifth step, the choice basket of attractions includes the potential of the 100,000 communities. In the last sixth step, the buyer must choose the place. Good co-ordination is needed between the last two steps to be able to offer the buyers a one-stop-shopping model.

²⁴ Place buyer is the person who implements the final decision (Kotler *et al.* 1999:79). In this study, the term "place customer" is used to cover also place-buying.

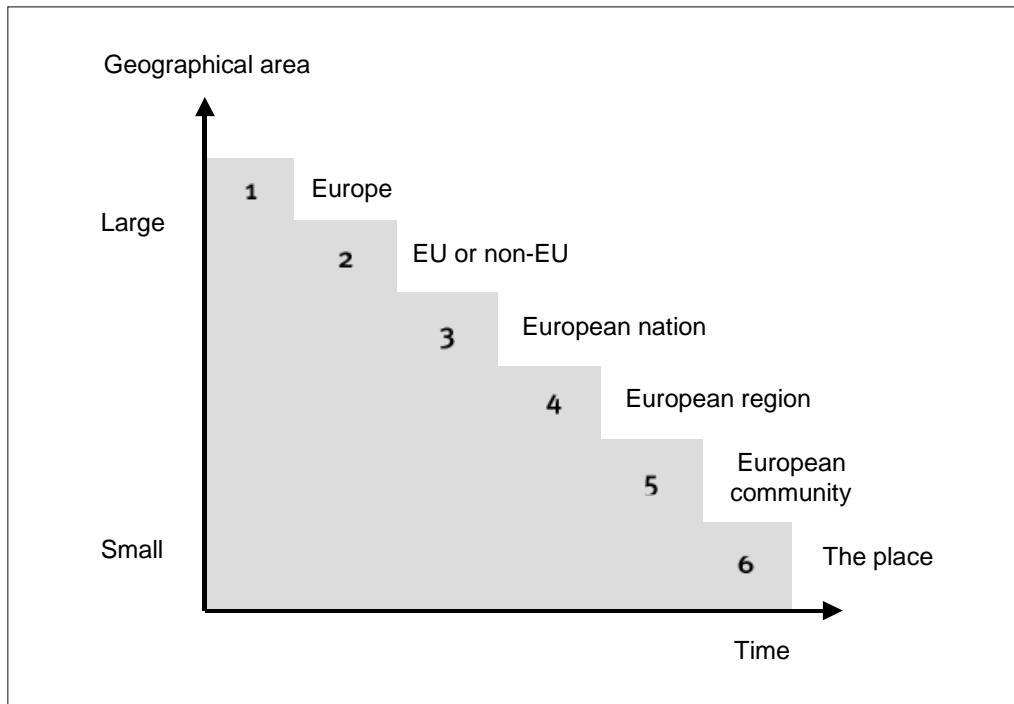


Figure 2.8 Selection Process in Place Buying (Kotler et al. 1999)

The place buying process has successive sets, and the first is the total set consisting of the most relevant places, then follows the awareness set, consideration set, choice set and decision set²⁵. The place buyer can have different roles as initiator, influencer, decision-maker, approver, buyer, even as user in the role of an employee, investor, visitor, expert or family member.

2.2.2 Place Branding

Places can be branded like products and services (e.g. Kotler *et al.* 1999; Keller 1998: 19; Killingbeck & Trueman 2002; Hankinson 2001). Place branding in place marketing aims

²⁵ In the first total set, the place-buyer recognises that many eligible places may exist, many of which he may not be aware of. In the second step (awareness set) awareness comes of certain potential information. In a consideration set, the search is based on certain important criteria influenced by more personal and experiential sources of information. In the fourth step, the choice set, only the main competitors remain. Experiential sources become crucial. The final choice set is often formed after intensive negotiations and is guided by the exact fulfillment of the search criteria. (Kotler *et al.* 1999: 81).

especially at increasing the attractiveness of a place. There is no one accepted definition of a brand. Relevant areas of study regarding place branding have been urban planning, retail marketing and tourism marketing (Hankinson 2001: 128-129; Morgan *et. al.* 2002).

Place branding brings added attraction to a place, the central issue being to build the brand identity of a place (Rainisto 2001).

When geographical locations are branded like products and services, the brand name is then often the actual name of the location. A branded place makes people aware of the location and connects desirable associations (also Keller 1998:19). Places comprise many components, such as name, symbols, packaging and reputation (Shimp 2000). A study of the branding practices of 12 English cities found no evidence to suggest that the branding of locations is impossible, and the results suggest that branding as a concept was seen as relevant, but not always understood or applied effectively (Hankinson 2001: 127, 140).

Trueman *et al.* (2001:8-13): *there is an urgent need for a robust analysis of the city as a brand that takes into account a wide range of stakeholders, including the business and local community. At this point the literature on Corporate Identity may be relevant since it offers the dimension of culture to underpin corporate values. It is possible to examine the city as a brand using conventional typologies for brand analysis providing sufficient weight is given to different stakeholders.*

In contemporary marketing, branding is very central, as it integrates all strategic elements into one success formula (Aaker & Joachimsthaler 2000). Brands are the basis for long-term success for numerous firms and organisations (See also Rein *et al.* 1987²⁶). Building strong brands requires clear brand identity and brand position, and also consistency over time. The owner organisation behind the brand has the keys to this treasure chest and to success (also

²⁶ Rein *et al.* (1987) also discuss how people can create successful images (brands).

Aaker 1996: 357). Strategic brand management involves the design and implementation of marketing programmes to build, measure and manage brand equity²⁷ (Keller 1998: 594).

Successful branding requires an understanding of how to develop a brand identity, a brand differentiation²⁸ and a brand personality (also Aaker 1996). It is difficult to create the illusion of value difference for almost identical brands. Brands are widely interchangeable in corporate marketing and customers often do not perceive them as being at all unique (also Weilbacher 1993: 108-140). Joachimsthaler & Aaker (1997) studied alternative brand building approaches, without using mass media, and found that three guidelines to build a successful brand should be tied with the core identity. These issues are: 1) senior managers should be carefully involved with branding efforts, 2) the importance of clarifying the core brand identity, and 3) all efforts to get visibility should be tied to the core identity. Core identity is also a central driving force in place branding, including the major elements of place attraction (see Keller 1998; Duffy 1995; Duncan & Moriarty 1997; Idvall & Salomonsson 1996; Kapferer 2000; Kotler *et al.* 1999).

In Figure 2.9 some place marketing campaigns and slogans are presented. (Adapted from: Kotler *et al.* 1999).

²⁷ Customer-based brand equity occurs when consumer response to marketing activity differs when consumers know the brand and when they do not. A number of benefits can result from a strong brand in terms of both greater revenue and lower costs. (Keller 1998: 53).

²⁸ Differentiation is the act of designing a set of meaningful differences to distinguish the company's offering from the competitors' offerings (Kotler 1997: 282). It is desirable to distinguish brands as much as possible (Keller 1998: 439).

Stockholm: Inspired in Stockholm	Chicago: Business Capital of America
Singapore: Live it Up Singapore!	Glasgow: An Arts Capital of Europe
Hannover: The City of International Fairs	Budapest: a City with a Thousand Faces
Scotland: Silicon Glen	Amsterdam: Capital of Inspiration
Helsinki-Region: Europe's Magnetic North	Spain: Everything Under The Sun
Berlin: Capital of The New Europe	Copenhagen: Wonderful Copenhagen
St Petersburg: Gateway to the West/East	Hong Kong: City of life / Asia's Word City
Munich: Insurance City Number One in Europe	

Figure 2.9 Place Marketing Campaigns and Slogans

In the global market, more products are introduced with a clear place-brand origin. A well-chosen place brand makes the product more identifiable for the place buyer, and brings added value. A co-branding strategy is frequently used in corporate marketing (e.g. Bacardi & Coca-Cola), as well as in places. Examples of such place origins²⁹ are “Swiss quality watches”, “German cars”, “Italian leather goods”, “Genevan Rolex”, “Dublin Guinness beer”, “Paris Channel perfume”, and “Swedish Absolut vodka”. Some nations have a strong export-driven image like the Netherlands, Belgium, Denmark and Sweden.³⁰ Some regions create their image on the basis of images of particular companies and products. Transferring image on

²⁹ Source: from Kotler *et al.* 1999: 243-246.

³⁰ Examples of places with a strong export brand are Hamburg, Ile de France, Darmstadt, Greater London, Bremen, Oberbayern, Stuttgart, Lombardia, Valle d'Aosta, Groningen or Luxembourg. There are successful examples of small places, such as the North Italian community of Agordo (famous for exclusive glasses), Swedish Södertälje (known for Scania), German city Herogenaurach (location for Adidas, Puma), and the Aran Islands off the coast of Ireland famous for woollen sweaters (Kotler *et al.* 1999). The Island of Harris off the coast of Scotland is famous for its tweed cloth (Roderick Dixon).

another object is the base for sponsoring utilisation. It is possible to use a positive image of a region and transfer it on regional products (French wine). The mutual transfer of an image is sometimes automatic, and sometimes used purposely for regional targets. It is possible to assume that an image can create demand for regional products³¹. Most country images are in fact stereotypes, extreme simplifications of the reality that are not necessarily accurate, and might be based on impressions rather than facts, but are nonetheless pervasive (Kotler & Gertner 2002).

Brands facilitate decision-making, they identify, guarantee, structure and stabilise supply (Kapferer 1992: 9-10), and branding is the leading issue in the marketing strategy of a company (also Kotler 1997: 443) because successful brands can be a financial dynamo for the owner. To build a brand from scratch would be very expensive, take a long time and still probably not succeed.³² Firms have long known the financial value of brands³³, and brands are recognised as the most valuable business assets, and a major part of the wealth creation of the firm (Murphy 1998: 4, 194; Kapferer 1992: 9-10). Thus, brands drive major mergers and acquisitions (Murphy 1998). Branding has also attracted considerable interest among researchers from the 1990s onwards (also Murphy 1992; Loden 1992: 165; Caller 1996: 8). Branding is also a potential option for places to establish a place with desired associations. Successful places attract new investment and create a positive success circle.

Brand identity is the state of will of the organisation, and the active part of the image building process (also Kapferer 1992).

³¹ Magdalena Florek, Northwestern/Kellogg's University, Evanston, IL, U.S., E-mail-message 26 October 2002

³² According to Murphy (1998: 64-68), it would cost more than USD one billion to develop a new branded franchise.

³³ *Financial World* began to calculate the value of the Coca-Cola brand in 1993 with the worldwide sales for the Coca-Cola brand family at USD 9 billion, and the brand value was calculated at USD 33.4 billion. In 1996, the figure rose to USD 43 billion. In 1999, the value was according to Interbrand, London, USD 84 billion. (Source: *Helsingin Sanomat* 22 June 1999. In 1999 Interbrand ranked Nokia No. 11. with a value of USD 21 billion). To calculate net brand-related profits after taxes, a multiple based on Interbrand's model of brand strength is assigned. The multiple ranges from 6 to 20, and Coke was assigned the highest multiple, resulting in a brand value of 33.4 USD billion. Interbrand's model of brand strength estimates brand value using as brand strength criteria including financial performance, leadership, brand stability, the market, international position of the brand and legal protection of the brand elements. The model examines the different marketing and legal factors

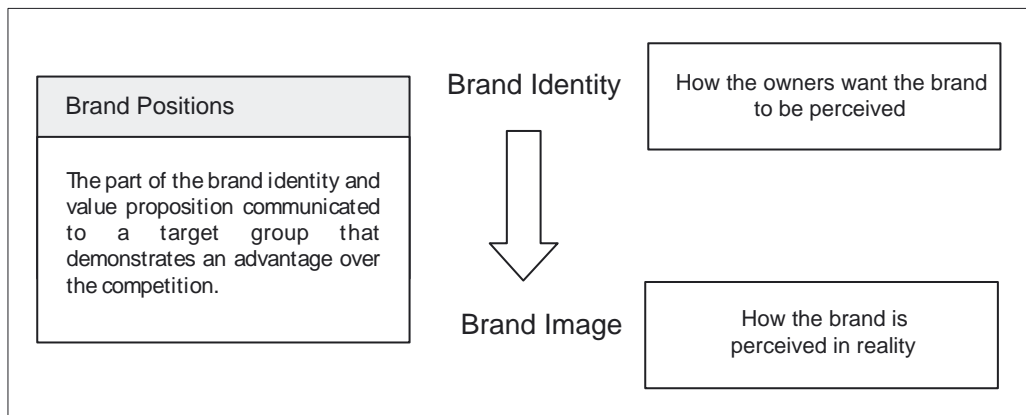
The brand identity is how the brand is wanted to be perceived. The brand identity is a unique set of brand associations that the management wants to create or maintain. The associations represent what the brand stands for and imply a promise to customers from the organisation (Aaker 1996).

Brand identity creates a relationship between the brand and the customers with a value proposition that consists of functional, emotional and self-expressive benefits (Kapferer 1992).

Brand image is the perception of a brand in the minds of people. The brand image is a mirror reflection (though perhaps inaccurate) of the brand personality or product being. It is what people believe about a brand – their thoughts, feelings, expectations. (Bennett: 1995. AMA Dictionary of Marketing Terms: 28). Brand image is perceptions about a brand as reflected by the brand associations held in consumers' memory (Keller 1998).

Comment [RD1]:

Figure 2.10 gives an overview of the relations between brand identity, brand position and brand image.



affecting the brand risk. Multiples of even more than 25 times the company net profit appear for a brand's value. (Keller 1998: 361-366).

Figure 2.10 Building of Brand Image from Brand Identity and Brand Position (Modified from Aaker 1996 & Kapferer 1992)

A strong positive image can lead to a powerful and distinctive competitive advantage for a place. The emphasis in brand communication should not be on what the brand physically does but on what the brand stands for to the customer. Branding or marketing are not just loose marketing activities, but something holistic that influence the whole place and its organisation (Kotler 1997; Rainisto 2000; Hankinson 2001).

The greater market share a brand has, the more profitable it is (e.g. de Chernatony 2000: 308). For places an issue of market share should be seen in relation to the target market segments and their positioning. As a place package has various markets, the market share has to be looked at individually for the respective segment. A place needs to be differentiated through unique brand identity if it wants to be perceived of as superior in the minds of place customers. (See e.g. Meer 1990; Trueman *et al.* 2001; Nasar 1998; Killingbeck & Trueman 2002).

For places, the creating of added value for “place customers” is a real challenge. This process requires good development system for the place product so that place-oriented added value can be made “visible”. Thus, branding can be used to make the place offering “visible” in a compatible way (Killingbeck & Trueman 2002; Hankinson 2001). When a place manages to create favourable brand associations in the minds of the targeted customers, a place brand has been born and there is a chance that the customer could select the place to be “consumed”.

Brand equity is formed by the assets and the liabilities linked to a brand forming its value (Aaker 1991; de Chernatony & McDonald 1998; Kapferer 2000). Brand loyalty is important for this value, as it is much more expensive to find new customers than keep the existing ones. The loyalty also represents a substantial entry barrier for competitors. Aaker’s model of brand equity is illustrated in Figure 2.11 (Aaker 1991).

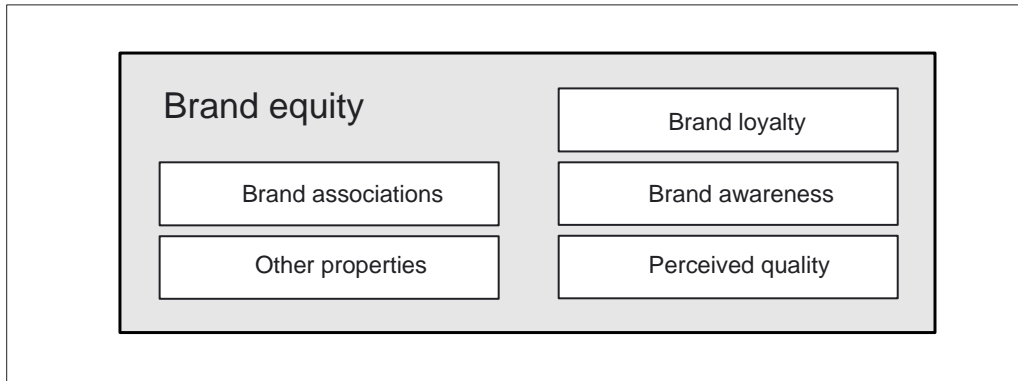


Figure 2.11 Brand Equity (Source: Aaker 1991)

Perceived quality is the key issue for decision making also for place customers. For instance, an innovative reputation of a place provides credibility. Perceived quality is a major driver of customer satisfaction, and is the key positioning dimension for corporate brands, when functional benefits cannot play a decisive role. Place brands resemble corporate umbrella brands, to some extent, and can benefit the value of a place's image. Favourable perceived quality of a place offering differentiates the place from the competing ones, and improves the customers' perception of the place. The creation of perception of quality for a place is impossible unless the quality claim has substance in the major attraction factors. The perceived quality may differ though from actual quality, when the customers' motivations and perceptions are changing rapidly. (Also Aaker 1996:7, 17-23, 89-125, 177-184, 275; de Chernatony 1998; Keller 1998; Kotler 1997; Loden 1992). More emphasis also needs to be placed on brand identity than earlier (also de Chernatony 1999: 172-173), as the identity is the starting point for attraction building by uniting the most important attraction factors in one marketing message, the place's identity.

Although cities are becoming more powerful, a city cannot escape the "trademark" of its nation (Kotler *et al.* 1999). Moreover, part of a city's potential competitiveness can depend on the image of its home country. Some well-known examples of country of –origin image associations are presented in Table 2.2.

Table 2.2 European Country of Origin Images (Source: Kotler et al. 1999)

Country	First five images
Belgium	Brussels, chocolates, Tintin, beer, capital of Europe
Denmark	Vikings, Hans Christian Andersen, Copenhagen, Lego, football
Germany	Beer, Berlin, motorways, Goethe, serious
Spain	Barcelona, bullfighting, paella, art, Juan Carlos
France	Paris, wine, Gérard Depardieu, food, fashion
Ireland	Green, the Irish pub, James Joyce, Celtic design, U2
Italy	Rome, pasta, art, shoes, Pavarotti
Luxembourg	Castles, banks, small court of justice, the Echternach dancing
The Netherlands	Van Gogh, tulips, drugs, Amsterdam, flat
Austria	Vienna, Klimt, Sissi, skiing, Mozart
Portugal	Port wine, the cock of Barcelos, Lisbon, explorers, Algarve
Finland	Lapland, Santa Claus, forests, saunas, telecommunication
Sweden	Blondes, cold, Nobel prize, Ingmar Bergman, Pippi Longstocking
United Kingdom	Shakespeare, London, BBC, The Royals, Beatles

Figure 2.12 illustrates how a place can reposition its image in a new way. A place acts as the sender of the chosen identity message to the target audience that is the receiver of the marketing communication.

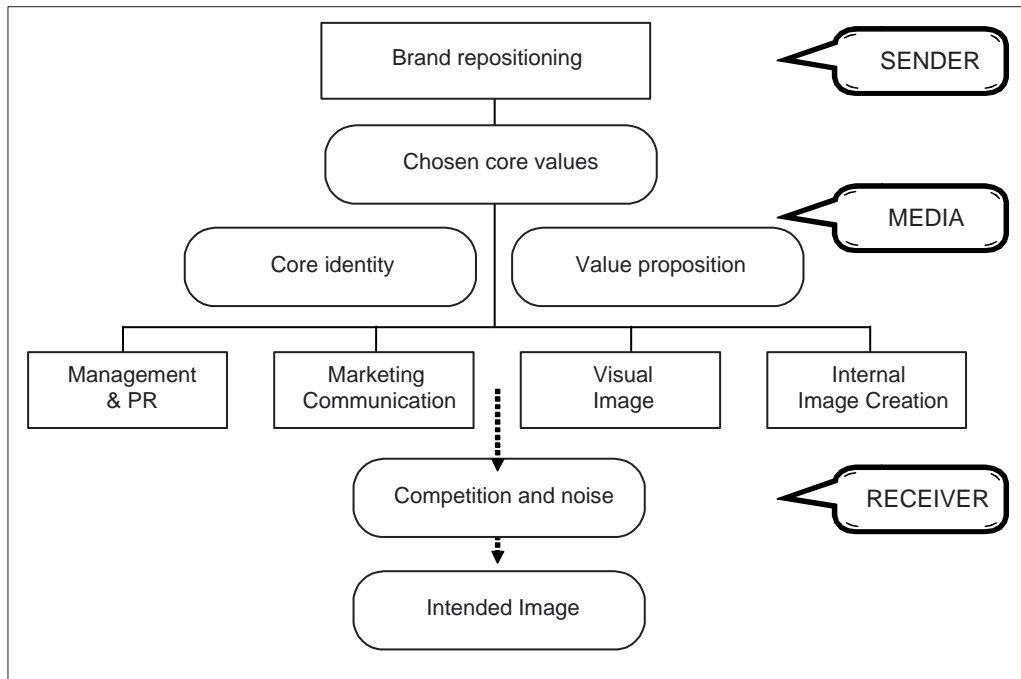


Figure 2.12 Place's Brand Repositioning to a New Image (Modified from Aaker 1996 & Kapferer 1997)

Often the intended image does not correspond to the received message of the place. The message comes through noise and competing claims of other places which influence the process, especially if the communication strategy is not fixed on the real core values and substance of the place sending it. The chosen core values form the building elements of the core identity and the repositioning of the place brand. This means in practice that the choice of the core values, shaped to the core identity, will be decisive for the emerging image of a place. Brand repositioning will not succeed if the selected core identity does not match the reality, although the identity can be somewhat goal directed. Even good marketing communication will fail to create an intended image if the basis at the level of the core values and substance is vague. (See Duncan & Moriarty 1997; Bernstein 1984; Dematteis 1994; cf. Lynch 1960).

Research shows (e.g. de Chernatony 1993; Keller 1998; Aaker & Joachimsthaler 2000; Caller 1996; Duncan & Moriarty 1997; Kapferer 2000; Loden 1992) that successful brands satisfy functional and emotional needs. A place brand is successful when a place is “augmented” in

such a way that the place buyer perceives a relevant advantage, and feels that the unique added values of the place match the needs closely. Successful place brands make a clear statement to the target groups. Moreover, place brands are only built by being persistent over the long run. (de Chernatony; Aaker 1996).

There are several strategic decisions in the branding process for a place. Beginning branding can be a good starting point for place marketing (Kotler E-mail-message 25 November 2002). (1) The choice of the brand name is often obvious and the name of the city situated in the centre of the region is most often selected. (2) Brand positioning is a fundamental strategic decision and a place should position its unique attraction image among the other places in the desired segment. Positioning identifies the brand in the market in relation to the competition. (3) The whole marketing programme - objectives, strategies and tactics – is derived from brand positioning (also Loden 1992: 57; Weilbacher 1993; Trueman *et al.* 2001; Randall 1997; Loden 1992). It is necessary to also analyse the customers' reasoning through very concrete benefits. What kind of brand relationship do the target groups have with our place? The issues of the personality and unique sales propositions of the location must be studied in comparison with the competitors (Murphy 1998: 144-145; McLeish 1995; Know & Maklan 1998). A place has its arguments, which should be refined further to customer benefits and added value. A place's brand image needs both the tangible "service" characteristics and the brand's personality, like corporate brands.

Information and communication technology (ICT) enables players to target the specific place customer needs individually and develop offers to fit them exactly. Technology is also the driving factor of the economic global changing process in place marketing. (Cf. Castells & Hall 1994; Castells 1991, 1996). Although the same technologies are available to all, it will be difficult for small brands to compete cost-effectively against big brands. Smaller brands should, therefore, consider the niche-marketing strategy against their bigger competitors, instead of following the same competition rules. A brand namely protects itself by narrowing its focus on a specific market segment. The more tightly the offering is focused, the more easily the offer will be the winner in the segment. (E.g. Keller 1998; Kapferer 1992, 1997; de

Chernatony & McDonald 1998). Useful and available tools linked together in the niche³⁴ marketing are positioning³⁵ the use of regional marketing, exclusive channels of distribution and premium value pricing (Loden 1992: 152-155; Keller 1998; also Aaker & Joachimsthaler 2000; Aaker 1991). Mere imitation of the practices does not lead to trustworthy branding, and the core identity of the place must be uniform with the contents of the practices. Places also get better results by using a narrow specialised focus in marketing. “Place niche marketing” would seem to be useful for most places, as the place associations connected to the place image are decisive in terms of outcome. The use of the corporate brand strategy can lead to a market position in selected customer segments, where a dominating position is possible. The place market being global, even small market niches can be enough to realise the targets for the place. (See Holmlund 1997 about perceived quality; Holcomb 1993; Hankinson 2001; Gold 1994; Fill 1999; Duffy 1995).

2.2.3 Success

Success is the fulfilment of some explicit or implicit goal, evaluated with criteria set at a certain time. Assessment criteria³⁶ of the same situation can also vary with the anchoring point changes (Kotsalo-Mustonen 1996). There is disagreement concerning “successful brands” or the “success” of brands with regard to suitable brand success criteria (de Chernatony *et al.* 1998: 765). Normally in corporate marketing the term “success” is combined with the realisation of the set goals, which can be concrete (turnover) or abstract (corporate image). In the business context, the criteria are rather well developed and based on industry averages when evaluating the success of a firm with financial indicators (e.g. Doyle 1992). Measures such as customer and employee satisfaction, quality management and

³⁴ A niche is a more narrowly defined group, typically a small market whose needs are not being well served. Marketers usually identify niches by dividing a segment into subsegments or by defining a group with a distinctive set of traits who may seek a special combination of benefits. (Kotler 1997: 251).

³⁵ Positioning is the act of designing the offering and image so that they occupy a meaningful and distinct competitive position in the target customers’ minds (Kotler 1997: 295).

³⁶ A criterion represents a standard, which may be conceived of as comparable to a yardstick or dimension, and criteria are used for judgemental purposes, implying that the use of criteria represents purposeful behaviour, whatever the purpose and the basis for criterion might be (Grønhaug & Falkenberg 1990: 270).

financial performance have also been proposed (e.g. Doyle 1992) as the core measure (Venkatraman & Ramanujam (1986: 808-810).

What is meant by “success” is ambiguous, and in most of this literature left undefined... Agreement with regard to relevancy and use of the various criteria, is, however, almost non-existent. (Grønhaug & Falkenberg 1990: 267).

The success is always contextual and when evaluating success one's own criteria of the evaluators are used when there are no well-established and commonly accepted criteria. Grønhaug and Falkenberg (1990) analyse conceptual issues of organisational success and criteria in the firm perspective. Table 2.3 shows the success and success criteria of their analysis. Part 1 of the figure is related to the success as a criterion variable, including the domain, focus of success evaluation and the comparison basis for evaluations. Part 2 shows criteria, explaining and predicting success, the validity of the criteria and the knowledge base from which the criteria are derived. Part 3 focuses on the construction of success criteria, including who are the constructors, the data underlying the construction of the criteria, and whether the criteria maps internal or external aspects. Part 4 covers the criteria use, showing the use purposes and users. (Source: Grønhaug & Falkenberg 1990).

Table 2.3 Success and Success Criteria (Grønhaug and Falkenberg 1990)

1. Success:	
a) Domain:	The organisation as whole Part of the organisation, e.g. division, individual
b) Focus:	Ultimate, e.g. organisational effectiveness Derived, e.g. individual goal attainment
c) Comparison basis:	Standard related to others Self-defined, e.g. past performance
2. Criteria:	
a) Type:	Defining success, e.g. highest profit or market share Explaining/ predicting success (cf. “critical success factors”)
b) Validity:	High/low
c) Knowledge base:	Scientific research Everyday knowledge/attribution
3. Criteria construction:	
a) Constructor:	Internal (e.g. managers, subordinates, owners) External (e.g. experts, customers)

b) Data:	Unobtrusive/obtrusive Secondary/primary
c) Mapping:	Internal aspects (e.g. profit) External aspects (e.g. customer satisfaction)
4. Criteria use:	
a) User:	Internal (e.g. management, subordinates) External (e.g. experts, customers)
b) Purpose:	Diagnosis Prediction (Corrective) Actions

Domain is the scope of the area in which success is assessed, and the domains can overlap each other. A declared **perspective** for the assessor is needed to illustrate the specific views on the focus of assessment, as there is no objective perspective, and the success assessment is always made from someone's perspective. The perspective and domain are tied together, and the domain sets the limits of the focus and the perspective goal dictates the attributes of interest which affect the criteria. The perspectives affect domain formulation or selection and the setting of priorities (e.g. Kotsalo-Mustonen 1996). **Goal** can be defined as the objective to be reached within the domain. Different perspectives produce different goals within the same domain. Goals can be explicit and tacit on the individual and organisational level. The goal defines the direction of the action that will be eventually measured or indicates an intention to measure. Goals are normally less specified or so abstract that **criteria** are needed to evaluate success.

Success can be measured as a ratio of outcome: a reference point in which the outcome is measured according to the criteria based on the goal. The reference point is the standard used by the evaluator, and if the ratio is one or more, it represents success. In evaluating success, it is necessary to measure the outcome with measurement units similar to the criteria set. A comparison is possible if the reference point uses the same unit of measurement as the outcome. Definition of a reference point can be more difficult than the measurement of outcome which is often easy. (Kotsalo-Mustonen 1996).

When analysing case descriptions of 68 major projects (Bryson & Bromiley 1993), a number of both contextual and process variables were found to influence the project planning and

implementation process, and directly influence project outcomes. The next table lists the meaning of the contextual variables, process variables and project outcome variables of the study in question. (Bryson & Bromiley 1993: 319-337).

Table 2.4 Contextual, Process and Project Outcome Variables in Projects (Bryson & Bromiley 1993)

Contextual variables	<ul style="list-style-type: none"> - Involvement of the organisation - Adequacy and skill of planning staff - Technological competence - Time available for the project
Project planning and implementation process	<ul style="list-style-type: none"> - Amount of communication - Extent of forcing decisions and delay - Use of compromise as a resolution strategy
Project outcomes	<ul style="list-style-type: none"> - Success - Learning

For the context of place marketing, the findings indicate that the organisation's commitment and involvement are important, as well as the qualitative capacity of the individuals. Also, the importance of the time factor and the technological competence level are obvious conditions in place marketing projects. The issue of learning in project outcomes is interesting in place marketing, and has not been emphasised in the earlier discussion. It is possible that a place marketing organisation will move forward on the learning curve through experience and feedback from its own place marketing practices. Learning in a place marketing process is very difficult to assess, for example, in monetary terms. In place marketing, it is difficult to determine generally relevant success criteria, as each place has to decide itself what it wants to be in the future. Ashworth & Voogd (1994: 45) argue that monitoring the effectiveness in place promotion is very difficult and rarely performed in practice. Success or failure is strongly related to the city or region itself and its nation-specific factors (Jensen-Butler 1997: 10-17).

2.3 Building the Theoretical Framework of the Focal Study

2.3.1 Development of Place Marketing Discourse

Place marketing is a relatively new marketing approach, and there is no official place marketing “theory”.

I believe that I was the first to use the term “place marketing”. I always said that you can market goods, services, persons, places, ideas and information. I used “place” instead of confining it to city marketing, region marketing, state marketing, or nation marketing. “Place” covers it all. This is not to say that someone may not have used the same term earlier. But I had not studied earlier literature when I conceived of the term. (Philip Kotler, Email-message 12 February 2003 at 18:35).

The idea of marketing of non-profit (non-business) organisations, “the Broadened Concept of Marketing”, was presented by Kotler and Levy (1969). It was based on the differences in objectives of non-profit and profit organisations. Kotler & Levy (1969:48-51) define nine crucial concepts, namely generic product, target groups, differentiated marketing, customer behaviour analysis, differential advantages, multiple marketing tools, integrated marketing plan, continuous marketing feedback and marketing audit.³⁷ There were many obstacles and issues to be worked out in the development of the new “theory”. Different forms of marketing are required for the different organisation forms (also Kotler & Zaltman 1971; Kotler 1982, Lovelock & Weinberg 1984) to take into account the differences, because, for instance, the goals are different. Consequently, the concept for the place marketing has also needed conceptual extension. Place marketing discourse has needed to develop three new marketing concepts, which were formed by gathering together several different trends (also Ashworth & Voogd 1994), namely 1) “marketing in non-profit organisations” or “marketing in non-business organisations” (Kotler & Levy 1969), 2) “marketing aimed at enhancing the consumer and society’s wellbeing”, social marketing (Kotler 1986; Kotler & Zaltman 1971;

³⁷ Kotler & Levy (1969: 52): “All organisations must develop appropriate products to serve their sundry consuming groups and must use modern tools of communication to reach their consuming publics. The business heritage of marketing provides a useful set of concepts for guiding all organisations”.

Lazer & Kelley 1973; Rados 1981), and 3) the concept of marketing images while the products to which they relate are even non-existent. The concept broadened the idea of marketing to include issues of the immediate, longer term and indirect profit, customers' behaviour, social attitudes and benefits. It became obvious during the 1970s that marketing as such could also be used for places, although the different objectives lead to some differences in strategies and the operational implementation. These concepts prepared the way for an integrated concept of place marketing, and demonstrated that marketing can be efficient and also give new tools to public organisations. (Cf. Ashworth & Voogd 1994).

There are conceptual differences in place marketing as compared to corporate marketing. Marketing has often simplified places into commodities, although places are, in fact, complex packages and they are experienced and consumed in various ways. (Cf. Gold & Ward 1994). Contemporary place marketing has made an effort to adapt its tools, such as branding, to the complex character of the place product, and can no longer afford to treat the place "only" as a commodity, but rather as a very demanding marketing object. (See Ashworth & Voogd 1994; Castells & Hall 1994; Clark 2002; Dematteis (1994; Gold 1994; Hall 2000; Jensen-Butler *et al.* 1997; Kotler *et al.* 1999; Porter 2001, 1989; Meer 1990; Ward 1998).

Three Generations of Place Marketing Studies: Place Promotion, Place Selling and Place Marketing

Place marketing studies can be classified in three categories, namely the generation of place promotion, the generation of place selling and the generation of place marketing (Kotler *et al.* 1999). Many authors have simultaneously discussed more than one of these approaches.

In place promotion, a major holistic text was "*Place Promotion*" from Gold & Ward (1994) which is an edited collection of geographers' Place Promotion. In the same book, for example, Holcomb (1993) describes image studies in marketing the post-industrial city. Place promotion used images associated with place like holiday resorts. Much of the activity was focused on attracting settlers or selling potential town sites as real estate ventures (Ward 1994: 54). During place promotion, tourism communication was the focus when the place competition was intensified. The historical texts mainly focused on tourist resorts and residential suburbs (Ward 1998: 2-6, Walton 1983). Old place "marketing" images also reflected general societal economic and political changes of that time, such as the rise of the

enterprise culture (Harvey 1989 b). Kotler's concept of social marketing (1984:29) makes marketing applicable to non-profit organisations, and builds a conceptual basis for the further development of place marketing. Most of the early place promotion literature is of American origin (Gold & Ward 1994: 9). An early book on the issue is from 1938 (McDonald 1938): "*How to promote Community and Industrial Development*". North American texts are quite uniform concerning the role of place promotion in the colonisation of the U.S. and Canada, whereas the texts on European practices are more fragmented (Gold & Ward 1994).

In the category of place selling, examples are given in "*Selling the City*" from Ashworth & Voogd (1990) of different marketing approaches in public sector urban planning. Kearns & Philo (1993) "*Selling Places*", in spite of the title, also belongs more in the place promotion category. This book discusses urban promotion through public art and festivals, and city as cultural capital, and the possibility of creating an image focused on cultural attractions. "*Selling Places*" was based on a conference session at the Annual Conference 1990 of the Institute of British Geographers. Conventional marketing experts were not yet actively involved in the place selling discussion. Some books trace the phases of place selling (Ward 1998; Harvey 1989) to the Hanseatic League. Ashworth & Voogd (1994) give examples of the search for settlers for the "green" land that had been discovered. Nineteenth and early twentieth century place promotion³⁸, place selling and place marketing are described by Logan and Molotch (1987), Kearns and Philo (1993), Gold & Ward (1994) and Gold & Gold (1995). Crilley (1993) discussed in "*Architecture as advertising*" an article on historical heritage and architecture as advertising in constructing and redeveloping the city image. The aspect of attracting tourism and hospitality business markets is also discussed at that time (Ashworth & Goodall 1990), as well as selling the industrial town (in Gold & Ward 1994). Ashworth & Voogd (1994) discuss place promotion and place marketing simultaneously.

The first generation of place marketing was smokestack chasing, the second generation was target marketing for certain industries and improving infrastructure. The third and present place marketing generation is competitive, selective and sophisticated niche thinking (Kotler

³⁸ Gold & Ward 1994: 2 "Place promotion is the conscious use of publicity and marketing to communicate selective images of specific geographical localities or areas to a target audience".

et al. 1999). Special attention is given to the strategic components of the concept, strategic positioning and differentiation of the place. New place marketing target potentials are specific social and ethnic groups like retired people, and new themes, like the environment (Kotler *et al.* 1999, also Gold & Ward 1994: 54-72). Various terms have been used in the context of “place marketing”: for instance “Stadtmarketing”, “Citymarketing”, “Selling of cities”, “Marketing places” or “Promotion of urban places”. Dutch geographers, for example, have favoured the term “city marketing”. Hellbrecht from Germany discussed the new local development approach in connection with city marketing (1994: 528-529):

City marketing is the wrong term for the right strategic approach in local development policy – it enables a new approach to strategic planning in the public sector. City marketing enables a new level of quality within the local development policy in terms of comprehensiveness, creativity and flexibility. New resources in form of ideas, capital, and local knowledge are mobilised for local policy. In this way city marketing enables a strategic approach to public planning in collaboration with the private sector.

In Europe, place marketing literature has actually been published since the late 1980s (Bartels & Timmer 1987; Ashworth & Voogd 1990; Gren 1992). There are also local studies of place marketing, like Gold & Gold’s (1995): “*Imagining Scotland*”. This book investigates the promotion of tourism since 1750. In David Harvey’s (1989) “*The urban experience, The condition of postmodernity*” attention is given to place marketing approaches in urban regeneration. Then empirical details have been added by Healey *et al.* (eds) in the book “*Rebuilding the City*” which focuses on property-led urban regeneration. Today, the message from the property context reflects an active role of the real estate business and players as a driving force to localise firms, and thus serving the interest of inward investment activities in place marketing.

Gren (1992) and Ashworth & Voogd (1990) have place marketing texts from the early 1990s. Today’s leading texts of place marketing (also Gold & Ward 1994: 9) have been published in the series of “*Marketing Places*” by Philip Kotler *et al.* (1993, 1999, 2002³⁹). In the early

³⁹ In “*Marketing Places*” series, “*Marketing European Places*” in 1999, and “*Marketing Places Asia*” in 2002 have already been published. The book on Latin America will be next (source: Kotler *et al.* 2002b).

1990s, there were still few books (Holcomb 1990), Ward (1994b, 1995) to analyse the different phases of place promotion, place selling and place marketing in a holistic text. In Germany, the first texts date from 1987, and are summarised in Helbrecht's (1994) "*Stadtmarketing, Kontouren einer kommunikativen Stadtentwicklungspolitik*". In this book, a model was presented for the process of place marketing, which was called "city marketing"⁴⁰.

Meer (1990) described "city marketing" as a set of urban functions to the demand by the inhabitants, businesses, and visitors, as a method of matching the demand for and supply of local authority provision. According to Van den Berg *et al.* (1990: 3) the term "city marketing in a similar way refers specifically to marketing and to urban development". Braun (ed.) (1994) discusses the managing and marketing of urban development, in which book Borchert (pp. 415-437) has a place marketing focused article "Urban Marketing" discussing the challenges of marketing in urban environments. From the early 1990s geographers and planners started the study of marketing in a professional way.

Logan and Molotch (1987) wrote about the theme "Urban Fortunes" and they discuss places' political economy from a US point of view. Another US text is from 1989, Bailey's "*Marketing Cities in the 1980s and beyond*". Strictly speaking these texts belong to the earlier place selling-category. Smyth's "*Marketing the City*" (1994) and Duffy's "*Competitive Cities*" (1995) also are similar place marketing related texts.

Kotler *et al.* (1993: 79), in "*Marketing Places*" wrote that places must begin to do what firms have been doing for years, namely strategic marketing planning, and added that the process can also work in most communities. This book also formed a model for place marketing, called "Levels of Place Marketing". The authors have developed further their model in their later books on Europe in 1999 and Asia in 2002.

⁴⁰ The model begins with the foundation of the working group and consists of three various workshops, and ends with the realisation. The working group members occupy strategic positions and influence the whole negotiation process. The strengths of the model were the active policy and the realisation of measures, the effective mobilisation of financial and creative resources, and the possibility of higher acceptance for local politics. Weaknesses were the limits of participation, elitist policy-network, exclusion of marginalised groups such as unemployed, dependence upon consultants, financial costs and an ineffective realisation of measures (Helbrecht 1994: 152; 1994b: 526-7).

Scientific business, marketing and management practices gave more ideas and encouragement to place marketing concepts (Ashworth & Voogd 1990, 1994). Marketing practices in general tried to make places into commodities or “place products” (Ashworth & Voogd 1990: 65-76).

“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 & Voogd 1994: 41).

“Places become to be consumed, advertised and marketed much as any product” (Kearn & Philo 1993: 11-18). The process of place purchase and place consumption was, however, as we now know, much more complex and the direct measurement difficult (also Ward 1998: 6). Borja & Castells (1997) discuss in “Local & Global” the management of cities in the “information age”. They remark that cities are developing flexible management mechanisms according to the principle “think locally, act globally”. The application of marketing to the problems of cities appeared to be sensible on various fronts. The city is sometimes seen as a focus of power for the city elite over their own people or surrounding regions (Krantz & Schätzl 1997: 468-472).

The application of marketing techniques to the complex product of a place, in the form of image marketing, was in this way gradually “found”. It was also generally noticed that places could be marketed through their generalised images, even if the services of these places were difficult to specify and the goals were non-financial. Place images could be effectively marketed even if the related products were only slightly connected or even non-existing. A new integrated concept of place marketing was the result of these developed marketing approaches and techniques (also Ashworth & Voogd 1994).

Even if the theoretical knowledge for place marketing began to develop, it is obvious, that the final place marketing practices are not yet ready, and new marketing practices are yet to come (also Arnold & Kuusisto 1999). The principles for successful branding and marketing have been developed in the consumer market, and will need to be adapted for places (also de Chernatony 2000: preface). Separate marketing theories, however, are not necessarily needed for places when only the unique characteristics of the public sector are recognised, as the general principles are valid for all “industries”. Development of the place marketing “theory”

gathers in one set of tools the essential elements, as well as making the use of techniques that are more practical for places. The argument has been presented that relationship marketing offers a new paradigm for the field (Coviello *et al.* 2002; Kotler 1992; Sheth & Gardner & Garrett 1988). For places, this indicates that relationship building practices should belong to place marketing, as relationship marketing emphasises the value building to the customer in a partnership relation.

A wide range of literature is starting to emerge on local economic development issues, including economic development journals. Little is written by practitioners who know how to implement and impact⁴¹ (see Ashworth & Voogd 1994; Hankinson & Cox 2001; Killingbeck & Trueman 2002). Theory development would need more field studies to get feedback about the real needs of the places for sophisticated developments (e.g. Hankinson 2001).

2.3.2 General Framework of the Study

Successful place marketing practices explained in the literature seem to have general properties, and point out the importance of the role of management and leadership, local development, public-private partnerships and process coincidences (control of negative externalities), supporting the findings in the earlier literature review. The literature review further suggests that additional important factors influencing the success of place development and marketing practices could be initiatives focusing on local resources (local development), national and international links and networks (global marketplace), and political unity to reach agreements and establish community involvement. The results indicate that these elements should belong to the study's framework.

A framework of the present study is illustrated in Figure 2.13. Its components will be explained and discussed in detail in this section. The name of the framework is that of the name of this study "Success Factors of Place Marketing". The building of an *a priori* framework makes the theoretical perspective explicit. A theoretical framework helps to focus the analysis and see the links between the context and content in a processual study.

⁴¹ Clark (2002), World Bank Urban Forum (Greg Clark, Chairman of the OECD Forum of Cities and Regions)

Moreover, a theoretical framework is a matter of scientific credibility. (See Strauss & Corbin 1998; Miles & Huberman 1994). The *a priori* framework will be used to guide the empirical study, and is, at the same time, left open for reformulations emerging from the empirical data. The theoretical framework becomes the main vehicle for generalising the results of the case study (Yin 1994).

The framework consists of nine various success factors for place marketing practices. The success factors were pre-selected based on the findings of the pilot study and discussion in the place marketing literature. Then the layout of the framework was commented on by international place marketing scholars and place marketers and improvements suggested, before the new empirical study was started. First, the overall construct of the framework is explained and then the success factors are discussed one by one. The specific success factors of the focal study's framework are:

1) Planning group, 2) Vision and Strategic analysis, 3) Place identity & Place image, 4) Public-private partnerships, 5) Political unity, 6) Global marketplace, 7) Local development (presented with Global marketplace), 8) Process coincidences, and 9) Leadership.

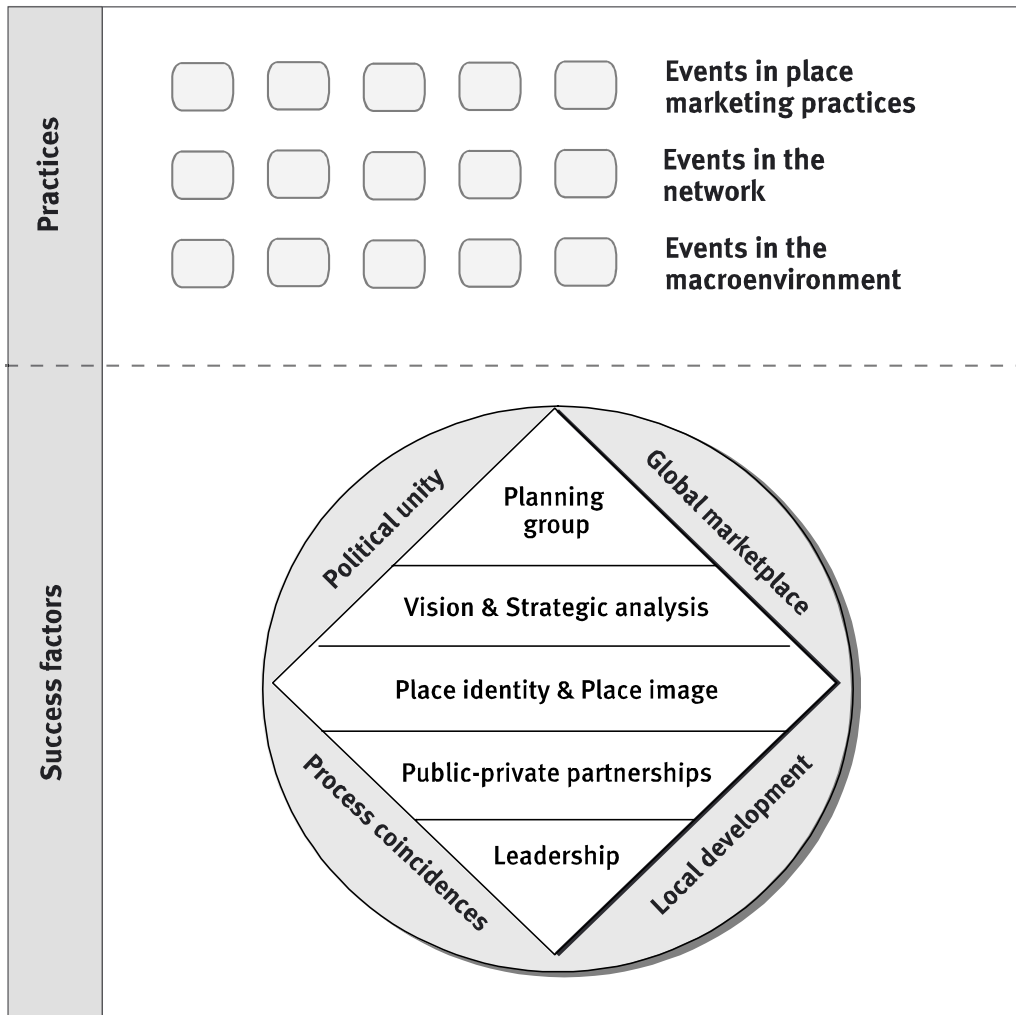


Figure 2.13 Framework of the Focal Study. Success Factors in Place Marketing

Place marketing is analysed through this framework from the perspective of the process (place marketing practices) and success factors, explaining success (or its failure) in place marketing. Practices represent the general activities in place marketing, in which the success factors can be made clearly visible or invisible in the analysis. In the framework, the perspectives of the practices and the success factors are linked together. The practices are divided into three sub-groups of events, namely the events in place marketing practices, the events in the network and the events in the macroenvironment. The assessment of the success factors is executed from the perspectives of goal, process and outcome. Place marketers set

targets, which are elaborated from the perspective of “goal.” Various place marketing practices are elaborated from the perspective of “process”, and the results from the perspective of “outcome”.

In the lowest section of the framework, the success factors are applied to explain success in place marketing practices. The core of these success factors comes from the pilot study’s framework “Developing a City as a Brand” (Rainisto 2001: 116-118). In order to have as focused a construct as possible, the number of individual factors was limited in the focal study, and the nine factor-construct seemed to cover the main success issues suggested in the literature review and the results of the pilot study. For this reason, some factors of the pilot study’s framework could be combined⁴². Further, resulting from discussions with Kotler & Rein & Haider (2002b) the elements of “Leadership” and “Public-private partnerships” were added to the framework. The frame emphasises managerial aspects in place marketing practices, and the term “Leadership” to describe the qualitative, skill-emphasised challenges. “Process coincidences” was added as a success factor based on the comments and recommendations of Rein⁴³. Places do not always act in a rational way, and the process brings to the development of the place favourable or negative coincidences.

The five success factors situated inside the “prism” of the framework, function as “self-action” factors of the framework. These factors (“Planning group”, “Vision and Strategic analysis”, “Place identity and Place image”, “Public-private partnerships” and “Leadership”) represent abilities which a place can normally actively influence, as well as the organising capacity of a place (cf. Berg *et al.* 1993; Helbrecht 1994b). On the lines of the “prism”, four factors represent the environmental challenges: “Global marketplace”, “Local development”, “Political unity” and “Process coincidences”. “Local development” is essential, and the phrase “think globally, act locally” (cf. Borja & Castells 1997) is also more fittingly true today than ever for places. “Global marketplace” gives places at the same time a vast new

⁴² “Identity factors” and “Image” were re-named “Place Identity and Place Image”. “Activity programmes” was merged in “Place marketing practices”. The element “City marketing” means in this present study place marketing practices. Two success factors have remained unchanged: “Political unity” and “Planning group”. “Professional management” is now “Leadership”.

⁴³ Professor Irving Rein, Marketing Communication, Northwestern University, Evanston, IL, U.S., E-mail-message 20 May 2002 at 15:58.

potential increased global competition (See Barcleys 2002; Scott 2001; Castells 1996; Clark 2002). There is a need for “political unity,” to manage the process of the necessary decisions in a rational and consistent way. The literature brought additional success perspectives to the framework. The results of the studies of Jensen-Butler (1997) pointed out seven specific general success factors for a city (discussed earlier), and have been merged in the success factors in the present theoretical framework, that is: (the major “recipient” success factors shown in parentheses).

- Knowledge-based production (“Local development”)
- Conflict management (“Leadership”, “Political unity”)
- Innovation and technological change (“Local development”)
- Negative externalities (“Political unity”, “Leadership”, “Process coincidences”)
- External links (“Global marketplace”)
- Decision-making power (“Political unity”)
- Amenity, environment, non-material values (“Local development”).

2.3.3 Place Marketing Practices

The data concerning place marketing practices are analysed on three different levels according to the conceptual perspective, namely events in the organisations’ place marketing practices, events in the network and events in the macroenvironment. Macroenvironment includes, for example, the political and legal system and macroenvironmental circumstances. Events in the network can be related to circumstances or organisations conducting place marketing in the network of the place marketing process. (Adapted from Olkkonen 2002: 84).

In the place marketing process, consultants are widely used, for example, as site-location consultants, who advise businesses on where to relocate and expand operations. Companies use consultants to help to choose a place to settle, and places have sometimes outsourced their place marketing practices consultants. Furthermore, government institutions can be active in place marketing, for instance, as financing bodies of the place marketing programmes or local economic development projects.

Place marketing practices are headed by the management team in charge of place marketing and co-ordinated by the planning group, representing both the place management and the

business communities of the place. Forming the vision and the strategic analysis of the place are the starting point of the process. Strategic analysis is often done in the form of a SWOT-analysis that is an efficient and clear way to find the strategic competition elements of the place. (Also Kotler *et al.* 1999, 2002; Asplund 1993; Killingbeck & Trueman 2002). Place identity is then built on the most unique attraction factors of the place. In this active part of the identity building process, a place can make its choices and influence desired image target. Using place marketing instruments and active marketing communication, this identity is then promoted, hoping that the emerging image among the target groups will meet with the expectations of the place.

2.3.4 Success Factors

Success factors try to explain “why” place marketing practices are successful or unsuccessful while assessment criteria⁴⁴ are goals to assess the degree of success in place marketing practices. A specific success factor represents the ability and capacity of a location to take the respective issue into consideration in the place marketing practices of a location.

2.3.4.1 Planning Group

Planning group means an organ responsible for the process of planning and executing the place marketing practices of a location⁴⁵ (the author’s working definition).

The common European model is to organise a planning group⁴⁶ of local and regional officials. The group can be supported by an external consultant and also by representatives from the local business community (Kotler *et al.* 1999: 25-28). The findings of the pilot study (Rainisto

⁴⁴ The focal study has purposely simplified the assessment criteria in the context of place marketing practices, and focused on goal and outcome, as place marketers usually set certain goals and measure their outcome. The general success assessment models often comprise, besides goal and outcome, for example, perspective, focus, reference point and criteria. The main focus in the focal study’s framework is on success factors rather than on success assessment (criteria).

⁴⁵ Local business people in Europe are less frequently involved in the regional planning process than in the American model. In the USA, a mix of public and private representatives has existed for decades. (Kotler *et al.* 1999: 26).

⁴⁶ The planning and implementation process can be defined as a set of generic activities that occur across an entire problem-solving sequence (Bryson & Bromiley 1993: 320).

2001) of this dissertation also indicated the importance of the planning group, although initial problems were found in practice, mostly related to the fragmented internal political decision system in the region. In international practice, the use of a special planning group in place marketing is recommended (Kotler *et al.* 2002a: 45-46; Asplund 2002; Kotler *et al.* 2002b). This planning group must identify the major strengths and weaknesses of the place, as well as the major opportunities and threats, and develop a vision on long-term possibilities based on this diagnosis. The planning group should also design an action plan for the next 10-15 years. The role of place management in coordinating place marketing activities is crucial for the success of this process (Kotler *et al.* 2002b; Berg *et al.* 1990; Harvey 1989c; Jensen-Butler *et al.* 1997).

A planning group's responsibilities are (Kotler *et al.* 1999):

- Defining and diagnosing the place's condition, using, for example, the SWOT-analysis
- Developing a vision for a place, based on realistic assessment and analysis
- Developing a long-term action plan for investment and transformation (the value-added process).

The place's ability to use all available players in place development and place marketing, to generate new ideas, develop and implement the policy for the place, has been also called the "organising capacity" (Berg *et al.* 2001). The organising capacity also comprises the issues of the maintenance of the vision(s) and strategic work, the level of public-private partnerships and the quality of leadership (Berg *et al.* 2001: 7-10). Through the coordinating role of the planning group, called in some locations a management group, the issues of cooperation and partnerships can be carried out effectively, when there is one responsible organ in charge.

2.3.4.2 Vision and Strategic Analysis

Vision means the profound intuition and insight of the owners and management about the entirety of the competition situation and their own possibilities. Vision in place marketing is the profound intuition and insight of the place about its future long-term position in the place market. Mission is the basic task domain of a place, defining the utmost ground for the place existence. (Rainisto 2000b).

Strategy means the way in which an organisation takes care of its core tasks. Strategic analysis is a detailed examination of the elements of strategic information for this purpose. (Rainisto 2000b).

Strategy can also be seen as a pattern in a stream of decisions (Mintzberg & Waters 1982). The way decisions are made, or the structure of the decision process itself, may mould decision outcomes and strategies that organisations follow (Cray *et al.* 1986). The value of strategic planning is often already in the process rather than the plan (e.g. Bryson & Bromiley 1990: 334). Managing strategic market planning is more difficult for public communities and regions than for private companies (Kotler *et al.* 1999: 106). Strategic market planning cannot succeed in places where consensus building does not work.

In strategic planning it is important to prepare strategic plans for the uncertain future of a place. To enable planning, the place marketing management of a place must build systems to gather the market information, plan the market activities, and carry out the implementation and control of the place marketing process, always based on the resources and targets. (Kotler *et al.* 1999, Kotler 1997). Also, the changing competition and markets must be followed and its opportunities and threats analysed. In this way unique selling propositions, by focusing on certain selected attractions, can be created for a place (also Kotler *et al.* 1999: 106-107; see Scott 2001; McLeish 1995; Duffy 1995). For each alternative strategy, the planning group must also investigate if there are the necessary resources – organising capacity – to carry out these plans. First, it is important to decide correctly about the business where the place wants to participate. This desired business scope for the place product area should be defined matching the customer needs and the place's capacity to satisfy these needs. The correctly defined business can be crucial to success, as all the strategies will be based- if made professionally - on that particular competition perspective dominant in the chosen business. Different market segments lead naturally to different marketing strategies and activities.

Major essential elements suggested in the literature, concerning the vision and strategy work in place marketing are presented below. Unfortunately, places often, however, do not completely succeed in managing this quite standard marketing practice (also Kotler *et al.* 1999: 118-120; Aaker 1996: 190):

- A clear understanding of what is wanted. The vision should be established together with stakeholders, and a broad agreement on a long-term vision is needed. The short-term and long-term goals, as well as the operational consequences of the visions, need to be understood and defined.
- An honest and thorough analysis (SWOT). To decide on the unique combinations of attractions on which the place concentrates. The major trends and developments must also be understood in the analysis.
- Definition of customer segments and the target markets of the place.
- Place product must be adapted to customer's needs, and benefits to customers must be described honestly in concrete terms. Reality and created expectation must meet. Confused messages weaken the arguments.
- The competitors must be known, as should the choice of customers. A competition analysis is needed.
- A real point of difference, the unique selling point, must be created. This explains why target groups choose to come to the place and not to another location.

Attraction factors of a place can be divided into hard and soft factors. These are shown in Figure 2.14.

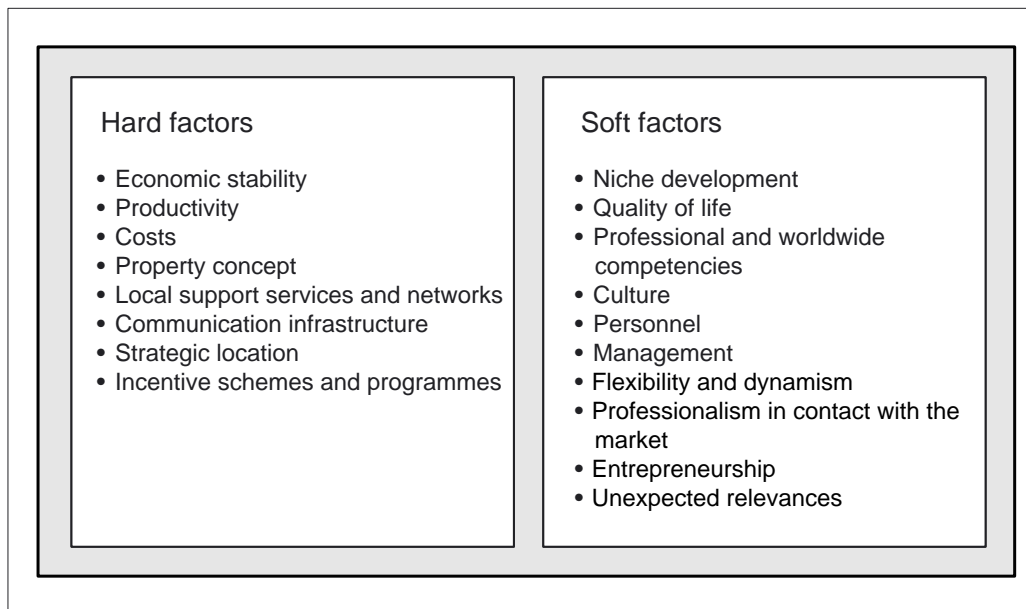


Figure 2.14 Place Marketing Attraction Factors (Source: Kotler et al. 1999)

Hard attraction factors alone like infrastructure will no longer be able to build a unique competition advantage. Combinations of these individual factors should be used, because it is not possible to use many of them to maximum efficiency. Soft attraction factors, like entrepreneurial climate and knowledge, are becoming more valuable with the sophistication

of the place package and its offering. Many places can show great buildings, but these are more easily imitated than soft factors. Physical elements of the place, like city architecture, cannot alone form the whole identity message and immaterial brand associations are needed in addition such as a favourable image. (See Ashworth & Goodall 1990; Crilley 1993; Dematteis 1994; Harvey 1989b; Holcomb 1994; Idvall & Salomonsson 1996). The physical part of place attraction is not enough to make a brand. Physically focused thinking has been easier for places to adapt, because much focus has been placed on buildings, architecture and landscape (Gold 1994; Ashworth & Voogd 1994).

2.3.4.3 Place Identity and Place Image

Place identity and place image appear in the framework to form an entity for the aspect of place branding. Few have examined place (e.g. like a city) as a brand, with some exceptions, mainly the tourism industry (e.g. Kotler *et al.* 1993) or related countries as a brand (Kotler & Gertner 2002; Gilmore 2001; Olins 2001). It is not possible to create any image for a place without a strategic decision on the contents of the place's identity. When the place has created a clear concept of its desired identity, the foundations of its image have been established. If place marketing communication in place marketing practices is successful, the place can expect that its future image will be just as desired by the place marketing planning group the members of which are place strategists.

The place identity is how the place is wanted to be perceived. The place identity is a unique set of place brand associations that the management wants to create or maintain. The associations represent what the place stands for and imply a promise to customers from the place organisation. (Modified from Aaker 1996).

Identity is the active part where a place can exercise some influence, and image is the passive process outcome of the marketing communication and even of the process coincidences, without which a place can influence a specific image outcome. A place's identity, as with corporate identity, is a sum of characteristics that differentiate the place from other places. Therefore, the identity is a result of planned activities within the place marketing project and is the objective state, the image being the subjective.

The chosen attraction factors of a place are communicated to the selected target groups, which represent the present aspect of the place's choices in place marketing. A place needs not only the umbrella brand, but also sub-brands, for each sub-market and the business fields where the place considers itself unique. The brands each need a different strategy. Marketing communications in its various forms, such as direct marketing or exhibitions, can be used in the place marketing practices as a connecting bridge between the identity and the image of the place. Social responsibility will be a new competition tool and presents a strong argument in marketing and branding. The organisation behind the brand should give a holistic signal to the customers about social responsibility. (Economics 2000; also Kapferer 2000; Keller 1998). Brands make fun and choices easier, and they also guarantee quality. A brand which offers less of a product, and more of a way of life will better satisfy changing needs (Economics 2000). It is essential to keep branding and marketing as an organisation's core responsibility, and almost everything else in the customer value process can be outsourced, without decreasing the customer value (Rainisto 2000b; Aaker & Joachimsthaler 2000). Place marketing and brand building should be nurtured in the place's own hands, although outside consultants are often needed to help. However, many options exist where a place can search for partners to outsource less vital functions. The scarce resources should be allocated to the most critical strategic place marketing issues through strategic market planning.

After the identification of the strategic opportunities for the place, it is possible to make rational and politically united decisions about the place's identity factors. These factors should represent the most unique know-how-expertise and resources of the place, in comparison to the competing places. Branding as one aspect of place marketing, and as a major core technique of marketing, can be the leading theme through the place marketing process, and branding can be a good starting point for place marketing.

If the city decides on what it wants to be, then it will try to make its appearance, services and messages consistent with the chosen brand identity. A city will have a brand image that varies among different viewers whether or not the city engages in active brand development that must be congruent with the reality of the place. If the reality must first be changed or improved the branding should not be heavily promoted until the reality is in place. (Source: Kotler's E-mail-message 25 November 2001 at 11:40).

Place Image

A place's image is the sum of beliefs, ideas and impressions that people have of a place. Images represent a simplification of a large number of associations and pieces of information connected with the place. (Kotler et al. 1999).

While the brand identity is the active element in a place's marketing process, making use of integrated marketing communication, for example, brand image is its passive counterpart, without which a place cannot decide on its exact form of outcome (e.g. Keller 1998). The management of place marketing can only hope that the real image will follow in accordance with the desired identity communicated by the place. The image of a place is a result of complex long-term activities, which can build the unique character of the place. Therefore, image is not easy to copy, like many activities of the operative marketing mix.

A place's image is the sum of beliefs, ideas, and impressions that people have of a place. Images represent a simplification of a large number of associations and pieces of information connected with the place. Image differs from stereotype in that a stereotype suggests a widely held image that is highly distorted and simplistic, and carries either a favourable or unfavourable attitude toward the place. An image, on the other hand, is more personal perception of a place that can vary from person to person. (Kotler et al. 1993).

It is important to position the brand within the selected target group against the competition. The brand should be different from the competing offerings in at least one dimension that is valued by the customer. A place customer needs a good reason to be interested in the location. Brand position, part of brand identity and value proposition, is communicated to target groups to show its advantage over competing brands. Value added place brands offer more benefits than the competitors' more anonymous and vague brands in other locations.

The image of the place is also the outcome of the systematic marketing communication process. The image is always "true", being the real experience of the target group. Rein (Interview in Evanston 10 April 2002) takes another perspective, and regards branding as one category of image, and image as the umbrella phenomenon. In this present study, however, branding is seen as the umbrella category, and image as one aspect of branding, which is, however, a matter of

the way one looks at it. A place buyer replaces objective information with subjective observations, opinions and judgments, connected with his/her own characteristics. The image of a place, as a vehicle, simplifies and systematises the place buying process, as well as reduces the risk. After diagnosing the existing image, and the place product analysis, it is possible to support, modify or change the place's image. Strategic image management (SIM) (Kotler & Gertner 2002⁴⁷) examines, what determines a place's image and measures and designs the image among target groups. A place's image must be valid, believable, simple, distinctive and appealing (Kotler *et al.* 1999: 160-176). However, meanings are often linked to a place in an unconvincing way, images not corresponding with the real substance (Ward 1994: 234-240). Place competition has led to many merely cosmetic changes such as in the outlooks of the market place or public stations, when a place is remade to fit a promotable image⁴⁸. A facelift alone will not solve a place's image problems, because the whole place identity is decisive in the perceived image (Nasar 1998: 3). The real substance of the place must be so near the image wanted that outside "observers" will not get confused in their perceived associations towards the place.

When cities are produced as commodities, the long-term effect of the image cannot be realised, as this takes time (also Holcomb 1994: 115-130). It is important in business marketing, as it is in attracting tourists, to evaluate the place image against the images of the competing regions from the point of view of the place customers, and bear in mind that different target groups hold different images of the same place.

Poor perceptions of a city can devalue its image and have far reaching consequences for its future prosperity. These negative associations may reduce the likelihood of inward investment, undermine business community activities and have a detrimental effect on the number of visitors, thereby exacerbating urban decline. By contrast an improved "brand"

⁴⁷ Definition of SIM (Kotler & Gertner 2002: 254): Strategic image management is the ongoing process of researching a place's image among its audiences, segmenting and targeting its specific image and its demographic audiences, positioning the place's benefits to support an existing image or create a new image, and communicating those benefits to the target audiences.

⁴⁸ Äikäs (2001: 292) discusses in his study about the building of city images (cases Turku and Oulu) the transformation of the urban landscape (of welfare, industry or education, etc.) and argues that the urban landscape is rapidly transforming, into a landscape of images. In this process, place promotion can create a new basis for thinking about the landscape as a tool in city competition.

perception can reverse the downward trend and sow the seeds for urban renewal. (Trueman et al. 2001: 4).

2.3.4.4 Public-Private Partnerships

Public-private partnerships⁴⁹ mean cooperation between the public sector and private sector's players (PPP) (the Author's working definition).

PPPs have presumably not been as distinct in earlier (European) frameworks of place marketing studies. The development in places is now confronted with new challenges that require participation and cross marketing between, for example, the public place, private businesses and the university communities. When comparing European and American practices in place marketing, it becomes apparent that local business in Europe is less frequently involved in the regional planning process. A mix of private and public representatives has already existed in the USA for decades. (Kotler *et al.* 1999⁵⁰).

Organising capacity can be a bottleneck at all levels of place marketing and for the whole local place development. The administration in many metropolitan areas is not always able to deal effectively with bottlenecks and large projects, and existing partnerships often miss the authority to get the necessary things done (Berg *et al.* 1993). Successful cooperation with private firms and institutions gives the place more critical mass and also new organising capacity. The term “governance” is also sometimes used instead of organising capacity to signify the merging of the public and private in loose partnerships (see Scott 2001: 22).

⁴⁹ Kotler *et al.* (2002: 419) discuss public-private partnerships. They emerged in the 1960s and 1970s in the U.S. In Asia, a genuine cross-sector approach at the local and regional levels began to appear in the early 1990s. Kotler's defines partnership marketing (Kotler 1997: 49): The company works continuously with the customer to discover ways to affect customer savings or help the customer perform better.

⁵⁰ Kotler *et al.* (1999) give as examples the Economic Development Partnership of Alabama, Arkansas Electric Cooperative Corporation and the Empire State Business Alliance. This interactive U.S. model includes such business partners as local banks, real estate companies, electricity company, telecommunications and water suppliers. This type of cooperation is also emerging in Europe.

Local partnerships with business and political leaders is a critical success factor for a place to survive in the place war (Kotler *et al.* 2002b). The success in public-private partnerships together with leadership in place management form the top priority challenges in future place marketing. Cities try to differentiate themselves using entrepreneurial thinking in market planning, like private firms, and try to create conditions which appeal to private investors (also Berg *et al.* 1993: 1-3).

Partnerships also provide a low-cost opportunity to learn about a partner's skills and resources before making a major commitment or alliance (Berg *et al.* 2001). In this relationship new opportunities may also be found such as new development projects. Partnerships also help to find other resources to support a place marketing project's resources (Berg *et al.* 2001). These observations were made from investigating the dynamics of European industrial restructuring. Moreover, public-private cooperation was found to be crucial for the success of a cluster policy on all levels (Cool 1992: 17-18). The marketing knowledge of the private sector is useful or necessary in the decision-making process, and public place players can be stimulators, for instance, by giving facilities and education (Berg *et al.* 2001: 11) in order to establish successful partnerships with the private sector's players. On the other hand, issues like environment and real estate create potential tension between the political decision makers of a place and its business community. Many firms realise that the entrepreneurship no longer belongs to the role of the public authority. On the other hand, businesses in general do not consider participation in the regional marketing to belong to their duties, although firms recognise its meaning to the region. Moreover, the firms are marketing on their own and do not feel that society should participate in their marketing. In the U.S., the communities have not got tax revenues in the same way as European places, and probably this is also a reason why the public-private partnership –phenomenon developed earlier in the U.S.

Headquarters indicate the presence of important decision-makers, which again creates demand for other high level services. Universities and research institutes are key ingredients and often an important partner in the public-private cooperation (cf. Ward 1998). The presence of universities makes the place attractive for knowledge based and research oriented companies. Public-private partnerships will be, especially in Europe, a great challenge for places in their place marketing.

2.3.4.5 Political Unity

Political unity means agreement about public affairs in general among the political decision makers⁵¹ (the author's working definition).

This element of the framework suggests the strong presence of a political element in place marketing. The term “consistency”⁵² is understood in this study to be implicitly present in the term political unity, meaning that political unity should be a consistent style in the context of place marketing. With regard to the complexity of the place product itself, the demand for political unity and consistency increases the management challenge in place marketing.

There is a fight for power with different interest groups and competing strategies in places, and compromises can risk the development of places, as the development programmes will be compromised if consensus cannot be reached. A strategic planning process works if places favour structured decision making. (Source: Kotler *et al.* 1999). The decision making in place marketing has often been split in many parts among various players.

As to political unity, one concrete personal empirical observation can be made. Lahti was also known among its enterprises (Rainisto 2000, 1999) as an example of a location where it has been very difficult to reach political unity. One example of the lack of political unity was the beginning of the project concerning the regional cooperation⁵³, and the search for its director. The fulfilment of this job had strong political problems and lasted one year. There was a risk of the whole project failing due to a lack of political unity between the City of Lahti and its cooperation communities.

⁵¹ Unity = harmony or agreement (in aims, ideas, feelings, etc.): live together in unity. (*Oxford Advanced Learner's Dictionary*: 1397); Political = of the state; of government; of public affairs in general (*Oxford Advanced Learner's Dictionary*: 958).

⁵² Consistency = consistence: quality of being consistent. Consistent: always keeping the same pattern or style (*Oxford Advanced Learner's Dictionary*: 250). The term consistency was suggested by Asplund, Business Arena Stockholm, to be connected with the term Political unity, as a success factor in place marketing.

2.3.4.6 Global Marketplace and Local Development

Global marketplace means the worldwide arena for places to compete. Local development of a place means attempts to manage and shape its change, at the sub-national level. (The author's working definition).⁵⁴

Global marketplace and Local development are explained together, indicating that the two perspectives of place development work, global and local, are closely linked. "Global marketplace" suggests that like corporations places also have to compete on very international playing field. "Local development" indicates the importance for a place to take care of its local development, "its own backyard", in order to survive in the competition. Strong local development activity, together with a global perspective and international approach, form a strong foundation for place development.

The global marketplace is a challenge for all places and no region can survive on its own. Networking in several forms will be increasingly important. In this work, both the public and private sector need to work together (PPPs), and also internal and external links are needed. Local and global dimensions need to be worked out together in place development (See Borja & Castells 1997). The local economic base of a place should be built strong, and the present companies and residents of a place satisfied. The global challenge brings more competition, but creates also new possibilities such as new potential markets for its own niche. A place can learn to benefit from its local geographical advantages by focusing on being the best in its location for the selected clusters and fields of industries.

The competitive environment is different in each country. Additionally, important differences in taste, lifestyle, consumer attitudes and purchasing power create new sub-markets (also Murphy 1992: 137). Many local brands have, therefore, advantages which result from local

⁵³ The area of cooperation between the communities in the Lahti City-region comprises five communities: Lahti, Hollola, Nastola, Orimattila and Asikkala. Voluntary cooperation has been practiced for over ten years (source: www.lahti.fi/doc/seutuyhteisty.html, checked 12 March 2002).

⁵⁴ The term "Local economic development" is used in this study in the context of "Place development".

market position, regional cultural awareness and differences (also Sousa 2000: 6-7; Kapferer 1992). Local brands are also often unique and have much potential goodwill, but also they need to be continuously developed. It is necessary to identify differences in consumer behaviour and adjust the branding and marketing programmes to create the necessary customer value. The local marketing effort further connects with customers, and helps to understand the market needs so as to further improve the offering (see Aaker 1996: 129). Staying close to the customers is important in all businesses (also Loden 1992: 29, 80).

In place marketing, a place should take care of its local development by economic development programmes, and simultaneously think in global terms in its targeting and positioning. Local attractions make a place unique provided that these can be turned into customer benefits on a broader scale. In the place selection process, the stages of the place buying develop from large patterns to more specific options, resulting in the local image and profile of the place getting increasing value. In the earlier stages, a specific place does not necessarily need to be well known internationally, as a famous “centre” place can communicate “place excellence”.

Global competition acts as a driving force for international brands by an enlarged marketplace. Global brands are mostly very profitable and often create an image of a low-cost producer through the image of the advantage of scale, which helps to further increase the market share. International brands are widely distributed, leading again to greater brand strength. Global marketing can further signal credibility, resources and technological advancement, as well as the marketer’s commitment to the brand. It is sound advice to globalise the elements that make or save money and localise those that need positioning. However, not many organisations use the fully global marketing concept and global objectives are often mixed with local or regional programmes.

Even small places can find their own market niche where they can claim superiority over other places. Very famous places obviously attract more of a certain type of resources than small, lesser-known places. In the strategy work, a place must, therefore, understand its real competition position, in order not to undertake unrealistic goals. Almost every location has something special that can be worked up into an interesting offering, find the right customers and market segments, and create customer added value for them.

The strategic position must be correctly fixed before a place “goes international” and the global competition can be met. Local place development is necessary to brush up the competitiveness, and help find specific market possibilities, where the local place players can beat the outside big place players. Foreign businesses regard the whole globe as the base for their activity, and search for suitable locations for their headquarters. Firms often use special location consultants who negotiate attraction packages with potential places.

2.3.4.7 Process Coincidences

Process coincidences are defined as remarkable concurrences of events, apparently by chance, which take place during the process (the author's working definition).⁵⁵

These unexpected happenings, “process coincidences”, deserve special attention concerning their active role in the place marketing process itself. The terms “unexpected relevancies, connections or events” have also been used when referring to similar contexts. There is no earlier model in place marketing, which has as clearly emphasised the importance of “*force majeure*” issues, process coincidences. It is not infrequent, that various issues affect the performance of places to be successful, independent of their own actions.

Kotler et al. 1999: 43: Unexpected connections or events sometimes influence investment decisions in very subjective ways. A personal connection (common friend), shared interest (art, sport, nature, wine, etc.) of unusual importance to one party may be discovered to be shared with equal passion by the other party. This sometimes forms the basis of trust building or relationship building, which ultimately becomes relevant for the overall decision. Surprisingly, investments have often been influenced by unexpected but relevant factors.

Also the following comment well describes the complex context of process coincidences in place marketing:

⁵⁵ Coincidence: remarkable concurrence of events etc. apparently by chance, coincident (adj.). (*The Oxford Dictionary for the Business World* (1993: 155).

Many decisions made in the place market are rationalized after they luckily stumble onto a premise. The decision makers do not get their insight always through a logical and rational marketing strategy, because of the human nature. The process itself when started brings unexpected happenings on which the place management has not influence. Some major successes can be unexpected ones and occur suddenly. What more typically happens is that certain leaders emerge, citizen groups bring pressure, economies sink, and crisis creates new opportunities. (Irving Rein, Northwestern University, Evanston, IL, U.S. E-mail-message 20 May 2002 at 15:58).

Process coincidences can be positive or negative in nature. Examples of positive coincidences are the enlargement of the European Union for the member states, creating a large market (which could also have negative process coincidences for some places such as cost factors or criminality) or the development of biotechnology, bringing global interest for clusters. Negative externalities form a major group of negative process coincidences. Negative externalities are created by increased production and consumption, when marginal private costs are no longer equal to marginal social costs. In the urban environment, congestion and pollution are the two growing types of negative externality. (Jensen-Butler *et al.* 1997: 14). The control of negative externalities is a crucial instrument in place marketing, and should be planned in the very beginning of the place development process. Successful cities have equality between private marginal costs and social marginal costs, and these cities are less congested and cleaner, and in economic terms, more efficient (Jensen-Butler 1997). Such critical issues are also, for instance, noise, ground water, solid waste, and surface water pollution. The media are very important catalysts for public opinion. Strong citizen's movements can influence the rational decision making as the control moves out of people's hands. In this era of rapid flow of information, opinion processes occur, for instance, concerning nature protection.

Process coincidences like externalities have become a major urban policy question and even influence, for example, budgetary goals of cities through the efficiency objectives. Traffic congestion is a major urban problem and congested cities become inefficient, exhibiting a problem of a classical negative externality as a process coincidence. Negative process coincidences can be fought by environmental taxes and control. Improvements in public transport usually create positive process coincidences (externalities), where marginal social

costs are lower than marginal private costs⁵⁶. Also cleaning buildings and improving the physical environment of cities involves positive externalities. Subsidies can be defended on the economic grounds of creating positive externalities⁵⁷.

2.3.4.8 Leadership

Leadership is an ability with qualities to be a leader. In place marketing, leadership means the holistic capability of the place management to conduct the complex process, form the right strategies and obtain the organising power (the author's working definition). The leadership required is a combination of listener, shaper, convenor, facilitator and the visionary, bold, and confident direction setting. Local government has to bring together stakeholders in ways which enable them to be heard and understood, but it also has to offer a lead. (Clark 2002: 9).

The term “leadership” indicates the highly qualitative contents of management (cf. Aaker & Joachimsthaler 2000) as a success factor in place marketing practices. Leadership can be considered the most critical challenge in place development and place marketing (also Kotler *et al.* 2002b) and place development. Leadership may be individualised in a charismatic person, or it can be collective, being present in a political party. The challenge is at least as demanding as in corporate management. Leadership is relevant to various levels of management, and Aaker & Joachimsthaler (2000: 22-25) present a “brand leadership model” to manage brands, where the brand identity is a central force, besides the turnover. As identity is in the centre of branding process, the brand leadership model is relevant also to the focal study. In this model, a brand manager is rather a strategist and a creator of visions than a tactical manager. Other essential features of this model are, for instance, the perspective of the senior executives on the upper levels of the organisation being responsible for the brand

⁵⁶ There are some indicators of policy success concerning the issue of externalities. The following variables can be used: 1) change in levels of air pollution for the major emissions (CO₂, Nox, CO, SO₂, lead, and particles), 2) changes in levels of untreated sewage, 3) changes in percentage of solid waste recycling, 4) changes in average travel speeds in the city, 5) changes in average and relative use of public transport, and 6) changes in quality of surface water in the city. (Source: Jensen-Butler 1997).

⁵⁷ Examples of positive externalities after improving the physical environment of cities are Glasgow and Antwerp (Jensen-Butler *et al.* 1997: 31).

leadership. The conceptual term “brand equity⁵⁸” and its meters are also discussed in this study, and a global perspective belongs to the brand leadership model.

Management must be supportive, inspirational and attuned to the individuals they manage. Managers are leaders in an organisation, and by leading they also contribute to the culture. Leadership will be in many cases the decisive point that will differentiate the winners and losers in the place war. This study argues that good leadership can decisively help a place to prosper, even if the place has only modest “hard” (physical) resources. Further, unprofessional leadership can ruin a place although with an earlier positive image or good resources. It is a task of the management of a place to actively look for efficient working tools and coordinate their deployment. Without good leadership not many place marketing projects will be successful. Management is also a critical issue because politicians of a place normally have no long-term commitments. “People are coming and going. Place marketing is very turbulent”. (Asplund: Interview 10 June 2002).

In the public sector, for the first time recently, a broader discussion is going on concerning the managerial practices and management resources of places. There is no wider consensus yet about how place and place marketing should be managed and to what extent the management practices of the private sector should be followed. In spite of major differences between a place and a company, places and place marketing can in general be managed as in companies, although certain adjustments in strategies and implementation are necessary. Different places and their branding approaches also need different leadership styles and place positioning. The brand’s natural leadership style must be tailor-made for a place (also Sousa 2000: 40).

There is a difference between a managed and an unmanaged growth. Some times even too much development causes a problem, even if the city is “successful” in its development work.

⁵⁸ Brand equity means (Keller 1998: 44-45) marketing effects uniquely attributable to the brand, and relates to the fact that different outcomes result from the marketing of a product or a service because of its brand name or some other brand element, as compared to outcomes if that same product or service did not have that brand identification. Brand equity represents the added value to a product or service as a result of past investments for the brand. Aaker (1996) and Aaker & Joachimsthaler (2000) divide the brand equity in four elements: brand loyalty, brand quality, brand associations and brand awareness. These elements direct the brand development, leadership and measurement.

The management also has to manage the growth, which is sometimes a problem, as well as trying to get the infrastructure to keep up with the growth.

Pettigrew & Whipp (1991) in “the Warwick study” in the United Kingdom (1985-1989) on competitiveness and strategic change examined the process of managing strategic and operational change. The main conclusion was that there are systematic differences in the way higher performing firms manage change. Pettigrew and Whipp present a framework consisting of environmental assessment, leading change, linking strategic and operational change, human resources and coherence. Leadership is context sensitive, and leading change involves action by people at every level of the organisation. When a climate for change is built, there is a need at the same time to increase energy and decisively work in the new directions.

Governance describes the complex coordination issue of place management, applying to the coordination of the global city-region as a whole, or involving a technocratic solution of local problems (Scott 2001: 21-22). In the present study, leadership presents the umbrella aspect to manage the process of place development, where marketing should be strongly involved as the integrating power.

2.3.5 Summary

The theoretical framework of the focal study is formed by the place marketing practices and the success factors. The framework suggests that success in place marketing depends on a mix of these success factors. Five success factors situated inside the “prism” of the framework form the “self-action” success factors of the framework. These factors, “Planning group”, “Vision and Strategic analysis”, “Place identity and Place image”, “Public-private partnerships” and “Leadership”, are factors which a place can actively influence and which also represent implementation ability and organising capacity of a place. The remaining four factors, “Global marketplace”, “Local development”, “Political unity” and “Process coincidences”, cover the environmental challenges. To conclude the presentation of the success factors, a summary of the responses to place marketing challenges is presented (Figure 2.15).

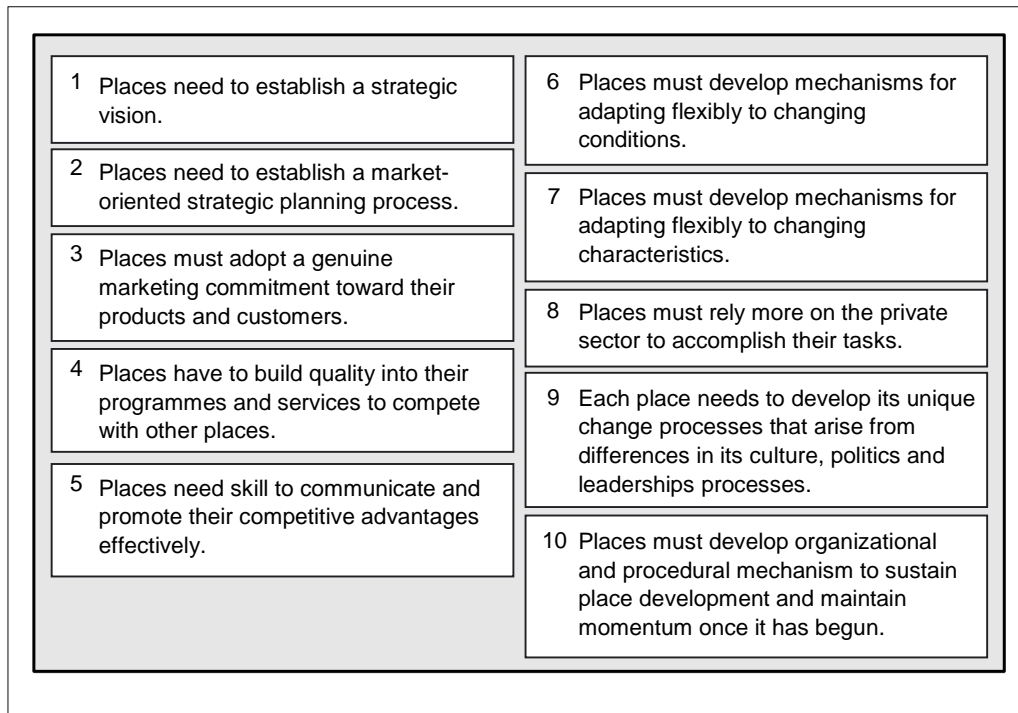


Figure 2.15 Responses to Place Marketing Challenges (Summarised from: Kotler et al. 1999)

According to Kotler *et al.* (1999: 271-286) these ten responses constitute a framework for the European place development in the 21st century. The core contents of these responses are exhibited together with the respective counterpart success factors of the focal study. The framework of this study helps places in the highlighted manner to respond to the future challenges.

Table 2.5 Framework's Contribution to the Place Responses of the Challenges

Key response	Present in the framework through
Strategic vision	Vision and Strategic analysis
Market oriented strategic planning	Vision and Strategic analysis
Genuine market perspective	Planning group, Leadership
Quality into programmes and services	Local development, Leadership
Communication skill & Competitive advantages	Place identity & Place image, Planning group, Global marketplace

Diversified economic base	Leadership, Political unity
Mechanism development for changes in the environments	Local development, Leadership
Entrepreneurialism	Leadership, PPPs
Private sector partnerships	PPPs
Unique change processes	Local development, Leadership
Sustaining place development & maintaining	Political unity, Leadership, PPPs
Momentum	Local development, Global marketplace

The framework of the focal study makes an effort to help places to start more systematic place marketing.

3. ON RESEARCH METHODS

3.1 Scientific Orientation of the Study

A research paradigm contains ontological, epistemological and methodological premises (Denzin & Lincoln 1994: 13). Ontology is the nature of organisational phenomena. Epistemology is the nature of the knowledge about phenomena, and methodology is the nature of the ways of studying the phenomena (Burrell & Morgan 1979). Ontology asks the basic question about the nature of reality, epistemology asks what is the relationship between the inquirer and the known, and methodology focuses on how to gain knowledge about the world (Denzin & Lincoln 1994: 99). Burrell & Morgan (1979) have organised differences in ontology, in epistemology and in methodology along objective-subjective and regulation-radical change dimensions, yielding four different research paradigms, namely the functionalist, the interpretivist, the radical humanist and the radical structuralist paradigm.

The functionalist paradigm is characterised by an objectivist view of the organisational world with an orientation toward stability. The functionalist paradigm has as its goals the search for regularities and to test in order to predict and control. The interpretive paradigm has a more subjectivist view, with an ideological orientation toward radically changing realities. The radical structuralist paradigm has an objective stance, and an ideological concern for the radical change of realities. Each of these paradigms can produce a different perspective on a given topic.

In this Burrell & Morgan's classification the focal study recognises features mainly of the interpretivist paradigm, which is based on the view that people socially and symbolically construct and sustain their own organisational realities. Therefore, the goal of theory building in the interpretive paradigm is to generate descriptions, insights, and explanations, and the theory generation process is typically iterative, cyclical and non-linear. (Also Gioia & Pitre 1990: 588). Interpretive research is considered nominalistic in ontology, anti-positivist in epistemology, voluntaristic in terms of human nature, and idiographic in methodology. There is also the interpretivist-functionalist "transition zone" visible in the focal study. Research

organised according to the functionalist paradigm is mostly considered realistic in ontology and positivist in epistemology. (Burrell & Morgan 1979). Functionalist theory usually carries an implicit orientation toward a managerial perspective.

The effects of the ontological and epistemological assumptions for the present study have been that the investigator was made aware that people in a place have their own world of reality, and that people can construct their own realities for the investigator to hear (see Easton 1995: 442). The interpretation regarding the phenomenon studied is created in the research process, also comprising the process of social exchange between the investigator and people. It was also obvious that the concept of place marketing itself is not the phenomenon, but a label given to it, and difficulties were identified in the present study to interpret the practices of place marketing or their success.

The scientific approach in the present study is in general more hermeneutic and positivist, the research approach being understanding and interpreting, and the data being not quantitative. The present study has the action oriented research approach, which is a clinical, diagnostic, case approach, aiming at the understanding of phenomena, using an analysis of empirical case data (Neilimo-Näsi 1980).

3.2 Qualitative Case Study Research

3.2.1 Qualitative Methods

Because place marketing phenomenon has had little research, the context would be difficult to approach other than through interviewing and appropriate research questions. Qualitative methods, connected with a case study research structure can, therefore, best understand the complexity of this phenomenon.

Qualitative studies also deal with understanding the activities of institutions, or studying a phenomenon (Fink 1998: 144-150). Qualitative data focus on events in natural settings, giving a strong “real life” touch. The possibility of understanding latent and underlying aspects is strong. Varying data collection times and methods during the research process, brings flexibility to qualitative studies. (Miles & Huberman 1994). The strengths of qualitative

data are also that data are collected in close proximity to a situation and the emphasis is on a specific case, while the influences of the local context are taken into consideration. The flexibility of qualitative studies, as data collection times and methods can be varied during the study process, increases confidence in a real understanding of what is happening. Qualitative data are especially suitable for exploring new areas and seeing if predictions hold up. Furthermore, qualitative data supplement, validate, explain, illuminate or reinterpret quantitative data (Miles & Huberman 1994: 10). Qualitative data tend to be considered the most valuable in revealing underlying meaning (Miles & Huberman 1994; Easton 1995; Patton 1990), and a qualitative process approach takes into account the context more precisely (Langley 1999: 692, 705; Yin 1994; Pettigrew 1997). Place marketing context is large, form-rich, and involves players of public institutions, private organisations and firms with different type of people in various roles of place development.

Phenomena linked to economic activities require the investigator to be experienced in many fields, such as operative management, economic control systems, profit, market share, strategies, profitability etc. Experience in consulting provides the researcher with more techniques and preunderstanding with which to approach the research problem. Investigators with only an academic background might miss these qualities. (Gummesson 1991: 4-13⁵⁹). Preunderstanding is an essential element in generating and interpreting data, and affects the investigator's "theoretical sensitivity", which refers to a personal quality of the researcher, and allows a well integrated theory to be developed quicker than if this sensitivity were lacking (Strauss & Corbin 1998). The author had acquired preunderstanding during the pilot study, and through work experience in marketing for three decades, as well as a consultant for enterprises. The focal study has the following characteristics of qualitative research:

- The purpose was to describe, understand, evaluate and assess and develop the operational holistic entity, the phenomenon of place marketing in city-regions.

⁵⁹ Gummesson (1991) who has both an academic and consulting working background argues that an investigator without practical experience might experience reasonable problems in acquiring preunderstanding related to the research object. The preunderstanding of a traditional researcher forms theories, models and techniques, which normally lack insight into how the rules of the market or an industry operate.

- The study used various research methods and data sources to describe the practices and shape the holistic phenomenon.
- The study emphasised the search for the meaning of the action, and the collection of data in the natural surroundings of the research object.
- The researcher participated as a consultant/ investigator in the action of one case location's place marketing planning.

3.2.2 Case Study Approach

*A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident*⁶⁰ (Yin 1994: 13).

In the present study, the case study strategy was selected, because the existing knowledge of success factors of place marketing was scarce, one purpose of the research was to build a theoretical framework, the phenomenon appeared to be complex, causal questions were not possible for the study, and the phenomenon should be studied in its context. Also, a case study was preferred, because the study aimed at creating a holistic view of place marketing, and case studies are important because they enable a holistic view of the process. (Gummesson 1991: 76).

According to Yin (1994), case studies can be used to explore, describe and explain different phenomena. Case studies allow the investigator to look for the roots of issues, and to conceptualise and seek the underlying reality (Easton 1995). Of the research strategies that include case study, experiment, survey, archival analysis and history, the case study method was selected for the present study. The case study research strategy has been used in city and regional research, organisational and management studies, and in social sciences. Case study

⁶⁰ Yin 1994: 13 adds to the definition the second technical part: "The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis."

research typically combines various methods of collecting data, such as archives, interviews and observation (Yin 1994: 14, 23). Case studies can generate ideas when building theories (Coffey & Atkinson 1996; Gummesson 1991). An action-analytic approach was the main conceptual research approach in the present study⁶¹. This is a clinical, diagnostic case approach, aiming at an understanding of phenomena, using analysis of empirical case data. (Cf. Näsi 1983; Pihlanto 1994; Routila 1986; Kavanagh 1994; Denzin & Lincoln 1994).

Case study is considered a comprehensive research strategy (Yin 1994: 13; cf. Eisenhardt 1989: 534; Denzin & Lincoln 1994:12). Broad unanimity prevails about when a case study is useful in research: in theory building and analysis (Bonoma 1985: 206; Eisenhardt 1989), when a phenomenon is broad and complex, when the existing body of knowledge is thin, when a phenomenon cannot be studied outside its natural context (Bonoma 1985), in new topic areas (Eisenhardt 1989: 532), and when complex social systems are studied (Pihlanto 1994: 371). The case study brings direct observation and systematic interviewing to the data sources. Using a case study involved multiple data sources (Bonoma 1985: 203), as well as combining data collection methods (Eisenhardt 1989: 534). Case studies are especially powerful for contemporary events and if the investigator has little control over the event. (Yin 1994: 1-9).

In the present study, a multiple-case design⁶² was adopted, which indicates results that will confirm both literal and theoretical replication. The decision to use multiple cases is the same as one to use multiple experiments. If a study contains more than a single case, the study has to use a multiple-case design (Yin 1994: 38-45). If the case will produce similar results, the selection is based on literal replication, and if contrasting results for predictable reasons, theoretical replication is used. Each individual case study in this research forms a whole study, and across cases the research report indicates the replication logic. Contrasting results between the U.S. and the Northern European cases were expected, and from Northern Europe mainly obvious confirmation for literal replication of the framework's success factors. A

⁶¹ For instance, the use of participation in planning meetings in the Helsinki Region's strategy group was an element showing an action analytic approach.

⁶² In multiple case designs, the evidence comes from multiple cases (Yin 1994: 45).

single case study is argued to be feasible when it represents the critical case in testing a well-formulated theory, or when the case represents an extreme, deviant or unique case.

Study designs in a case study are either holistic or embedded. An embedded design, employing multiple units of analysis was chosen, as each individual case has multiple units of analysis besides the holistic organising umbrella approach. The success factors (sub-units) of the framework are analysed separately, in the place marketing practices of each case location. Subunits can often increase opportunities for extensive analysis, enhancing the insights into the single case. (Yin 1994: 39-51).

The limitations of a case study must be recognised (e.g. Patton 1990; Yin 1994; Eisenhardt 1989; Miles & Huberman 1994). The ability to generalise the results from a case study is discussed. On the other hand, the non-generalisable results can be interesting for understanding specific situations and their contexts (Patton 1990), and the value of a case study can be that they are theoretically representative and explanatory. Another limitation of a case study can be that the investigator is not completely objective (Patton 1990; Lincoln & Guba 1985). However, the case study does not represent “a sample, and case study expands and generalises theories through analytical generalisation” (Yin 1994: 10). Also, the case study uses key informant research to produce data, which is a character of many quantitative studies, too (Bryman 1995: 46). In conclusion of the several forms of case study, the present study is a multiple-case study which has an embedded, longitudinal (rather than cross-sectional) and theory building (rather than theory testing) case design.

3.2.3 Building Theory

The goal for theory building (cf. Yin 1994) in the present study was to create a theoretical framework for successful place marketing that will be used to guide the field studies. Another goal was to form propositions, based on the findings of the empirical study, about place marketing practices and success factors of the theoretical framework. The building of propositions is regarded as a basic task of science in developing new theories (also Routila 1986: 28). It should be stated, that the present study does not aim at creating a great new theory, in the real sense of the word. However, by establishing a theoretical framework, the focal study is linked to other empirical settings and theoretical approaches, serving theory

building. The comparison of an empirical case with some existing theory is a method of creating new knowledge and theory (see Yin 1994; Miles & Huberman 1994). The existing theoretical literature and empirical evidence will both be used as sources of knowledge in constructing the theoretical framework.

Table 3.1 presents Eisenhardt's theory building phases, their content, and existence in the focal study (Eisenhardt 1989). Defining of the research questions, which may also shift during the research, is a very important step (Yin 1994; Eisenhardt 1989). In the beginning of the research process, the overall research purpose and three sub-questions were formed. The research questions, while indicating the intended contribution of the study, formed the corner stones of the research process, guiding the working plans and establishing the strategic goals for the elaboration. Theory building is based on the categorisation of data (e.g. Strauss & Corbin 1998; Miles & Huberman 1994), but it is also important to recognise the role of creative intellectual work when theorising (Coffey & Atkinson 1996; Stake 1994). Gummesson 1991 has argued⁶³ that innovative thinking and sensitivity can be increased through preunderstanding of the research context. As in experiments, case study evidence can confirm or disconfirm⁶⁴ a theory (e.g. Yin 1994; Eisenhardt 1989). Eisenhardt's discussion of building theory from qualitative data ⁶⁵was consulted frequently. According to Eisenhardt, when case studies are used for theory building, the resultant theory is often novel, testable, and empirically valid⁶⁶. The research process in the present study was highly iterative and closely linked to data, involving constant iteration backward and forward between research stages, as proposed in the research theory. The theory building process has been closely tied to evidence (Eisenhardt 1989: 546-547). Efforts were made when constructing theory to

⁶⁴ Cases which disconfirm the relationship can often provide an opportunity to refine and extend the theory. Qualitative data are particularly useful for understanding why or why not emergent relationships hold. (Eisenhardt 1989: 542).

⁶⁵ This is considered one of the leading texts in the field of developing theory from case studies (e.g. Miles & Huberman 1994: 262).

⁶⁶ Eisenhardt (1989: 547) discusses empirically valid theory, that is, the resultant theory will be consistent with empirical observation. She argues that the likelihood of valid theory is high because the theory-building process is so intimately tied to evidence.

mirror the reality of place marketing practices and develop near interaction with actual evidence in the case cities, and to select the success factors and their connected contexts carefully. The design of the present study has tried to capture the logic of Eisenhardt's process of building theory.

Table 3.1 Phases of Theory Building in this Study

Getting started	
Activity:	Definition of research question, prior constructs.
Focal study:	Research question and three sub-questions defined in the beginning. A pilot study was exploited as prior constructs.
Selecting cases	
Activity:	Specified population, theoretical sampling.
Focal study:	Four cases filling conceptual categories selected.
Crafting instruments and protocols	
Activity:	Multiple data collection methods.
Focal study:	Triangulation of evidence ⁶⁷ (e.g. documentation, archival records, interviews, direct observations, physical artefacts).
Entering the field	
Activity:	Overlap data collection and analysis, field notes.
In the focal study:	Field interviews, participation in the practical work, meetings and seminars, simultaneous writing of field notes and case description drafts.
Analysing Data	
Activity:	Within-case analysis, cross-pattern search.
In the focal study:	Familiar with each case using case descriptions and data reduction tables, generalising patterns across cases.
Shaping hypotheses	
Activity:	Replication (not sampling) logic across cases, search evidence for "why" behind relationships.
In the focal study:	Summarising tables to build constructs and propositions, and the theoretical framework (sharpening)
Enfolding literature	
Activity:	Comparison with similar and conflicting literature.
In the focal study:	A broad range of literature; conflicting texts used as an

⁶⁷ Triangulation = rationale for using multiple sources of evidence (Yin 1994: 91-92). Triangulation can be of data sources (data triangulation), among different evaluators (investigator triangulation), of perspectives (theory triangulation), and of methods (methodological triangulation).

	opportunity. Preliminary literature review made in the pilot phase of the study.
Reaching closure	
Activity:	Theoretical saturation when possible.
In the focal study:	Process ended when marginal improvement became small. Propositions were made in the end of the research process.

Process research was also exploited in this study (cf. Pettigrew 1997: 338). Process research tries to uncover how things develop over time. The main tools are finding patterns and conceptualising events⁶⁸ for detecting patterns among them (Langley 1999: 692). The present study used narrative strategy as a preliminary step, in organising data, and a combination of “sense making” techniques. (E.g. Yin 1994; Langley 1999; Eisenhardt 1989). Because theory development involves elements that cannot be coded (Langley 1999; Gummesson 1991), the investigator tried to get insight and innovative ideas through, for example, using brain storming methods, and consulting place marketing literature. The participation in the planning group of the Helsinki Region offered the investigator an opportunity during the sessions to use process research. As this work also overlapped the fieldwork in other case locations, it helped to understand the “behaviour” of place marketers in all case locations.

3.3 Research Process of the Focal Study

The main phases and elements of the present case study are summarised in Figure 3.1.

Action	Timing	Documents
Preunderstanding from a lead case (pilot study) Helsinki Region Marketing –project. The findings of two earlier studies are also exploited.	1999 – 2000	Licentiate study report. (Rainisto 2001, 2000, 1999).
Theoretical elaboration for the study design - Understanding of key concepts - Study approach - Conceptual clarification	Autumn 2000 – Autumn 2001	

- Refining data collection approach		
Iterating between data and literature and emerging theory	March 2002 – March 2003	
Early writing and drafts	January 2002 – April 2002	Interview guide
<ul style="list-style-type: none"> - Framework layout - Research questions - Interview <i>pro forma</i> 		
Selection of cases – conceptually driven	April 2002	Meeting memos
Study trip to Chicago	April 2002	
<ul style="list-style-type: none"> - Professors Kotler, Heider and Rein - Elaboration of research plans - Advanced model of interview guide 		
	May 2002	
Case study preparation	May 2002	.
<ul style="list-style-type: none"> - Building contacts - Interview administration - Pilot testing adjustments 		
	April – May 2002	
Writing of the study reports	Spring 2002 – Winter 2003	
Practical work in the field		Database:
<ul style="list-style-type: none"> - Helsinki Region Marketing group - Stockholm - Copenhagen - Chicago 		
	April 2002 – December 2002	- Menus and tapes
	June 2002 – December 2002	- Documentation
	August 2002 – December 2002	- Photography
	April 2002 – December 2002	- Archival records
		- E-mail-correspondence
Feedback from key informants	November 2002 – March 2003	E-mail-correspondence
Drafting case memos	June 2002 – March 2003	Case overviews
Final interviews	March 2003 in Cannes (MIPIM)	Full descriptions, summarising tables
Data analysis	January 2003 – April 2003	Chapter 4 and 5, tables and propositions.
<ul style="list-style-type: none"> - Cross case analysis - Conclusion drawing 		
Study report drafts	January 2003 – April 2003	
<ul style="list-style-type: none"> - Propositions 		
	February 2003 – April 2003	

Figure 3.1 Case Study Process. Main Phases and Elements

The actual research process was carried out during 2000-2003, and initiated with a pilot case to capture preunderstanding of the phenomenon place marketing, and to crystallise the key concepts in the real contexts. The author's earlier three studies⁶⁹ from 1999-2001 had analysed place marketing and place branding in various contexts. Even when the focal study was re-designed from the very beginning, it was able to exploit some findings and experiences from the earlier research. In the first pre-study (Rainisto 1999), 20 leading private firms in the food sector were interviewed in the Lahti Region about the major development challenges, with the focus on marketing and branding. This study gave understanding of the branding strategies of the companies, and the development ideas concerning the competition and action surroundings of a business sector⁷⁰.

The second study (Rainisto 2000) was about branding of a region and its companies. The study built a framework of managing a regional brand, and tried to find the common success factors of the region and its enterprises. The findings indicated that the image of the region is formed greatly through the images of the brands of the firms operating in the region. The firms believed that they could also benefit from the good image of the region in their own branding. The branding of the region lacked a consistent and systematic regional branding process.⁷¹ The third study (Rainisto 2001) analysed the work of the Helsinki Region

⁶⁹ The pilot study material consists of the following earlier studies: Rainisto (2001): City Branding - Case Studies Lahti and Helsinki. Helsinki University of Technology, Licentiate Study; Rainisto (2000): Branding of a Region and a Company – Case-study: Lahti. Helsinki University of Technology Lahti Center. The Publication Series of the Institute for Regional Economics and Business Strategy; Rainisto (1999). The branding of the Lahti Region and its enterprises as creating value added. Helsinki School of Economics.

⁷⁰ Rainisto 1999: The managing directors of the major "food sector players" interviewed considered two challenges the most important, marketing and product development. Also "partnership" with the trade and the industry was considered important, and networking and specialisation were exploited to get competitive advantages. Local brands were seen as possible, as the trade needs local products besides the national and international brands. The cooperation of the Lahti Region with the Helsinki Region was seen as a major possibility, because the Helsinki Region could form an essential part of the market for enterprises from the Lahti Region.

⁷¹ Rainisto 2000: The qualitative part of the study included structured in-depth interviews of 20 specialists in the region. In the quantitative section, a questionnaire was mailed to the managing directors of 1,100 enterprises (sampled out of the total number of companies in the region), of which 148 responded (13,5 % is a moderate reply-percentage). The preferred elements of the firms in their branding were the logo, the perceived quality, the customer as the focus, the awareness of the name, and the SWOT-analysis. 92 % of the firms believed that the region is deriving advantage from the branded products of its companies, but 32 % of the firms felt that they do

Marketing project during 1998-2000. The study built a theoretical framework for developing a city as a brand, and the study discussed a new concept of city branding. This focal study has a clear connecting point to the study mentioned, and can use the development of the theoretical framework as a starting point to the framework of the focal study.

In the beginning of 2002, the approach, as well as the conceptual clarification, of the focal study was worked out. The focus was on the success factors of place marketing in city regions, and a decision was made about an international study. It was decided that the present study consists of multiple cases, with an embedded design, having a longitudinal study focus. At the same time, the early writing of the text drafts of existing literature was started, together with the development of the framework. This composition of text continued through the whole process.

One important landmark for the development of the research design and framework was the visit in April 2002 to Evanston, Illinois, U.S., where meetings took place with the co-author-professors of "*Marketing Places*"⁷². This trip had been planned since November 2001. For this trip, a draft of the study design and a research plan comprising the research questions had been prepared, as well as the framework for the study and an interview guide. In individual discussions with these scholars, the study received new insights. The framework was developed further, and its internal elements were re-evaluated in their importance. For instance, the importance of "Leadership" and "Public-private" partnerships was suggested, and a new factor "Process coincidences" planned. The interview guide also received additional comments from these scholars after the trip. The selection of cases was also discussed. These Evanston scholars put the investigator in touch with international place marketing investigators⁷³, with whom a discussion network on place marketing was formed.

not benefit from the image of the region. The improvement of the regional image would also benefit the companies, according to 75 % of the respondent companies.

⁷² Professor Philip Kotler, Professor Donald Haider and Professor Irving Rein are co-writers of the books "*Marketing Places Europe*" (1999) and "*Marketing Asian Places*" (2002). These leading place marketing scholars are all established at the Northwestern/Kellogg's University in Evanston, near Chicago.

⁷³ This network of international place marketing researchers was initiated in Evanston, Illinois, following the working meetings in the Northwestern University in April 2002. The network consisted of the following scholars: Professors Philip Kotler, Donald Haider and Irving Rein from the Northwestern/Kellogg University Evanston, IL; Alison Killingbeck from Bradford University, England; Magdalena Florek, Northwestern

The research plan was also discussed with these experts during and after the visit, with the result that the plan could be got ready in May 2002. After the trip, the interview guide was tested with the help of two key informants in Helsinki and Chicago. At this stage, no more corrections were suggested. The fieldwork of the study started at this time in all case locations. The investigator was invited to the planning group of the Helsinki regional marketing in April 2002. This group were given the task of building a new strategic programme for the international marketing of the region. The work was conducted according to the place marketing texts (presented in Kotler *et al.* 1999) and started with the strategic analysis (SWOT) of the region. The fieldwork started in Stockholm in June 2002 and in Copenhagen two months later. Interesting articles were received through the research network including conference papers,⁷⁴ which were a great contribution to increasing the understanding of place marketing. A database, with four “data-baskets” was prepared, where all the materials could be systematically organised. Internet-sourcing and e-mail correspondence appeared to be an effective and practical research tool. The investigator listened to the recorded tapes throughout the analysing process, and made additional questions to the key informants. When the report drafts were ready they were sent to the informants for comments. The framework of the study received a new perspective in February 2003, that is, the process of place marketing practices. In March 2003, the first drafts of the manuscript were ready, and the investigator visited the MIPIM Exhibition in Cannes.⁷⁵ One

University, Evanston, IL (returned to Poland in March 2003); the author from Helsinki University of Technology. Giovanni Padula, journalist, CityO S.r.l., Milano, Professor Terry Nichols Clark at the University of Chicago (urban amenities) and IESE Barcelona were also contacted.

⁷⁴ E.g. the following articles were received and exploited in the study: 1) Killingbeck & Trueman (2002). Redrawing the Perceptula Map of a City. Bradford University. 2) Trueman *et al.* (2001). Bradford in the Premier League? A Multidisciplinary Approach to Branding and Re-positioning a City. 3) Florek, Magdalena (2003). Possibilities and determiners of creating a region’s image. Northwestern University, Evanston. Draft. 4) Rotschild, M. (1979). Marketing Communications in Nonbusiness Situations or Why It’s So Hard to Sell Brotherhood like Soap. 5) Clark, G. (2002). World Bank Urban Forum: Tools, Nuts, and Bolts. Washington DC, April 2002, Emerging Local Economic Development Lessons from Cities in the Developed World, and their Applicability to Cities in Developing and Transitioning Countries. 6) Barclays (2002). Competing with the World. A study of the economic development strategies of some of the world’s richest regions. 7) Phil Condit, Chairman and CEO. The Boeing Company (2002). Working Together to Create the Future. www.boeing.com/news/speeches/2002/condit_020418.html. 8) Testa, W. (2001). Chicago’s Economic Connections and Challenges. Draft, the Federal Reserve Bank of Chicago.

⁷⁵ MIPIM 2003 was held in Cannes, France, on March 4-7, at Palais des Festivals. (See <http://www.mipim.com>). MIPIM is the world’s largest annual property market, where most European (and many locations from other

goal was to get empirically acquainted with the situation of place marketing practices, and get an overview of the world's offerings in the place marketing context. About one hundred exhibitors of various types of locations were seen, as well as the international property market and location consultancy businesses. It became obvious, how extremely difficult it is even for a large city to make itself known among potential place customers. Empirical observation also gave new perspectives as to the importance of the success factors. A target was to re-interview key informants of the case locations about focused issues, and search for new sources of data. All the key informants of all the case locations except for Chicago⁷⁶ could be met. The investigator studied the exhibition stands of the case locations, took digital pictures of the stands and discussed with visitors at the stands. A target was to study and make observations of the issues of place development, and urban networking. Relevant material⁷⁷, such as printed catalogues, information leaflets, various studies and Internet-sources were collected and discussed with representatives of these fields. The final report was drafted starting in January 2003, and the study propositions were formed during winter 2003. The deadline for data was March 2003. The report was commented on by the instructors during February-April 2003, and the corrections were worked out during the first half of 2003. The data was collected from multiple sources, through personal interviews, telephone discussions, e-mail correspondence, documents, annual reports, internet, archives, observations, meetings, practical participation in the planning work, among others.

parts of the world) major cities are exhibiting and marketing their regions. There were 14,200 participants from 62 countries, and all the Scandinavian case-locations were exhibiting in the connected spaces of the same hall.

⁷⁶ From World Business Chicago (WBC), Tom Bartkoski had planned to come to Cannes, but the trip could not be realised. WBC had not been exhibiting at MIPIM, but was considering participating. No U.S. location could be observed to be exhibiting, although some hundreds of U.S.firms were present.

⁷⁷ For instance: Market Report XIII, Westdeutsche ImmobilienBank, Mainz, March 2003: Strategic and Operational Aspects of Real Estate Portfolio Management. This report contains, for example, texts on "Controlling with ratios and performance indicators in the context of portfolio management" and "Success factors for investing in property in context with portfolio management." See further information on <http://www.westimmobank.com>.

3.3.1 Selection of Cases and Informants

The selection of a case is not random and representative but instead, theoretical or purposeful sampling is generally recommended. It is essential to consider the specific features of the cases, and the cooperation of the informants (Patton 1990; Eisenhardt 1989; Lincoln & Guba 1985). Vital criteria for selecting cases are convenience, access and geographical proximity (Yin 1994). A pilot study was carried out as a preparatory instrument before starting fieldwork and data collection. The pilot case location of Helsinki was chosen for several favourable reasons linked to Helsinki. The informants were, due to earlier research cooperation, accessible, the location was favourable and it was possible to receive an unusual amount of documents and data such as internal meeting memos and planning documents. Furthermore, the pilot study place represented a complicated real case (as it was not yet an official regional marketing programme), and relevant data collection issues. The pilot study helped to schedule and refine the data collection plans, and helped to develop the interview guide together with a clarification of research design. The pilot site was a laboratory allowing different approaches on a trial basis, and the pilot study reports were a valuable tool for this present study (cf. Yin 1994: 74-76). The following principles were followed in the selection of the case locations:

- 1) The case place must be big enough (volume and value) to include normal aspects of a complete operation of place marketing practices.
- 2) The place should be important enough to also be of interest outside the case location.
- 3) All major practices of place marketing should be captured.
- 4) The management of the place marketing organisation should be willing to participate in the study, and allow access to the sources of information.
- 5) The case should represent developed and mature know-how in the area of place marketing in its own country, and be representative of the country.

The selection of key informants was carried out much with the snowballing technique (e.g. Green *et al.* 1988). A description of the key informants and information sources is in the Appendix. The Chicago, Stockholm, Helsinki and Copenhagen Metropolitan Regions were

selected as case locations. According to research theory, four cases usually work well for a case study, since with fewer cases it can often be difficult to generate complex theory (Eisenhardt 1989: 545). Stockholm, Helsinki and Copenhagen are the capitals of the Northern European countries Sweden, Finland and Denmark, belonging to the European Union. Stockholm, Helsinki and Copenhagen also represent the major capitals in the Baltic Sea Region within the context of the EU. According to the principles of theoretical sampling,⁷⁸ the choice of cases was made on conceptual grounds⁷⁹, and the individual cases were selected in the same manner as a “laboratory researcher selects a new research object” (Yin 1994: 39-40). In building theory from case studies, case studies are seen as experiments generalisable to theoretical propositions, not to populations or universes (Eisenhardt 1989: 537; Yin 1994: 10; Miles & Huberman 1994: 27). The interviewed people and key informants were selected to find the main characteristics of place marketing settings and processes in the locations (cf. Yin 1994; Eisenhardt 1989). This study applies the replication (literal and theoretical) logic. For a multiple-case study, the replication logic is the same as that used in multiple experiments. Each case can confirm or disconfirm the inferences derived from previous cases (Yin 1994; Miles & Huberman 1994: 27-29). The regions of Helsinki, Stockholm and Copenhagen represent different grounds. Copenhagen’s location near Germany and Sweden, with the largest Northern European airport, as well as the size and a longer history as part of the European Community gives the city a competitive advantage due to the geographical proximity, and makes it superior to Helsinki and Stockholm from the more central geographical aspect, making the access to the market easier for a place customer. Finland’s position as a neighbour of Russia has given (at least in the past) Helsinki its own special character as a gateway. Stockholm has its own unique peaceful history. Nowadays, Helsinki and Stockholm appear to be competing more for the same resources of foreign investment and companies than with Copenhagen. The U.S. location, Chicago, has a long background of place marketing practices. It was assumed that place marketing practices used in Chicago differ, due to the distance and culture, somewhat from the Northern European ones, and that

⁷⁸ In theoretical sampling, cases are chosen for theoretical, not statistical, reasons (Eisenhardt 1989:537).

⁷⁹ Sampling on conceptual grounds means to fill theoretical categories and provide examples of polar types (Eisenhardt 1989: 537). “Most useful generalizations from qualitative studies are analytic, not sample-to-population (Miles & Huberman 1994: 28).

Chicago could act as a different benchmarking location in comparing practices. Like the other case locations, Chicago has also offered good access to the information sources, and many key place marketing specialists were accessible there. The findings of the Northern European cases are also compared jointly to the ones of Chicago, comparing the Northern European and U.S. practices.

Chicago was selected as the U.S. case, because of its obvious success⁸⁰ in place marketing and due to the access to the information sources such as the scholars at the Northwestern University in Chicago. The investigator has worked in the Chicago Region, where the Northwestern University and its famous Kellogg Graduate School of Management in Evanston are important organisations for place marketing research. Through these connections, it was possible to increase the understanding of the U.S. place marketing practices and the differences to Northern European practices. The findings of the place marketing practices can possibly be applied in marketing planning to some extent also to other parts of Europe and the U.S, because the core elements and the essence of place marketing are more or less the same all over (e.g. Kotler *et al.* 2002; Berg & *al.* 2001, 1990, 1993).

⁸⁰ Chicago's success in place marketing has been suggested and discussed, for instance, in the following sources: Kotler *et al.* 2002b; Federal Reserve Bank of Chicago, Consumer and Community Affairs November. (<http://www.chicagobusiness.com>); 31 Fortune 500 companies had headquarters in the Chicago Metropolitan Area. (<http://www.worldbusinesschicago.com/index.asp?A=1&LK=1&DIV=overviewDiv00> checked on 30.10.2002); Ninety-four of the Fortune 100 companies have a presence in Chicago in 1999).

MSA Profile and Investments Opportunities. Chicago-Illinois. Metropolitan Statistical Area. (<http://www.e.org/economynterprix.htm> checked at 13 October 2002; <http://www.commerce.state.il.us/bus/ito/statistics.html> checked on 12 November 2002); William A Testa's draft (Vice President and Senior Economist in the Research Department at the Federal Reserve Bank of Chicago) 29.7.2002 "Chicago's Economic Connections and Challenges" argues: "Chicago Metropolitan Area is the largest single domicile of manufacturing in the U.S., and added 479,800 new jobs between 1991 and 1998"; Chicago is second after New York having 107 headquarters of companies employing over 2,500 employees, . <http://www.chicagometropolis2020.org>. Metropolis: Index, page 6, checked 12 July 2002.

3.3.2 Collection of the Empirical Data

In case studies, it is typical that data analysis overlaps with data collection (e.g. Eisenhardt 1989; Yin 1994; Miles & Huberman 1994). This feature gave the flexibility to adjust the instruments during the data collection process, such as to use telephone interviews and the Internet. The goal was to become familiar with each case as an independent entity, to enable the cross-case comparison (Yin 1994; Eisenhardt 1989). Questions were revised and added to the interview guide. A process of deduction and induction led to cycles in the research (cf. Pettigrew 1997: 344-346). Efforts at an early pattern recognition were made through early writing and visualisation, which led to new themes, questions and further data collection. Early writing of drafts of the theoretical framework was a driving force, and brought understanding of the key concepts and relevant issues in place marketing. The theoretical framework got its contents during this writing process, with the increasing knowledge from the literature review. The first two chapters were outlined in drafts at the time the field research started, which proved to be useful for the final forming of the interview protocol, methodology and general understanding linked to place marketing practices. Originally, the focused context of the study was place marketing, which was understood as the umbrella for the study. At the later stage, place development was made the umbrella of place marketing-concept. Further, the aspect of the process was added to the perspectives of the study.

A theoretically informed interview guide was an important tool in getting theoretical structure into the study and data collection process (also Miles & Hubermann: 16). During the planning process, the investigator was confronted with the forming of the theoretical framework and research questions, case selection, concept operationalisation, practical field research, and also with the storing, managing and processing of data. Interviews did not, however, strictly follow the interview guide, but individual consideration was used, for instance, when a key informant preferred to comment mainly on issues of his/her own competence area. In theory-building research, it is recommended to combine multiple data collection methods (Eisenhardt 1989: 538; Yin 1994: 80). The data of the present study had two equally important main sources: interviews and written material.

Interviews, as verbal reports, were an essential source of evidence and were a mixture of open-ended and focused interviews (see Appendix). Although questions were structured, real

surveys in the strictest sense were not used. In this study, a tape recorder was used, when possible and allowed (Yin 1994: 84-86). Confidential material and information has been presented anonymously in the report of the study. There were altogether 50 registered specialists⁸¹ involved in the field studies, from various fields of expertise, of which ten people can be called “key informant”. Each case location had at least two key informants, with whom a total of 20 personal interviews were carried out. The 40 other informants completed the data collection, and the interviews, discussions or meetings with these people usually occurred less formally, some times the opportunity appearing by accident. The number of these informants was not fixed on beforehand, as the goal was to collect and analyse every piece of useful information. In Helsinki, there were even fourteen informants, due to the participation of the investigator in the working group of the regional marketing planning. In Stockholm the number of the informants was nine, in Copenhagen eight and in Chicago six. In addition, numerous other discussions in various contexts have taken place, about the issues related to the study. These occasional discussions and comments together form a rich observation data source.

Written data sources consisted of documentation of the place marketing practices, planning documents, meeting memos, archival records, activity reports, and direct observations in the case locations. Observations were written down and partly also digitally filmed, like physical attractions in the place. The present study is longitudinal, and in longitudinal design, the case is followed and data are collected more at multiple points in time. The logic of the research design for this study was planned so that research theory, research questions, data collection and analysis are in accord with each other. Three principles in data collection were followed, suggested by the research theory (Yin 1994) - (1) the use of multiple sources of evidence, (2) the creation of a case study data base and (3) the maintaining chain of evidence. Use of multiple sources of evidence included the triangulation (data triangulation and method triangulation) among data sources, evaluators, perspectives and methods. (Cf. Yin 1994; Patton 1990: 187; Creswell 1994: 107; Denzin and Lincoln 1994: 214; Stake 1995: 107).

⁸¹ In Appendix 8.2 the sources of data are listed, according to the location and type of information source.

The interview guide (Appendix 8.1) was designed in spring 2002, based on the theoretical framework, to serve as a major data collecting, reduction and analysing tool. The early versions of the research design and the interview guide were commented on by key players of regional marketing in the case locations, and other place marketing specialists.

The main purpose of the interview guide was not carrying out the interviews, but to serve as the guiding frames in data management. The interview guide was constructed in the line of the framework, and included all of its components. In the draft-phase, the data was divided into twelve main elements in this interview guide. The guide was pilot-tested in the case locations with the key informants before taking it in the field. These professionals commented on the draft during April-May 2002, and based on these suggestions, the interview guide was prepared. The co-authors⁸² of the book “*Marketing Places Europe*”, were among those who commented on the draft. The interview guide was then finalised through the final changes⁸³. The interview guide also contains sub-issues, which were selected from the factors suggested in the literature to be success related (such as suggested by Jensen-Butler 1997)⁸⁴. The interview guide was used also as pre-information for the key informants, and sent in advance, when possible, to help in the collection of information.

3.3.3 Analysis and Interpretation of the Data

Data analysis is very central in building theory from case studies, and is the least codified part of the process (Eisenhardt 1989: 539). The focus was during June-December 2002 on within-case analysis and during January-April 2003 on cross-case comparison, while efforts were

⁸² Professors Philip Kotler, Don Haider and Irving Rein from the Northwestern University in Evanston, IL, and Christer Asplund, Managing Director of Business Arena Stockholm gave their comments on the draft.

⁸³ The interview guide included nine categories in the beginning of the field work (May 2002): Planning group, Vision and strategic analysis (SWOT), Place marketing activity programmes, Identity factors & image, Local development, Global market place, Political unity, Leadership, Process coincidences. Two additional issues were included in the interview guide in June 2002: “Open comments and observations”, and “Summary of the main developments and phases in place marketing”.

⁸⁴ These elements were: place marketing activity programmes, knowledge-based production, innovation and technological change, amenity, environment and non-material values, external links of the place, international headquarters and institutions of the place, decision-making power, the control of negative externalities, and conflict (crisis) management of the place.

made to become very familiar with each case (Eisenhardt 1989: 539-540). In qualitative analysis, it went, as the literature advises, through the phases of data reduction⁸⁵, data display⁸⁶ and conclusion drawing⁸⁷ (Miles & Huberman 1994: 10-12). The analysis activities together with data collection, formed an interactive and iterative process, moving among data, literature and emerging theory. The collected data was managed and gradually condensed into tables, with discussion protocols (Eisenhardt 1989; Miles & Huberman 1994; Strauss & Corbin 1998; Yin 1994). By focusing on the success factors, the qualitative data was transformed through selection and summarising in larger patterns. This again brought fresh angles and combinations of the elements, which helped in reaching the conclusion (according to Miles & Huberman 1994). Literature was consulted again to refine the findings suggested by the field studies, and qualitative analysis was documented as a process. Systematic feedback from the informants (Miles & Huberman 1994: 163; Yin 1994) was used, and feedback was acquired from at least one key informant from each case location when the first drafts were available.

3.3.4 Quality of the Data and Validity of the Study

There are no generally accepted guidelines for the assessment of case studies aiming at creating theory and model building (Eisenhardt 1989). To test the quality of empirical social research, the tests of construct validity, internal validity, external validity and reliability are common (Yin 1994: 32-37). The important issue of criteria is that the validity assessment of the study should concern the whole research process, and it does not matter what quality criteria are used (Olkkonen 2002: 114-115). Credibility corresponds to internal and construct validity, transferability corresponds to external validity, dependability corresponds to

⁸⁵ Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written-up field notes or transcriptions. Data reduction occurs continuously throughout the life of any qualitatively oriented project. (Miles & Huberman 1994: 10).

⁸⁶ Generically, a display is an organised, compressed assembly of information that permits conclusion drawing and action (Miles & Huberman 1994: 11).

⁸⁷ From the start of data collection, the qualitative analyst is beginning to decide what things mean – is noting regularities, causal flows, and propositions (Miles & Huberman 1994: 11).

reliability, and conformability refers to general objectivity (Olkkonen 2002: 115; Yin 1994; Brinberg & McGrath 1985).

Construct validity means establishing correct operational measures for the concepts being investigated. According to the research theory, the triangulation can improve the construct validity, because the multiple sources of evidence provide multiple measures of the place marketing phenomenon. The key informants commented on the report drafts, multiple sources of evidence were used and efforts were made to keep the chain of evidence during the research process of the focal study.

Internal validity establishes a causal relationship where certain conditions lead to other conditions. Internal validity is not a relevant issue for an exploratory or descriptive case study (Yin 1994). External validity is concerned whether the findings are generalisable beyond the immediate case study, and establishes the domain to which the study's findings can be generalised. Critics of single case studies typically state that a single case offers a poor basis for generalising (Yin 1994; Easton 1995). A theory must be tested through replications in multiple-case studies, and the present study used the replication logic. Important for the replication procedures is the development of a theoretical framework, which should state the conditions under which a particular phenomenon is likely to be found (literal replication), as well as the conditions when it is not likely to be found (a theoretical replication) (Yin 1994: 46).

Reliability demonstrates that the operations of a study can be repeated, with approximately the same results. Replication refers to the possibility of obtaining similar results and conclusions when a study is repeated in the same manner (Yin 1994). In the strict sense replication is not possible, because the research setting will be always somewhat changed due to the passage of time and the preunderstanding of an investigator of the phenomenon. It is, therefore, even more important to determine the scope of the findings, meaning under what conditions the findings will hold (Brinberg & McGrath 1985). The goal is to minimise the errors and biases. In this study case study protocol and study database were used as relevant tactics during data collection. High reliability was pursued by tape-recording key interviews, and by detailed memos, as well as by describing the place marketing practices process

properly. Also, a careful reporting of the study contributes to the reliability of the study. An auditor should be able to repeat the procedures of the same case, arriving at the same findings.

Maintaining the chain of evidence contributes to the reliability of the information (Yin 1994: 90-100). The interview citations together with written case descriptions display sufficient evidence to make the interpretation plausible (cf. Olkkonen 2002: 109). Empirical data were collected at several points for the pilot case during 2000-2001. For the longitudinal cases, the data collection started in April 2002, continued in several phases, and lasted till March 2003. Through the process of iterating between data, theory and literature, validity and reliability concerns were addressed during the analysis. It was aimed at systematic planning and management of the research project, and also to a systematic feedback from key informants. The cases were selected carefully, and discussions took place with colleagues to increase validity (cf. Olkkonen 2002: 115). It remains, however, a challenge to establish the validity and reliability of the qualitatively derived findings (cf. Eisenhardt 1989; Yin 1994).

When choosing a research strategy, there is a trade-off between generalisability, precision, and realism (McGrath 1982: 74). In the present study, generalisation as such was not the primary goal, because the purpose of the study was to develop a theory by building a framework and forming propositions. However, generalisation in case studies is “theoretical” or “analytic”, and the use of the replication logic is recommended (Yin 1994). Generalisability in a case study can be gained by interpreting empirical case findings through existing theories or systematic induction through comparative case analysis (e.g. Eisenhardt 1989). Lukka & Kasanen (1995: 82) list three elements which form the preconditions for generalisability in any properly conducted (accounting) study, namely 1) theoretical knowledge of the subject area, 2) prior empirical results and their interpretations, and 3) the empirical results, and their interpretations, provided by the study in question. “In descriptive case studies, the researcher has to understand and communicate the real business context and uncover deeper general structural relationships. Contextual generalisation rhetoric rests on the convincing linkage of relevant history, institutions and markets around the case to the argumentation net of the study”. As the three preconditions mentioned seemed to be present in the present study, there is, however, a chance that the present study has produced results that are generalisable to some extent. (Cf. Lukka & Kasanen 1995: 85).

4. FOUR CASE DESCRIPTIONS AND ANALYSES

4.1 General Background Information of the Locations Studied

To give perspective, some data of the regional profiles of the case locations is shown, and also results of the European Cities Monitor survey are presented. Then an overview is given of the frames, how the case locations have organised their place marketing practices.

4.1.1 Joint Data of the Case Locations

Table 4.1 presents joint data of the case locations. “Greater Copenhagen” is equivalent to “Copenhagen Region”. “Øresund Region” comprises additionally the Swedish part of Øresund. This area is often an object of regional marketing in projects conducted by the Copenhagen Region and its official inward agency Copenhagen Capacity. “Uppsala Region” is often included in the place marketing activities of the Stockholm Region (“Stockholm Uppsala-Region”), and, therefore, Uppsala’s figures are shown.

Table 4.1 Joint Data of the Case Locations

Categories	Greater Copenhagen	Øresund Region	Stockholm Region	Uppsala Region	Helsinki Region	Chicago Metro
Population	1,806,667	3,500,000	1,823,210	294,196	1,213,743	8,272,768
Area (sq km)	2,871	21,000	6,488	6,989	10,404	367.6 (*)
GDP per capita (€)	35,800	28,500	approx. 33,000	N/A	25,415 (+	39,068
Labour force	990,000	1,607,603	774,887	N/A	678,600 (++)	4,277,315
Occupants per household	2.1	N/A	N/A	N/A	2.13	2.67
Number of companies	N/A	170,000	195,000 (approx.)	27,803	59,250	318,798
Foreign owned companies	2,200	N/A	N/A	N/A	nearly 1,400 (+++)	3,400 (**)

Employers' social security contribution (% of the employee's salary)	1	17 (α	33	33	4-6.5	N/A
Corporate tax (%)	30	29 (αα	28	28	29	4.8
Language	Danish	Swedish/ Danish	Swedish	Swedish	Finnish, Swedish	English
Currency	Danish crown DKK	Swedish crown / Danish crown	Swedish crown SEK	Swedish crown	Euro	US Dollar
Exchange rate (current/EUR)	7.4262 (****	as €/ DKK and €/ SEK	9.07208 (****	9.07208 (****	-	1.0081 (***)
<p style="text-align: center;">Notes:</p> <p>(α Corporate Tax in Øresund Region is the average of the Danish 30 % and Swedish 28 %</p> <p>(αα Employer's social security contribution (in % of the employee's salary) is the average of Danish 1 % and Swedish 33 %</p> <p>(ααα www.scb.se checked 14 November 2002</p> <p>(+ whole of Finland's figure</p> <p>(++ Includes the unemployed (39,000)</p> <p>(+++ Helsinki metropolitan area</p> <p>(* City of Chicago area only</p> <p>(** Estimate of foreign-owned firms in the state of Illinois</p> <p>(*** Source: Bank of Finland, rate from 12 November 2002 at 3.15 p.m.</p> <p>(**** Source: Bank of Finland, rate from 13 November 2002 at 6.15 p.m.</p>						

Some features of the countries of the Nordic case locations are presented in Table 4.2.

Table 4.2 Features of the Countries of the Nordic Case Locations

	<u>Finland</u>	<u>Sweden</u>	<u>Denmark</u>
Area (sq.km)	338,000	450,000	43,000
Population (million)	5.1	8.9	5.3
Capital	Helsinki	Stockholm	Copenhagen
Capital area population (million)	1.2	1.8	1.8
Population density (per sq.km)	17	19.5	126

Currency	Euro	Swedish Krone	Danish Krone
Real GDP growth			
Per capita (PPP) % (in 2000)	5.3	3.9	2.4
GDP per capita USD (PPP)	24,900	24,400	28,300
NATO membership	No	No	Yes
EU membership	Yes	Yes	Yes

(Source: OECD, IMD – World Competitiveness Yearbook 2001, World Economic Forum – The Global Competitiveness Report, 2000)

These data present country-specific features, and macro-economic perspectives of the Northern European case locations, which represent the core of the economic activities of their whole native countries. In spite of the differences illustrated (like currency or the NATO membership), these countries have similarities in language, history and type of society, showing a unique homogenous character. Finland, Sweden and Denmark have also a common potential platform for place marketing practices in the Baltic Sea Region.

The Nordic and Baltic Sea Region has the potential to become one of the world's most dynamic and interesting growth areas in the coming decades. We all have a responsibility to realise this potential. Enlargement of the EU with Poland and the Baltic countries will significantly reinforce this dimension and thereby strengthen the perspective of developing into a significant growth area (Danish Prime Minister Anders Rasmussen: Denmark's EU Presidency: Focusing on Enlargement. Northern Enterprise, 9-10.2002, p. 50).

4.1.2 Location Survey Findings

In European Cities Monitor (www.cushmanwakefield.com) 506 companies were surveyed in nine European countries. The study examines the issues companies regard as important in deciding where to locate, and compares how Europe's leading business cities perform on each issue. The following factors were the most essential for locating business (Source: European Cities Monitor).

Table 4.3 Essential Factors in Locating Businesses. Cushman & Wakefield 2002 (European Cities Monitor)

Essential factors in locating businesses	2002	2001
	%	%
Availability of qualified staff	59	55
Ease of access to markets, customers, clients	57	58
Transport links with other cities and internationally	51	51
The quality of telecommunications	46	45
The climate governments create for business through tax and the availability of financial incentives	34	32
Cost of staff	32	31
Value for money of office space	30	29
Availability of office space	27	27
Ease of travelling around within the city	21	22
Languages spoken	20	19
The quality of life for employees	18	15
Freedom from pollution	12	9

For the first time, availability of qualified staff was seen as more important than access to markets. The quality of life for employees (although still comparatively low rated) is also seen as being of growing importance. However, quality of life factors are seen as the least significant. Communication factors remain very important, before cost factors. Ease of access to markets and customers was the second factor in importance now, being the first in 2001. This study gave the highest overall ratings to London, Paris and Frankfurt. Companies were also asked which factors were most likely to impact on their business over the next ten years. Two years ago, companies suggested the Internet would be the most important factor, but it was now seen as less significant, and the performance of the U.S. economy was now seen to be much the most significant factor. September 11th has affected corporate thinking, as almost half of all companies had revised their property strategy in some way. Also in a Finnish

study⁸⁸ among 927 business executives from all parts of Finland, 45 % of all respondents considered the availability of a professional work force in the region the most important decision criterion.

For the perspective of the empirical research of the focal study, it might be useful to look at some findings of a European location survey⁸⁹. The survey data originates from nearly the same time period as the present study's empirical findings. The survey in question investigated the issues of locating businesses in European cities. Altogether 506 companies were surveyed by telephone interviews in July 2002 from nine European countries. The samples were selected from Europe's 15,000 largest companies. The interviewees were senior managers or board directors, responsible for location. Their perceptions about the case cities of Helsinki, Stockholm and Copenhagen have been selected for this presentation (Table 4.4). The relevant issue is shown on the left in the table, and the figures are rankings, except for familiarity shown as a percentage. Of the three cities Helsinki is very clearly the least familiar. Stockholm gets a better overall ranking as a city to locate than Copenhagen and Helsinki. "Cost of staff" is the only factor where Helsinki was evaluated the best among the three cities.

Table 4.4 European Cities Monitor 2002. Helsinki, Stockholm, Copenhagen Rankings.

<u>City/Rank</u>	<u>Helsinki</u>	<u>Stockholm</u>	<u>Copenhagen</u>
The best cities to locate a business today	27	14	24
Familiarity (percentage)	23	42	40
Qualified staff	19	11	23
Easy access to markets	28	23	20
External transport links	29	20	14

⁸⁸ The study was carried out in November-December 2002 by the Central Chamber of Commerce of Finland, with a goal to finding which are the most important factors for the location of a firm in Finland. Two years ago, the most important factor affecting a localisation decision was the location's role as a Growth Centre, which in the latest study was only emphasised by every fourth company (*Helsingin Sanomat* 27 February 2003).

⁸⁹ Chicago was not included in this European survey, and no data could, therefore, be compared with the Northern European case locations.

Quality of telecommunications	10	4	16
Tax policy & financial incentives	22	25	22
Cost of staff	14	17	24
Best value offices	24	20	23
Availability of office space	19	18	24
Internal transport	21	11	19
Languages spoken	19	7	13
Quality of life for employees	22	4	18
Freedom from pollution	3	1	6

(Source: www.cushmanwakefield.com *European Cities Monitor 2002*.)

Helsinki loses in this study to Stockholm and Copenhagen in most issues, being the winner only in the cost of staff, tax policy and public financial incentives to companies (beating Stockholm and sharing the top position with Copenhagen), and in availability of office space (losing to Stockholm, but beating Copenhagen). In familiarity Helsinki is the clear loser. Helsinki has a better ranking than Copenhagen in the important issue of “qualified staff”, but loses clearly to Stockholm. In the overall ranking, the order is Stockholm, Copenhagen and Helsinki. Compared to the previous year, Stockholm has advanced by one rank, Copenhagen’s ranking was unchanged, and Helsinki lost one ranking grade.

4.1.3 Overview of the Place Marketing Practices in the Case Locations

Table 4.5 presents an overview of the organising forms of place marketing practices in the case locations, indicating responsible organisation(s), budget and personnel. The key players in place marketing are also presented, and focused industries (often called “clusters”) are shown. The major marketing slogans are presented, which are often used as the place’s brand or sub-brands.

Table 4.5 Frames of Place Marketing Practices in the Case Locations

Place marketing	Helsinki region	Stockholm region	Copenhagen region	Chicago region
Responsible organisation (from)	- Helsinki Region Marketing (HRM) (2000) [Helsinki Metropolitan Development Co (HMDC) (1994)]	- Business Arena Stockholm (B.A.S.) (1997) - The Economic Development Agency of the City of Stockholm (S.N.K.)	- Copenhagen Capacity (CopCap) (1994) - HUR (Hovestadens Utvecklings råd) Metropolitan Development Board	- World Business Chicago (WBC) (2000) - (DCCA) State of Illinois Trade Office (1998)
Description of activity	International marketing (Foreign Inward Investment)	Foreign Inward Investment Agency for the Stockholm-Uppsala Region	Foreign Inward Investment Agency	Inward Investment Agency
Budget (Mill EUR)	Ca 0.5	1.3 (B.A.S.) 7.5 (S.N.K.)	3.0	1.5
Personnel	5	15 (B.A.S.)	17	16
Other players	- Uusimaa Regional Council - The Cities of Helsinki, Espoo, Vantaa - Culminatum (Helsinki Region Centre of Expertise) - Helsinki Finland Convention Bureau	- Stockholm Visitors Board - SKANSKA	- Medicon Valley (Academy) - Wonderful Copenhagen - Green City of Denmark	- State of Illinois Trade Office (DCCA) - Chicagoland Chamber of Commerce - Metropolis 2020 - Chicago Convention & Tourism Bureau - The Metropolitan Planning Council
Focused industries / Clusters	- High-tech-cluster - Biotech (Life Science)-cluster - Service-cluster - Envirtech-cluster	- TIME (Telecommunication, IT, Media, Entertainment) - BioScience - Environmental - Bank & Finance	- Biotech - ITC - Maritime, Food Hotels (regional)	- Advanced Telecom - Biotech - Environmental Technologies - Transportation & Distribution - Manufacturing
Brands / slogans	- Helsinki Region Europe's Magnetic North - New Business Centre of N. Europe - Ideopolis Helsinki Region	- Region of Excellence (Umbrella) - Mobile Valley - M-City - Stockholm Challenge Award - Nobel prize	- Medicon Valley (Biotech) - Øresund-Scandinavia's IT Centre - Best Distribution Centre in N. Europe - Business is Easy	- Telecommunication's Hub - The Good Life - Transportation Nexus - Center of the World - As big as a country
WWW-sites	www.helsinkiregion.com	www.bas.stockholm.se www.stockholm.businessarena.com	www.copcap.com	www.worldbusinesschicago.org
Remarks	No official status No confirmed regional programme (before 2003)	Stockholm-Uppsala Region joint marketing is a central focus	The Øresund Region IT & Biotech - model strongly focused	No single organisation officially responsible

The frames of place marketing practices are discussed in more detail in the cases. Stockholm and Copenhagen have organised their place marketing according to the (principally) quite similar constructs. Stockholm has, however, two responsible organisations (Business Arena Stockholm (B.A.S.), as the official foreign inward investment agency for the Stockholm Region, and the Economic Development Agency of the City of Stockholm (S.N.K.). For this reason, the total financial frames are also larger than those of Copenhagen Capacity (CopCap), the official foreign inward investment agency of the Greater Copenhagen Region. Helsinki is also on the way to adopting a similar kind of organising model for the regional marketing, and it has been planned that Helsinki Region Marketing Ltd (HRM) would officially take responsibility for the coordination of the regional marketing. The organisations of place marketing are in the Chicago Region complex, and there is not a single organisation responsible for regional marketing, for example, for attracting foreign companies to the region. World Business Chicago (WBC) as a public-private (non-profit) partnership has actively sought this status, with aggressive promotion for the region. CopCap, B.A.S. and HRM are organised in a form of a private firm.

4.2 Helsinki Case

4.2.1 Introduction

The city of Helsinki is located in the Northwestern part of Europe. Finland has 1324 km (823 miles) of land borders with Russia. Helsinki, founded in 1550 by King Gustav Vasa, was proclaimed the capital of Finland in 1812 and has since grown to become the largest city in the country. The Helsinki Region covers an area of over 10,000 sq km and includes, in addition to the capital, the cities of Vantaa and Espoo as well as 21 other municipalities or smaller cities. The cities of Helsinki, Vantaa and Espoo form the Helsinki Metropolitan Area within the Helsinki Region. The Helsinki Region has become the hub of business, government and education in Finland and the development of the region can be expected to continue in the future. The Helsinki Region with its over one million inhabitants forms a compact metropolitan area, and is one of the fastest growing regions in Europe.



Figure 4.1 Map of the Helsinki Region Showing the Helsinki Metropolitan Area⁹⁰

The Helsinki Region accounts for almost a quarter of the Finnish population. With 1.2 million inhabitants, the Helsinki Region accounted for 23 % of Finland's 5.2 million population in January 2002.⁹¹ A population comparison between the case location and the whole country is shown in the graphic presentation.

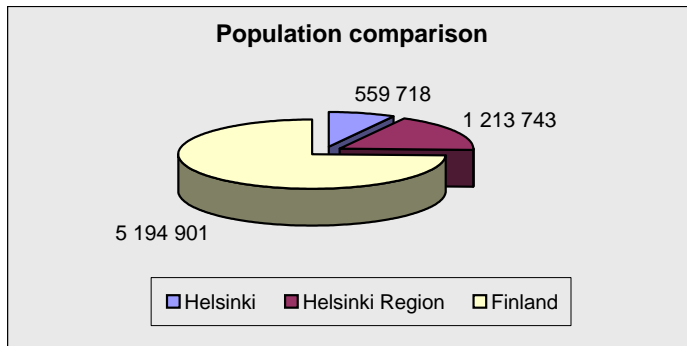


Figure 4.2 Population in Helsinki, Helsinki Region and Finland⁹²

⁹⁰ Source: *Facts about Helsinki*, Helsinki 2002, Kirjapaino Snellman, <http://www.hel.fi/tietokeskus/tilastoja/taskutilasto/Englanti2002.pdf>, checked 25 October 2002

⁹¹ Source: Helsinki Region Trends, <http://www.hel.fi/tietokeskus/en/202.pdf> checked 4 November 2002

⁹² Source: Source: *Facts about Helsinki*, Helsinki 2002, Kirjapaino Snellman, <http://www.hel.fi/tietokeskus/tilastoja/taskutilasto/Englanti2002.pdf>, checked 25 October 2002

Helsinki Region is the most rapidly growing area in Finland.⁹³ The region produces 34 % of the Finnish GDP and more than 60 % of Finland's university graduates live in the region, as well as the majority of technology actors like Helsinki University of Technology.⁹⁴ For companies, the present corporate tax is 29 %.⁹⁵ Two thirds of the foreign companies operating in Finland are based in the Helsinki Region.⁹⁶ Helsinki-Vantaa Airport rates among the highest in the world, and has about 10 million passengers per year. 80 % of the jobs in the Helsinki Region are in the service sector and the rest in industry and construction. In the Metropolitan area (2000), there are 47,000 companies employing 360,000 people with a total turnover of EUR 77,000 million. The share of the whole country's enterprises in the Metropolitan area is 21 %, personnel 28 % and turnover 35 %. The unemployment rate in the whole country is 8.4 % and in the Helsinki Region 4.4 % (2001). The country has experienced rapid economic growth since the early 1990s, when Finland's unemployment rate was the second highest in the EU after Spain. Relative unit labour costs in Finland (1995 = 100) were in 2000 78.4 compared to Denmark's 102.4, Sweden's 110.1, and USA's 112.5.⁹⁷ During the period 1995-2000, Finland's gross domestic product grew on average 1.5 % annually. Annual growth in output for the Helsinki Region during 2000-2005 is forecast at 4.4 %, which makes Helsinki fourth among 19 European metropolitan areas. The city of Helsinki has a budget about EUR 3000 million a year. (Sources: Helsinki Region Statistics 2002; www.helsinkiiregion.com; *This is Helsinki*. City of Helsinki Information Office 2002, www.hel.fi).

4.2.2 Place Marketing Practices

A summary of the central events that occurred in the place marketing practices of the Helsinki Region is given below:

Table 4.6 Place Marketing Process: Helsinki Case

⁹³ Source: *Helsinki Region Business Guide*, 1999, Helsinki Metropolitan Development Corporation, Libris, Finland.

⁹⁴ Source: <http://www.cordis.lu/paxis/src/helsinki.htm> checked 12 November 2002

⁹⁵ Source: *Helsinki Region Business Guide*, 1999, Helsinki Metropolitan Development Corporation, Libris, Finland.

⁹⁶ Source: <http://www.cordis.lu/paxis/src/helsinki.htm> checked 12 November 2002

⁹⁷ Source: OECD Economic Outlook no. 67, June 2001

Year	Events in Place Marketing Practices	Events in the Network	Events in the Macroenvironment
1993	Helsinki Metropolitan Development Co (HMDC) founded for cooperation among the Helsinki Region, Moscow, St. Petersburg and Tallinn.	The Inner Circle: The cities of Helsinki, Espoo, Vantaa.	Political stability.
1995			Finland's membership in the EU (1995).
1996		The Uusimaa regional council commissioned market research from the University of Birmingham.	
1997	No systematic coordinated regional marketing before 1998.	Uusimaa Regional Council. The TE-Centre (The Employment and Economic Development Centre).	A "Gateway Concept" markets Helsinki's logistic and geographical position to Russia and to the Baltic region.
1998	Helsinki Region Marketing (HRM) –project starts. Main activity areas: a) investment consultants b) events, exhibitions c) marketing communication. The project develops the logo and the "Brand" for the regional marketing. Task: foreign inward investment agency. Slogan: "Helsinki Region Europe's Magnetic North."	Partners in "The regional marketing programme of the Helsinki Region" – Chambers of Commerce in Helsinki & Espoo. Invest in Finland Bureau Fintra, Finpro, Culminatum. Public-private partnerships were initiated e.g. in exhibitions. HRM has a "second business leg" service activities comprising of business facilities and marketing services to firms in Helsinki, Moscow, St. Petersburg and Tallinn.	The Russian Crisis causes the failure of the Gateway Concept. "Nokia" Phenomenon. The rise of the IT cluster. The development in Russia and Estonia is important to the Region. The possible rise of Russia and Asia are also important issues for the region's development as a gateway.
2000	HRM project goes to the end. Helsinki Region Marketing Ltd (the name changed, earlier "Helsinki Metropolitan Development Corporation Ltd.).	The city of Helsinki owns 52 % of the shares of HRM Ltd. The neighbour cities of Espoo and Vantaa cannot find a consensus for a regional marketing programme.	
2001	The regional marketing continued as an activity of HRM, focused on: 1. Localisation consultants 2. Marketing communication 3. Events, fairs and exhibitions		Euro-currency in use.

4. Other activities			
2002	Spring 2002: HRM initiates a project to establish an official regional marketing programme for the region.	The mayors of the Helsinki Metropolitan Area agree about their cooperation forming “a metropolitan cityprogramme”. Aviapolis-project starts at Vantaa.	Late 2002: An OECD-report published: Helsinki is a success story.
2003	End of 2002: A programme presented for the process of approval. Key clusters = High tech, Biotech, Service, Envir. Tech. New brand: “IDEOPOLIS” Helsinki Region. Activities start to rearrange the regional marketing early 2003.	March 2003 = Helsinki Region exhibits at MIPIM, Cannes together with private firms (fifth time).	EU enlargement increases the possibilities of the Helsinki Region. The membership of Estonia might also bring negative coincidences (cost factors & crime).

These main events are now presented in more detail. The presentation logic is to follow the time aspect in the process, and simultaneously the activity and focused business areas (also called industries or clusters). The three categories of events are explained as integrated in the logic of the presentation. Table 4.6 summarises and simplifies to some extent the events and the process, and serves as a general quick frame to observe “what has happened.”

Helsinki Metropolitan Development Corporation (HMDC) was founded in 1993 to be responsible for cooperation between the Helsinki Region and Moscow, St. Petersburg and Tallinn. In the connected network of the regional marketing, the inner circle was formed by the cities of the Metropolitan area, Helsinki, Espoo and Vantaa. Major players have also been the Uusimaa regional council, and the Uusimaa Employment and Economic Development Centre. In the outer level of events (the macroenvironment), Finland’s political stability, and membership in the EU in 1995 were drivers to support the economic development of the Helsinki Region. At that time, the idea of a gateway concept started to develop as the major regional strategy related to international marketing. This gateway concept marketed Helsinki (Finland) as a logistics hub for Russia and the Baltic Region. Later, the crisis of the Russian economy made this concept fail almost totally.

Before 1998, there were no coordinated regional marketing activities abroad for the Helsinki Region. Helsinki Region Marketing (HRM) – regional marketing programme was started as a three-year project by Uudenmaan liitto (Uusimaa Regional Council) from 1 January 1998 to 31 December 2000. The project was called “The regional marketing programme of the Helsinki Region”, and was started as the activity of a private firm “Helsinki Metropolitan Development Corporation”. An investigation, which the Uusimaa Regional Council and the University of Birmingham had carried out in 1996, was used at the time as a basic advisory study. The City of Helsinki owns 52 % of HRM. Other shareholders are the municipalities around Helsinki, the Uusimaa Regional Council and the Chambers of Commerce in Helsinki and Espoo. The main tasks of HRM have been defined as cooperating with the municipalities and other communities in the Helsinki Region to market the place for international business. HRM promotes the Helsinki Region in Moscow, St. Petersburg and Tallinn and to enterprises.

Helsinki Region Marketing (HRM) - Project (1998-2000)

The main task of the regional marketing project was the marketing of the Helsinki Region as an investment and localisation target for foreign companies and organisations in countries to be selected. The activities also included tasks related to the general marketing of the region. A visual logo, as well as the basic place marketing tools, were developed for the region in connection with the project and which are now available for region’s marketing in the future. The responsible project director was Juha Pokela and the marketing manager Annukka Kortekangas, both then employees of HRM Ltd. Other employees of HRM Ltd occasionally assisted. Additional outside specialists were also used, especially investment and localisation consultants. HRM Ltd was the responsible administrator of the project. The project bank account was opened in June 1998.

The Helsinki Region Marketing project during 1998 - 2000 forms the major relevant source of evidence when analysing the place marketing practices of the Helsinki Region, as the region has had no other systematic regional marketing except for the practices introduced in the project. Afterwards, during 2001 - 2002 these activities followed the same strategies as in the project, but with reduced financial budgets. During 2002, much managerial time and effort were spent on preparing an official programme for the regional marketing.

After the planning period in the beginning of 1998, a three-part model of activity was decided on, and all the parts were connected to support each other. Each part could be managed more easily both functionally and financially as an independent entity. These activity parts were: investment- and place localisation consultants, marketing communication, and events, fairs, exhibitions. Additionally there were also “other activities” connected to regional marketing.

Investment- and place localisation consultants

During the project, there was cooperation with three foreign consultant companies: in Sweden, in German-speaking Central Europe and in the USA⁹⁸. Statistical facts supplied by the consultants indicated that these regions and countries covered the majority of the potential firms and organisations interested in Finland. Localisation consultants started to search for and contact business areas and groups of companies, which could be interested for the Helsinki Region. The selected businesses were above all information technology and telecommunication, environmental technology and biotechnology, logistics services and warehousing industries. These consultants, at the same time, conducted other promotion work linked to the regional marketing of the city of Helsinki. The project director of HRM took part in the consultancy and met during the project, for example, at foreign real estate fairs, with numerous enterprises, investors and other parties interested in the Helsinki Region. Opportunities to find interested parties for the region were also sought at different shows and exhibitions.

Compared to the other activities of the HRM project, the use of consultants was regarded as the most efficient way to reach sub-groups in regional marketing. The use of consultants was also relatively the most expensive activity, and the contact prices could get high. On the other hand, the use of consultants was estimated to be a more efficient way to find potential customers than the traditional communication because of the better focusing on target groups. The consultants developed the most important activity in the project when aiming at the potential target groups. During the projects, the consultants were in touch with almost 3000

⁹⁸These companies were P.W.Andersson & Partners (USA), MR Consulting (Sweden), Weltmarkt (Central Europe).

enterprises, located especially in Sweden and the USA, but also Germany and other Central European countries.

Marketing communication

In the early phase of the HRM project, the emphasis in communication was on cooperation with professional magazines of investors. Three wide reports were published of the Helsinki Region by Corporate Location (UK 1998/1999), Site Selection (USA 1999-2000) and Expansion Management (USA 2000-2001). These reports handled the special features of the region, as a Northern European business centre. International companies operating in the region were also interviewed, and interested newspapers and magazines were used, also supported by IFB (Information Finland Bureau), Finpro (earlier The Finnish Foreign Trade Association), the Chamber of Commerce and the information offices of the owners' cities. The first *Helsinki Region Business Guide* was published in 1999, and the statistic section has been renewed annually. A home page was opened in 1999 (www.helsinkiiregion.com). HRM distributed materials to the target market supporting the regional marketing of the region's players and organisations. Press visits, consisting of newspapers, economic papers, special journals of different businesses, were also made together with Finpro and IFB. The German, English, US and Japanese magazines were especially interested in the Helsinki Region's development and possibilities. The culmination of the interest was 1999, Finland's chairman year of the EU, when a great number of foreign press people visited the country and the metropolitan region, leading to increased awareness of the region through the foreign media.

HRM claimed in the marketing communication that Helsinki Region is centrally located and provides a strong potential base for direct investment, added value and safe access to the growing Russian market. Northern Europe comprising Finland and other Nordic countries, the Baltic Republics and Northwestern Russia is a market place with an estimated 75 million inhabitants. Other marketing messages used were Finland's political stability, low crime rate, excellent infrastructure and clean environment combined with efficient services, high-tech expertise and sophisticated telecommunications. "New Business Centre of Northern Europe"; "Set Your Sights High and Bring Your Business to the Nerve Centre of the North" were the slogans used.

Events, Fairs, Exhibitions

The major annual event, in which the HRM participated was the MIPIM Exhibition in Cannes, and Helsinki Region exhibited three times during the project. 4-9 Finnish construction companies and real estate developers, which marketed their own building targets and real estate projects located in the metropolitan area, exhibited annually on the stand. HRM also visited or exhibited at ExpoReal in Munich, Etableringsforum in Stockholm, Europartneriat in Aalborg and EXPO 2000 in Hannover. The HRM staff noticed that the number of fairs suitable for regional marketing is increasing in Europe.

HRM started to work with IDRC (working space and real estate segment) and Rosettanet-Commercenet (e-commerce) to get more potential marketing communication recipients. In Central Europe and the U.S., in particular, a number of special shows and business field fairs could be suitable for place marketing, providing an opportunity to make contacts with parties interested in the region. HRM employees and consultants visited, for example, CeBit in Hannover and Comdex Nordic during the project. HRM was responsible for the organisation of “Biotechnics in the Nordic Dimension” in connection with the EXPO 2000 in Hannover. This helped to establish contacts between enterprises in North Germany and the Helsinki Region. In 2000, HRM made a light mobile travel stand kit which was used successfully in Finland and abroad. Since 2000, there has been an information board at the Helsinki Airport’s arrival hall.

Helsinki Region had in its network numerous organisations and parties which were interested in the activity of the project. Among these were Chambers of Commerce, Invest in Finland Bureau, Fintra, Finpro, Culminatum and TE-keskus (the local labour and trade authority “The Employment and Economic Development Centre”). Also commercial delegates from foreign embassies and international businesses were met, and lectures given about the characteristics of the region. Networking was made among communal business coordinators and boards by organising information events.

The project created international working contacts and networks with interest groups, such as business, consultants, exhibition organisations, journals and sister organisations. Regional construction companies, real estate developers, and other companies networked and cooperated, enabling them to participate jointly in MIPIM. Companies valued this support for their business and hoped for continuation. The Uusimaa Regional Council and the Cities of

Helsinki, Espoo and Vantaa were financially responsible for the project, with a three year contract. The Ministry of Trade and Industry also gave an annual internationalisation grant towards the activity costs. Partnership companies gave financing for certain activities (especially trade fairs). The annual budget was about 4 Million FIM (about 0.65 Million Euros). The financing was not without problems, as HRM had no reserve funds. Legally, the budget money had to be used during the same calendar year, and no attention was paid to the long lead-in times (of 3- 6 months) for regional marketing activities. During the first year after the completion of the project, HRM received 25 % less financing, and during 2002 the same strict trend continued, with an allocated financing of about 0.5 million Euros. At this time, the management of HRM Ltd started to prepare an overall strategic plan to get approval for an approved regional marketing programme, with the intention of finally adjusting the monetary budgets according to the level of activities to be agreed upon. The HRM project had succeeded in creating foreign interest in targeted industries, and had got potential investors to contact HRM and study the possibilities of the region (for instance, as a gateway location to the East), and the options that could be obtained through it. It was also learnt that if a foreign company finds opportunities in the region that makes an investment worthwhile, there will then be good reason to also cooperate, for instance, in the product development or research. The results indicated also that regional place marketing is a very long-term and complex activity, and the measurement of the results must be made carefully and realistically.

Helsinki Region Marketing from 2001

The regional marketing programme of the Helsinki Region was continued from the beginning of 2001 as an activity of the Helsinki Region Marketing Oy (HRM). The regional marketing activities were largely based on those strategic lines and practices developed during the project itself. Helsinki Region gives a distinct impression that it has managed quite well in this regional competition when looking at the operations at international forums, exhibitions and the quality of the marketing material. The Helsinki Region is, according to several statistics, one the fastest growing European Metropolitan Areas, and contacts through its activities, especially from Sweden, the USA and Germany, have increased. In the “*European Cities Monitor*,” October 2002, of the best cities in which to locate a business, Helsinki was, in spite of the statistical proof of growth and success, 27, after Stockholm (14) and

Copenhagen (24). The strong Helsinki Region acts as an economic engine for the country. The Helsinki Metropolitan Report of the OECD describes Helsinki as a success story, which has been created out of the strengths of the region combined with the direct cooperation with various players of the area. Regional segregation does not exist to the extent compared to other metropolitan areas. (OECD, Regional Development Committee's report, 2002, *Helsingin Sanomat*, *Etelä-Suomen Sanomat* 5 November 2002). Helsinki has also been lucky and did well in the competition, in spite of negative coincidences such as the economic recession, for example, in Russia, and the crisis in the ICT industry. Its original gateway strategy behind the regional marketing programme had failed, mainly due to the economic crisis of Russia, and also the imports to Russia were decreasing. This strategic focus was not sustainable, although it helped in searching for the direction in the regional marketing, the future foci being more diversified. In connection with this process to form a new programme for the regional marketing, a regional development forum of the Helsinki Region's regional marketing was arranged by HRM Oy. The aim was to awaken the interest of various stakeholder groups in the regional work for internationalisation, together with the presentation of the players' expectations towards regional cooperation. The mayors of the cities of the Helsinki Metropolitan Area had agreed in April 2002 upon their cooperation in a special programme. The aim was to strengthen the competitiveness, knowledge and citizen participation in the Helsinki Metropolitan Region by new projects, without creating a new, cumbersome administrative regional administration. In this connection, for the first time there have been comments that regional marketing could be included in the activity programme of the metropolitan area. The metropolitan city cooperation programme was discussed in the seminar. (Sources: Urban programme for the Helsinki Metropolitan Area Competence and Cohesion 2002-4, City Office of Helsinki. Presentations at the Helsinki Region's regional marketing forum 31 October 2002).

It was decided that the new brand name for the Helsinki Region would be "IDEOPOLIS", and activities to rearrange the strategies accordingly were started in the beginning of 2003. The key clusters will be high-tech, biotech, services and environment technology. The process to register the trademark "Ideopolis" internationally was also begun.

4.2.3 Analysis of Success Factors

Table 4.7 presents a summary of the analysis of the framework's success factors. The specific success factors (in the left column of the table) are analysed regarding their reference to success in the place marketing practices of the Helsinki Region (the right column). In the middle column of the table, the strategic content of the success factor is presented to explain the reference to success. This means that the experiences of the practices of HRM are analysed through the theoretical framework of the study.

Table 4.7 Analysis of Success Factors: Helsinki Case

Success Factor	Strategic Content	Reference to Success in Place Marketing Process
Planning Group	No official planning group for regional marketing (before 2003). Helsinki Region Marketing (HRM) project had a planning / management group, and a new regional marketing programme will have a similar group.	The role of a planning group was found to be critical during the early phases of the project, and later the role can be more "instructive". Representatives of the business community were considered important, but missing.
Vision & Strategic Analysis	The visionary and strategic work of the regional marketing was carried out during 2002 according "to the books". Starting with the SWOT –analysis, the process led to a strategic marketing plan with focused clusters.	The selected clusters (end 2002) were a result of the analysis work carried out, and form a basis for the constructs of operations. It was found that the prior creation of visions, based on strategy analysis, is the basic element for plans.
Place Identity & Place Image	"Helsinki Region, Europe's Magnetic North" – slogan will be changed during 2003 to "IDEOPOLIS Helsinki Region". The coordinating player is "Helsinki Region Marketing".	The basis brand-elements were prepared during the HRM project in 1998. The umbrella brand (and slogan) was found necessary to support the sub-brands of the clusters.
Public-Private Partnerships (PPP)	With the investment and localisation consultants, joint work in business fields and selected countries has proved efficient. PPPs are a big challenge to Helsinki Region, and the level of PPPs is not sufficient to conduct successful place marketing according to the goals.	The central role of PPPs is understood for the success of regional marketing (development), although it has been a major problem to find private companies interested in regional marketing (except for shows and events).
Political Unity	Helsinki Region does not have its own regional administration, and these stiff constructs have become a problem in the regional marketing.	Political unity has been a challenge for the region as the players have not always seen the region as a common place but have worked for the interests of their home places.
Global Marketing & Local	Local development work in the Helsinki Region is active. The challenge in the region is to convert these efforts under the common	The Culminatum development company works for the global vision of the Helsinki Region as an innovation centre. "Aviapolis"

Development	umbrella brand that should carry the name "Helsinki". A one-stop-shopping model for foreign firms would be necessary.	presents a vision of an international airport-city. The home base needs to be developed further before the Helsinki Region goes global.
Process Coincidences	The Euro currency and membership of the EU were positive process coincidences for the Helsinki Region. The membership of Estonia in the EU can bring negative surprises in form of cost factors and crime.	The expansion of the EU, the future of the Baltic countries, the possible rise of Russia and Asia are critical process coincidences for the Helsinki Region.
Leadership	Leadership issue has been a great challenge to HRM, as the cities of Helsinki, Vantaa and Espoo had not (before 2003) reached a consensus about the scope and perspectives of a regional marketing programme. It was argued that the region could do more, and the leaders could be more committed in the promotion of the region.	Due to the very fragmented organisations of the region and various communities of different sizes with conflicting interests, "leadership" has been a problem in developing a successful model and programme for regional marketing.

Based on the above summary, each success factor is now individually explained, using the analysing logic of goal, process and outcome.

4.2.3.1 Planning Group

Goal: The goal of the planning group was in the beginning of the HRM project to be the coordinating and planning organ for the practices of the regional marketing. Later, from 2001 the planning group has also wanted to have advisory functions. One goal is also to get the opinions of the communities of the region heard, and achieve politically united decisions to reach the common regional goals.

Process: The function of the planning group was carried out by the management group of HRM Ltd, which consisted of people representing financier and regional stakeholders, and had 25 meetings (about eight times a year) under the chairmanship of the Uusimaa Regional Council. In these meetings, annual business plans and budgets of the project were discussed and approved. Also a wide range of daily activities concerning the regional marketing issues were discussed and visioned. All the meetings were minuted and these are stored by HRM Oy. Members of the group visited and actively took part in several regional market related events, and exhibitions. Spring 2002 HRM Ltd coordinated the formation of a new planning group, consisting of the representatives of the cities of Helsinki, Vantaa and Espoo, as well as the Uusimaa Regional Council. One aim was to motivate the key players of the region

committed to the new regional marketing strategy. The re-planning process of the regional marketing programme was started from the very beginning with the strategic analysis. In this process the available place marketing literature (e.g. Kotler *et al.* 1999) was consulted and studied by the group. This participation gave the author an opportunity to get authentic data, “from real action” for the case study. On the other hand, the planning group received from him new “benchmarking” knowledge on international research and place marketing practices. Helsinki Region Marketing wanted to have people responsible for the regional marketing issues in their background organisations in the group. It was hoped that the voice of the field would be more easily noticed in the group. Further, it was considered very important that the group could decide on the strategic lines for the regional marketing practices. The idea was also that the participants would carry the responsibility of getting their organisations committed towards the common goals in the regional marketing programme.

Outcome: Helsinki Region Marketing has understood the essential role of the planning group in place marketing, and made efforts to establish a group, which could represent the major owners and stakeholders in this planning process. The role of the planning group was seen as especially important in the starting phase of regional marketing. However, there still remained the challenge of getting the optimal portfolio of representatives in the group and keeping them motivated and committed to the common regional work. Also, representatives from the smaller communities of the region, as well as from the business community of the region, were missing from the group. The issue of the planning group was, in the beginning of 2003, still under construct, when the first frame of the new regional marketing programme had been confirmed.

4.2.3.2 Vision and Strategic Analysis

Goal: *The mission for Helsinki Region Marketing Oy was “attract international investments to internationalise the Helsinki Region’s business life”. The vision for Helsinki Region Marketing is to be a regional marketing organisation linking the regional and business strategies. Through its activity, supported by the Helsinki Region brand, the strengths of the region can be recognised, as surroundings for high-knowledge intensive products and services. (Source: Helsinki Region Marketing).*

Helsinki Region has been revising its vision during the building process of the new regional marketing programme, with the aim of having a few focused areas as sub-brands of the main umbrella brand. HRM acknowledges the importance of the vision.

Process: The strategy meetings of the Helsinki Region's regional marketing planning group, consisting of representatives of the cities of Helsinki, Espoo and Vantaa, the Uusimaa Regional Council, Helsinki Region Marketing and the investigator of this study, to form an official regional marketing programme started in March 2002. It should be noted that no official programme existed for the regional marketing before 1998, the beginning of the initial HRM project. The first draft for the model of the Helsinki regional marketing was ready in the end of 2002. This strategy model comprised the auditing part of the Helsinki Region, the vision, general strategy and the sub-strategies, structure of the regional marketing, activity plans, budgets and the follow-up. The new vision and the targets of the regional marketing practices were worked out by first defining the attraction factors of the region, the target markets, short- and long-term goals and conditions required to accomplish the vision. The members of the planning group completed the questionnaires, prepared by HRM, to evaluate these issues, and various individual sub-categories relevant to the strengths, weaknesses, opportunities and threats of the region's marketing. Then all the comments were summarised in one proposal document for the decision making and new discussions.

Outcome: The strategy emphasised networking with the region's communities and actors, as well as marketing the region to knowledge-intensive sectors as a business arena. Critical success factors were networking, establishing of the Helsinki Region's brand and securing and focusing of the resources. (Source: Helsinki Region Marketing Oy Activity Framing 2002). The vision was reconstructed during the forming process of the regional marketing programme in the end of 2002. The following clusters were then presented as the focus areas: High-tech-cluster, Biotech-cluster, Service-cluster and Envirtech-cluster. The auditing of the regional marketing for the new place marketing programme, initiated in Spring 2002, consisted of the following elements:

- Evaluation of the attraction factors of the region
- Identification of the main competitors (foreign city regions; domestic were excluded)
- Identification of the development trends impacting the region (as the ICT and technology booms had been in the 1990s)

- SWOT-analysis (Strengths, weaknesses in the region, opportunities and threats in the macroenvironment).

HRM headed and carried out an intensive strategic analysis process as the basis for the building the new regional marketing programme. It is obvious that the strategic vision that emerged from this thorough process of strategic analysis and work is professionally made and can serve as the regional marketing programme. In this early phase, the region acknowledged the importance of clear visioning.

4.2.3.3 Place Identity and Place Image

Goal: The goal for creating a place identity and place image for the Helsinki Region was to start the branding process of the region to attract international firms and investments (2002). In the beginning of the HRM project earlier, one goal was also to design and establish the visual elements such as the logo for the regional marketing.

Process: During the first year of the project, the Helsinki Region logo and visual outlooks were developed by HRM for the basic instruments in the regional marketing. Helsinki Region wanted to emphasise that it was a trustworthy, safe and active Northern European business centre, with good connections to East and West, referring also to the Nordic dimension and Finland's membership in the EU. Branding thinking can already be noticed behind these activities. The Helsinki Region brand and visual elements were, for HRM, core issues to be nurtured, together with the brand consistency in all regional marketing practices. HRM employees considered themselves responsible for this work.

Outcome: HRM reported after the project that marketing communication was a very difficult issue to be managed through traditional advertising, because the supply of media is large. It is better to concentrate the resources on one or two bigger holistic issues (such as clusters), and use the special magazines of the location business. In 2000 the name of the company was changed to "Helsinki Region Marketing Oy", to show the main activity of this company at that time. The Helsinki Region has been quite unanimous about the image and attraction factors of the brand, although internal differences in focus have existed. HRM acknowledges that is only one player among many actors in the issues of the regional brand, and that all parties within politics, culture and business should participate to work for common goals. The

outcome of the branding process is not ready. The international familiarity of the region is very low, although many objectively measured comparisons with international locations have often given very high rankings. Therefore, the gap exists between outcome and goal in image creating, which is one major future challenge for place marketing practices in the region.

4.2.3.4 Public-Private Partnerships

Goal: It has been a major problem for the region to find private companies interested in place marketing projects. Regional marketing has not enough resources to function on its own, and it is crucial to find fruitful public-private partnerships (PPP).

Process: In Helsinki common attitude of private companies towards the regional marketing has been in general favourable in issues of cooperation. However, participating in regional marketing activities has not been considered to be the responsibility of firms, perceived somewhat in the same sense as business should not be the responsibility of the public sector. Communal decision makers would like to listen to business life in order to learn. Private firms have, however, participated mainly in exhibitions, and in this way made their first contribution to regional marketing.

Outcome: Cooperation needs to be developed and nurtured between private companies, the cities, the partners of Uusimaa Regional Council, and other parties such as the universities and research institutions, with similar targets to attract direct investments to the region. The joint work with the investment and localisation consultants among selected business fields and countries has already proved its efficiency. The importance of PPPs for the success of the regional marketing has been understood by the management of HRM, even if its realisation is not according to the goals and the visions. For instance, the two chambers of commerce, Espoo and Helsinki, could together form one major dynamo to activate PPPs in the region. Unless the cities grant regional marketing considerably more resources than they have so far, HRM needs necessarily more PPPs, to be able to continue to perform its task. However, Helsinki is first starting the regional marketing programme, and has not yet had enough opportunities to build a solid model for PPPs.

4.2.3.5 Political Unity

Goal: The goal has been to increase political unity in decision making of regional issues. The region is aware of the fact that place customers interested in the Helsinki Region are not interested in internal conflicts, being attracted by the whole region's opportunities. The rigid administration slows down the regional development when the regional issues are secondary to the communities own goals. However, to reach this goal requires long-term work, and quick results are not feasible.

Process: The Helsinki Region is very defragmented, and consists of three cities and 21 communities, without a common administration. The Helsinki Region's fragmented administration has made it difficult to make compromises on the practical level in the regional marketing. Every regional "shareholder" of the region has its own local interests, and the conflict between the regional perspective and the individual communities' targets is obvious between the cities of Helsinki, Espoo and Vantaa.

It is much easier to see the mistakes made within one community, but a wider perspective is much more difficult. Sometimes people are busy with small things and the entity is lost. The Helsinki Region is exceptional in the administrative sense compared to most European metropolitan regions, as it does not have its own regional administration. These rigid constructs appear obvious and problematic in the regional marketing. The marketing of a single object or town is not regional marketing, and the regional focus is necessary for the marketing of a region. Each community should participate in all common projects, even if they were not then important to everybody to make the commitment.⁹⁹

Outcome: The political stability of the Finnish government system also supports the Helsinki Region's marketing. In regional politics there is, however, a great need for a more united political attitude from the political parties to support regional marketing.

Various projects have different target groups, and so various target markets also get different marketing communication messages. Because Helsinki is internationally the only well-known

⁹⁹ Director Jukka Peltomäki, Director Regional Development, Uusimaa Regional Council, Interview 18 June 2002.

name in the region, other locations are “forced” to use the name of Helsinki. It is difficult to find “voluntary” players to take responsibility for issues of regional marketing, unless there is a specifically nominated organisation for it. The issue of political unity is a challenge for the region to get long-term decisions and frames for the consistent work.¹⁰⁰ The region’s communities must decide together about the major attraction arguments of the whole region, and then start to use them in a consistent way. One important step towards political unity was the agreement in early 2003 about the frame of the regional marketing programme, which can increase political unity “as a process coincidence” when the decision-makers will see the concrete progress.

4.2.3.6 Global Marketplace and Local Development

Goals linked to the issue of the global marketplace refer to increasing the familiarity of the Helsinki brand internationally (globally), and which is seen as a responsibility of HRM. The goals of local development come from each community, and earlier there have not been many major regional development projects. The City-Programme of the Metropolitan Area (2002-2004) has confirmed frames for the cooperation of the mayors of the metropolitan area, defining the goals and the cooperation projects.

Process: There are many major local development projects going on in the Helsinki Region. Also, the cities of Espoo, Vantaa and Helsinki have a common development company Culminatum Oy, which is also partly owned by the Uusimaa Regional Council, universities, research centres and individual companies. Culminatum is located at Innopoli, Espoo. Culminatum works for the vision of the Helsinki Region as an innovation centre of “global class”. When going international, Helsinki is “known” as a name, and it should be, therefore, the obvious common regional umbrella name. The Helsinki Region has the problem of small domestic markets.

Outcome: The science parks of the Helsinki metropolitan regions and the campus areas of the universities form a network. The metropolitan city programme includes various challenging

¹⁰⁰ The mayor of the City of Vantaa (Rantanen) resigned early 2003 due to the political inconsistency. Vantaa together with Helsinki and Espoo forms the core of the Helsinki Region.

development projects such as the double science-city of Helsinki-Tallin, the feasibility study concerning an international university, the research programme of the innovation surroundings, the city logistics, the service centre for entrepreneurship and business know-how, and the development of the business activity of medicine and welfare technology. The “Aviapolis” project is an example of the latest plans, published in autumn 2002, presenting a vision of an international airport-city. The City of Vantaa is focusing on the clusters of welfare, high-tech-logistics, microelectronics and environmental technology. The network of consultants in the most important target countries and areas will be further developed. The exhibitions of regional marketing are developing in Europe, and besides MIPIM there are new potentials (e.g. ExpoReal in Germany, Nepix in Denmark and Meeting Point in Barcelona).

The region's resources in place marketing have been very small and, therefore, a strict focusing on the areas and industries will be crucial. The challenge in the region is to bring all the local development efforts under one common umbrella brand, focus the activities and develop sub-brands according to the cluster in the regional marketing. It might be not easy to expect much foreign industrial investment to locate in the region, due, for example, to cost factors. The region can develop its critical mass in the innovation system, research and focusing on knowledge-intensive industries, like information technology, biotech and life sciences. The major actors of the Helsinki Region should unite their resources to form a “one-stop-shopping” service for foreign companies interested in locating in the region. It is important that the localisation services and help are directed in the same direction in a consistent manner.

4.2.3.7 Process Coincidences

Goal: The region had no plans concerning the process coincidences occurring in the place marketing practices. A goal, however, should be that the regional marketing programme includes reserve plans for individual process coincidences, negative or positive in nature. The question “what happens when the region has reached the targets?” should be answered in the early stage of the process.

Process: Outside events, practices and impulses often lead to daily operations, and these process coincidences can have a great impact on the place marketing practices. For instance, political threat exists potentially about how Finland's territory will be perceived. The Euro

currency was a positive coincidence for the region by creating transparency and credibility. The Euro also increased the interest in Western Europe towards the Helsinki Region, when Finland was positioned in a new perspective in relation to Europe. Helsinki is also closely tied to the development in Russia in economic terms. The geographical location creates interest in companies wishing to be active in the Baltic countries and thus they are considering expanding to the Helsinki Region. The development in Estonia is important for the Helsinki Region. The membership of Estonia in the European Union might also bring negative coincidences, such as crime, and in the form of cost factors. Also the proponents of nature or animal rights and various other movements can influence investment decisions, through their protests or court appeals.

Outcome: Process coincidences are impacting the development of the Helsinki Region. There are also potential macroeconomic or *force-majeure* issues, such as the global economic trends, that need to be considered in planning regional marketing. The activity surroundings are changing in many aspects and are important for the future of the Helsinki Region. The expansion of the European Union, the “coming” of the Baltic Sea Countries (maybe as competitors), the possible rise of Russia and Asia are such examples. Critical process coincidences for Helsinki are the development of Russia and the European Union, which determine to a large extent the future possibilities and resources of the region.

4.2.3.8 Leadership

Goal: Leadership has been a problem in the Helsinki Region’s place marketing process, due to the very fragmented organisation of the region. Also, various communities of different sizes having conflicting interests in the regional development policy. However, efforts are going on to establish an acceptable level of commitment and motivation from the top-level decision makers of the region. One reason for this relatively passive role of the management in the issues of regional marketing could be that the necessity of place marketing has not been fully understood, nor how severe the global competition among regions really is. It is also possible that the local development of the place product has been preferred to regional marketing.

Process: HRM points out that *people* make the results and that the management of the region have broader opportunities to influence matters than they have used. In this respect, the

management of the Helsinki Region could do more to promote the region, be more committed to achieving the goals and active in the “business” marketing of the regional projects. The Helsinki Metropolitan report (by the OECD’s regional development committee), published in November 2002 (*Helsingin Sanomat*, *Etelä-Suomen Sanomat* 5 November 2002), recommended a stronger regional administration to the region. The purpose would be to restrain the fierce competition between the communities and look after the interests of the whole metropolitan area. In this report, the Helsinki Metropolitan area comprised, besides the Metropolitan Region, the cities of Lahti, Hämeenlinna and Porvoo, with the surrounding regional councils of 62 communities. This suggested “super-office” would negotiate with the national government about long-term cooperation projects. The mayors of the cities of Espoo and Vantaa commented on this proposal and suggested that all the resources must be directed to produce services and invest in cooperation, instead of increasing management.

Outcome: There is an obvious major problem in the arrangements of the regional marketing, namely the lack of the customer-supplier system, as the basis for the marketing. There is no single customer who “makes the order”, to talk to about “the contents of the delivery”. In the present situation, HRM had to “dig up” and create the contents of the goals of the regional marketing. In addition, HRM had to arbitrate between the wishes of all the numerous orderers, like the Uusimaa Regional Council and the cities of Helsinki, Espoo and Vantaa.

The focused areas need to be selected and then followed consistently. It seems obvious that the top skills and innovation ability of the region are linked to the selected areas. After defining the target markets and the fields of expertise, place marketing know-how will be needed and these resources are scarce in the region. There have been contradictory arguments about the region’s real opportunity to focus on information technology. The neighbouring metropolitan regions of Stockholm and Copenhagen had also focused on ICT, and partly failed due to the recession. Focusing on biotechnology has also been questioned, as the same cities are also focusing on biotechnology and life sciences. It has been argued that Helsinki should continue to exploit the global fame of Nokia in ICT because of its existing familiarity linked to the region. Foreign locations do not have this option, and Nokia could give critical mass and credibility to the issue related to ICT. Some experts have also suggested that no specific focus should be taken, but the region should use a more loose and general brand image, linked to the innovations and high technology. As the closeness of Russia is no longer

seen as a threat, it can possibly still be used as a marketing argument, suggesting Helsinki to be the main gateway to Russia in the North. The climate issue of the region (country) comes into the discussion especially in the USA, where “the cold and remote location” is often a concern for the companies.¹⁰¹

The new regional strategy chose the umbrella brand “IDEOPOLIS Helsinki Region” in early 2003. The programme is described as “The leading European region of knowledge-based business and research & development”. The selected lines of operation were (Helsinki Region Marketing):

- High Tech (ICT, electronics and program businesses)
- Life Science (Biotechnology, E-health and welfare)
- Services and logistics (value added services and high tech)
- Environment technology.

Each of these fields will get its own targets and strategies, brands and ways of operation. As the united target, there is the will to be well known among the selected comparison groups for the clusters, and to belong to the leading regions of Europe/the World. Helsinki has invested less in place marketing than the neighbouring metropolitan areas, in spite of its remote location, and being a peripheral player. One key question in discussions has been how the region’s communities support the regional marketing and what is HRM’s role in both marketing and in towards the individual cities and communities.

4.3 Stockholm Case

4.3.1 Introduction

The geographical location of the Stockholm Region, with a global perspective, is shown in Figure 4.3. Copenhagen/Denmark is located south and Helsinki/Finland east of Stockholm.

¹⁰¹ “The answer to Finland’s image problems might be to pick up the entire country and move it south of Spain. In our technological age (since most people have never been to Finland or have little conception of it), you can simply reposition it in Southern Europe and most people won’t even know the difference.” (Irving Rein, Professor of Communication Studies, Northwestern University, Evanston, E-mail-message 26 November 2002.)

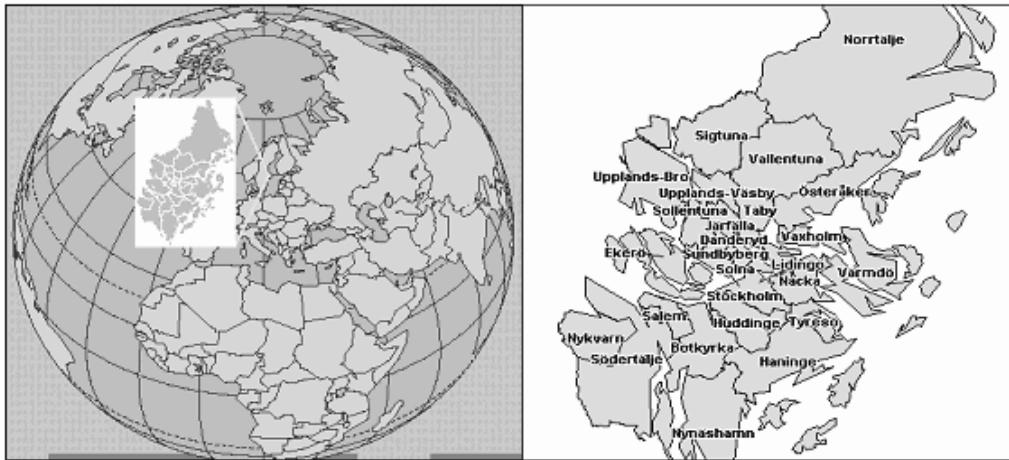


Figure 4.3 Map of the Stockholm Region ¹⁰²

The Stockholm Region has about 1.8 million inhabitants and covers an area of over 6000 sq km. It consists of 26 municipalities that occupy 1.5 % of the total land of Sweden. The region is the economic, political and cultural centre of Sweden and an important economic and financial centre for the Nordic countries.¹⁰³

The population of the Region is 20.5 % of the total population of Sweden. The number of inhabitants is growing steadily compared to the country as a whole with an annual growth of 12 % in 2000.¹⁰⁴ The population within the Stockholm Region is young, and more than 30 % have an academic degree.¹⁰⁵

The economy in the capital of Sweden and its surrounding region is growing faster than the rest of Sweden. The majority of the people are employed in the service sector. There are over 100,000 companies operating inside the Region, out of which almost 25,000 belong to the

¹⁰² Source: "Statistics on the Stockholm Region 2001/2002" by Stockholm City Council

¹⁰³ Source: <http://www.metrex.dis.strath.ac.uk/en.comms/ports/stockholm.html>, checked 9 November 2002

¹⁰⁴ Source: "Statistics on the Stockholm Region 2001/2002" by Stockholm City Council, 10 November 2002

¹⁰⁵ Source: <http://www.cordis.lu/paxis/src/stockholm.htm>, checked 9 November 2002

technology (TIME) sector. The Uppsala region with its industry, commerce and university profile is often included in the statistics as the Stockholm-Uppsala Region.



*Figure 4.4 Map of the Uppsala Region*¹⁰⁶

Uppsala County consists of 6 municipalities: Uppsala, Enköping, Håbo, Tierp, Älvkarleby, and Östhammar. The area covers 6,989 sq. km and represents 1.7 % of Swedish territory. Together with the Uppsala Region, Stockholm places itself in the centre of the Swedish health care industry. The Region's health care cluster has over 100 medical companies, 24 biotechnology firms and 54 pharmaceutical groups. The region accounts for 66 % of Sweden's pharmaceutical revenues and 72 % of its biotechnology revenues. Uppsala County has one of the fastest growing populations in Sweden. With Stockholm and the Mälardalen (Mälardalen) region, Uppsala County represents the largest labour market in the country; one third of the Swedish population¹⁰⁷. The population density equals 41.8 inhabitants per sq km, whereas in the whole of Sweden the average density is 21.6.¹⁰⁸ The main businesses in Uppsala are the workshops, pharmaceutical industry and public and private sector services. Many companies are the result of the contact with researchers at both Uppsala University and the Swedish University of Agricultural Sciences. With several faculties, internationally active

¹⁰⁶ Source: <http://www.isa.se/>, checked 13 November 2002

¹⁰⁷ Source: <http://www.lul.se/utland/index.html>, checked 13 November 2002

¹⁰⁸ Source: <http://www.sna.se/webatlas/county/uppsala.html>, checked 14 November 2002 (data as of 1999)

pharmaceutical companies, several government bodies and medical competence, Uppsala calls itself the Nordic countries' leading medical centre.¹⁰⁹ The main areas of development in the county of Uppsala are in biotechnology, medical technology, materials science and IT. Research takes place at the two universities – Uppsala University and the Swedish University of Agricultural Sciences. Several companies also specialise in commercialising the results of research.

Table 4.8 Stockholm and Uppsala Region with Sweden

Place	Area sq km	Population	Population density person / sq km
Stockholm Region	6,488	1,823,210	278
Uppsala Region	6,989	294,196	41.8
Sweden	450,000	8,882,792	21.6

Foreign direct investment to Sweden during 1990-2000 was 1200 billion SEK. The personnel in the foreign owned companies doubled in the 1990s and was about 450,000 people in the country, and in the area of Business Arena Stockholm there were 140,000 employees in the beginning of 2001 (B.A.S. Annual Report 2001).

4.3.2 Place Marketing Practices

Table 4.9 presents a summary of the major events that occurred in the place marketing practices of the Stockholm Region.

Table 4.9 Place Marketing Process: Stockholm Case

Year	Events in Place Marketing Practices	Events in the Network	Events in the Macroenvironment
1997	Business Arena Stockholm (B.A.S.) founded. Selected clusters were - the TIME	B.A.S. is owned by the City of Stockholm and 24 surrounding communities.	Sweden's membership in the EU (1995).

¹⁰⁹ Source: <http://www.uppsala.se/english/naring/industry/naringslivsstruktur.html>, checked 14 November 2002

	<ul style="list-style-type: none"> - Bioscience (Health care) - Environmental sector - Banking and Finance. 		
1998		<p>Stockholm's Visitors Board (S.V.B.) – Private-public –partnerships (PPP) strengthen the efforts of S.V.B. (SAS, major hotels).</p> <p>Other players in the network: Länstyrelsen, structural funds, mayor, head of landsting, landshövningen.</p>	The flow of foreign direct investments to Sweden increased strongly during the 1990s and was 1,200 billion Skr.
1999	Christer Asplund becomes Managing Director of B.A.S. and the Economic Development Agency of the City of Stockholm (S.N.K.).	Asplund spends half of his time with links in the private sector.	Baltic Sea Region gets special interest as a gateway and communication hub.
2000	Region of Excellence brand selected as umbrella for all the clusters.		
2001	"Stockholm Uppsala Biomedical Region" established.	<p>"Inspired in Stockholm"-slogan (S.V.B.)</p> <p>New international marketing plan developed between B.A.S. & S.N.K. & S.V.B., cluster values are focused.</p>	Kastrup Airport is seen "as a major problem" for Stockholm. Arlanda's volume decreased by 14 % in 2001.
2002	<ul style="list-style-type: none"> - mCity – brand developed - Design -cluster as a new focus area. 	Skanska becomes a shareholder in B.A.S.	TIME-cluster was confronted with macroenvironment problems; the focus being changed to Life-sciences.
2003	B.A.S. about 1.2 Mill euro S.N.K. about 7.8 Mill euro Total staff 50	<p>Behind "mCity" stand private companies (Telia, Swedbank, Ericsson, TietoEnator).</p> <p>B.A.S. attends MIPIM and Cebit (March 2003).</p>	Stockholm place marketing goes Awards "Soft place attraction factors" (the quality of life, competence, cluster networking).

Now the main events are presented in detail. The presentation logic is to follow the time aspect in the process, and simultaneously the activity areas (clusters). The three categories of events are integrated in the logic of presentation. Table 4.9 summarises and simplifies to some extent the events and the process, and serves for a general quicker frame of "what happened".

Business Arena Stockholm AB (B.A.S.) is the official inward investment office for the Stockholm-Uppsala region, and was founded in 1997. B.A.S. has the task of promoting investments to the region by assisting foreign companies interested in setting up business in the area with data, contacts and solutions. All the services to foreign firms are free of charge (Source: www.bas.stockholm.se, checked 26 June 2002 16:30). B.A.S. is owned by the 20 communities around Stockholm, and the city of Stockholm itself. The founding of B.A.S. has a practical meaning in that a joint platform for the regional promotion was created for the first time.

In a very general way, one can say that Stockholm has always been involved in place marketing activities. During the days of the "Hanseatic League" cities and regions around the Baltic Sea were struggling to make themselves heard on the international market of that time. To stay competitive in the natural rivalry between, for instance, Visby, Lübeck and Stockholm was important. In the global economy, Stockholm has had to professionalize its place marketing activities, from the activity what once was a Hanseatic perspective to today's pan European and global perspective. For Stockholm the Swedish membership in the European Union brought a new era for the place marketing. Suddenly it became obvious that an international city like Stockholm had to invest in place marketing in order to defend its position. (Christer Asplund, Managing Director of B.A.S. and S.N.K., E-mail-message 16 October 2002).

Already from the outset a clear market definition was elaborated (Asplund 16 October 2002).

A number of target markets (clusters) were approached. These clusters are:

- the TIME-sector
- Bioscience (originally: healthcare-sector)
- Environmental sector
- Banking and finance.

These local efforts were already brand building projects in place marketing practices. New concepts were introduced, and B.A.S. has been doing this ever since, and tried to adapt the place marketing activities in accordance with changing market conditions.

Both "place marketing" organisations (B.A.S. and S.N.K.) have been managed since 2000 by Asplund, formerly a consultant specialised in place marketing and branding, who is also a co-author of *"Marketing Places Europe"* (1999). Asplund has tried to "follow the book" in his work as exactly as possible in all the place marketing issues of planning or implementation. It

was taken as a guideline in place marketing in Stockholm to focus on brand building, and targeting certain clusters, and understood as necessary to secure a more effective method of approaching place customers. The basic thoughts behind Customer Relation Management were also considered increasingly important.

In 2000, the European Commission awarded the City of Stockholm at the European Forum for Innovative Enterprises with the Award of Excellence for Innovative Regions. The “Region of Excellence” brand has since then been connected with all the main clusters in Stockholm. Stockholm wants to see it even as “a common denominator inspiring business as well as the public sector”. Traditionally, place marketing in Stockholm has been a task for the community and the region and under “the auspices” of the public sector (Asplund E-mail-message 16 October 2002). The main players in place marketing are the mayor, together with the economic development agency within the community organisation. In Stockholm more private alliances have developed during the last five years. The globally acting SKANSKA, with its headquarters in Stockholm, is the first private owner of B.A.S. More private partnerships should become a reality.

B.A.S. has received SKR 12 million (about 1.3 million Euros) in public funding annually. The future goal is to double this money. The City of Stockholm Economic Development Agency, Stockholms Näringslivskontor (S.N.K.) has a yearly budget of SKR 70 million and, together with Business Arena Stockholm, there has been SKR 82 million (about 9 million Euros) for the marketing of the Stockholm-Uppsala- region. The staff comprises 50 people¹¹⁰. Each brand of the selected clusters has a “brand minister“, who is called in the organisation “project leader”. The umbrella brand “Region of Excellence” relates to high innovation. There is in all brands a consistent public-private partnership. Brands are considered in concept building crucial factors. “TIME” comes from telecommunication, IT, media and entertainment. Stockholm calls itself “the world’s capital city of TIME”, and since 1999 has arranged yearly the TIME week, “the Global Meeting Point”. TIME.STOCKHOLM is a

¹¹⁰ Christer Asplund, Managing Director of B.A.S. (Business Arena Stockholm) and S.N.K. (Economic Development Agency of the City Stockholm), interviews 6 June 2002, 25 September 2002, E-mail-message 16 October 2002 at 15:49.

project managed by the City of Stockholm together with the business sector, universities, high schools and the public sector (www.time.stockholm.se). The following slogans have been used in the promotion of the clusters:

- “Mobile Valley – the IT capital of Europe”.
- “Biotech – a leading cluster in Europe”
- “Environtech – the cleanest capital in the world, exporter of clear air and clean water”
- “Banking and finance – the financial hub in the Baltic region”.

The Stockholm Challenge is an awards programme for private, public and academic sector – IT projects worldwide, focusing on information technology. First called the Bangemann Challenge, The Stockholm Challenge was initiated by the City of Stockholm in 1995. Projects compete in six categories: e-government, culture, health, education, e-business and environment. The final events include seminars, workshops and networking activities, ending in a Prize-Giving Ceremony in the Stockholm City Hall.

Marketing communication in Stockholm’s place marketing activity programmes include two electronic newsletters: *Stockholm IT-News* and *Stockholm Healthcare News*. New information folders for the IT and the Biotech cluster were printed, which are also on the web site of B.A.S., and distributed at fairs. During the research, the investigator was a subscriber of the electronic newsletters, which came punctually, giving information on the progress of the place marketing processes. The home page www.bas.stockholm.se had (2001) 1130 visitors per month. Other communication methods have been matchmaking at Biotech Forum, announcement in *Sweden Today*, *Stockholm New*, *Nature* and *Stockholm Challenge*, Award Finalist Book, as well as arrangements for journalists and industrial delegations. Stockholm Business Partner Search (www.business.stockholm.se) aims at making it easier for foreign companies to find Swedish business partners and create more jobs.

Global problems within the ICT industry in autumn 2002 posed the question: what happens to the brand “TIME” during the current recession? B.A.S. planned to continue with branding efforts of the TIME cluster and argued that branding can be used as an instrument also in the recession. Branding professionalism is even more important in a recession, when branding activities should be carried out in an even more consistent way (Interview with Christer Asplund in Stockholm 25 September 2002). Biotechnical and medical research in autumn

2002 was the fastest growing industry in the Stockholm Region, whereas in the previous year the top position was held by IT. The Stockholm-Uppsala region is home to the multinational pharmaceutical corporations Pharmacia and AstraZeneca, and to Karolinska Institutet, European's largest medical research centre, according to B.A.S.

The focus in the activities has shifted from the ICT cluster to biotechnology and life sciences, due to the recession in the IT field. However, attention was further given to the ICT cluster, and the wish is to keep the brand alive, according to the branding strategy's sustainable, long-term development. The activities in general are well focused and rich in content. Later, in 2002, B.A.S. developed a new brand on the basis of the TIME cluster, called "mCity", aiming to bring together current efforts to develop new mobile applications related to 2 or 2.5 and 3G. The city of Stockholm took the decision to "promote test beds for innovative mobile applications". In 2002, a new international marketing plan was developed between B.A.S., the City of Stockholm Economic Development Agency (S.N.K.) and Stockholm Visitors Board (S.V.B.) to focus on cluster values. Place marketing practices have been targeted towards "soft place attraction factors", which include in Stockholm, for instance, the quality of life, competence, and cluster networking. The slogan "Inspired in Stockholm" was created to symbolise this approach, and is used both by the tourism body (S.V.B.) and the business agency (B.A.S.) of the region.

4.3.3 Analysis of Success Factors

Table 4.10 presents a summary of the analysis of the success factors, which are analysed as to their reference to success in place marketing practices of the Stockholm Region. The strategic content of the success factors explains the reference to success. In this way, the experiences of the place marketing practices are being analysed through the framework of the focal study.

Table 4.10 Analysis of Success Factors: Stockholm Case

Success Factor	Strategic Content	Reference to Success in Place Marketing Process
Planning Group	There are two planning groups in use, one by politicians, another of public servants and company leaders, with many links to	The role of planning is one of the major success factors in Stockholm's regional marketing. The role and contribution of the Managing Director, Asplund, has been to establish the planning

	the stakeholders of the region.	function “according to the book”.
Vision & Strategic Analysis	The strategic working, starting from the mission and vision, has brought new foci and perspectives to the programme. E.g. the mission was changed to focus strongly on “The Stockholm Uppsala Biomedical Region.”	The SWOT-analysis has been a starting point for the analysing, “according to the book” again. Without the strategic part of the work, B.A.S. would not have been able to react so quickly to the (ICT) market changes.
Place Identity & Place Image	The region used the umbrella “Region of Excellence” that is very “generic” because many cities have got the same “award”. During 2002-2003, however, “Inspired Stockholm” and “mCity” were added.	In spite of the ICT recession globally, Stockholm has not rejected the sub-brand TIME, although the focus has been changed strongly to “Stockholm Uppsala Biomedical Region”. The identity picture is somewhat “overlapping” and confused.
Public-Private Partnerships (PPP)	S.V.B. efficiently uses PPPs. Behind the “mCity” there are private players like Telia, Swedbank, Ericsson and TietoEnator. PPPs are frequent also with universities and science parks.	For instance Skanska’s participation in summer 2002 to B.A.S. as a shareholder signals the open business climate of the region towards PPPs.
Political Unity	There are no major problems related to the political unity in the issues of place marketing, and the City of Stockholm with its 24 surrounding communities (and some private players) have managed B.A.S. and S.N.K.	Although political unity is said to exist, Christer Asplund left B.A.S. and S.N.K. after the election of new politicians to the City of Stockholm. Political reasons led to the changes in the management of place marketing and regional development.
Global Marketing & Local Development	The Stockholm Region’s local infrastructure was first developed for the ICT industries, and recently the focus has shifted to biomedical fields. The same foci are promoted as Copenhagen does.	Stockholm has been the most familiar of the Nordic metropolitan regions to global firms, due also to systematic investments for the region abroad, especially in USA, and due to a central location. Now the region is trying to get more critical mass from the Uppsala- cooperation.
Process Coincidences	The region has made effectively use of the global ICT boom, the membership of the EU and its position to the Baltic Sea Region.	It is impossible to evaluate the share of the macroenvironmental “process coincidences” and the share of the own work of the place as to the success of the Stockholm Region to attract foreign companies.
Leadership	The importance of leadership is understood (“according to the book”), and no obvious problems can be pointed out in the region’s place marketing leadership will.	In spite of “nominal order” in the issue of leadership, a symptom somewhat conflicting might be Asplund’s leaving the management of B.A.S. and S.N.K. Obviously the political situation (lack of political unity) have influenced this managerial choice.

Based on the above summary, next the analysis of each success factor is made, with a logic of goal, process and outcome.

4.3.3.1 Planning Group

Goal: Obvious goals of the planning group are, besides the planning function, to generate ideas from the business community and increase communication with the stakeholders of the region (no official statement available).

Process: Stockholm place marketing used two planning groups, one occupied by politicians, the other with public servants, leaders of the companies, with a lot of links to various stakeholders of the region.

Outcome: The role of the planning group was acknowledged in the Stockholm Region's marketing. The function of the planning group was made "according to the book" (*Marketing Places*), as the managing director, Asplund expressed it. The role of planning was obviously one of the major success factors in Stockholm's regional marketing.

4.3.3.2 Vision and Strategic Analysis

Goal: In the regional marketing, the following vision and mission statements exist:

Business Arena Stockholm provides business and economic data, assistance, contacts and solutions for foreign companies considering setting up business in the Stockholm Region. Clients are treated on a confidentiality basis, and services are free of charge. (Source: www.bas.stockholm.se).

An example of a sub-brand: The mission of the Stockholm Challenge is to create a platform for the exchange of ideas and experiences in a democratic and open way, and to showcase best practise within the field of IT. The aim is to contribute to diminishing the digital divide and create an information society for all.

Process: Also in the main page of B.A.S. the cooperation of Stockholm-Uppsala was strongly focused with links "The Stockholm-Uppsala Healthcare Cluster" and "Stockholm-Uppsala Company Directory", and "Life Science".

Place marketing is a turbulent, confused process. People come and go, and new people do not always like what has been done. Somebody should have a long-term view. My job is to secure the long-term planning in my enterprises in Stockholm. I spend half of my time for links on the private sector. (Christer Asplund: Interview in Stockholm 6 June 2002).

Outcome: The focus in vision was on foreign companies. Somehow, the vision statement seemed to need enrichment, and alternative views for changing situations. A revised mission statement in January 2003 also reflected the changed competition situation:

Our mission. Business Arena Stockholm AB is a non-profit organisation, with the mission to promote foreign investment through company establishing, partner search and marketing of the Stockholm Uppsala Biomedical Region. Why? International capital, international channels, competition, complementary knowledge, cooperation possibilities.

The SWOT-analysis has been the starting point in the analysis work, which was performed regularly. In Stockholm, the strategic analysis was also done “according to the book” (*Marketing Places Europe*). Without the strategic part of the work B.A.S. could not have reacted so quickly to the market changes, such as that of the ICT.

4.3.3.3 Place Identity and Place Image

Goal: Stockholm marketed itself as a centre of economic growth in Northern Europe, and as a gateway to a growing market in the Baltic region with more than 100 million potential customers and business partners. An additional new marketing “umbrella” slogan was adopted during 2002: “Inspired in Stockholm”.

Process: The following reasons were presented as to why invest in the Stockholm Uppsala biomedical region:

- Qualified and competitive workforce with excellent language skills
- Fast and internationally respected quality of registration procedure for medicinal products
- World-class research and innovative climate
- Established cooperation between hospitals, universities and companies
- High competence of MDs and PhDs
- High patient compliance
- Large number of unique patient databases
- Good CRO-environment
- High ethical standards
- Very competitive business costs.

(Source: The Stockholm Uppsala Biomedical Region).

Stockholm Uppsala region used indirectly the country image of Sweden to support the region’s marketing claims. In the place marketing, for instance, the following claims have appeared:

- “Sweden has more European Science and Technology patents per capita than any other country”
- “Sweden has the highest expenditure in the world on R&D in relation to GDP”
- “Sweden has the highest number of biotech companies per capita in the world”
- “Sweden is fourth in Europe in absolute numbers of biotech companies”
- “Sweden is ranked as the most advanced IT nation in the world”
- “Sweden is one of the biggest contributors to scientific knowledge in the world: ranking twelve in overall publication production, and second in scientific publication volume per capita”.

On the other hand, Stockholm/Uppsala biomedical cluster strongly contributes to the whole nation’s international reputation. The Stockholm Region has used, for instance, the following promotion arguments or statements:

- Financial centre of Scandinavia and the Baltic region
- World-leader in Internet banking and brokerage
- A beautiful archipelago with attractive nearby housing
- Competitive municipal services
- Well-educated, multi-lingual population
- Most IT/telecom-intensive stock exchange in Europe
- The highest penetration of IT usage (Internet, mobile telephone) in Europe
- World leader in IT development
- Research-intensive region with world-leading companies in the IT, telecom, pharmaceutical, biotech and biomedical sectors. 15 industrial research centres and three science parks.
- Excellent international test market
- High-quality, low-cost telecommunications
- Choice of some 30 telecom operators, two parallel extensive fibre-optic infrastructures
- Excellent public transportation, two international airports
- Twenty percent of private work force in IT
- Low cost and high standard of living
- Unrestricted foreign ownership of property
- Liberal, deregulated banking
- Stable political situation
- Cosmopolitan and safe
- Largest selection of first rate restaurants, design and theatres in Northern Europe
- Third largest music exporter in the world
- Home of the Nobel Prize
- 80 % of the working population of the Stockholm Region uses a computer at work, 82 % of the population uses a cell phone, 79 % uses Internet.
- 20 universities and university colleges
- 80 % of the Scandinavian finance market is Stockholm based
- More than 2 million inhabitants (21 % of the country’s population) and 260,000 companies in the Greater Stockholm Region (28 % of all companies in Sweden).

Outcome: In marketing communication, the main claim was “Region of Excellency”, in accordance of the umbrella brand. In a report from the International Telecommunications Union, ITU, studying how each of more than 200 countries is performing in terms of mobile and Internet technologies, Sweden placed third, after Hong Kong and Denmark. This study has resulted in a new world index, the ITU Mobile/Internet Index, which is a composite of 26

variables clustered into infrastructure, usage and market structure (Newsletter B.A.S. 15 October 2002).

A new marketing claim was “Inspired in Stockholm”, also used jointly by the tourist organisations of the city. It was also suggested that the image of the Nobel Prize-institution be used more in the regional promotion. It could, however, be asked if the umbrella brand “Region of Excellence” is too generic, and so can be imitated by other places. The using of two umbrella claims simultaneously (“Inspired in Stockholm”) might give an outsider the impression that the focus in this respect would need reconsideration. At the MIPIM, B.A.S. used the slogans “Quality of Work” and “Quality of Life” (also Christer Asplund 6 March 2003 Cannes). In spite of the global ICT market recession, Stockholm did not reject this sector in place marketing, and believes in long-term branding, also during the recession. Now the main focus was on “Stockholm Uppsala Biomedical Region”, which might give a picture of slightly confused and “overlapping” branding efforts.

4.3.3.4 Public-Private Partnerships

Goal: The Stockholm Region obviously uses PPPs as a goal to get increased critical mass to place marketing activities.

Process: Private actors in Stockholm also influence various place marketing projects. One illustrative case is the annual event MIPIM in Cannes. Stockholm considers the MIPIM event the leading investment arena where investors and regions (place customers and place sellers) meet each other. Private actors in Stockholm are the main supporters behind the city of Stockholm’s stand at MIPIM. In the case of Stockholm Visitors Board (SVB), several PPPs, such as the airline SAS, are strengthening the efforts. The major hotels in Stockholm were also participating. The success (the region’s and the nation’s) in biotech is – according to the argumentation – built on people working together, across company and organisational borders, collectively focusing their skills. Close links between industry, universities and public healthcare system have been business driving elements (Source: Biotechnology. Invest in Sweden). Known examples of public-private joint work in the Stockholm-Uppsala region are mentioned in the following:

The Stockholm Partnerships for Sustainable Cities includes local authorities, business, non-governmental and international organisations, scientists and media to have a dialogue for new solutions (www.partnerships.stockholm.se). Uppsala University and the Swedish University of Agricultural Sciences (SLU) have formed about 40 research centres for biotechnology, IT and material science. There are about 140 private companies in the life science sector alone in Uppsala, and many of them have stemmed from research done at the universities. The Royal Institute of Technology (KTH) collaborates with industry increasingly. The Centre for Bioprocess Techniques (CbioPT) is situated on the university's campus, and explores innovative scientific ideas for new industrial methods for bioprocessing. Stockholm University with its 33,000 students and nearly 4,000 employees is one of the largest employers in the Stockholm Region. The Stockholm Bioinformatics Center (SBC) is a joint undertaking between Stockholm University, the Royal Institute of Technology and Karolinska Institutet. SBC is located in the Center for Physics, Astronomy and Biotechnology, and in conjunction with Center for Parallel Computing at KTH, is building a large Linux cluster for bioinformatics funded by Wallenberg foundation. Kista Science Park will be developed into a Science city with the joint forces of the City of Stockholm, and the towns of Sollentuna and Järfälla. There will be around 55,000 new jobs in the plans. The Royal Institute of Technology and the University of Stockholm are jointly developing an IT university, which has 4,000 students and will have 12,000 by 2010. Uppsala Science Park includes 150 biomedicine and information technology companies. Novum Research Park has 300 employees and includes 13 companies. "Teknikhöjden" is a joint venture between the Royal College of Technology and Stockholm University, and is the home of 40 companies. The initiative Stockholm BioScience is in the advanced planning stage.

Outcome: A number of private companies stand behind the newest strategic project "mCity". The catalyst is the city of Stockholm as a public body. TELIA, Swedbank, Ericsson, Tieto Enator and a number of smaller companies are from the private sector. The Karolinska Institutet, situated in the heart of Stockholm, has a budget of SEK 2.4 billion, most of which is for research. The Karolinska collaborates on both a national and international level with industry, the health and medical care sectors and other universities in several medical fields. Stockholm Visitors' Board cooperates with public/private partners, like hotels, agencies, restaurants, hotels, universities, museums, and professional conference organisations. When a

target group is defined, special attraction factors can be used. For instance, some visitors might want to be associated with a group of classical music fans.

The public-private-partnerships in the Stockholm-Uppsala Region were frequent and numerous, impacting strongly on the development and attraction of the region. This indicates a clear focus and commitment of the region's marketing management to the issue. Asplund has used half of his time in the contacts with the private sector. Skanska was the first private company to participate as a shareholder in B.A.S.'s activities (2002) that might signal the open business climate of the region towards PPPs.

4.3.3.5 Political Unity

Goal: *Without political unity – and adding the aspect of “continuity” all investments made get thrown away, market being confused (Christer Asplund: Interview in Stockholm 25 September 2002).*

Process: Among important players in place marketing for the Stockholm Region, besides Business Arena Stockholm and the Economic Development Agency of Stockholm, are also the mayor of Stockholm and the head of landsting and the governor (“landshövdingen”). The state has an impact through länstyrelsen (structural funds), and the region through landsting. Voluntary cooperation to promote regional development is necessary both in a geographical and a functional way (Margareta Grape, Stockholm Visitors Board: Interview in Stockholm 25 September 2002).

Outcome: There have not been major (observed) problems concerning the issue of political unity in relation to the region's marketing. In the place marketing, political unity and continuity are considered important. However, the resignation of Asplund (Managing Director of B.A.S. and S.N.K.) resulted obviously from the change in the political situation, after the elections.

4.3.3.6 Global Marketplace and Local Development

Goal: Apparent goals for the region related to global market place are to improve the international familiarity of the region and the brand image, in the fields of ICT and bio-sciences. Local development serves these goals when developing infrastructure.

Process: B.A.S. has participated in international fairs, like MIPIM in Cannes, and Cebit in Hannover, Germany. The organisation has Russian and Polish speaking personnel available for foreign firms. B.A.S. cooperates with Invest in Sweden Agency, ISA. Business Arena Stockholm participated in November 2002 in the Swedish Pavilion at Comdex in Las Vegas, with the Invest in Sweden Agency, the Swedish Trade Council and some 10 Swedish ICT companies. Stockholm lists the following international strengths of itself:

- The Nobel Prize city with attractive events for the scientific community
- Mobile Valley as a manifestation of Stockholm's conducive TIME environment
- Cleanest City in Europe which highlights advanced environment technology solutions in water technology, district heating, recycling and environmentally friendly transportation
- Stockholm BioScience focuses on new business in the biotechnology and life science areas
- Financial Hub Stockholm emphasises the city's strong position in northern European finance and banking
- Region of Excellence reflects the high level of innovation.

(Source: Business Region Stockholm. www.stockholm.se)

B.A.S. saw a trend towards soft attraction factors, away from hard factors, and considered the classical hard factors "hygienic factors", which are often taken for granted. Therefore, emphasis in the regional marketing was to be put more on soft factors in the future, which are hoped to constitute the decisive push-factors for the Stockholm Region. Stockholm regarded above all quality of life and competence and cluster networking as such soft factors. In practical planning of regional marketing, the book "*Marketing Places*" with a total of 18 attraction factors can again be referred to (Christer Asplund: Interview in Stockholm 25 September 2002).

Outcome: Business Arena Stockholm (B.A.S.) has had two major international networks. Business Around the Baltic Sea project finished in 2001. European Association of Development Agencies (EURADA) is a network of investment offices, of which B.A.S. is a member. EURADA has contacts with representatives even from Canada and USA. B.A.S. also has local offices in Brussels, St. Petersburg and in Tokyo. B.A.S. is discussing with the neighbouring places about starting the planning of a joint Baltic Sea Region Market plan with a potential of 105 million inhabitants, together with Copenhagen, Helsinki and St. Petersburg.

Visiting industry underlined the social integration in the city in its work. Stockholm Visitors Board works together with B.A.S. and other organisations in the destination marketing to

market Stockholm at the international stage. New cultural things and differences were used as tools, and segmentation was not made geographically, but, for instance, according to the professions. When a normal tourist spends 400 SKK a day, a delegate spends 3,000 SKK. The biggest events in Stockholm have consisted of 20,000 visitors and lasted four days. This scale of activity is already considered an export industry (Margareta Grape: Interview in Stockholm 25 September 2002). Stockholm aims at creating a new broadband player in the major Swedish cities, which is a billion-kronor investment, to connect the property and area networks to each other to cover the whole of Stockholm (B.A.S.-newsletter 15 October 2002).

In the promotion of the local attractions, the emphasis was put more on imaginary issues than presenting architecture, statues or buildings. The slogan “Inspired in Stockholm” wanted to suggest that each target group can find unique associations close to its own perceptions of the city. These associations are more difficult to be copied and imitated by competing places, and most places can argue physical elements that are basically very similar.

4.3.3.7 Process Coincidences

Goal: The recession has had an impact on the TIME business cluster. In spite of the downward trend, efforts were continued to also invest in the IT business sector, besides the other brands.

Process: B.A.S. argued that branding can be used as an instrument to push the demand, and the issue is more important in bad times. B.A.S. had been thinking of process coincidences in its work, and used the term “unexpected relevancies”, which also in “*Marketing Places Europe*” (Kotler *et al.* 1999). Membership in the EU was regarded as a positive coincidence, as it was the major dynamo to cause the implementation of the place marketing programme in the form of B.A.S. The negative development in Russia has also impacted the position of the Stockholm Region as the suggested main gateway to the Baltic countries. The positive development in the Baltic countries could be a good process coincidence to Stockholm’s plans for the “Baltic Marketing Programme”.

Outcome: The role of process coincidences was acknowledged in the Stockholm Region, as an important agent for the development of the regional marketing programme. The development of the European Union, as well as the neighbouring regions of Helsinki and the Baltic will form important growth frames for Stockholm. The region has effectively made use of the global IT boom, the membership of the EU and the position to the Baltic Sea Region and it has not been possible to estimate the meaning of these macroenvironmental events (process coincidences) and the share of the region's own efforts with regard to the success in place marketing.

4.3.3.8 Leadership

Goal: The goal of leadership seems to be to manage the complex place marketing process, especially to guarantee the resources needed. Again, Asplund stressed the role of leadership in place marketing, and considered it as a critical factor among the success factors (interview 10 June 2002).

Process: The Stockholm Region has tried hard to follow the principle of "by the book", and best place marketing practices in the issue of leadership and management in the regional development. Besides the success gained in public-private partnerships, the organisation model, which is managed like brands, also seemed to be one major indication of the presence of leadership in the place marketing practices.

Outcome: The leadership is recognised by B.A.S. to be central to the success of the regional marketing. Noting the considerable results in the field of cooperation between the private sector and the authorities, it is obvious that this would not have been possible on this scale without professional leadership. The private firms are very sensitive at recognising the professionalism and sincerity of the partner when deciding on business projects. Stockholm focused on two main clusters in foreign inward investment marketing, on the IT sector and biotechnology, seemingly very similar to Copenhagen.

Copenhagen is obviously Stockholm's number one competitor in attracting foreign companies. It was somewhat surprising that the Kastrup Airport was seen as a "major problem" in this respect to Stockholm. Arlanda's volume decreased in 2001 by 14 %, and it cannot compete very well against the private company Kastrup, which has an effective

service focus. Arlanda is a public organisation trying to fill two roles, as the public authority and the service provider. Airports are considered “hygienic factors” in the region’s place marketing, but at the same time they must be competitive. Stockholm was focusing more on soft attraction factors in its place marketing communication strategies (Interview Christer Asplund 25 September 2002; E-mail-message 17 October 2002). A decision on a new cluster, focused on design, including industrial and architectural issues, was made in January 2003. Stockholm’s Arlanda Airport also decided to become a shareholder in B.A.S. Asplund repeated that Stockholm sees the Baltic Sea as a common opportunity for all players in the neighbouring countries in place marketing. According to this strategic view, Helsinki is not seen as a competitor in place marketing, but as a supporting actor. Asplund also confirmed that Life Science is now a great job for the Stockholm Region, but that the TIME cluster will be nurtured as a brand, too, in spite of the current economic problems of these industries. Stockholm has carried out very modern and sophisticated place marketing during the last five years. Stockholm is an obvious example of a location that has managed to set up a place marketing process in a professional way, by “following the book”. Also, the sufficient financial resources have supported the intellectual effort, together with favourable “process coincidences,” the location and well known history.

4.4 Copenhagen Case

4.4.1 Introduction

The oldest monarchy in the world, the Kingdom of Denmark is the smallest of the countries in Northern Europe, consisting of the Jutland peninsula and a patchwork of islands, the largest being Zealand and Funen. The infrastructure is characterised by networks of road and rail bridges, tunnels and many ferry routes. Denmark is dependant on imports and exports. The country is divided into 14 counties and 275 municipalities, which have considerable local autonomy. The biggest cities are Copenhagen, Århus and Odense.

The opening of the Øresund Link in 2000 between Copenhagen and Malmö, the third largest city in Sweden, has created a new metropolitan area with 3.2 million inhabitants and 14,000 sq. km. Linked by one of the world’s longest bridges, the two sides of the Øresund Strait

between Denmark and Sweden will now form a new potential force in Northern Europe. The Øresund Region with 170,000 companies invites international businesses within its growth sectors of IT, biotech, pharmaceuticals, distribution and high-tech food processing. The region has 12 universities and 135,000 students (source: the Øresund Region - the human capital). Copenhagen's geographical location and developed infrastructure are important potentials for the regional development. Copenhagen accounts for 40 % of Denmark's economy.

The Copenhagen Region is the capital area of Denmark, located in the eastern part of the island of Zealand. It covers 2871 sq km and is divided administratively into 5 counties and 50 municipalities. The Copenhagen Region hosts a number of national institutions such as the international airport, stock market, national bank, parliament, government and the Royal Family.¹¹¹ The Øresund Region includes the counties of Copenhagen, Roskilde and Frederiksborg, as well as the Municipalities of Copenhagen and Frederiksberg in Denmark and Skåne in the southern part of Sweden. The centre of the region is Copenhagen. The Øresund Region forms now a new cooperation area in the Baltic region. Synergies between Southern Sweden and Copenhagen are described as research and development, education, infrastructure, transportation and distribution. Figure 4.5 presents the map of the Copenhagen Region.

¹¹¹ Source: *Statistical Yearbook for the Copenhagen Region 2002*, Hovedstadens Udviklingsråd



Figure 4.5 Map of the Greater Copenhagen Region¹¹²

The EU has invested more than DKK 100 million in the integration project together with the Danish and Swedish governments (source: EU Directorate, 1999- Location Copenhagen). The languages and the culture of Denmark and Sweden are somewhat similar.

The population of the Greater Copenhagen Region represents 33.8 % of the Danish population. It is estimated that the number of people living within that area will increase steadily, to over 2 million inhabitants in 2030. Women represent 51.2 % of the population¹¹³, but the number of males age 0-6 is now higher than females by 5.6 %. ¹¹⁴ Copenhagen Region is the business, educational and cultural centre of Denmark. The public services, as well as financial and business services, represent the largest business activity within the region. The territory accounts for 40 % of the Danish economy, therefore, its economical situation is of vital importance for Danish business life¹¹⁵. The companies operating inside the region are

¹¹² Source: [http://www.copcap.com/composite\(424\).htm](http://www.copcap.com/composite(424).htm) checked 30 October 2002

¹¹³ Source: *Statistical Yearbook for the Copenhagen Region 2002*, Hovedstadens Udviklingsråd (<http://www.hur.dk>)

¹¹⁴ Source: *Statistical Yearbook for the Copenhagen Region 2002*, Hovedstadens Udviklingsråd (<http://www.hur.dk>)

¹¹⁵ Source: <http://www.copcap.com> checked 2 November 2002

mainly small and medium-sized enterprises employing up to 20 people, but there is a significant number of firms with up to 100 people. In 2002 there were 2,200 foreign companies and branches of foreign limited companies located in the Copenhagen Region. Most of the firms come from Sweden. The Capital Region is concentrating on development within information technology, biotechnology, medical equipment, pharmaceuticals, telecommunications, services and tourism. The biggest companies are: A.P. Møller/Maersk, Tele Danmark, Carlsberg, FSL Industries, Danisco, Novo Nordisk, and J. Lauritzen Holding. The area is located in the centre of a Medicon Valley that is a cluster of pharmaceutical and biotech industries. The impact on the businesses within the zone is the high level of education and research facilities. The recent development also shows the impact on the hotel business, mainly due to the opening of the Øresund Bridge.¹¹⁶ The Greater Copenhagen Region includes the Øresund Region. Figure 4.6 presents the Øresund Region.

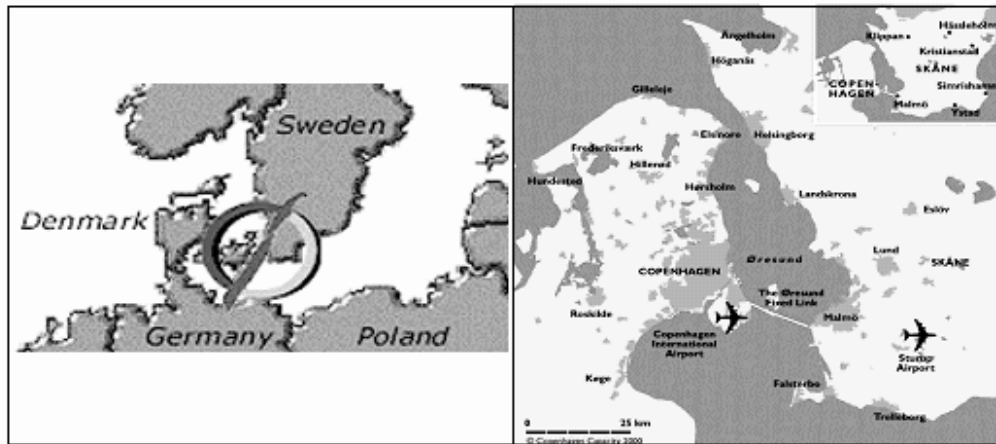


Figure 4.6 Location of the Øresund Region in Europe¹¹⁷

The Øresund Region is the name of the new cross-border region comprising the Danish Islands of Zealand, Lolland, Falster, Møn and Bornholm and Skåne in Southern Sweden. The area covers 21,000 sq. km and the Danish and Swedish areas are connected by the Øresund

¹¹⁶ Source: [http://www.copcap.com/composite\(372\).htm](http://www.copcap.com/composite(372).htm) checked 2 November 2002

¹¹⁷ Source: <http://www.oresund.com/welcome2.htm> checked 4 November 2002

Bridge.¹¹⁸ Over 3.5 million people inhabit the region, most of whom live on the Danish side (68 %). The population density on average is 168 people per sq km. The Øresund Region is rapidly establishing itself as a major business centre in Northern Europe. The Region is well known of its advanced traffic infrastructure. Four business platforms were established by the Region to lead the development of the Øresund Region:¹¹⁹

- Medicon Valley Academy - a joint organisation for pharmaceutical and biotech companies in the region. Its objective is to promote the sector's development.
- IT Øresund - a cooperation platform for IT companies and universities. The region comprises 1000 IT firms.
- Øresund Food Network - a network for the region's food processing industries and research institutions
- Øresund Environment – a podium for the development of links between researches, businesses and society in general within the field of the environment.

4.4.2 Place Marketing Practices

Table 4.11 presents a summary of the major events that occurred in the place marketing practices of the Copenhagen Region.

Table 4.11 Place Marketing Process: Copenhagen Case

Year	Events in Place Marketing Practices	Events in the Network	Events in the Macroenvironment
1992	No systematic place marketing activity before 1992.	The city decides to invest DKK 20 million annually in city marketing.	
		"Wonderful Copenhagen" founded.	
1993	Rolf Larssen is hired to establish Copenhagen's place marketing organisation.		
	Copenhagen Capacity (CopCap) focuses on information technology, biotechnology and		

¹¹⁸ Source: "The Øresund Region-a region focused on the future" brochure published by Copenhagen Capacity and City of Malmö

¹¹⁹ Source: "The Øresund Region-a region focused on the future" brochure published by Copenhagen Capacity and City of Malmö

	the environment.		
	Strategy was built as the inward investment agency of Copenhagen.		
1994	Copenhagen Capacity is officially established by the city of Copenhagen, the municipality of Frederiksborg and the counties of Copenhagen, Frederiksborg and Roskilde.	<p>“Green City Denmark” established.</p> <p>The Øresund Region –model for cooperation across borders</p> <p>Medicon Valley established (A member-based regional organisation)</p>	Internet and trend for bio/life sciences increase.
1997		<p>Medicon Valley Academy (MWA) was set up to be a network organisation in Medicon Valley.</p> <p>Wonderful Copenhagen and CopCap initiate a project “Copenhagen Hotel Development Network”.</p>	<p>Kastrup Airport is developed strongly as a public-private corporation.</p> <p>Øresund Science Region (ØSR) established as a research cooperation initiative.</p>
2000	Medicon Valley –brand gets established as “the umbrella” of the Copenhagen-Malmö region.	The Greater Copenhagen Authority, HUR (Hovestadens Utvecklingsråd) is created. HUR acts the funding body of CopCap. HUR has 11 members.	Medicon Valley Capital founded, a joint Danish/Swedish biotech fund.
2001	A new long-term strategy for CopCap puts Øresund at the centre to attract new investment to Copenhagen.	<p>CopCap’s board has 13 people: 7 politicians and 6 business people.</p> <p>Andersen Consultants’ evaluation report.</p>	The weak growth in the global economy did not yet hurt CopCap’s results.
2002	<p>Staff 17, budget 3 Mill. Euro</p> <p>Focus on Biotech, IT and Food.</p>	<p>The twin-cities of Copenhagen and Malmö invested a total of DKK 100 billion in an interaction model.</p> <p>Cooperation also with Gothenburg under construction.</p>	The uncertain international economic outlook and the reluctance to make new expensive investments also affect CopCap’s results.
2003	“Business is Easy” taken as a new leading slogan. Around 70 existing cases in the portfolio.	New brand “Øresund IT – The human tech-region” markets IT in the Øresund region, besides “Medicon Valley”.	Enlargement of the EU is considered a great challenge.

Next these main events are presented in more detail, following the time aspect in the process, and simultaneously the activity areas (clusters). The three categories of events are integrated in the logic of presentation. Table 4.11 summarises and simplifies to some extent the events and the process, and serves for a general quick frame of “what happened”.

Up to 1992, there was not much place marketing in Copenhagen. At that time, the city politicians decided that more international business would be needed in the region. (Larssen 16 August 2002).

Surveys and analysis proved that the major cities and regions in Europe already had organisations to take care of their place promotion, offering a one-stop-shopping service to foreign companies interested in locating in the region. This investigation convinced the Copenhagen decision-makers that to market the city professionally, experts and DKK 20 million would be needed.

If we cannot afford that money, it is better not to start at all, because less money will really not matter (Larssen 16 August 2002).

Although DKK 20 million was a lot of money at that time, the city decided to make this investment, following the model of many regions, which had already been successful. The present managing director of Copenhagen Capacity, Rolf Larssen, was then hired to start and establish Copenhagen's place marketing organisation. "There was nothing but a report saying what we should do." (Interview with Rolf Larssen in Copenhagen 16 August 2002).

The simple strategy for Copenhagen's place marketing organisation in 1993 was to focus on information technology and biotechnology, as well as the environment, and to use Copenhagen as the platform for foreign firms' Northern operations. Larssen started building the company and developing the strategies, for instance, concerning how the place promotion should be done, and what information was needed. This work has continued until the present day.

Copenhagen Capacity is the inward investment agency of Copenhagen, with the main task of marketing the Greater Copenhagen Region internationally. *Copenhagen Capacity* was established in 1994 by the City of Copenhagen, the Municipality of Frederiksberg and the counties of Copenhagen, Frederiksborg and Roskilde.

The Greater Copenhagen Authority, HUR, Hovestadens Utviklingsråd, the development board of the capital city, was founded in 2000, as the political body for the entire Greater Copenhagen Region for the management of regional planning, traffic planning, tourism,

culture and business development. HUR is now also the funding body and close cooperation partner of Copenhagen Capacity. Copenhagen Capacity has a board consisting of 7 political and 6 business sector members. The politically elected members of the Board of Directors of Copenhagen Capacity are nominated by HUR. (Source: Copenhagen Capacity, Annual Report 2001).

Copenhagen Capacity has received every year the financing, promised in the beginning, and this was never questioned. However, there has been an annual negotiation process about the following year's budget, and the activity plans with the achieved results have been presented and discussed. In 2002, Copenhagen Capacity had 17 people in the organisation. The budget was about EUR 3 million (DKK 22 million), of which a little less than half goes to the projects, the rest for administration and personnel.

The budget negotiations developed the measurement of the results, and calculations have been made about the economic impact of new jobs in the region on society. Copenhagen Capacity reports yearly, for instance, how many companies have started, the number of established partnerships, and new jobs created. When, for example, in 2001 about 750 new direct jobs were created, it was estimated that the same number of indirect jobs were also created. Copenhagen Capacity has calculated that these 1500 new jobs are worth more than 300 million DKK to the government.

In this way it is easy to argue to the politicians that the DKK 22 million given has been a good investment...In 2002 Copenhagen is much better known in the world. People start talking Copenhagen being more international, which makes politicians feel happy about having that kind of body that can demonstrate success. And of course you should have your money for the next year also. (Interview 16 August 2002 with Rolf Larssen, Managing Director of Copenhagen Capacity).

Copenhagen Capacity drew up a new and more long-term strategy in 2001 based on the Andersen Consultants' evaluation report, where clearly defined objectives and existing professionalism were emphasised. One reason for the evaluation and the new strategy was that the competition between capitals and regions is also becoming stronger, which requires new investment promotion strategies.

As the result of the strategic analysis, Copenhagen Capacity now concentrates on the following fields of expertise:

- Biotech/Medicon
- IT/telecommunication
- Regional functions, including head office functions, call centres and distribution.
- The selected niche-areas were:
- Maritime sector
- Hotels
- Food sector

This new strategy devoted resources to these focus areas, and has led to the first regional pilot project, Øresund Food Excellence, and an offensive campaign in the maritime field. The Øresund Region has high strategic priority in the coming years for Copenhagen Capacity, in order to achieve the larger critical mass offered by the Øresund Region. Therefore, Copenhagen Capacity builds in its services the “Øresund-compatibility”, and starts to work more closely with advisors and authorities on the Swedish side of Øresund.

Medicon Valley Academy (MVA) was set up in 1997 as a regional and bi-national network organisation to be a dynamo for integration and development in Medicon Valley. MVA wants Medicon Valley to be the most attractive bioregion in Europe. The strategy message was: Create, transfer and exploit knowledge. In 2001, the turnover was about DKK 11 million, which was mainly raised by membership subscriptions and conference fees. The number of members was 219. The organisation shares the same Øresund house with Copenhagen Capacity, Wonderful Copenhagen and the Øresund Committee. *Medicon Valley* comprises over 100 large and small- and medium-sized biotech companies. In addition, Medicon Valley includes international providers of venture capital and service companies and 12 universities and university hospitals. Medicon Valley claims the following strengths: diabetes research, inflammation research, neuroscience and cancer.

Wonderful Copenhagen, founded in 1992, is the official organisation for Greater Copenhagen's congress- and tourism industry. Activities comprise marketing, sales communication, organising tourism products, service for tourists and strategic development and analysis of the tourism industry. Of the financing in 2001 DKK 42 million was public and DKK 9.5 million private. Wonderful Copenhagen formed in 2001 a new strategy for 2002-

2004 to develop Copenhagen as an international travel destination. (Source: Wonderful Copenhagen Årsberetning 2001).

Green City Denmark, established in 1994, had (at the end of 2001) 252 shareholders consisting of production companies (94), service companies (73), consultants (53), municipalities and counties (32). The organisation had arranged 338 visiting delegations from more than 30 countries during its existence. A model partnership between Danish municipalities and counties has resulted in a forum called “The Green Belt” to be Denmark’s official showcase and export agency for energy and environmental technology. (Source: Green City Denmark, Annual report 2001).

The Øresund Region-Model shows cooperation across borders. Copenhagen is linked with Malmö by the international shipping channel, Øresund. The twin cities of Copenhagen and Malmö have invested more than DKK 100 billion in an interaction model to attract foreign investors. (Sources: The New Øresund Region, 2001; Focus Denmark. Business and Investment News. June 2002, Danish Trade Council).

Copenhagen Capacity’s other activity, besides the described analysis work, was marketing, involving market campaigns and communication in the focused areas of biotech/medicon, IT/telecommunications and regional functions. The third activity is consulting and localisation assistance, where Copenhagen Capacity “aims at helping to give the basis for decisions and assistance in the establishment phase”.

Reviewing the results of 12 years of the first municipal planning, during 1989-2001, the City of Copenhagen has presented the following 24 examples (Source: Copenhagen 2001: ++12. The City of Copenhagen www.Copenhagencity.dk).

- Øresundsbron – the Øresund Bridge (The Fixed Link across Øresund between Copenhagen in Denmark and Malmö in Sweden)
- Copenhagen Airport, CPH (CPH is the key traffic nodal point of the Øresund Region, and the biggest airport in Northern Europe)
- Copenhagen on the world map (Copenhagen hosts world uniting activities, The "Global Village")
- Dynamism and stability - Genius Loci (The spirit of the place)
- Preservation of the City’s historic frame
- Monument restorations (e.g. King Christian VII’s Palace)
- Recycling old industrial installations (e.g. the covered cattle fair “Oksnehallen”, the high silo of the King’s Brewery)
- Urban renewal on Vesterbro (combining impractical social indignation with contradictory nostalgia)
- DGI-City on Vesterbro (a major complex of halls for sports and leisure facilities)

- Rehabilitation of neighbourhoods, “Lift” (five-year pilot project, focusing on culture and sports)
- Copenhagen Harbour’s transformation (the new Copenhagen Malmö Port, CMP)
- New housing in the Free Port
- Christiansbro on Christianshavn (The state pension fund, ATP, acquired a disused industrial site on the harbour front)
- “The Black Diamond” on Christian’s Wharf (The Royal Library’s new extension in black polished granite)
- Frederik’s Quay in the South Harbour (number of companies turned a deserted harbour area into new workspaces)
- Art schools on Holmen (the naval base)
- Copenhagen as “Cultural Capital of Europe” (“Kulturby 96”)
- The National Art Gallery (the new extension inaugurated in 1998)
- The City Bike (the “Foundation for City Bikes in Copenhagen”)
- New S-trains (the fourth generation in 1996 improving the metropolitan traffic circulation system)
- Windmills at sea (the 20 windmills of Copenhagen’s coast are 102 m high, the pylons are 64 m and the sails 38 m)
- Environmental Capital of Europe? (The European Environmental Agency is located in Copenhagen’s King’s New Square)
- Jarmer’s Square Copenhagen’s new design programme .

The City of Copenhagen gives further “cases” from the new planning period of 2001-2013.

Many of the new projects are located in Örestad, Copenhagen’s response to the Fixed Link.

- The Øresund Region (the greatest target of the decade, critical mass of 3 million people)
- Master Plan for Øresund (The Finnish concept has, since 1995, formed the conceptual basis for the projects)
- Copenhagen University in Örestad (The Faculty of Human Sciences with 13,000 students)
- The IT High School in Örestad (Denmark’s first IT High School with 3,000 students and 500 staff will be completed by 2003)
- Danish Broadcasting Corporation in Örestad
- The National and Provincial Archives in Örestad
- Bella Center in Örestad (the biggest conference and exhibition complex in Scandinavia with 115,000 sq.m)
- Ferring in Örestad (“Ferring International Centre”, a Swedish, family owned pharmaceutical company)
- Office development in Örestad
- Field’s in Örestad (65,000 sq.m shopping area in a multi-storey building structure)¹²⁰
- “Copenhagen’s Green Lung” (West Amager was classified as a nature park in 1989)
- Others: A new beach park on East Amager, Focus on South Harbour, The Harbour Town and Park, North Atlantic Wharf, Focus on Inner & North Harbour, Circle Line, The Metro, Green bicycle routes, King’s New Square and the Haymarket, 4-Dimensional Copenhagen, Copenhagen Municipal Plan 2001.

Over the years, Copenhagen Capacity has focused most on, and devoted most resources to, the biotechnological sector. Since 1997, marketing efforts have not only profiled the Greater Copenhagen Region, but also with Position Skåne, concentrated on marketing Medicon

¹²⁰ Source: Copenhagen Capacity, Annual Report 2002.

Valley.¹²¹ “Øresund IT- the human –tech region” is another brand to position the Øresund Region as “Scandinavia’s largest IT region”. At the end of 2002, Copenhagen Capacity began an analysis to identify IT growth areas in which CopCap will implement a range of marketing initiatives during 2003, with the aim of attracting Scandinavian head office functions to the Greater Copenhagen Region. CopCap tried to contact companies in the USA, Europe and Asia. Efforts in Asia will be pooled with Invest in Denmark, focusing on China, Japan and Taiwan.

4.4.3 Analysis of Success Factors

Table 4.12 presents a summary of the analysis of the success factors, which are analysed as their reference to success in the place marketing practices of the Copenhagen Region. The strategic content of the success factor is suggested to explain the reference to success. In this way, experiences of the place marketing practices are being analysed through the framework of the focal study.

Table 4.12 Analysis of Success Factors: Copenhagen Case

Success Factor	Strategic Content	Reference to Success in Place Marketing Process
Planning Group	The planning function of CopCap is taken care by its board of 13 members and the internal management group of the project-based organisation. There are also 8 business managers for the planning.	The permanent representatives of the business community give feedback and impulses for the customer-need based programmes. The role of the key figure, Rolf Larssen, gives continuity.
Vision & Strategic Analysis	The work with the vision and the strategies has built up capacity in analysing and developing new investment areas. CopCap considers analysis necessary to develop and market the case business competencies of the Greater Copenhagen Region.	A new focus on strategy is in Asia and China will be a particular target area for Copenhagen Capacity. This adjustment of focus was possible greatly due to the analysis ability of the organisation.

¹²¹ Medicon Valley has positioned itself to attract biotechnological investment. In May 2001, Biogen decided to invest EUR 403 million in the region. CopCap and Position Skåne have done targeted branding of the region on www.mediconvalley.com, via 6 biotech newsletters sent to 2,500 international recipients, and by participation in international conferences and exhibitions. (Annual Report of Copenhagen Capacity 2002: 10).

Place Identity & Place Image	<p>The region has not used any other umbrella brand than “Medicon Valley”. Recently, however, new slogans of “Business is Easy” and “Øresund IT – the human-tech region” were launched.</p> <p>Website www.copcap.com is a cornerstone in marketing, customer service and communication.</p>	<p>Copenhagen wants to be associated as the prime location for biotechnological companies. The lack of a clear “umbrella brand” (message) has been compensated for by a quite generic slogan “Business is Easy”. The place identity seems to be somewhat too diversified.</p>
Public-Private Partnerships (PPP)	<p>CopCap has never been forced to go “to the pockets” of the firms, as the basic financing is guaranteed by the region (HUR). The PPPs are numerous, and the private sector participates also in planning and management of the operations.</p>	<p>The spirit of the private sector has contributed to many successful projects and initiatives in the business fields of CopCap. Also Medicon Valley itself is a good example of a successful PPP, which has now developed into the umbrella brand of the whole region.</p>
Political Unity	<p>Political unity has not been raised as a negative issue in the context of place marketing in Copenhagen. The mixture of politicians and business people works well.</p>	<p>A good example of the existence of political unity is the mixture of the board of CopCap, and its working capacity. Another example might be the joint work with the Swedish side of Øresund for common interests.</p>
Global Marketing & Local Development	<p>In the connected network, in the Greater Copenhagen region, the local development work has been systematic, diversified and strong. The global perspective has been on life sciences, lately also more on ITC.</p>	<p>CopCap has set clear targets for its regional development focus, and has an increased focus on the Greater Copenhagen Region as “The Headquarter Region”, to attract Scandinavian head office functions, Scandinavian distribution and call centres.</p>
Process Coincidences	<p>The Copenhagen Region was able to profit from the international “boom” of the biotech, and established “Medicon Valley”. The region has a favourable geographical location, surrounded by water, between Northern and Western Europe.</p>	<p>CopCap has reserve plans for process coincidences. The (expanding) future of the EU, and the Baltic Region can include positive process coincidences for the region, which is now strongly influenced by the U.S. economic decline.</p>
Leadership	<p>The issue of leadership is recognised as a major success factor of regional marketing, although negative aspects of the leadership issue are not known, related to place marketing.</p>	<p>The region gives attention to the availability of experienced leaders in the region, connected with the issue of qualified staff, both number one issues for companies negotiating about localisation.</p>

Based on the above summary, the analysis of each success factor is discussed now, with the logic of goal, process and outcome.

4.4.3.1 Planning Group

Goal: To get feedback from the business community and have a dialogue between all stakeholders, the planning function was taken care by the board (13 members) and the internal

management group of the project-based organisation. “A planning” group called “board” or “management group” or “project group”, however, did not exist.

Process: The functions of the planning group in the place marketing process were carried out by Copenhagen Capacity’s organisation, which is officially responsible for the Greater Copenhagen Region’s marketing activities. The new strategic focus of Copenhagen Capacity in 2002 also changed the organisation, and competencies and resources were combined in new ways. The old department structure was replaced by a project-based organisation. Fixed period employees with different profiles now work together internally and externally within various teams on development, campaigns and advising companies. Copenhagen Capacity had an internal management group consisting of the managing director, development manager and project manager. The board of directors of Copenhagen Capacity consisted of 13 members, of which 7 were political appointees. There have been four board meetings every year to discuss and approve the following quarter’s activity plan. Copenhagen Capacity also had a new advisory board, and was happy with this work. The advisory board did not exactly have the role of the planning group, but the board generated valuable feedback from business people about the activity plans of the region’s place marketing.

Outcome: Planning of place marketing in Copenhagen was managed and taken care of in an obvious professional way. The internal operative planning took place in projects and in the management group, and the strategic planning was controlled by the board consisting of politicians and business life. The advisory board was additionally supporting the planning as an antenna to the business community. The key figure in the organisation and the coordinator of the major planning, the managing director of Copenhagen Capacity, has been with the process from the very beginning, and the organisation has certainly benefited very much through the long-term insights and experience.

4.4.3.2 Vision and Strategic Analysis

Goal: Copenhagen Capacity described its mission as follows:

The mission of Copenhagen Capacity is to attract international business activities and to strengthen alliances and networks between international companies and the companies in the

Greater Copenhagen Region that represent the region's strengths in knowledge-intensive industries.

The Øresund Region as a logistics centre is strongly focused. Wonderful Copenhagen has developed a vision that Copenhagen during the next 5-10 years should be developed to be the one of the most dynamic great cities in Europe for cultural experiences, city life, international events, fashion and congresses. The main brand of the regional marketing of the Greater Copenhagen Region, The Medicon Valley, had the following vision statement:

- Excellence of scientific environment
- Transfer of knowledge, technologies and ideas
- Innovation and entrepreneurship.

By 2005, Medicon Valley will be the most attractive bioregion in Europe, recognised for:

- The excellence of its scientific environment and its pool of scientific talent
- The positive and unique access to knowledge sharing and technology transfer between universities, hospitals and industry
- Innovative and entrepreneurial environment, and competitive enterprises.

Process: one of the key responsibilities of Copenhagen Capacity is the analysis/ project development, described as “analysis and investigation of future business areas and niche activities, critical framework conditions, monitoring of competitors.”

Good marketing must be based on well-founded project development and analysis. Strategic reactions to new trends and strong new localisation arguments require analytical work combined with strong marketing skills. This will include revealing existing and future business areas, monitoring competitors, and charting framework conditions with the region. (Source: Copenhagen Capacity. Annual report 2001).

The strategy was also re-evaluated, and, based on the results of the strategic analysis, a new strategy was defined in 2001. The analysis pointed out that the place competition gets fiercer, and new investment marketing strategies will be needed. The new strategy puts Øresund at the centre, to build networks across Øresund. Also the branding of the Øresund Region's name was a focused task of the Øresund network.

Outcome: The clear visions for the central place marketing organisations (Copenhagen Capacity and Wonderful Copenhagen) and the main place marketing brand existed. The

resources have been focused significantly on bioscience, making use of the regional potential of all Øresund, with the Swedish area of Malmö. The strategic focusing of resources on selected target segments appears to be a major success factor. Strategic analysis has been used in Copenhagen's regional marketing work on many levels, with also outside consulting. The focus activity areas of biotech, telecommunication and regional functions have been selected. The search for critical mass targets the Øresund Region, both in Denmark and Sweden. The assumption to be made is that the focusing of the niche-areas requires systematic strategic analysis and planning as "homework" before the implementation is started.

4.4.3.3 Place Identity and Place Image

Goal: Copenhagen Capacity has earlier tried to create an umbrella brand for the region, but found the attempts lead to a very general –and so weak- brand message. A much higher – specific brand was needed for the region, and the biotech segment was selected as this concrete focus to be connected with the region. Copenhagen wanted to be associated with the prime location for biotechnological companies. The aim was that Copenhagen should be known as one of the five top regions for IT and biotech activities in Europe.

Process: Medicon Valley was now the major brand, and has been giving the region its image. The message to foreign companies was that "if you want to be a successful company you have to be a part of this society." Other marketing communication claims in use are listed below. Most of them show why it has been difficult to decide on one single claim when forming the umbrella image of the Greater Copenhagen Region. The slogan "Business location in Northern Europe", that cannot be seen as very distinctive, was on the main home page checked 17 January 2003.

- "You are looking at your next location in Europe ... Denmark.... Access to world-class competencies and a growing market, where costs are lower and quality is higher".
- "Tax Advantage for Specialists". Foreign specialists pay a gross tax of 25 % during their first three years in Denmark.
- "Quality of Life in Denmark is among the Best in the World". Copenhagen was no. 2 in the European Union and no. 6 worldwide in the quality of life in 215 cities for many years (William Mercer study, p. 3).
- "Øresund is Scandinavia's IT Centre". There are about 14,000 IT companies in the region with a turnover of more than DKK 150 billion. About 80 % of the IT companies are located on the Danish side of Øresund.
- "Øresund Food Network. Internationally Recognised Centre of Competence." "The food industrial complex" includes agriculture, food-processing industry, producers of ingredients, packaging materials and process equipments, large-scale kitchens, restaurants and distribution.

- “Technological Service Worldwide”.
- “Best Distribution Centre in Northern Europe”. The Triangle Region is located in the geographic centre of Denmark in Jutland. The region is a co-operation between eight municipalities to promote the area as a Northern European distribution hub, using the logistics expertise as the key to the region’s attractiveness.
- “Oracle has chosen Copenhagen”. Oracle arranged at the Bella Center in June 2002 the Oracle World with 8,000 delegates.
- “New Powerhouse of Industry for Innovation and Industrial Development”. The logistical situation-argument is used to form a bridge between Scandinavia and Germany.
- “Inexpensive Quality Construction in Copenhagen”. This refers to the concept of Medicon Valley as the hub of the European biotechnology and pharmaceuticals industries.

Copenhagen Capacity’s marketing message to companies was that they should choose Copenhagen as the gateway to the Scandinavian market. The region argued with a well-established infrastructure and the direct flight routes. It is also presented Denmark’s labour market as being more flexible than in the other Scandinavian and many European countries. The price level for commercial leases and the possibility of finding centrally located space were also used as place promotion arguments. Copenhagen, when marketing itself in the context of the greater “Øresund Region”, has used, for instance, the following arguments:

- Copenhagen’s GDP per capita (PPP) in 2000 was USD 28,300. In terms of “gross city product” the region is the 8th richest region in Europe.
- The region offers competitive taxation and salary levels in Europe.
- The region offers the most flexible hiring and firing practices in Europe. The Danish labour market has no limits on overtime or maximum weekly hours. The employer social security contribution is 1 % of the employee’s salary.
- Copenhagen prime office rents and the region’s business telephone rates are among the lowest in Europe.
- Copenhagen’s international airport is the sixth largest in Europe, and the largest in Scandinavia. It will be expanded from the needs of the present 18.5 million passengers a year to the needs of 30 million passengers by 2005.
- The region has the highest IT spending per capita in Europe, and the lowest corruption rate in Europe (second lowest in the world). The region is number four in terms of scientific output.
- The region is number one in the world in terms of life-quality.

Outcome: Medicon Valley has also been the most successful brand so far, and Medicon Valley is now said to be world-famous within the biotechnical industry. The old umbrella-brand slogans of the Copenhagen Region “North Star of Europe” and “The prime location in Europe” are no longer in use. Copenhagen has, however, currently no umbrella brand in the regional marketing, and focuses on the “Medicon Valley”-brand. The deployment of the biotech-theme has been so far successful. On the other hand, Copenhagen Region might lose some potential areas of business in the future, due to the relatively narrow focus and main marketing message. A new slogan adopted in the beginning of 2003 (Interview with Rolf

Larssen at MIPIM, Cannes, 5 March 2003) was “Business is Easy”. The meaning was to send a message that it was easy to do business in the Copenhagen region. In a way, the “Business is Easy” slogan works as an umbrella brand, trying to support the real umbrella brand “Medicon Valley”. However, “Business is Easy” is very generic in nature. Also the “competing” capital city of Stockholm, was concentrating on life sciences, and the bio business. It could be that the identity and image building of the Copenhagen Region might benefit from further additional strategic “business field” planning. One goal for this work could be to evaluate, whether the region could, however, build an umbrella -brand that supports the existing focus-areas, but enables the expanded use of the place resources. Copenhagen Capacity was launching a new design of the brand during 2003 (Rolf Larssen, telephone interview 17 January 2003). Life Sciences (Medicon Valley) continued to be the main focus in place marketing in 2003. For the interested reader, the new survey report titled “Commercial Attractiveness of Biomedical R&D in Medicon Valley” can be seen on the home page¹²². In this report, (page 64) emphasis was placed on integrating the Swedish and Danish sides better in the cooperation dynamics between both sides of Øresund. New brands marketed IT in the Øresund Region¹²³. The new focus was on the “Headquarter Region”¹²⁴ within the regional functions of the business sector.

4.4.3.4 Public-Private Partnerships

Goal: Copenhagen Capacity considered it very critical that it could demonstrate to the foreign investors that they will have good relations with the public sector. “ If you want to talk to a person, you can just walk into the office, and get all the contacts you need.” PPPs are also

¹²² http://www.mediconvalley.com/publications_bench.asp.

¹²³ “Øresund IT – the human-tech region is the brand with which CopCap wants to position the Øresund Region as Scandinavia’s largest IT region (Annual Report 2002: 12).

¹²⁴ The Headquarter Seminar in October 2002 had 67 companies attending. Foreign companies are advised on the benefits of setting up a Nordic head office in the Greater Copenhagen Region (Copenhagen Capacity, Annual Report 2002: 14).

helpful in implementing major projects, but for financing its basic work, CopCap does not need PPPs.

Process: Øresund Science Region (ØSR) is a research cooperation initiative focusing on the areas of medicon/biotech, IT, food research and the environment. The key objectives are to promote the regional integration of universities, the business community and public authorities, as well as create international know-how clusters.

There are plenty of public/private research and innovation environments within Medicon Valley. A Clinical Research Center (CRC) is being built by 2005 in collaboration between Lund University and Region Skåne. The Biotech Research and Innovation Center (BRIC) is an initiative of the Danish Ministry of Science, Technology and Innovation, aiming at creating a biotechnological research unit. A privately financed and operated biotech science park will be established adjacent to BRIC. Two local science parks – Symbion Science Park and the Danish Science Park at Hörsholm – will bid on the construction. Several innovation environments were established during 2001 on the Danish side of Øresund. BioVision A/S was initiated by the Biotechnological Institute A/S, BankInvest and Jyske Bank. CAT-Symbion Innovation A/S and DTU Innovation A/S focus on research institutes in the Copenhagen Area. Teknopol AB in Lund is the major operator for Innovation in Skåne, and was selected to collaborate with Øresund Science Region on the coordination of innovations in the Øresund region. Copenhagen Capacity will develop new initiatives parallel with Medicon Valley and Øresund Food Excellence.

In the region, we are talking about a lot of synergy between the Universities of Malmö, Lund, Copenhagen and Roskilde. Researches can exchange both experience and skills across Øresund. Medicon Valley is an example of sound competition, and it is obvious that this expertise is a resource we will want to develop and retain within the region (Kristian Ebbensgaard, Mayor of Roskilde County Council, Look at Sweden 30 October 2001). (Sources: www.biovision.dk; www.bric.dk; www.tekinno.dk; www.teknopol.se; www.dtu-innovation.dk).

Outcome: The region has had much private-public cooperation, which has brought remarkable results in research and business joint ventures. Copenhagen Capacity has never been forced to “go to the pockets” of the private companies, as its sufficient financing has been always guaranteed by the region (now HUR). On the other hand, it is not the custom in

Denmark that private firms finance regional promotion (Managing Director Rolf Larssen, Copenhagen Capacity, Interview 16 August 2002 in Copenhagen). This has probably been one reason why the private sector is motivated to participate in meetings and joint operations. Based on the evidence, such as Medicon Valley, it is obvious that the participation of the private sector in the regional promotion and development has been crucial for the place marketing success in the Copenhagen Region.

4.4.3.5 Political Unity

Goal: There have been no official goals in the issue of political unity, because no problems have been recognised. However, CopCap assessed the meaning of political unity as a necessary element in place marketing, and made efforts to progress in the issue.

Process: A good mixture of politicians and business people have worked well together, of which the board of CopCap is an example. HUR (The Greater Copenhagen Authority) is an umbrella player in the issues of regional economic development in Copenhagen. It is the funding body and a close cooperation partner of Copenhagen Capacity. HUR has 11 members, who are nominated by the City of Copenhagen and the Municipality of Frederiksberg, and the counties of Copenhagen, Frederiksborg and Roskilde. HUR nominates the political appointees of the board of directors of Copenhagen Capacity.¹²⁵

Outcome: Copenhagen Capacity has not had essential problems in the issue of political unity. The good mixture of politicians and business people also works well, as the example of HUR might indicate. The issue of political unity has not brought greater concern in Copenhagen's place marketing. The successful Swedish partnership in the Øresund-cooperation might also indicate the existence of political unity.

4.4.3.6 Global Marketplace and Local Development

Goal: Development of a new marketing strategy and platform for Copenhagen's position as a Scandinavian business city and hub has been initiated in 2002, in cooperation with

¹²⁵ Source: Annual Report 2002, Copenhagen Capacity.

Copenhagen Business School and the Greater Copenhagen Authority (HUR). China, in particular, will be the new object.¹²⁶

Process: Copenhagen Capacity had 6 representatives abroad in 2001, of which three are in the USA, one in France, one in Germany and one in Taiwan. A close collaboration took place with the Danish Embassies abroad. Joint projects were also executed with the national investment board. Copenhagen Capacity and Wonderful Copenhagen formed in 1997 the Goodwill Ambassador Corps comprising 77 leading businesspeople living abroad. The members were encouraged to create contacts with potential investors and increase information of the Greater Copenhagen Region worldwide. Each ambassador should initiate at least two major events per year.

Copenhagen Capacity had participated in the MIPIM real estate fair six times. For the first time the Øresund Region was marketed together with Malmö Stad. For MIPIM 2003 a new forum was under construction. A new market will be China, Shanghai, where the businesses have shown growing interest in Copenhagen.¹²⁷

Copenhagen Capacity, with Region Skåne, marketed Medicon Valley to American companies in 2001 at the annual BIO fair in San Diego, attended by more than 12,000 delegates, and in Stockholm in the Biotech Forum as an exhibitor. Foreign delegations have visited the region and MVA. Close communication with investors, companies, partners and politicians has been practiced also through the Internet. Copenhagen Capacity has established “experience groups” where international companies can share knowledge and experience. More than 30 companies have joined these groups, which meet every second month. Also legal and financial experts participated in these meetings to advise companies. Copenhagen Capacity and Wonderful Copenhagen were initiators in a 3-year project “Copenhagen Hotel Development Network” (CHDN) to attract more international quality hotels to Copenhagen. CHDN worked closely with contractors, architects and consultants to generate a positive

Comment [RD2]: Which issues??

¹²⁶ Source: Annual Report 2002, Copenhagen Capacity

¹²⁷ Telephone Interview with Rolf Larssen, Managing Director of Copenhagen Capacity, 17. January 2003

climate for the expansion of the hotel capacity. Three hotel projects were under way in the beginning of 2002.

Outcome: The global aspect of the place development has been actively present in Copenhagen's regional marketing programme. The resources have been used largely for location consultants and exhibitions. Besides these, tailor-made innovative ways have been practiced, as the goodwill ambassadors model indicates. The transport and logistics were important infrastructural or "hygienic" issues for a place's development. The existing motorway system in the Greater Copenhagen Area will be upgraded. The railway line from the city to Copenhagen Airport (opened in 1998) will be connected to Malmö via the Øresund Bridge. A new underground metro line will be completed in 2003, with extensions through to 2010, to link all parts of Copenhagen including both Örestad and the airport. The railway system within the city and the region will also be expanded (Source: Location Copenhagen. Copenhagen Capacity, July 2001). A new development and marketing strategy for the Greater Copenhagen Region will be worked out in a project, which was expected to be completed by the middle of 2003, together with CopCap, HUR, Copenhagen Business School and IBM Business Consulting Services. This project will also study the motives and barriers that lie behind the decisions to locate business.¹²⁸

4.4.3.7 Process Coincidences

Goal: Goal was to be ready to process coincidences with reserve plans, and simultaneously try to benefit from opening macroenvironmental opportunities.

Process: Copenhagen Capacity made reserve plans, and was ready to reevaluate its plans, in case of sudden process coincidences (Interview with Rolf Larssen 16 August 2002). Unsudden events were recognised as belonging to the process.

Outcome: The region has been able to make use of the international biotechnology boom, and has established "Medicon Valley", which is now the umbrella brand of the whole region.

¹²⁸ Annual Report 2002, Copenhagen Capacity.

Also, the favourable location of the region, surrounded by water, is exploited in marketing materials.¹²⁹ The expansion of the EU is also seen as a potential opportunity.

4.4.3.8 Leadership

Goal: Leadership was considered crucial for the success of regional marketing in Copenhagen. The availability of international management experience is important also for foreign investors, together with a high-skilled labour force. (Rolf Larssen 16 August 2002).

Process: Copenhagen Capacity was working on documenting and quantifying the effects which locations of companies in the Greater Copenhagen Region have on society. These results will be applied to the future evaluation of the investment promotion activities. The development of the region has been the key objective, and the new 3-year strategy serves to strengthen and focus this work. There are many players in both the Greater Copenhagen and Øresund Regions who need to cooperate closely together, and Copenhagen Capacity tries to be the leader in this process.

Outcome: The issue of leadership was recognised as a major success factor of regional marketing in Copenhagen. However, leadership has not appeared in negative forms as the management of place marketing projects has advanced smoothly according to the interviews.

Copenhagen has managed during the past decade to build a successful system for regional marketing, focused on attracting foreign companies. The bold investment of the decision makers of Copenhagen has brought a good yield. Besides the necessary money, the role of the managing director, Larssen, who has been in charge of the development from the very beginning, has also been very important. Case Copenhagen indicates that through systematic work and investment, combined with intelligent marketing practices, a city region can find its international niche. The case also shows that a longer period of time is needed in place marketing, before major results can be expected.

¹²⁹ CopCap used at MIPIM in Cannes (March 2003) slogan “Waterfront” connected to the big wall-pictures where the City of Copenhagen is shown surrounded by water.

4.5 Chicago Case

4.5.1 Introduction

The Chicago metropolitan area is located in Northeast Illinois and stretches along Lake Michigan. Illinois is located in the Northern Mid-West of the United States and is bordered by Wisconsin and Lake Michigan to the north, Iowa and Missouri to the west, Indiana to the east and Kentucky to the south. The Office of Management and Budget (OMB) defines metropolitan areas (MAs) for statistical purposes in accordance with a set of official published standards. MAs include metropolitan statistical areas (MSAs), primary metropolitan statistical areas (PMSAs), and consolidated metropolitan statistical areas (CMSAs). MSAs are normally defined in terms of entire counties. If an area has more than 1 million in population and meets certain other requirements, it is termed CMSA, consisting of two or more major components recognised as PMSAs. The Chicago Metropolitan Area is a CMSA. Because the term MSA is widely used for any type of metropolitan area, MSA is used when talking about the Chicago CMSA.¹³⁰ Map of Metropolitan region.¹³¹ The Chicago MSA includes the counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Wil.

¹³⁰ Source: Federal Reserve Bank of Chicago. Consumer and Community Affairs (November 1999). MSA Profile and Investments Opportunities. Chicago-Illinois. Metropolitan Statistical Area. www.frbchi.org

¹³¹ Map source (right): <http://media.maps.com/magellan/Images/CHICAO-W2.gif>, checked 3 November 2002

Map source (left): <http://media.maps.com/magellan/Images/CHICAM-W1.gif>, checked 3 November 2002



Figure 4.7 Map of the Chicago Metropolitan Region

The Chicago Metropolitan Region is known for the cultural diversity of its population. Chicago is home to nearly three million people from all over the world including African Americans, Asians, Europeans, Hispanics, Native Americans and more.¹³² Race relations, which were a long standing problem of Chicago's image, are now less important. Chicago is now the second largest U.S. Mexican population after Los Angeles, and which is much larger and more important to the region's economy than the Black population¹³³. Compared to Western European developed nations, which have declining and aging populations, the US will have a growing work force and a less pronounced age shift.

The MSA is home to the City of Chicago, and is located in the heart of the USA's industrial and agricultural centre. The Chicago MSA is known as the transportation hub of North America, with two major airports, many local and interstate highways, an extensive railway

¹³² Source: <http://www.chicago.il.org/HISTORY.HTM>, checked 4 November 2002

¹³³ Haider, Donald. E-mail-message 20 December 2002 at 18:43

network and two ports of ocean-going ships and barges.¹³⁴ The Chicago Metropolitan Region accounts for about 70 % of Illinois' business activity, with a GDP of USD 349 ¹³⁵billion, equivalent to the eighteenth largest country in the world, about the size of Argentina, Belgium or Switzerland¹³⁶.

Chicago ranks third in total business establishments by metro area and is outranked only by Los Angeles-Long Beach and New York.¹³⁷ The cost of doing business in the state of Illinois is much lower than, for example, in California, New York, Michigan or Massachusetts. In addition, the cost of doing business in the Chicago metropolitan area also falls behind New York, Boston, Philadelphia and San Francisco making the area a worthy option for a business location.¹³⁸

According to World Business Chicago's website, 31 Fortune 500 companies have headquarters in the Chicago Metropolitan area.¹³⁹ Some of these companies are, for example, Sara Lee, Quaker Oats, Aon, Bank One Corp, Tribune and the biggest public company by revenue in Chicago, Boeing. In addition, ninety-four of the Fortune 100 companies have a presence in the Chicago region.¹⁴⁰ Illinois ranks number one in the Midwest as a destination for foreign investment and has attracted over 6,447 foreign firms and locations. These firms employ over 340,000 Illinois residents.¹⁴¹ The estimate for foreign-owned companies in the state of Illinois is 3,400.¹⁴² City of Chicago's 10 Largest Industries by Employment¹⁴³: Finance, Insurance, Real

¹³⁴ Source: Federal Reserve Bank of Chicago, Consumer and Community Affairs (November 1999). MSA Profile and Investments Opportunities. Chicago-Illinois. Metropolitan Statistical Area. www.frbchi.org

¹³⁵ Tom Bartkoski, World Business Chicago, E-mail-message 20 November 2002 at 23:12

¹³⁶ Source: <http://www.enterpriz.org/economy.htm>, checked 13 November 2002

¹³⁷ Source: <http://www.cityofchicago.org/PlanAndDevelop/ChgoFacts/Business.html>, checked 30 October 2002

¹³⁸ Source: http://www.chicagobusiness.com/cgi-bin/article.pl?page_id=966&format=list, checked 30 October 2002

¹³⁹ Source: <http://www.worldbusinesschicago.com/index.asp?A=1&LK=1&DIV=overviewDiv00>, checked 30 October 2002

¹⁴⁰ Source: <http://www.enterpriz.org/economy.htm>, checked 13 November 2002

¹⁴¹ Source: <http://www.commerce.state.il.us/bus/ito/statistics.html>, checked 12 November 2002

¹⁴² Source: <http://www.cityofchicago.org/PlanAndDevelop/ChgoFacts/Intntl.html>, checked 30 October 2002

Estate; State & Local Government; Retail Trade; Misc. Business Services; Professional Services; Manufacturing; Transportation & Public Utilities; Medical; Non-profit Organisations; Wholesale Trade.

The location of the Chicago metropolitan area seems to be one of the reasons why companies choose to locate or relocate to the area. Chicago has the status of being the nation's transportation hub and also the place to do business. It is a major international business centre and holds the record as a place to hold conventions in. The area continues to draw in companies and will most probably continue to expand in the future if all goes well. *Site Selection* magazine's March 2001 issue had the following to say:

In the ongoing debate about Chicago's economic strength, some observers see the glass as half empty, while others see it as half full. According to naysayers, Chicago is losing its business-capital status due to drastically lower numbers of financial firms and a serious lagging in New Economy companies. Others, however, see the city as having a strong economy and being a sure-fire survivor of wavering business cycles by not putting all its eggs in the financial and dot-com baskets.¹⁴⁴

4.5.2 Place Marketing Practices

Table 4.13 presents a summary of the major events that occurred in the place marketing practices of the Chicago Region.

Table 4.13 Place Marketing Process: Chicago Case

Year	Events in Place Marketing Practices	Events in the Network	Events in the Macroenvironment
		The place marketing model for the US came out of the crisis of the 1970s, major flight of industries to cheaper markets from major cities & towns.	Image strategies became prevalent in the U.S.

¹⁴³ Source: <http://www.cityofchicago.org/PlanAndDevelop/ChgoFacts/Business.html>, checked 30 October 2002

¹⁴⁴ Source: A Site Selection Special Feature from March 2001, The Prairie State 'EDGE's' It's Way Into A New Economy, www.siteselection.com, checked 13 November 2002

1989		Richard M. Daley elected Mayor of Chicago for the first time.	DCCA (The Illinois Dept. of Commerce and Community Affairs) markets Chicago as part of "Illinois Brand".
1990	Some maintain State of Illinois efforts in economic development suffer during the two terms of James Edgar 1990-1998.	James Edgar elected Governor of Illinois.	"Governor seemingly disinterested in international investment & economic development efforts in general."
1994		James Edgar re-elected Governor of Illinois.	
1995	DCCA (The Illinois Dept of Commerce and Community Affairs) marketed the whole of Illinois for business development (before 1998 was the major player)	The Civic Committee of the Commercial Club of Chicago conducts internal surveys to determine the most critical issues facing the Chicago area.	The Commercial Club of Chicago gets active. The Club is Chicago's oldest business group. The Civic Committee consists of 70 of the largest members of the Commercial Club.
1996			
1997	(the not for profit – organisation) World Business Chicago is formed by the Civic Committee.	The Civic Committee produces a report "World Business Chicago".	The report on challenges facing Chicago to become a successful global city.
1998	Early 1998: World Business Chicago (WBC) adds 4 staff, decides to focus on foreign direct investment as a main goal. Late 1998: World Trade Center Chicago no longer actively involved in assisting WBC.	Co-sponsors are the Chicagoland Chamber of Commerce (donates space), and the World Trade Center Chicago. Funding provided by the Civic Committee. George Ryan elected Governor of Illinois.	The Chicagoland Chamber of Commerce gets active. It is the largest business membership organisation in the area, and one of the largest in the US. The governor begins to implement a more aggressive strategy in infrastructure investment and promoting of the state.
1999	WBC builds a database covering the nine-county Chicago PMSA in Northeastern Illinois. A board of directors composed of business representatives is created (WBC). The Chairman: John Bryan, CEO of Sara Lee Corp. Late 1999: WBC began in the present form.	Major Daley announces formation of The Chicago Partnership of Economic Development (a not for profit –organisation) to promote the City of Chicago for investment. The partnership takes over the duties of the earlier Chicago Economic Development Council. Late 1999: The Chicago Partnership, WBC, and the Chicagoland Chamber first collaborate on a project.	The city will fund the partnership initially but will ask for business support to eventually cover at least half of the organisation's funding.
2000	The Chicago Partnership adds staffing and begins to build a comprehensive database, also for the Chicago PMSA region. WBC will promote Chicago	Fall 2000: The Civic Committee and City of Chicago agree that WBC and The Chicago Partnership will merge. The combined organisation will be	A convention management association decides to move to Chicago.

	and the metropolitan area. The remaining WBC staff joins the combined organisation at the Partnership offices. The old WBC board becomes dormant.	called World Business Chicago.	
End 2000	WBC responds aggressively to a negative cover story in Chicago's economy in <i>Business Week</i> magazine, making much use of the database.	The "new" WBC board of directors meets for the first time, chaired by Mayor Daley. (Business representatives and business-related organisations).	
2001	The "new" WBC is staffed at 16. WBC releases a CD-ROM designed to promote Chicago to young professionals.	WBC collaborate with the State of Illinois and the Chicago Business Community to convince Boeing about Chicago's superiority.	Boeing announces the move of its world headquarters from Seattle to Chicago, Denver or Dallas Ft. Worth. May 2001: Boeing will relocate its headquarters to downtown Chicago. September 2001: Boeing opens its headquarters in Chicago.
2002	WBC proceeds with many projects, PR work with media is increased, including foreign press.	The CD-ROM wins best of show award at an annual marketing association event. Boeing's CFO on the WBC board.	
End 2002	WBC releases research showing that thanks largely to aggressive and clever infrastructure investment, economic indicators are among the two top US central cities.	Rob Blagojevich elected Governor of Illinois (first Democrat in 25 years).	New governor faces budget shortages in his first year in office. The city of Chicago fashions a budget for 2003 with no increase in property taxes (e.g. New York increases these taxes 18 %).
2003	WBC intends to move forward with international marketing efforts.	February 2003: Mayor Daley is re-elected for a fifth term with 78 % of the vote.	

These main events are now presented in more detail. The presentation logic is to follow the time aspect in the process, and simultaneously the main activities. The three categories of events are integrated in the logic of presentation. Table 4.13 summarises and simplifies to some extent the events and the process, and serves for a general quicker frame of "what happened".

Unless otherwise specified, the term “Chicago” in the present study refers to the entire metropolitan area rather than the central city alone. There was no one organisation in Chicago that was responsible for Chicago-area specific business attraction marketing internationally for more than about the last five years. Some organisations could be considered major players in the marketing of the Chicago region. “*World Business Chicago*” - WBC (www.worldbusinesschicago.org) is currently the only regional organisation offering a one-stop-shopping service to foreign firms interested in the region.

Another organisation is *State of Illinois Trade Office, Dept. of Commerce and Community Affairs, DCCA* (www.commerce.state.il.us). DCCA promotes the Chicago region, but naturally under the umbrella and the framework of the State of Illinois. *The Civic Committee of the Commercial Club of Chicago* has a great influence among the local business community, and is active also in the regional promotion. WBC, the State of Illinois and other inward investment promotion groups representing the counties and towns in the area conduct their marketing separately, as they are politically independent. So overall marketing was not coordinated by any one organisation¹⁴⁵.

There were also other organisations in the connected network which are involved in one way or another in promoting the Chicago region. Significant parties involved in regional marketing efforts are listed and described below, and no order of importance is suggested:

- Chicagoland Chamber of Commerce (www.chicagochamber.org)
- The Civic Committee of the Commercial Club of Chicago (website under construction)
- Chicago Sister Cities Program (sister@sip.org)
- Metropolis 2020 (www.chicagometropolis2020.org)
- Chicago Convention & Tourism Bureau (www.chicago.il.org)
- Global Chicago Center, Chicago Council on Foreign Relations (www.globalchicago.org)
- The Metropolitan Planning Council (www.metroplanning.org)
- Com Ed (Exelon Corp.) (www.exeloncorp.com/comed/regulatory)
- The Federal Reserve Bank (www.chicagofed.org)
- ChicagoBusinesscom (www.chicagobusiness.com).

The Civic Committee of the Commercial Club of Chicago represents the “business elite” and is very active on the civic agenda, with emphases shifted to regional issues and Quality of

¹⁴⁵ Tom Bartkoski, World Business Chicago, E-mail-message 20 November at 23:12

Life concerns. These topics include smart growth, anti-sprawl, environmental concerns, traffic congestion, education and opportunity for poor people.¹⁴⁶

World Business Chicago (WBC), works to market the City of Chicago and area internationally. WBC in the present form began in late 1999, and the merger in autumn 2002 resulted in a not-for-profit group called World Business Chicago. WBC began at the end of 1997 as a not-for-profit organisation, supported by the Civic Committee of the Commercial Club. WBC has been developing a marketing approach, although with limited funding. WBC is a public-private economic development corporation co-chaired by Chicago Mayor, Richard M. Daley and Michael D. O'Halleran, President and Chief Operating Officer of Aon Corporation, and directed by Paul O'Connor, Executive Director.

WBC has had an annual budget, which is partly public and partly private contributions. The public appropriation has been about USD 1.5 million. Private contributions can come in throughout the year. WBC does not have separate budgets for international and domestic efforts. The majority of the marketing and support is for the U.S. market. WBC currently had a full time staff of 16, and one half time. Four people were marketing staff, two research, one and a half technology / start-up, three administrative support, two management, and four are general business development. Occasionally, there have been interns that may be paid a small amount or are unpaid.¹⁴⁷ In 2002, there was not a big enough budget to undertake major international marketing efforts. WBC intended to move forward with international marketing efforts in 2003 as its budget permits.¹⁴⁸

WBC has worked daily with U.S. and foreign business coming into Chicago or wanting to expand there. WBC has done also some marketing work for business, primarily through public relations and its own website. Advertising was considered very expensive, and not always very effective at attracting business. WBC markets the competitive advantages of Chicago and the 9-county region to retain and attract business. WBC was the single source

¹⁴⁶ Donald Haider, Kellogg/Northwestern University, E-mail-message 22 December 2002 at 18:43

¹⁴⁷ Tom Bartkoski, World Business Chicago, E-mail-message 22 November 2002 at 19:14

¹⁴⁸ Tom Bartkoski, WBC, E-mail-message, 6 January 2003 at 17:11

contact to work with a company through the entire facility location or expansion process. The services were offered free of charge. With more funding, WBC would be able to do more proactive and aggressive marketing. So far, WBC has never had an advertising campaign. A predecessor group, privately funded, also called World Business Chicago, operated from 1998-2000 and produced marketing materials for the 9-county area. The materials were given to foreign businesses that were interested in the Chicago area, but no advertising was done.

There are important events in the macroenvironment regarding also the financing and other support of economic development efforts and regional marketing, such as the elections of the Governor of Illinois, and the Mayor of Chicago. When George Ryan was elected Governor of Illinois, he began to implement a more aggressive strategy to invest in infrastructure and promote the state. Also in the end of the 1990s, Mayor Daley (Mayor Daley was re-elected to a fifth term in February 2003) announced the formation of the Chicago Partnership for Economic Development, which took over the duties of the previous Chicago Economic Development Council.¹⁴⁹

Before 1998, DCCA marketed Illinois as it does now, and some individual cities in the area did their own marketing, almost all to the US market, and many cities still do that. Today, these individual city efforts are independent of WBC's activities.

The Illinois Department of Commerce and Community Affairs (DCCA) has marketed the whole of Illinois for business development for years. DCCA has marketed Chicago, naturally, as part of an "Illinois brand". *The Illinois Trade Office (ITO)* of the department of DCCA is active in attracting foreign direct investment and international tourism, as well as developing exports. Generally, DCCA has hired outside consultants to produce their marketing materials and advertising. DCCA also has an office in Brussels that has been established for many years. This office is called "State of Illinois West European Office" Other offices in Europe are located in Warsaw, Poland and Budapest, Hungary.¹⁵⁰

¹⁴⁹ "Governor (James Edgar in the early 1990s) seemingly disinterested in international investments and economic development efforts in general" (Tom Bartkoski, WBC, E-mail-message 11 March 2003 at 8:18).

¹⁵⁰ Checked 10 May 2002. Tom Bartkoski, WBC, Director of International Business Development, E-mail-message 2 October 2002 at 20:41.

The Chicago Convention & Tourism Bureau has marketed the City of Chicago for tourism for several years (www.choosechicago.com and www.chicago.il.org). It also promotes business in the region: "Chicago: Business Capital of America. Take a look at the many advantages of doing business in Chicago. Watch video". Shopping, dining, museums and nightlife are promoted as "World Class Attractions".

Chicago Metropolis, which was created in 1999 by The Commercial Club of Chicago, promotes innovative solutions to long-term challenges facing the Chicago Region. Chicago Metropolis 2020 includes representatives of labour, government, religious groups and other civic organisations. The organisation has created a Metropolis Index of economic strength and social inequities. The index contains 31 indicators that measure the region's progress in meeting the goals, wanting to be a description of "how we are doing" as a region. The electric company for the area, *ComEd (Excelon Corp.)* has also marketed the Chicago area for some time on their own behalf. Their marketing efforts include advertising in site selection publications. *ChicagoBusiness.com* is a local business portal founded by Crain Communications Inc., publisher of some 25 special interest publications, making an analysis extended to the Internet. This portal offers daily local business news and links to public records and local and national business-oriented sites. *Metropolitan Planning Council (MPC)* (www.metroplanning.org) releases fact sheets assessing the redevelopment progress of the Chicago Region. *Federal Reserve Bank of Chicago*¹⁵¹ is also active in community development, for instance, through research activity. The Bank has also given useful written material and advice for this study.¹⁵²

In short, there has been no one "Chicago-area" organisation that has been marketing just this area to attract business for a long time. The degree of decentralisation is great, and the Chicago metro region has 1,400 governments, which makes the competition and rivalry among places tough.¹⁵³ Numerous economic development organisations were competing,

¹⁵¹ Checked 15 November 2002. The Federal Reserve Bank of Chicago is one of twelve Reserve Banks across the U.S. that together with the Board of Governors in Washington, D.C., serve as the nation's central bank.

¹⁵² Consumer & Community Affairs: MSA Profile and Investment Opportunities. William Testa: Chicago's Economic Connections and Challenges.

¹⁵³ Donald Haider, E-mail-message 20 December 2002 at 18:43

including local governments, state governments, utility companies, chambers of commerce and not-for-profit economic development corporations (like WBC).¹⁵⁴

The MSA is home to the City of Chicago, and is located in the heart of the USA's industrial and agricultural centre. The Chicago MSA is known as the transportation hub of North America, with two major airports, many local and interstate highways, an extensive railway network and two ports for ocean-going ships and barges¹⁵⁵. "Why Chicago?" is argued with four main points¹⁵⁶:

- Global City/North America Access
- Economic Dynamism and Strength
- Abundant, Talented Workforce
- Quality of Life.

WBC has focused its marketing activities on numerous sectors (industries), which are¹⁵⁷

- Advanced Telecom
- Biotech
- Business Services
- Environmental Technologies
- F.I.R.E (Finance, Insurance, Real Estate)
- Manufacturing
- Nanotechnology
- Technology
- Transportation & Distribution
- Wireless.

Telecommunications Hub is symbolised by The Chicago Network Access Point (NAP), "the world's largest Internet exchange point by volume", is located in the central business district having more than 125 companies. The Telecommunications Hub makes the following claims in the communication: "Today, Chicago is World Leader in Advanced Digital Communications" and "Tomorrow, Chicago is World Leader in Next Generation Advanced Digital Communications". In central Chicago, The Lakeside Technology Center is North

¹⁵⁴ Tom Bartkoski, WBC, E-mail-message 6 January 2003 at 17:11

¹⁵⁵ William A. Testa 29 July 2002 Draft Chicago's Economic Connections and Challenges.

¹⁵⁶ WBC: Chicago Access, Advantage, Achievement, 21 November 2002

¹⁵⁷ Checked 13 November 2002 at 17:00

America's largest "carrier hotel". STAR TAP (Science, Technology, and Research Access Point) enables network flow to international collaborators from over 150 U.S. leading research universities, institutions and supercomputing centres, and helps data-intensive research projects in the world. Next generation "StarLight", an optical infrastructure, is in process. The biggest R & D centre is Lucent Technologies, Inc., Corporate University, with 11,000 employees (www.lucent.com).

In the Biotech sector¹⁵⁸, The Illinois Medical District is a visionary R & D hub that seeks new ways to attract companies that have new ideas, and was home to more than 40 healthcare institutions. Besides Bio-Diversity and R & D infrastructure, the city argues with a deep talent pool and abundance of capital (over 300 banks and 120 venture capital funds). Additionally various incentive programmes were offered.

Business Services¹⁵⁹ -sector has listed a diverse pool of specialists, in fields of expertise including management/IT consulting, accounting, human resources, marketing, engineering and advertising. The manufacturing cluster argues, for instance, with a multi-disciplined skilled workforce, unrivalled transportation/distribution facilities, costs of business operation, falling energy prices, the diversification, and centrality.¹⁶⁰ In the 7 nanotechnology (the science and technology of precisely controlling the structure of matter at the molecular level) research facilities, significant investments have been made, and the Chicago metro area is positioned to become a major centre for the nanotech industry. Most of the nanotechnology commercial potential was still unrealised.

Chicago has initiated an aggressive growth strategy in fast growing sectors of technology-based industry. This cluster has used arguments connected to the deep talent pool, venture investment, unprecedented surge and "surprising Chicago", comprising over 30 federally funded research centres, more than 1,000 research and development facilities, and some 350,000 high-tech workers employed by Chicago companies.

¹⁵⁸ <http://www.worldbusinesschicago.com/whychi/landscape/biotech.asp>

¹⁵⁹ <http://www.worldbusinesschicago.com/whychi/landscape/financial.asp>

¹⁶⁰ <http://www.worldbusinesschicago.com/whychi/landscape/manufacturing.asp>

“Transportation Hub and Distribution Capital of North America” are marketing claims for the Transportation & Distribution cluster. Further arguments are made about “Central Location”, “The Nation’s Busiest Rail Hub”, “Convergence of Major Highways”, “Major Domestic and International Air Connections” (in 2001 over 227,000 passengers per day), “Commercial Shipping Infrastructure” (two ocean-going ports, linked to the Atlantic Ocean and the Gulf of Mexico), “Storage/Warehouse Capacity” (666 million sq.ft. of warehouse existing), and “The Future (transportation will be one of the fastest growing segments in the world economy)”.

The State of Illinois and the City of Chicago have offered many incentive packages for businesses considering the area for expansion or relocation. Tax Increment Financing (TIF), low interest business loans, industrial revenue bonds, property tax reductions and workforce development programmes are available. “EDGE” Program has used new personal income taxes to attract new large job-creation projects to Illinois.

There was also a “Large Business Development Program”, “Technology Venture Investment Program”, and “Corporate Headquarters Relocation Act”. “The Chicago Business Resource Guide” provides a comprehensive overview of business regulations, taxes, permits and services, as well as links to federal state and state government. WBC has an Internet page called “Foreign Resources” comprising 13 various issues, and a site “Location Tutorial”, where the team process is suggested as the key to a successful site selection. The first question should be: “Why are we even considering this?”

WBC argued¹⁶¹ that none of the cosmopolitan centres can match Chicago’s economic diversification, and very few of these have the workforce, infrastructure, distribution channels and the speed and connectivity to compete.

Economic growth and development in most economic activities takes years to materialize and mature (Haider: E-mail-message 9 July 2002 13:02).

World Business Chicago presented the following as success stories of recent projects: the Boeing Company’s headquarters location, Quaker Oats’s headquarters retention,

¹⁶¹ Checked 13 November 2002 at 17:00

StyleMaster's new plastic manufacturing plant, Orbitz's technology firm headquarters, AniGenics's biotechnology laboratory and office, Ford Motor Company's new supplier park, Navigation Technologies's firm relocation and StyleMaster's new plastic manufacturing plant.¹⁶²

The most recent event in place marketing of the Chicago Region has taken place in the network and macroenvironment. The new Governor of Illinois, Rob Blagojevich, is the first democrat in 25 years, and has faced budget shortages in his first year of office. In February 2003, Mayor Daley was re-elected to his fifth term, getting 78 % of the vote. At the same time, probably the major internal event in place marketing practices is that WBC intends to move forward with international marketing efforts.

Between 1991 and 1998, the Chicago MSA added 479,800 new jobs of which the share of the service-industries was 88 %. Studies of aviation's impact on Chicago over the years have estimated the total jobs to range from 100,000 to 500,000. Chicago hosts more conventions, trade shows, and corporate meetings than any other city in the world. There is a strong connection between the business service and air travel industries, as well as the overland transportation. The principal airport, O'Hare International, handles 25,000 flights and 180,000 passengers daily. Midway Airport offers low cost service to 70 cities. A third airport, Merrill C. Meigs Field, serves small private planes and is located on the lakefront in the heart of Chicago¹⁶³. The city has developed a powerful presence in the business travel arena; the McCormick Place Complex in Chicago is the largest convention centre in North America. The Chicago Metropolitan Area ranks first in domestic business travellers, with 16.8 million business visitors per year, 760,000 of them from outside the U.S.: O'Hare's capacity will be expanded from the current 800,000 flight operations per year to 1.4 million.

Chicago remains second (with 107 headquarters) only to New York (239 headquarters) as a headquarters city for large public traded companies having at least 2,500 employees. Corporate headquarters are expected to generate business for financial, legal and professional

¹⁶² <http://www.worldbusinesschicago.org/deeperlook/sucstories.asp>

¹⁶³ <http://www.ci.chi.il.us/aviation>

services, as well as for the convention and tourism sector. Also the region's philanthropic community and civic partnerships benefit because headquarters tend to have greater ties to their home community.¹⁶⁴ The Chicago MSA accounts for about 70 % of Illinois' business activity, with 94 of the Fortune 100 companies located in the area. There are 55 higher education institutions in the area, including the high ranked The University of Chicago and Northwestern University. A wide incentive programme is offered to companies opening facilities, and there are 18 enterprise zones with special incentives for new investment. The City of Chicago is a major international financial centre with five major financial exchanges.¹⁶⁵ The Boeing Company is the leading business in the area, with a revenue in 2000 of USD 51 billion. Other "over 10 billion" companies were Sears, Roebuck and Co, Motorola Inc., Allstate Corp., Kraft Foods Inc., Walgreen Co., UAL Corp., Sara Lee Corp., CAN Financial Corp., Abbott Laboratories and Household International Inc.

4.5.3 Analysis of Success Factors

Table 4.14 presents a summary of the analysis of the success factors, which are analysed as their reference to success in the place marketing practices of the Chicago Region. The strategic content of the success factors is suggested to explain the reference to success. In this way, experiences of the place marketing practices are being analysed through the framework of the focal study.

Table 4.14 Analysis of Success Factors: Chicago Case

Success Factor	Strategic Content	Reference to Success in Place Marketing Process
Planning Group	No official single group is nominated. Planning organisations in regional marketing are numerous, also overlapping, and on various levels of authorities and organisations.	Main perspective being on WBC and DCCA, the planning function is performed by the professional management / boards. WBC board has 21 members, and the presence of the business community contributes to

¹⁶⁴ Metropolis Index, page 6, checked 12 July 2002 at 13:00

¹⁶⁵ The Chicago Stock Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade, the MidAmerica Commodity Exchange and the Chicago Board Options Exchange.

		successful planning.
Vision & Strategic Analysis	WBC and other central players use multiple (non-)conflicting visions as the organisations focus on different angles of the economic development of the region.	Multiple visions and different foci of strategic analysis emphasise more domestic perspectives than international marketing. SWOT perspective is not always the starting point.
Place Identity & Place Image	The famous central city offers the region a very rich identity and wide basis of arguments. The soft attraction factors are being focused on increasingly besides the global logistic business and position.	The importance of image – and of its elements – is well understood and used in implementation.
Public-Private Partnerships (PPP)	PPPs are used commonly and effectively in projects and marketing. One reason is the limited public budget for regional marketing, another might be tradition.	PPPs contribute to the success of place development & marketing. Examples are various research institutions, centres and facilities in the bio- and nanotechnology sectors and the role of universities as partners.
Political Unity	Political differences are in many cases deep and the filtering of issues through political process is difficult. Maybe this is one reason for many players of various levels in place development / marketing in Chicago.	The importance of political unity is understood well. Responses might be cross marketing (all are winning) and a wide range of PPPs.
Global Marketing & Local Development	Global approach is rare or missing. WBC provides data to Illinois Trade Offices abroad, but international marketing is just starting. Local development is the major focus, and the economic infrastructure is well developed.	The majority of international marketing is coordinated by state development offices. Sometimes local firms see foreign marketing to attract FDI as competition for themselves. Also in the US there is no national authority for promoting investments.
Process Coincidences	Changing organisations and leaders have initiated new processes. E.g. the “new” WBC was born when the “old” WBC and The Chicago Partnership merged.	The impact of process coincidences has been great when the region was in economic transition, and the manufacturing suffered. Also crises have created new opportunities.
Leadership	The idea of the fundamental importance of leadership originates from the US. Because there is no single organisation in charge of place marketing, the coordinating leadership appears, in the case of WBC, in form of the board, consisting of experienced business leaders.	In crisis the leadership is more efficient than in routines, also in managing PPPs. Due to complex organisational structure, the role of leadership does not always appear obvious, due to the “invisible” coordinating teams.

Based on the above summary, the analysis of each success factor is now discussed, with the logic of goal, process and outcome.

4.5.3.1 Planning Group

Goal: There has been no single official planning group in the regional marketing of Chicago. For the purposes of this study, WBC is used as an example to illustrate the function of this factor of the theoretical framework.

Process: The WBC has a 21-member board consisting of representatives from the regional business community¹⁶⁶, the President of the Chicago branch of the Federal Reserve Bank, representatives from the Civic Committee of the Commercial Club of Chicago and the Chicagoland Chamber of Commerce, and a representative from the WBC Advisory Board. WBC's organisation has divided the business development function into six areas of expertise:

- International business development
- Headquarters operations, business services, industrial real estate, F.I.R.E
- Manufacturing, transportation, distribution
- Technology, telecommunications, wireless, venture capital
- Technology, entrepreneurial ventures
- Biotechnology, food, environmental technologies.

Additionally WBC has the functions of marketing and public relations and research, which is divided into advanced digital communications and culture, quality-of-life.

Outcome: It is obvious that WBC has managed its planning function in the regional marketing well and professionally. The WBC board has 21 members, including representatives from the business community which contributes greatly to the success of planning the regional marketing.

4.5.3.2 Vision and Strategic Analysis

Goal: WBC's mission was to expand the Chicago regional economy through the growth of the private sector, and to build the world's best metropolitan area in which to live, work and play.

¹⁶⁶ Checked 13 November 2002 at 17:00. Companies represented by their CEOs on the Board of Directors included: SaraLee Corp., Wrigley, Boeing, United Airlines, Diners Club, McDonald's, Merrill Lynch, Aon.

Chicago Metropolis mission was ¹⁶⁷ to help to make the Chicago region one of the places in the world where people will most want to live and work. The Illinois Trade Office (ITO) had a mission consisting of three elements - Illinois Exports, Foreign Direct Investment and International Tourism - to promote economic development and create Illinois jobs. Global Chicago is a collaborative project whose mission is to enhance Chicago's strengths as a global city and raise awareness, both in Chicago and abroad, of Chicago's global connections¹⁶⁸.

Process: While there are several organisations involved in the regional marketing, there were also numerous vision and mission statements. In the WBC's mission, the importance of the private sector is obvious, the main focus being on the domestic markets. There has been no organisation with the official status of the inward-investment agency. Strategic planning originated in the 1960s in the private sector, and began to be applied to the public sector in the U.S. in the late 1980s. Since the late 1980s, cities have been undertaking "strategic planning" (e.g. Scott 2001: 195).

Outcome: *A SWOT-analysis is necessary, as any ideas can be developed directly, and the whole business strategic process must be worked out* (Kotler: Interview in Evanston 10 April 2002), In Chicago, each acting party makes its individual analysis and planning work, in various ways and techniques. For instance, the SWOT-analysis was not known to some interviewees, although it is a very well known practice in Europe. Multiple visions have been usual, and emphasise domestic perspectives rather than an international approach in marketing.

4.5.3.3 Place Identity and Place Image

Goal: There was no single statement for the goal of the place identity and place image. However, the famous central city of Chicago offers the surrounding region a rich and wide set

¹⁶⁷ Checked 12 July 2002 at 13:00. "The strength of the Chicago economy has always been its diversity, which has enabled us to weather economic downturns better than most other cities" (Mayor Richard M. Daley).

¹⁶⁸ "Identifying Chicago's global assets and its economic, social, intellectual and cultural links to the rest of the world; facilitating communication and collaboration among internationally-minded groups, and helping Chicagoans understand the challenges and opportunities of globalization." (checked 10 May 2002)

of arguments to be used in building the place brand. The brand of the Chicago (region) is overlapped with the brand of the State of Illinois, as the state is also active in regional promotion.

Process: The following main- and sub-arguments have been used in Chicago's place marketing to introduce "Our great American city":

As Big as a Country

- USD 349 Billion economy, larger than Switzerland or Russia, USD 23 billion exports
- Over 8 million people, 4 million jobs and 200,000 businesses
- Chicago's economy has grown since 1990 nearly 6 % annually, and the population 12 %. Over USD 41 billion foreign direct investment since 1985.

Globally Diversified Economy

- 31 Fortune 500 and 12 Fortune Global 500 company headquarters
- Number one city in high-technology employment (347,100 workers and 7,100 companies)
- Number one city for air travel
- Number one distribution centre (truck, intermodal, rail, air)
- Number one in business services professionals
- Number one in manufacturing (USD 59 billion output).

The World's Workforce

- A culturally diverse private-sector labour force of over 3.7 million people
- Over 100 language groups and 130 foreign-language media outlets
- More than 100 different international trade organisations and foreign trade offices
- More than 4,700 foreign-owned business locations representing 1,500 foreign firms.

Center of the World

- At the centre of one of the largest trading areas in the world
- Half of the North American industrial economy within one day's truck delivery and three fourths of the consumers are less than two day's truck delivery away
- Can fly to meet with clients in nearly any U.S. city and return on the same day; within a four-hour flight of all major North American business destinations. 143 non-stop domestic flights.
- Less than ten hours from the major European business centres
- Twelve daily non-stops to Japan, Korea and China.

Transportation Nexus

- A non-stop global gateway to 39 international and 140 domestic business centres
- The leading intermodal container port, with more than twice the volume of Los Angeles and five times that of New York
- 52,000 truckloads of freight (1.76 million tons) shipped from Chicago daily
- 70 % of all available industrial real estate devoted to distribution.

Telecommunications Hub

- The world's largest Internet exchange point (by volume)

- North America's largest "carrier hotel" (server/data storage/routing hardware facility)
- World's most advanced digital communications infrastructure.

The Good Life

- 29 miles of lakefront and 33 beaches
- Outstanding public, private and parochial schools, 50,000 college students, 400,000 students
- 7,000 restaurants, 2,000 theatre companies, 46 museums
- "In American Cooking, Chicago is the Kitchen", *New York Times*, 8 August.2001.

(Modified from Worldbusinesschicago.org/whychi/ourstory.as, checked 12 November 2002 at 10:00)

These marketing claims have been re-classified recently under three main portals, namely "Access, Advantage, Achievement" (WBC 21 November 2002).

Outcome: Chicago, like U.S. cities, has been quicker than European places to recognise the importance of image as a tool to communicate a marketing message. Image strategies have become prevalent in place marketing because there has been a strong relationship between public relations, advertising, marketing, and the chambers of commerce employing them.¹⁶⁹The Chicago Region has been fighting to re-invent itself as a global city, as an international business service and meeting place¹⁷⁰. Chicago's beginnings were as a regional capital city of the Midwest. Chicago has re-invented itself from a manufacturing and agricultural place to an international leader in the trading of commodities, stock options, currency and interest rate futures.

4.5.3.4 Public-Private Partnerships

Goal: One feasible statement of a goal in the issue of PPPs is the one of the Chicago Metropolis 2020 that wants to increase collaboration among local governments, improve the

¹⁶⁹ Irving Rein, Professor of Communication Studies, Northwestern University, Evanston, Ill., USA, E-mail-message 7 January 2003 at 0:14

¹⁷⁰ "The city of Chicago holds aspirations to be a cultural mecca for the world's most ambitious and talented people, because it already contains many of the elements that make up a global centre, namely talented people, lively arts and rich culture, a well-functioning quality of life, a vibrant diversified economy, and connectivity to the global world of commerce and culture". Testa (2002), Federal Reserve Bank of Chicago. The draft 29 July 2002).

transportation and tax system and create a new kind of “civic entrepreneurship”¹⁷¹ to make the region a good place to live and work.

Process: MREN (Midwest Research and Education Network) utilising the Chicago NAP as a hub comprises regional research institutions including the Chicago, Illinois and Northwestern Universities. CivicNet is the most ambitious public-private fibre optic network in the U.S. In the Bio-sector, the following facilities are examples of public-private cooperation: Northwestern University’s Center for Biotechnology pioneers the fusion of biotech and business disciplines. The National Center for Food Safety and Biotechnology is located on the campus of the Illinois Institute of Technology. University of Chicago’s Center for Photochemistry and Photobiology, and Institute for Biophysical Dynamics are “world leaders in life science research”. Working in collaboration with local research facilities, industrialists have founded several Chicago nanotechnology-based companies, like Nanophase Technology Corporation processing fabricate nanomaterials, Nanosphere using DNA probe technology in detection of cancer, Arryx developing instruments to manipulate cells and NanoINK, which uses molecules to draw patterns of nanoscale line to build micro-small electronic chips. In cooperation with McKinsey & Co, the Mayor’s Council of Technology Advisors and various leaders of public and private organisations, Chicago initiated a growth strategy effort.

Small Business Investment Funds were established in the USA in the 1970s for early stage small companies. This system has been widely copied, and now there are about 300- 400 in the world. Most copies have been public sector grants, while in the U.S the scheme is trying to address the incentive structure for private participation in the financing of SME growth needs.¹⁷²

Outcome: The U.S. place marketing practice is more experienced at working in public-private partnerships than the European one. One reason for this difference might be the differences in tax-systems of the communities. In Europe, the basic financing of the place development has traditionally been guaranteed in the form of community taxes.

¹⁷¹ <http://www.chicagometropolis2020.org/>

¹⁷² Source: Clark (2002: 12) World Bank Urban Forum

4.5.3.5 Political Unity

Goal: The issue of political unity appears as important in the U.S. as in Europe, only the working frames are different culturally and historically.

Process: Maybe the lack of political unity has been one reason why there are so many organisations and players of various levels involved in the U.S. place marketing, and the united decision of one responsible party has been difficult. Also, the involvement of many organs in regional marketing could be evidence of a broad will to participate in common projects for their own region, understanding that in this kind of cross marketing all are in a win-win-situation. This latter argument gets weight knowing the large scope of voluntary public-private partnerships in U.S. place marketing, and the decentralised administration model.

Outcome:

In the U.S place marketing also often takes place according to political demands, not marketing demands, and the filtering of the issues through political process is difficult. The work is very much dealing with the problems, governments, people and companies. For instance, California is more environmentally conscious than we here (Chicago). Political differences are deep in many cases, and the players fight in normal patterns, which is capitalism. Labour unions are in, because of jobs, there should be a win-win –situation possible. Politicians are elected for 2- 3 years. These crises inspire a lot of activity. (Don Haider: Interview in Evanston, IL 9 April 2002).

Obviously the importance of political unity was acknowledged as a success factor, and responses to the issue might be the frequent use of cross marketing and a wide range of PPPs. In cross marketing, the idea is to get all parties to take part in the regional marketing, with an argument, that all participants can win and gain also their individual targets. A place marketing project can benefit the city, business community, hotel business, congress and convention companies, tourism activity and community service.

4.5.3.6 Global Marketplace and Local Development

Goal: The global approach in place marketing was not systematic, being some times even nonexistent and local development was mostly the major focus. The goal was to keep the

economic infrastructure well developed, to attract investors from the U.S, but increasingly also from abroad.

Process: WBC provided promotional information and data to the Brussels, Tokyo and Toronto Illinois Trade Office locations. WBC had also an active public relations effort to interest domestic and foreign journalists in Chicago. There have been positive articles in the *Financial Times* and the *Economist* out of the UK. WBC will have exposure through the International Chamber of Commerce (Paris) early in 2003. WBC has accompanied Illinois Trade Office staff on marketing trips to the UK and Germany. The G-BOC conference in Osaka, Japan, has also been attended. Inquiries from foreign-based companies occupy the majority of one person's time.¹⁷³ The Western European Office of the State of Illinois in Luxemburg in its "The Brussels Report" gives "Key market facts of main countries in Western Europe", and has left three nations (out of 15) out of the report, namely Finland, Luxembourg and Denmark. This might be symptomatic also as to the place marketing interests of the home state. Chicago, like very few US organisations has resources to market internationally, and the majority of international marketing is coordinated by state development offices.²⁶²

Outcome:

Where "International" marketing exists on the part of local ED organisations and local governments around the US, it commonly consists of not much more than translations of brochures into foreign languages. (Tom Bartkoski, World Business Chicago, Director of International Business Development. E-mail-message 6 January 2003 at 17:11).

Sometimes local firms see foreign marketing to attract FDI as competing against themselves.

¹⁷³ Tom Bartkoski, World Business Chicago, Director of International Business Development

4.5.3.7 Process Coincidences

Goal: Crisis have created new opportunities, and the influence of process coincidences has been great on the Chicago Region's economy. No statement of process coincidences available.

Process: The issue of process was added to the success factors especially due to this comment from a leading image-specialist in Chicago:

While it is fashionable to think that places like businesses make decisions deductively, I'm not sure it is always the case. Many decisions made in the place market are rationalized after they luckily stumbled onto a premise. What I'm saying is that your model assumes a logical and rational marketing strategy by your cases. Human nature being what it is, that is sometimes not the case. How does one get to that insight of stumbling on the right path? You might want to include in your questionnaire a question about process. For example, what major successes have you experienced that were unexpected? How did they occur? What more typically happens is that certain leaders emerge, citizen groups bring pressure, economies sink, crisis creates new opportunities. I don't think that places are as deliberative as your questions may suggest.(Rein, Irving. E-mail-message 20 May 2002 at 15:58).¹⁷⁴

Outcome: The impact of process coincidences in Chicago's economy was great when the region was in transition, and production moved to the South. Also, Chicago lost population for four decades before the 1990s, and the share of manufacturing of the employment went down. Chicago began as a regional capital city of the Midwest, and grew very quickly during the 19th and early 20th centuries. Over the past 50-60 years as the region matured, growth bypassed Chicago and the Midwest. Manufacturing activity spread out to other regions of the country, and began to leave central cities. Due to the influence of technological change and business competition, Chicago had lost its position as the meat packing capital and the mail-order retail goods capital of the world. Chicago re-invented itself as a national and international centre of business services, a more global city. Prominent development was made with "derivatives contracts" and financial instruments, and the city is now an

¹⁷⁴ Irving Rein is a Professor of Marketing Communication at Northwestern University, Evanston, IL, USA

international leader in the trading of commodities, stock options, currency and interest rate futures. This niche occupies an officially reported 50,000 “direct” jobs. Chicago has been the business service capital of the region from its beginnings. From 1970 to 1997 Chicago lost 300,000 jobs in the manufacturing sector (over one third), but gained over 600,000 jobs in business service and finance-insurance-real estate. Owing to its large size, Chicago Metropolitan Area is still, however, the largest single domicile of manufacturing in the U.S.¹⁷⁵:

4.5.3.8 Leadership

Goal:

The city has to be managed. There is a difference between “managed growth and unmanaged growth. Trying to get the infrastructure to keep up with the growth that is the real problem (Kotler: Interview in Evanston 10 April 2002).

Process:

The infrastructure foundation must come first, and it will take courage and leadership to do that (Phil Condit, The Boeing Company, 18 April 2002).

In reaction to the Andersen layoff, business organisations joined Mayor Daley’s initiative to keep talent in Chicago. Leadership is recognised in the U.S. to be also very important for places. In crisis, the U.S. leadership is more efficient than in normal daily routines. Also the U.S. leadership is used to working in public-private partnerships with the local business or university community. On the other hand, due to the complex construct of regional promotion in big cities, the role of leadership is not always obvious, because the coordinating organ does not always exist or is visible.

Outcome: The U.S. leadership of places is best in a crisis when things are worst. This might be a *difference* compared to the European place leadership, which is better in normal planning

¹⁷⁵ Testa (2002). Modified from the draft 29 July 2002: “Chicago’s Economic Connections and Challenges”.

and day-to-day activities. In the U.S. it is easier to get consensus, although political differences are so deep in many cases. (Haider: Interview in Evanston 9 April 2002¹⁷⁶).

Chicago was 25 years ago (late 1970s) in the middle of the Rustbelt (Northern U.S.) versus Sunbelt (Southern U.S.) where goods production moved South where there were lower wages or taxes. Chicago in the Midwest had core industries (like steel, fabricated metals, earth moving machinery, auto suppliers, food processing) that were shrinking. Chicago was a highly cyclical region, and over dependent on manufacturing and wed to auto production. Today, Chicago's economy is more representative of the U.S. economy and Chicago is much different now, and the economic development strategies are more focused, realistic, balanced and compatible with various industry clusters. Chicago (city) lost population in 1959-1990, but has now begun to grow again. The City has made the transition to a service economy, and manufacturing now represents less than 10 % of city's employment, compared to 25-30 % 25 years ago. (Source: Haider, Donald: E-mail-message 20 December 2002 at 18:43).

*Chicago is one of 1400 governments in Chicago metro region so need to appreciate the degree of decentralization, competition and rivalry among places within Chicago proper and the suburbs. The State of Illinois is the "glue" that keeps everything working and, in fact, the Governor of Illinois (state) is really the "head" of the region, where leadership comes into play.*¹⁷⁷

In recent decades, Chicago has sloughed off its concentration on manufacturing. Chicago's economy has been diversifying toward high-level functions in finance, business services, and information/transportation infrastructure. Chicago remains host to many corporate headquarters (Boeing 2001), and a highly developed set of business activities such as meeting and travel, legal, finance and management consulting. The chairman and CEO of the Boeing Company, Philip Condit says that if a region wants to have a strong economy, it needs a strong, integrated infrastructure, which means reliable, interdependent, efficient transportation and communication systems. The infrastructure foundation must come first, which will take

¹⁷⁶ Donald Haider is a Professor of Management and Director, Program Nonprofit Management at Kellogg Graduate School of Management, Northwestern University.

¹⁷⁷ Haider, Donald. Kellogg/Northwestern University, Evanston. E-mail-message 20 December 2002 at 18:43

courage and leadership. WBC has noticed that “Human Capital” is today’s driving force for most companies irrespective of the business, and labour issues are the number one critical factor in governing when a relocation takes place.

Professor Donald Haider from Chicago commented on the draft of the report concerning Chicago with his insights¹⁷⁸, which give the reader a perspective of the limitations of the analysis:

We do not have the degree of “high-tech” suggested (now standard classification of what constitutes “high tech”). I think you underestimate the importance of Chicago as a meeting/hospitality/convention centre (large employer, huge multiplier); overestimate importance of corporate headquarters. In past 5 years Chicago lost or merger or bankruptcy: Amoco (BP), 1st National Bank, NBD (Bank One), Ameritech (SBC Communications), Arthur Andersen (bankrupt) and now United Airlines (Bankrupt). Gained Boeing. Import lies with bragging rights, civic pride, visibility but no longer huge employers due to decentralization/downsizing. You also overemphasise WBC as a marketing agency. The Civic Committee of the Commercial Club of Chicago represents the business “elite” and are very active on civic agenda which, in recent years, has shifted to regional approach and “Quality of Life Issues” (smart growth, anti-sprawl, environmental concerns, traffic congestion, education and opportunity for least well off).

4.6 Comparison between the U.S. and Northern European Place Marketing

The main difference in the U.S. place marketing is that most European countries have national inward investment agencies that act as a single point of contact and can help to coordinate investment attraction activities. The U.S. has no nationwide agency comparable to Invest in Finland or Invest in Britain, for example. European place marketing efforts are also better funded, since the EU and the governments are more inclined to provide funding than

¹⁷⁸ Haider, Donald. E-mail-message 20 December 2002 at 18:43

their U.S. counterparts. Many European places, with smaller economies than Chicago, have much greater budgets and staffs than, for instance, WBC.¹⁷⁹

A few local U.S. state governments are reluctant to use incentives or tax breaks out of philosophical support of “free market ideology”. In the U.S., there are hundreds of economic development organisations competing with each other, including actors in state and local governments, utility companies, chambers of commerce and non-profit economic development organisations (like World Business Chicago). This places a great challenge in place marketing on the U.S. places, especially smaller locations, with regard to how to get recognition, become noticed as a location where firms would like to move. The U.S. place marketing has been quicker to recognise the importance of image as a tool in the marketing communication. In Europe, there has been more reliance on content of advertising strategies than on image building. Now the competing global marketing messages have changed this, although each country in Europe has its own traditions and target markets. The policy to launch incentives in the U.S. has changed to a variety of strategies including many soft factors, such as education, recreation, junior colleges, lifestyle based on which factors new place marketing strategies are built. (Source: Irving Rein E-mail-message 7 January 2003 at 0:14).

The trend is that currently a soft economy squeezes the government budget and those private companies that could contribute to support financially economic development organisations, which will find it even more difficult to conduct programmes such as they would like. In the U.S., places have recognised that a globalising competition requires effort to retain and attract firms, but finding the financial resources can be very difficult.

World Business Chicago has estimated that quite a few European places with considerably smaller economies than Chicago often have much greater budgets and staff than WBC. In some European countries (like Germany) membership in Chamber of Commerce is mandatory, whilst strictly voluntary in the U.S. For this reason, too, many U.S. local or state Chambers are very limited in the services they can provide. (Source: Tom Bartkoski, WBC,

¹⁷⁹ Source: Tom Bartkoski, World Business Chicago, Director of International Business Development, E-mail-message 6 January 2003 at 17:11

E-mail-message 6 January 2003 at 17:11). This leads to the conclusion that in the U.S. there is much less pressure put on the business community to fund regional economic development programmes.

While in Europe the city regions are focusing most often on foreign direct investment in their place marketing programmes, in the U.S. most of the economic development organisations focus only on the U.S. domestic market, due to its big size. Also, international marketing is seen as more difficult and expensive on the small budgets. So, very few U.S. organisations have the resources for international marketing, and the majority of these efforts are coordinated by state development offices, as in Illinois. Probably more than three-quarters of the states have business and trade offices outside the U.S., including Illinois. Most states have also benefited from the active involvement of the Governor in business missions to other countries, though not in Illinois for several years. In the U.S., Chamber of Commerce membership is strictly voluntary, and for this reason many U.S. Chambers are compared to the European Chambers modestly funded and limited in their services. In Europe, membership in the Chamber of Commerce is mandatory in some countries (like Germany), which gives the Chambers a lot more resources. (Tom Bartkoski, WBC, E-mail-message 6 January 2003 at 17:11).

Often European companies have high expectations of U.S. organisations' economic development capabilities and incentives, because they base their evaluation on their experience of well funded place marketing programmes and well staffed economic development efforts in home locations.

The Southern US states and communities have been most aggressive historically in domestic marketing and are also well represented internationally. Historically, these states started from a lower level of development than other states and continue to have a political culture that supports economic growth through aggressive courting of business from other states and countries. State, local governments and utility companies are willing to spend aggressively to support marketing programs. However, it is often difficult to measure the effect of these programs. The City of Denver, Colorado and Fairfax County, Virginia are two rare examples of local governments that have foreign business offices. Most localities, including Chicago, and World Business Chicago, do not have budgets for such offices and rely on their State offices for on-site representation. (Tom

Bartkoski, World Business Chicago, Director of International Business Development, E-mail-message 6 January 2003 at 17:11).

The place marketing model for the U.S came out of crisis of the 1970s . In that period, major cities were encountering a flight of industries to cheaper markets. The first response of places was to launch, for example, tax incentives but the incentives have worn off, and were no longer effective to attract investments. Now the U.S. places use a variety of strategies to attract firms. (Source: Irving Rein, E-mail-message 7 January 2003 at 0:14). This is similar to the development in Europe, where the “soft attraction factors”, such as entrepreneurship and education, are becoming more important than the “hard ones”, when the place product is becoming more complex and demands sophisticated marketing. In Europe the privatising of industries (such as energy supply) was a trend, which meant often a slower and sometimes far less aggressive process of economic development.

While both the U.S. and Europe experience many of the same forces in global competition, EU expansion unleashes a whole new dynamic of place competition and market integration where the rules, practices and relations among places will be unfolding at an accelerated rate of change will have far reaching impacts for winners and losers; those who respond successfully to change and those who do not. Given the vast differences in culture, mobility and resources between the U.S. and Euroland, European places face challenges on a far greater scope and scale than the U.S. (Haider: E-mail-message 13 January 2003 at 20:46).

This comment also suggests that place marketing will experience huge challenges in Europe with the expanding European Union, and that place competition will not stop (cf. Haider 1992).

5. PROPOSITIONS BASED ON THE CASE ANALYSES

In the conclusions of the analysis, the findings concerning each specific success factor are discussed, making an effort to cross- compare the various practices. The findings are interpreted through the individual success factors of the study's framework, and during this process altogether 35 propositions will be formed. Of these propositions, the first 12 are linked to general place marketing practices, and the 23 following propositions are linked to specific success factors.

5.1 Propositions Linked to General Place Marketing Practices

Proposition 1

Place marketing approach within marketing must be understood as an equally holistic issue like corporate marketing practiced by private enterprises. The mere offering of the existing service and product package of a place is not place marketing.

Proposition 2

In place marketing practices, it is necessary to be selective and focus on industries and geography, and the “shot gun” approach is ineffective because the resources of a place are limited.

Proposition 3

The abilities of a place need to be developed so that the place offering can give added value to the customers.

Proposition 4

Due to different societal structures, in the U.S. the place marketing management is better in emergency situations and crisis than the Northern European one.

Proposition 5

The U.S. place marketing practices, due to its long traditions and the different societal structures, more often contain well-managed public-private partnerships than the ones in Northern Europe.

Proposition 6

Due to different traditions in marketing, in Northern Europe there is a special challenge to develop the marketing of services in place marketing.

Proposition 7

Both the U.S. and European place marketing practices can learn from each other, due to the different emphasis on the issues involved.

Proposition 8

Due to a very fragmented and decentralised administration model, the U.S. place marketing could benefit from increasing the level of coordination in its practices.

Proposition 9

Because the European market places are more fragmented and smaller than in the U.S., international marketing in Europe is more developed than in the U.S. Therefore, the Northern European place marketing could better exploit its knowledge and experience of international marketing in its place offering.

Proposition 10

Because marketing communication is global, the Northern European place marketing practices could benefit more effectively place branding.

Proposition 11

Satisfying the needs of place customers helps a place to fulfil, at the same time, its internal targets of place development, due to the customer–value approach in its place marketing.

Proposition 12

Places that set targets and measure and follow up the results are able to establish more successful place marketing practices than places without concrete targets and measuring.

The case locations practiced place marketing activities of different types, at various levels and volumes. Financial and human resources form the organising power, which is dependent on the availability of financing. Public authorities have allocated the cities of Stockholm and Copenhagen the basic finance resources and, therefore, these locations can plan their regional marketing on a steady long-term basis. The basic public financing has been about 3 million Euros for Copenhagen Capacity and Business Arena Stockholm that enables the permanent staff of around 15 people to be employed. Both regions have a population of about 1.8 million, and including the regional partnerships up to 2.1-3.5 millions. A conclusion might be that for a city region of around 2 million inhabitants to be successful, this size of financing for regional promotion will be needed. Helsinki was, at that time, the only test location without official public money for regional activities. Helsinki Region focuses on attracting foreign investment and international brand marketing. The public budget of the inward investment agency of World Business Chicago was only about USD 1.5 million, and the staff about 16 people. There is no single official organ in the Chicago Region, and no official single budget for the regional marketing. The State of Illinois has a strong participation in Chicago's regional marketing. No comparison can be made of the financial resources allocated to place marketing, due to the lack of coordination. Also, in Europe the target market is focused on foreign investment and firms more than in the U.S. In the U.S., the private sector has traditionally participated more than in Europe in the regional promotion, in different partnerships. The playing field is more complex and multi-layered than in Europe, where private firms have not often acknowledged regional promotion as their challenge.

The cities use regional partners in some of their activity programmes. Copenhagen acts together with the Swedish side of Øresund (Malmö-Region) as the Øresund-Region. Stockholm forms with Uppsala a joint Stockholm-Uppsala Region. Helsinki is together with the two cities Vantaa and Espoo in the "Helsinki Region" –programme.

5.2 Propositions Linked to Specific Success Factors

5.2.1 Planning Group

Proposition 13

In order to conduct place marketing successfully, place marketing needs a planning group as a coordinating organ. Also in large city regions, a planning group contributes to the necessary vision, focus and motivation.

Proposition 14

A planning group, which also comprises also representatives from the business community of a place, creates more successful place marketing programmes than a planning group without business representatives.

The issue of a planning group was well organised and managed in Stockholm and Copenhagen, where official organisations have been nominated to be responsible for the regional marketing, especially for foreign inward investments. Helsinki has had, after the three- year project 1997-2000, no official organisation for regional marketing activity, and therefore no official planning group either. The management of Helsinki Region Marketing Oy has maintained this planning function “unofficially”. There was, however a process initiated in 2002 to decide about the regional marketing programme. In Chicago, there was no official single group responsible for the regional marketing, and there are several players on various levels promoting the area (for instance The State of Illinois, Word Business Chicago and The Civic Committee of the Commercial Club). The experiences in Europe have shown (also Kotler *et al.* 1999) that a planning group is necessary for the success of the process. Copenhagen Capacity and Business Arena Stockholm have organised the planning work with various players and groups, also with private sector participation, and were satisfied with the constructure. In Helsinki, the long learning process will probably also result in establishing a planning group. So far, the political differences of opinion, not to mention the political unity and consistency, have been a major obstacle to deciding on the permanent regional marketing programme for the Helsinki Region.

The necessity of having a planning group for place marketing is recognised and this practice has proved to be good in Europe. In Europe, few places are too big to be coordinated by one organisation in place marketing. In the U.S., there are many more larger city regions that have traditionally been marketed by a number of regional players, and a one-stop-shopping model has not been the target. The participation of the business community in regional development work has been valued in the U.S. even before Europe.

5.2.2 Vision and Strategic Analysis

Proposition 15

Strategic analysis work (SWOT-analysis) is necessary for the successful place marketing practices. Places, which have not analysed internally and externally, will lose to more pertinent place marketing programmes from the competing places.

Proposition 16

In order to be successful in place marketing practices, multiple (combined) visions are useful to broaden the view and give protection through reserve plans.

In all the case locations, the strategic analysis and visionary work was considered to be the necessary basis for the planning. In Chicago, there are “multiple visions” due to many players, but no contradictory ones. Stockholm and Copenhagen carry out systematic and professional analysis work, and evaluation of strategies are in use together with the widely common SWOT-analysis. Helsinki carried out an intensive strategic analysis and vision project during 2002, using contemporary techniques, as suggested in the literature (e.g. Kotler *et al.* 1999).

5.2.3 Place Identity and Place Image

Proposition 17

Places, which develop a known brand image, will be able to attract place customers more efficiently than locations with no brand familiarity.

Proposition 18

If the substance of a place behind the brand is not yet adequately mature, the major communication activities in place marketing should be postponed until the infrastructure meets with the argument.

Proposition 19

The umbrella brand and the sub-brands of a place must be consistent with each other and also with the place product, because a place with conflicting communication messages will lose credibility.

Proposition 20

Most places can be branded, like goods and services, as it is possible to discover for each place a combination of unique attraction factors to make it different from the competing ones.

Proposition 21

Starting the holistic branding process gives a place a lead over locations which only practice promotion, because the branding process forces the development of the place product resulting from the process.

Proposition 22

In order for the branding in place marketing to succeed, branding must be the responsibility of the top management and involve all levels and stakeholders of a place.

Place Identity and Place Image form a pair of success factors that have a central role in place branding. Because the term “place branding” is unknown among places, the author chose to use the concepts of place identity and place image, which reveal the main elements of the branding process. When the place decides on what its brand should be, the place can then try to make its services and messages consistent with the chosen brand identity.

All the case locations were using identity messages about their chosen clusters or industries. However, the use of an umbrella brand was not always regular. Copenhagen has found its earlier attempts to use an umbrella brand too weak, and generalised. Therefore, Copenhagen now uses “Medicon Valley”, the sub-brand for the biotechnology cluster, as the “main-brand” of the region. Stockholm has used mostly “Region of Excellence” as the umbrella, but has developed additional claims to be used together with the umbrella brand (like “mCity”, “Nobel Prize”, “Inspired in Stockholm”). Helsinki has used “Helsinki Region Europe’s Magnetic North” and “New Business Center of Northern Europe”. Lately Helsinki decided to change the umbrella brand to “IDEOPOLIS Helsinki Region” the logo of which has been filed for registration as an international trademark. In Chicago, there is no single umbrella brand, and the “sub-brands” used are often very generic (“Center of the World”, “Transportation Nexus”, “Telecommunications Hub”). It is remarkable that in the U.S, being original home of brands, the use of umbrella place brands is not an institution. Maybe this is because the place market there is full of various players, and coordination is not always possible like in the smaller Northern European city regions.

5.2.4 Public-Private Partnerships

Proposition 23

The success in public-private partnerships will be crucial for the long-term success in place marketing. Places which can manage PPPs will be more successful than places without a contribution from the private sector.

Proposition 24

PPPs in a place’s marketing practices will lead to more credible and result-oriented planning and implementation than without the help of the private sector.

Public-private partnerships received much attention during various stages of the study, at all locations, and it is obvious that PPPs will be one of the most crucial success factors in place marketing also in Europe. In the USA, there is a longer tradition with PPPs, and no major place development project could any longer be considered without private participation. In the Copenhagen and Stockholm Regions, PPPs were also already an integrated practice in

place marketing. These cities have their basic public financing more or less guaranteed, and they have not been forced to go to “the pockets of the businesses”, in order to secure their existence. This could be why private firms have been more willing to cooperate with the location than in Helsinki, where money has been a frequent issue. In the Helsinki Region, corporations are used to thinking that it is the responsibility of the public authority to take care of the regional marketing and that businesses have their own goals. It is, however, obvious that the firms are also aware that they can benefit from the image of their location.

5.2.5 Political Unity

Proposition 25

Without political unity and consistency, a successful place marketing programme can not be established.

Proposition 26

It is indispensable for the success of place marketing programmes that the major players of the location can agree about the common goals and strategies of such programmes.

A political element, political unity was involved in the place development and marketing of all the case locations. The political issue was present in decision making and in the management of places. On the other hand, places should be managed like companies and the political and professional leadership should be seen as two different issues.

During the study, problems concerning the political element did not come to light in Stockholm or Copenhagen. There may be two reasons for this. First, the management (at the same time the key informants) were perhaps not willing to point out possible problems because the daily business demands delicate relationships with the stakeholders. Second, it is possible that the political unity really was not experienced as a problem and the parties have learnt how to cope with the issue. On the other hand, in Helsinki and Chicago political unity was clearly an actual topic. Concerning Chicago, the natural difficulties in this respect might result from the many players in the regional arena. However, the various organisations

seemed to know the rules of the game, forming official and unofficial networks, and worked together efficiently, especially in crisis situations.

In Helsinki, the political aspect in regional marketing and development has been a major brake on regional development. The cities of Helsinki, Espoo and Vantaa (among others) in the region have had difficulty finding political solutions in the regional development issues. Partly for this reason there has been no official programme or organisation nominated to be responsible for the regional marketing. In the beginning of 2003, the mayor of the city of Vantaa surprised the political decision makers by announcing his immediate resignation, disappointed with the political decision-making in the city.¹⁸⁰

5.2.6 Global Marketplace and Local Development

Proposition 27

The local conditions of a place must first be satisfactory before the place expands its offering internationally because they form the basic value in attracting investors.

Proposition 28

Because foreign direct investments ignore geographical borders, it is advisable to make a place offering also known in global terms.

Proposition 29

A place which markets its offering in a consistent and professional, customer-value oriented practice internationally will survive better in the global competition than a place satisfying the needs of the domestic market only.

Proposition 30

¹⁸⁰ *Helsingin Sanomat* 3 January 2003, B1. The Mayor of Helsinki (Siitonen): "A loss to the regional cooperation. I understand his pain". The Mayor of Espoo (Kokkonen): "Hard challenges can be solved if there is a common will".

If a place can find the right global market-niche, it can attract place customers, although its resources are limited.

Place competition is global, and the case locations also have had a global view integrated in their marketing programmes. Besides attracting foreign companies to the region, international exhibitions and conferences and foreign localisation consultants were also used. The international profile of the Copenhagen- (Øresund) Region is in biotech, already regarded as a global brand (MediconValley). The global focus in Stockholm (-Uppsala) is also on life sciences, and on TIME-industries. Helsinki argues with research-and knowledge-intensive infrastructure and know-how (Ideopolis). In Chicago, the offering is much more fragmented and broader, but the emphasis is on services. Also, in Chicago major investments in place marketing are probably focused on national targets rather than abroad. In Europe, the place marketing organisations have normally a vision to attract international capital and firms. This is natural, because Europe has traditionally been a trading continent with small home markets, and in the U.S. the “export” traditions are younger and the home markets larger.

Local development was seen as a means to provide the place customers with rational reasons why they should get interested in the location. Also, local activities are necessary to keep the existing “customers” satisfied. The local enterprises and organisations form the core of the place. Comments have been made that 80 % of the place’s identity comes from existing stakeholders, and only 20 % are “non-existent”, which are being sought after. All the locations have great activities to develop local infrastructure. This development is not always attributed to place marketing, but to place development in general. It remains a big future challenge to get place development and place marketing integrated. Place marketing could be the coordinating umbrella for many issues in place development. In corporate marketing, the management of projects, resources and timetables is already highly sophisticated and places can learn from these practices.

5.2.7 Process Coincidences

Proposition 31

It is useful to control the negative externalities, and ask before the place marketing process starts: “What happens after we have reached these targets?” A place with reserve plans will be more successful than a place without them.

Proposition 32

Despite negative coincidences, a good management can make the place survive, but an incompetent management can ruin the image of a place, even with positive process coincidences.

This element of the process coincidences proved to be relevant in all the case locations, experiencing negative or positive coincidences, without the possibility of affecting their appearance. Helsinki had suffered from the economic problems of Russia and the original “gateway”-strategy had failed. Now, the prospects in Estonia and the Baltic countries, as well as the recovery of Russia, provided a major potential for its own market niche. Joining the European Union put Helsinki on the European map in a new light. Stockholm enjoys and suffers partly from the same process coincidences as Helsinki and also has its own. The recession of the IT industries meant the place marketing strategy had to change. Copenhagen has prepared reserve plans for alternative coincidences. Chicago’s economy has gone through a great change, mainly for macroeconomic reasons.

So much of what places do is front-loaded, input driven and process oriented or even kinds of checklist of best practices (Donald Haider: E-mail-message July 2002 at 13:02).

5.2.8 Leadership

Proposition 33

Successful place marketing practices demand professional leadership, as place marketing can mostly be managed like business projects in private firms.

Proposition 34

Without talented leadership, a place cannot successfully make use of its resources and capabilities and risks losing its development and market position.

Proposition 35

Managed growth of a place is much more successful than unmanaged growth as good leadership provides alternative strategies for the always uncertain future.

It seemed in the beginning of the study somewhat odd that leadership is crucial, even the most important factor, to the success of place marketing. This argument originated from the U.S., Chicago, during the research visit. However, experience of the place marketing practices in Helsinki, Stockholm and Copenhagen unambiguously confirm that the issue of leadership has been acknowledged as the major challenge in place marketing.

The leadership starts from the governing organs of the place responsible for the financial resources and goals. The management in Copenhagen and Stockholm made very early brave decisions, which proved to be successful, when deciding to invest on a major scale in regional marketing. Leadership is also needed in daily work in places to direct the players to the same goal. In this way, leadership and PPPs are linked. The U.S. experience indicates that these two factors together form the core of the place marketing challenge. (Kotler *et al.* 2002b).

Major trends and challenges in place marketing can be summarised in some core issues. The fight for talented people has started, while the fight between places has been long a reality. Even thriving places are vulnerable to external threats. Troubled places can, however, make a “turnaround”. Places have, at the same time, many objectives: they need to be known by name and have a favourable brand image. Places need to attract (high-tech) firms, retain the economic base, develop new services, expand the tourism and business visitor industries, or build up science parks to develop a knowledge-based infrastructure. Simultaneously, places have to compete globally, while budgets are being cut. Big place projects will be based increasingly on public-private partnerships and finance on projects or private initiatives. Big international companies are becoming stakeholders of a place, investing in the community on a long-term basis. These private players have targets and interests other than the traditional place-buyers. The shift to the service economy gives cities new challenges and a new competition field with new competitors. Formulating the strategy and appropriate implementation plans becomes increasingly important for places to survive. These new challenges require a place to have good leadership. Soft values and attraction factors are

becoming more important, as they are more difficult for the competition to imitate than the hard factors.

6. CONCLUSIONS

6.1 Effects on the Framework

The findings of the focal study suggest that four additional dimensions would complete the study's framework's success factors. These dimensions have been implicitly included in the construct of the success factors of the framework and also discussed. These success related factors are "Strategic exploitation", "Organising Capacity", "Presence of Substance" and "Measurement & Follow- up". These success factors describe the managerial contribution and "know-how" in place marketing.

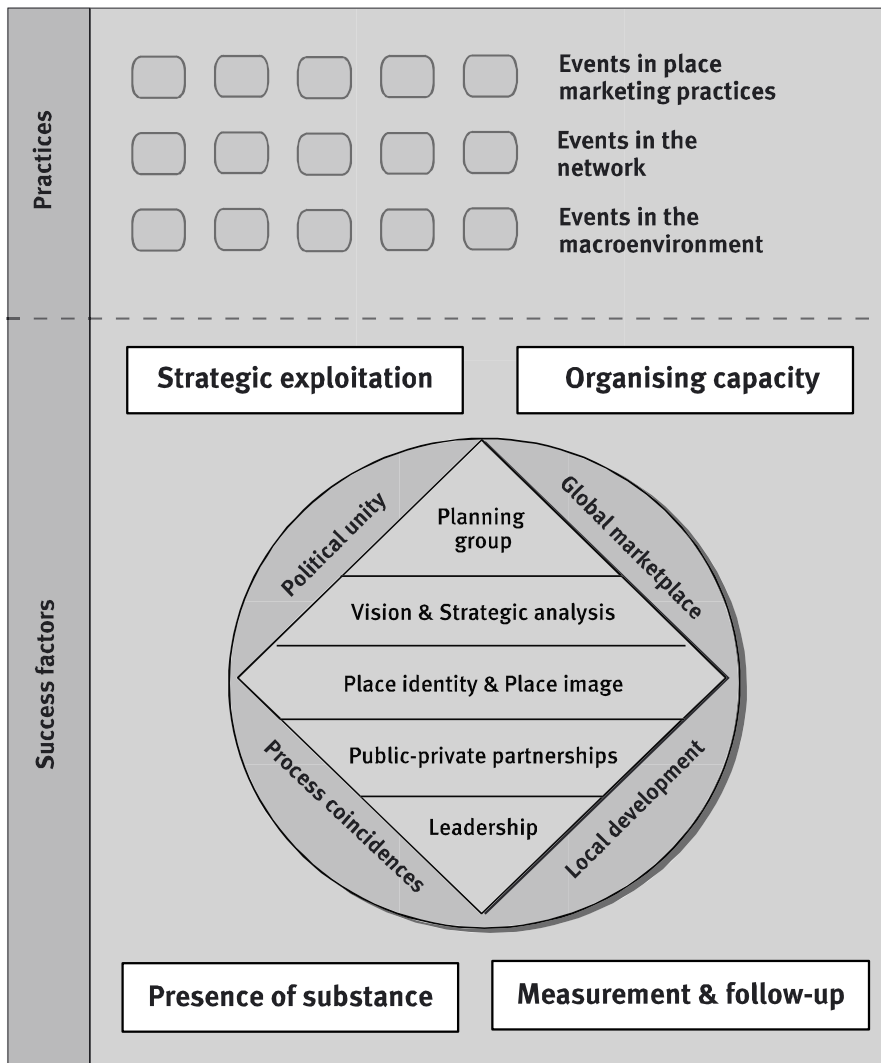


Figure 6.1 Modified Framework. Success Factors in Place Marketing

Now the theoretical framework has three “dimensions” of success factors. The elements in the inner part (planning group, vision and strategic analysis, place identity and place image, public-private partnerships and leadership) represent the core building stones in place marketing practices. The elements on the sides of the “prism”, (political unity, global marketplace, local development and process coincidences), meet the challenges in the network and in the macroenvironment where the place marketing practices are performed. The new “how and ability” factors - strategic exploitation, organising capacity, presence of

substance, measurement and follow up - bring additional strain to the challenges of place marketing. All these “how and ability” factors need to be present when practicing place marketing. In fact, all the success factors of the framework are connected and interacting with each other supporting the process of successful place marketing practices.

There must be present enough *organising capacity* for the management of the strategic part of the process, as well as for the operational implementation of the programmes. Organising capacity comprises the capabilities of the management and the resources of the place suggesting that also political unity is needed to achieve the necessary organising capacity for the place. *Presence of substance* is also linked to the organising capacity. Presence of substance is the “state of affairs” that has been reached by means of, for instance, organising capacity and the process of the systematic strategic analysis. *Strategic exploitation* of individual core issues in place marketing is essential. Without strategic thinking, the operative actions bring success only by accident – or good luck. Also, both the strategy work and the implementation on the operative levels are needed for success. The strategic work is only the most demanding part of the place marketing challenge. Without *measurement and follow-up*, no place marketing programme is executed in an ideal way. “You get what you measure” is also true in place marketing.

6.2 Summary of the Results

A summary of the main results is presented in eight categories of the research contribution.

1) Theoretical defining of place marketing and success in place marketing: new perspectives and insights for the place marketing “theory”

- The study defines the concept of place marketing, analysing existing literature and the latest discussion. Corporate marketing terms are also defined and their applicability for places elaborated.
- What “success” in place marketing is defined, discussed and analysed.

2) Development of a theoretical framework of successful place marketing. Places can be marketed as sophisticated as products and services, and places can exploit the branding strategies like corporations to increase the place’s (customer) value and attraction.

- A theoretical framework is formed. The study argues that the mixture of these success factors includes the necessary elements for successful place marketing practices. Factors mirror the required techniques and procedures, environmental and competition issues, external forces influencing the success in place marketing practices. The framework comprises elements related to the domains of marketing management and strategy. The attempt to integrate the complex process of successful place marketing in a qualitative framework is a new contribution for place marketing discourse.
- The theoretical framework was applied in an empirical test and the findings show that the framework can guide the process and the success issues of place marketing practices.

- The theoretical framework was refined based on the findings in the empirical study through adding four “how”-elements, namely “Strategic Exploitation”, “Presence of Substance”, “Organising Capacity” and “Measurement and Follow-up”.

3) Adjusting the key concepts of the corporate marketing theory to the “language” of places (public organisations): new perspectives and elements for the place marketing discourse.

- The basic principles of corporate (traditional) marketing can be adjusted to the circumstances and needs of places with certain limitations. When marketing activity is practiced in a place, one has to take into consideration the strategic, operational and managerial differences between the public and private sector.
- There are, however, limitations to unconditionally generalising the findings, because the methodology is based on only four cases, although the theoretical base of this dissertation is broad.

4) The development of branding in place marketing: a new aspect of place marketing

- The study developed a quite new concept of “Place Branding”, and integrated it in the framework of the study. Central issues in place branding are the forming of the place identity, marketing communication and the resulting place image(s).
- A similar approach, using a transfer of the traditional corporate branding techniques for places, has obviously not been modelled in earlier place marketing texts.

5) An analysis of the success factors and the process in place marketing practices: new arguments for the place marketing discourse and practices. Altogether 35 propositions are made.

6) Condensing the major development trends and best practices from the literature and latest discussion and generating new discussion of, and insight into, place marketing practices.

7) An evaluation of the major differences in place marketing practices in Northern Europe and the U.S.: new discussion, knowledge and development initiatives about international place marketing practices.

- The analysis of the differences in the managerial modes of place marketing between Northern Europe and the U.S, using a literature review and empirical research, makes a new contribution to place marketing. The evaluation is based on only one case in the U.S., although involving numerous specialists with a wide national and international perspective.

8) Recommendations for practical implementation, and how the findings of the study can be utilised in place marketing work: new perspectives for place marketing practices and place development.

Table 6.1 presents a summary of the sources of knowledge in answering the research questions, divided between the pilot study, literature review and case studies. Three categories of importance are indicated.

Table 6.1 Sources of Knowledge in Answering the Research Questions

Parts of the study / Research question	Pilot test	Literature and framework	Place marketing practices analysis
1. What is place marketing, how can place marketing be managed and what is success in place marketing?	*	Literature *** Framework ***	Descriptions Figures 1.1 - 2.12 Tables 1.1 - 2.4 **
2. How can success in place marketing be evaluated empirically and which factors explain the success or failure?	**	Literature ** Framework **	Descriptions propositions Tables 4.7, 4.10, 4.12, 4.14 ***
3. What are the major differences between the place marketing management practices in Northern Europe and the US?		Literature ** Framework *	Descriptions propositions ***
* Low importance			

**	Medium importance
***	High importance

6.3 Contribution to Place Marketing Theories

The objective of this present study is to evaluate which are the most critical success factors in place marketing, and how these factors could be utilised in the development of places; the empirical evidence on the issue is very limited or non-existent.

Three detailed research questions dealt with theoretical definitions of place marketing and success in it, management issues, success factors explaining success or failure, and the process. Also, the major differences in the place marketing management practices in Northern Europe and the U.S were an issue in the study.

This study has developed a theoretical framework for the success factors in place marketing and tested it in empirical field research. The findings indicate that the framework could, indeed, be applicable also in broader terms for use, and that the major relevant elements for successful place marketing have also been captured to the study's foci. This framework can serve as a tool for places to help them move to a more systematic and efficient approach in their place marketing. The value of this study is in providing new insights into the place marketing process aiming at having a more systematic and efficient marketing approach for places. This study has also made a theoretical contribution by attempting to analyse the evaluate success elements, and the processual elements of place marketing practices.

The 35 propositions made in the study are based on the findings during the empirical research process of the study. Propositions were formed for each success factor of the model and allocated to the research questions. The propositions of this study contain new scientific insight into the place marketing "theory" and practice. The results indicate that places can be marketed as sophisticated as products and services, and places can be branded to increase the value and attractiveness of the location. The basic principles of corporate marketing can be adjusted to the needs of places with certain limitations. The study has further suggested

further a new term in place marketing “Place Branding”, and the branding concept has been integrated in the model of success factors. Finally, an evaluation was made of the major differences in place marketing practices in Northern Europe and the U.S.

6.4 Managerial Implications, Practical Significance and Recommendations

Place management has a great challenge in keeping the location progressive and to attract new place development and investments to the location. The existing businesses and residents must also be kept content. New competition rules have replaced the old worn-out ones in the hard competition. Soft new “clever” managerial methods are needed with the development of the place product and the needs of place customers. Arguments that a place needs to be marketed or branded professionally are a new phenomenon. For a long time, it was sufficient for places just to promote the existing place package. Now, in this era of new place marketing, the management needs to ask who are our customers, what do they want and how could we create added value in our location? The place product needs to be developed and changed according to the customers’ needs. This complex turnaround requires managerial skills more than ever. In the present study’s framework, a strong focus is put on the role of management and branding in place marketing and in place development. The study has argued that with the tools linked to the “soul” of a place, identity and image, favourable associations can be created for a place to attract new businesses and visitors to the location, simultaneously increasing the value of the place. This technique is called place branding, when executed in a sophisticated form. Medium-sized places need more “critical mass” to be attractive, for instance, for foreign “faceless” capital. Strategic alliances with other locations can decisively increase the joint-value of all the partners, who all could be in a win-win-situation. The well known name of the central city acts as the “umbrella brand”, and building a “region” with the surrounding towns or municipalities is advantageous to all. Places using leadership to manage the place resources in the complex place marketing process are winners. Passively behaving locations will lose their competitive edge. Public-private partnerships are an efficient practice to combine resources and manage a bigger place development project. PPPs will be, together with the leadership skills, the major challenges for place marketing management.

Central in place branding is building the identity for the place, which is the active part of management in the process. Branding is a responsibility and an issue of the top management in place marketing, as it should be also in corporate marketing in the hands of the top management. Strategic marketing involves, in the beginning, strategic analysis, which is the task of the management. One key duty of the management is to decide on which marketplace the location will want to compete in, and which are the sub-markets. This decision will then direct in to the necessary strategies and implementation programmes. Also, in evaluating success in place marketing, the goals of the management, are the context in which to view the achievements. Organising capacity is crucial for the success of the place marketing. This means that the place management must establish the required financial and human resources. This leads to the issue of political unity and consistency, which set high challenges for the management of a place.

The global marketplace brings new locations to the competition, but also new possibilities for places. Global competition is a huge challenge for place management. Also exploiting the opening international challenges demands new managerial skills, as so many places are presenting their marketing messages, trying to merge their created identities with trustworthy and differentiated place images. Before “going global”, place management needs to put its own “ nest” in order, and the local development of the place is a demanding task with decreasing allocated economic development resources. Process coincidences can surprise the place management if it is not prepared with reserve plans. Strategic planning skills will be increasingly needed.

The place has to be managed, and managed growth is much better for a place than unmanaged development. The study argues that a good management can save the place’s image even under negative circumstances, and that a bad management can ruin even a good image of a place. There are practical problems, however, linked to the exploitation of the suggestions made. Marketing know-how in general is a scarce resource even for companies, often forming the most important development challenge for the management. It is obvious that in public organisations, and in places, marketing skills are rare. The attitudes of the key-people might also need to be more marketing-oriented. This issue of marketing skills presents a great challenge to place development organisations. The described process of place marketing is a long-term systematic involvement and, therefore, a sustained effort will take the place further

along the learning curve. Also, outside advisors might be useful for consultations, and the best practices of successful places should be studied. Professionalism comes along with the work, as a positive “process coincidence”, and an active effort is always better than putting one's future in the hands of the keen place competition.

Recommendations are made for the use of places in the form of some practical initiatives:

- The images of the businesses located in the region are important for the image of the place (region), and also the firms can benefit from the favourable image of their home location. Therefore, a versatile cooperation between the place and its enterprises should be used to benefit both parties.
- Public-private partnerships should be exploited to stimulate the development of the place. PPPs are very useful in regional place marketing and development and show evidence of working relationships between the community and its companies, as well as providing organising capacity (e.g know-how) for major development projects.
- The best practices in place marketing have not yet appeared, and only a place's imagination sets the limits as to how innovative place marketing programmes can be created. Important in planning place marketing approaches is to decide on the market segments, and not conflicting brands (identity). The differentiation of the place's offer from those of competing places is crucial for success (positioning). Cluster building is one efficient way to establish critical mass and credibility. Each cluster should be seen as a sub-brand, which should have a responsible coordinator.
- The systematic long-term approach of work, consistency and intelligent focusing should be exploited as key elements to secure success in the place marketing process.
- Places need cooperation, and “cross marketing” should be used where all parties involved can all be winners.
- Political unity should be established to decide on the common opinion about the identity factors of the place. The management of the place marketing and place branding process requires professional leadership, who also knows the substance of the place brand and the

basic laws related to branding. The consistent development of the place substance is essential, in order not to give conflicting image messages about the place (brand).

- It is important for a place to start the place marketing process by making a SWOT-analysis to find the strategic challenges and its place marketing capacity. A place must think, who its customers are, and how it can give them added value and solve their problems.
- Besides the strategic analysis and visionary work the ability to implement in place marketing must be guaranteed. This organising capacity comprises, above all, the talented leadership and management with insight into the whole place marketing and development package, and managing the process (planning group).
- Financial resources must be established for creating the spirit, motivation and knowledge for the place marketing process. It seems obvious that Northern European major city regions (with more than one million inhabitants) need, in order to start a potentially successful, long-term place marketing effort, an annual financing of two- three million Euros and some 8-12 talented people, even with the focus on foreign inward investment only.
- Tourism attraction agencies (destination marketing) and inward investment agencies (regional marketing) should cooperate and complement each other's work through their own marketing approaches. For instance, the visitors of a scientific conference take home evidence of the local research effort.
- A single city might need to be part of a larger location (like a city region) in place marketing strategies, in order to acquire critical mass to appeal to investors and companies. A well known name of a central city makes building the familiarity of the region more feasible.

6.5 Limitations and Directions for Future Research

As in any research, there are limitations in this study. In spite of the efforts to minimise the limitations, some must be acknowledged.

Generalisation on statistical grounds is not possible, because case studies are generalisable to theoretical propositions not to populations or universes. In multiple-case studies, it is possible to generate mini-generalisations within the cases or across the four cases on the basis of a match to the underlying theory. The present dissertation has been concerned with theory building rather than theory testing. For this reason, normative implications from the study have to be carefully derived. On the other hand, the theoretical base of this dissertation is broad and the discussions with leading place marketing scholars and researchers have not been contradictory. This study has a *limited geographical and industry focus* and it is possible that the findings do not apply equally well to all countries and places with other economic and organising structures than the four case locations possessed.

Archival data were used to compare with the interviewees' statements and to crosscheck the ex-post data to minimise *retrospective bias*. The data were partly collected after the actual incidents and the investigator relied on the retrospective recall of the key informants.

The conclusion and discussion of the findings of the present study identify some interesting potential objects for research, in the context of place marketing, namely:

- Which are the most relevant measures of success in various place marketing practices and in various situations?
- How can the measurement of success in place marketing practices be further developed and how could the qualitative evaluations of success be applied to set concrete goals for place marketing practices?
- Are the “clusters” of locations really as important for the place development as suggested in the literature? What other concepts for “power-generating” sources could places create to increase the place attractiveness?
- What qualities of a place influence the success of place marketing practices the most?
- What kind of organisation structures for place marketing practices are the most efficient in relation to various target markets? For instance, should a place have only its own employees to execute the place marketing functions versus outsourcing these resources?
- What are the differences in the results (e.g. efficiency) of executing place development projects when PPPs are involved vs. the situation without the participation of the private sector?
- What influence do the place brands vs. the brands of the firms in the location have on attracting investment and new firms to a location?
- How can research cooperation be developed with place marketing research and “location-survey” institutions, in order to create new approaches for attracting place customers in

various market segments? This initiative might result in new practical applications for place marketing practices, as well as broadening the views of the place marketing discourse.

Empirical verification of place marketing practices, however, seems to be difficult, as place marketing practices take place in complex contexts where people act as central players communicating and making place customer decisions, and this does not always take place in rational ways.

The present study has built a theoretical framework for successful place marketing, emphasising the potential through branding. The framework presents a challenge to places to move on to a new systematic, and more efficient, phase in their place marketing. The author believes that branding will be one of the new techniques in place marketing.

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Witt, S.F. & Moutinho, L. (1995). Tourism Marketing and Management Handbook. Prentice-Hall Int., Cambridge.

Yin, R. K. (1994). Case study research design and methods, Applied social research methods series volyme 5, 2nd Edition, Sage Publications, Thousand Oaks, California.

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8. APPENDICES

8.1 Interview Guide

FOR DATA COLLECTION, REDUCTION AND ANALYSIS

1. Planning group

How is the place marketing/ place branding process coordinated and managed? Does a planning or management group exist? Which are the essential elements and observations about the various managerial methods in place marketing?

The role of the planning group as a success factor?
The various organisational forms in place marketing?
The managerial elements in the planning process of place marketing?

2. Vision and strategic analysis (SWOT)

What kind of vision(s) does the place have?

What is the strategic process of the place, who is involved and who is ultimately responsible?

The role of the vision(s) as a success factor?
The role of strategic analysis as a success factor?
Which are the key factors of the SWOT-analysis?
What have been the most important strategic moves of the place?
<p>What are the key success factors/drivers of the place?</p> <p>a) what are the most important success factors?</p> <p>b) which success factors are also important ?</p> <p>c) other - though less important - factors which can influence the success of the place?</p> <p>d) which factors have - on the contrary – proved to be negative to the success?</p>

Which success factors occur without leadership (managerial efforts)?
Which success factors demand leadership (management's contribution) in order to take place?
Is there linkage between strategic goal setting and the actual success?

3. Place marketing activity programmes

What kind of activities/ programmes have been used in place marketing?

The role of such programmes as a success factor?
What type of different place marketing practices (modes) have been used?
Which slogans and marketing claims have been used?

4. Identity factors & image

What are the key identity (attraction) factors of the place?

The role of identity factors as a success factor?
Which media and marketing communication instruments have been used?
The role of image as a success factor?
What does the image of the place look like? Is the perceived image different from the goal identity?

5. Local development

How does local development take place?

How will the development be monitored?

The role of local development as a success factor?
Public-private partnerships
The role of public-private partnerships as a success factor?
Knowledge-based production

The role of knowledge-based production as a success factor?
Innovation and technological change
The role of innovation and technological change as a success factor?
Amenity, environment and non-material values
The role of non-material values as a success factor?

6. Global market place (including local and national competition)

How has global market competition been noticed in place marketing programmes?
What impact has global competition had on the place?

The role of the global market as a success factor?
External links of the place
The role of external links as a success factor?
International headquarters and institutions of the place
The role of international headquarters and institutions as a success factor?

7. Political unity

What is the level of political unity in the management of place marketing?
How are negative externalities controlled and positive externalities encouraged?

The role of political unity as a success factor?
Decision making power
The role of decision making power as a success factor?
The control of negative externalities
The role of controlling negative externalities as a success factor?

8. Leadership & process coincidences

What is the level of leadership (professionalism in management) in place marketing?

The role of leadership as a success factor?
What are the possibilities (keys) for the place's management to influence the success?
The role of management's possibilities to influence as a success factor?
What kind of differences are seen in leadership practices between the US and Europe?
The role of leadership differences between the US and Europe as a success factor?
What kind of coincidences and happenings have appeared –without management's influence?
Conflict (crisis) management of the place
The role of conflict management as a success factor?

9. Open comments and observations:

8.2 Case Study Data Sources

Altogether 50 people were involved as informants, twelve as “key informants” in the case studies. This list presents the people for each location, as well as the other main source of information, including written material.

Helsinki

Sources

a) Written Material:

- Urban programme for the Helsinki Metropolitan Area Competence and Cohesion Implementation programme 2002-4, Helsinki City Office, Publication Series A 8 /2002-11-01
- The meeting memos of Helsinki Region Marketing Oy during 1998-2002 (classified)
- Internal documents and meeting memos of Helsinki Region Marketing strategic work group 2002 (classified)
- Own digital pictures of the City and meetings of the planning group
- Statistics 2002, Helsinki Region Marketing Ltd, Helsinki, 2002-11-01
- *Helsinki Region Europe's Magnetic North*, Libris, Helsinki, 2002-11-01
- Business Guide, Helsinki Region Helsinki Metropolitan Development Corporation, Libris, Helsinki, 1999
- This is Helsinki, City of Helsinki, Information Office, 2002-11-01
- Ideopolis Helsinki Region 2003, Helsinki Region Marketing Ltd
- The next generation Hub Aviapolis, City of Vantaa, 2002
- www.helsinkiregion.com (Helsinki Region)
- www.investinfinland.fi (Invest in Finland Bureau)
- www.finlandconventionbureau.fi (Helsinki Finland Convention Bureau)
- www.uudenmaanliitto.fi (Uusimaa Regional Council)
- www.ytv.fi/ (Helsinki Metropolitan Area Council)
- www.culminatum.fi (Helsinki Region Centre of Expertise)
- www.hel.fi/english/index.html (City of Helsinki)
- www.espoo.fi (City of Espoo)
- www.vantaa.fi (City of Vantaa)
- www.helsinki.chamber.fi (Helsinki Chamber of Commerce)
- www.stat.fi (Statistics Finland)
- www.etla.fi (The Research Institute of the Finnish Economy).

b) Informants (Key = Key informant; date = day | month | year):

- X¹⁸¹(Key) Pentti Pitkänen, Helsinki Metropolitan Development Corporation/ Helsinki Region Marketing Oy, Managing Director (In Helsinki 28.02.2002, 18.06.2002, 31.10.2002, MIPIM in Cannes 5.-6.3.2003)
- (Key) Juha Pokela, Helsinki Region Marketing Oy, Project Director (In Helsinki 7.06.2002, 19.10.2002, 31.10.2002, 5.-6.3.2003)
- X(Key) Jukka Peltomäki, Uusimaa Council, Director of Regional Development (In Helsinki 18.06.2002)
- X(Key) Nyrki Tuominen, The City of Helsinki, Business Development Manager. (Regional Marketing Seminar in Helsinki 31.10.2002 and MIPIM in Cannes 6.3.2003).
- Initially only two key informants were foreseen (the two first on the list), but the participation in the planning group led to frequent contacts with especially the two leading authorities in the region, and their contribution to the study was considerable. With the four key informants altogether 11 separate sessions were concluded, of which six were scheduled interviews. The planning group meeting time is not included here. The two exhibition days at MIPIM are calculated as one meeting, although several discussions took place with each key informant. Also the six meetings are calculated as one event in the data collection. Calculated so, with all 14 informants altogether 21 discussions or interviews are shown.
- Martti Rautiala, Agent Scandinavia in Stockholm, Helsinki Region Marketing Oy (Helsinki 31.10.2002)

¹⁸¹ Planning group members

- Philip W. Anderson, P.W. Anderson & Partners, Inc., Virginia, President & CEO. (MIPIM, Cannes 5.3.2003).
- Heikki Perälä, The Helsinki Chamber of Commerce, Managing Director (Regional Marketing Seminar in Helsinki 31.10.2002)
- Eero Holstila, Culminatum Oy, Managing Director (Regional Marketing Seminar in Helsinki 31.10.2002)
- Pentti Ranta-aho, German-Finnish-Chamber of Commerce, Director, (telephone interview 30.10.2002)
- X Kari Ruoho, The City of Espoo, Business Development Manager
- X Leea Markkula-Heilamo, The City of Vantaa, Business Service Director
- X Raimo Koskenkanto, The City of Espoo, Business Development Manager
- X Marko Karvinen, The City of Helsinki Urban Facts Research, Manager
- Reijo Pääärni, Vantaa, NCC Property Development Oy, Senior Vice President, Marketing (6.3.2002 MIPIM, Cannes)
- The place marketing issues concerning the Helsinki Region and Finland were discussed in Evanston, IL, US, 9.4.-10.4.2002, in interviews with Professor Irving Rein, Professor Philip Kotler and Professor Donald Haider, Northwestern/Kellogg's University.

c) Own participation in the working group

The author participated in the practical work of the regional planning process at the Helsinki Region Marketing planning meetings on: 22.3.2002, 15.5.2002, 23.5.2002, 4.6.2002, 27.8.2002, 17.9.2002. The author was a delegate at the Regional Marketing Seminar (30.10.2002) and on the Economic Development Day of the City of Helsinki on 27.11.2002.

Stockholm

Sources

a) Written material:

- Business Arena Stockholm, Annual report 2001 (Årsredovisning)
- Så styrs Stockholm. December 2000. Information Stadshuset
- Var med och stärk näringslivsklimatet i Stockholm. Stockholms Näringslivskontor
- Own digital pictures of the City
- Invest in Sweden. Biotechnology. Excellence in all steps of drug discovery and development. www.isa.se. May 2002.
- The Stockholm Uppsala Biomedical Region. Business Arena Stockholm. www.bas.stockholm.se
- Stockholm.challenge.stockholm.se. The Stockholm Challenge Awards Programme. The City of Stockholm, 2002
- Stockholm. Region of Excellence. The City of Stockholm. 2001
- Wirtschaftswoche 8.8.2002, nr 33, pp. 18-23
- Spotlight on Stockholm-Uppsala. www.naturejobs.com. 2001
- Growth in Value. Kista Science city, 2002
- New Solutions for Sustainable Cities. The City of Stockholm. www.partnerships.stockholm.se, 2002
- Inspired in Stockholm. Time Stockholm. Stockholms Näringslivskontor, 2002
- Bioscience in the Stockholm Region 2002/2003. The City of Stockholm Economic Development Agency, 2002

- www.bas.stockholm.se (Business Arena Stockholm)
- www2.stockholm.se/english (The City of Stockholm)
- www.stockholmbusinessarena.com (Stockholm Business Arena)
- www.cmi.ki.se (statistics)
- www.stuns.se (statistics)
- www.su.se (Stockholm University)
- www.uu.se (Uppsala University)
- The investigator received the electronic B.A.S. newsletters during the research process.

b) Informants:

- (Key) Christer Asplund, Business Area Stockholm (B.A.S.) & Business Development Office of City of Stockholm (S.N.K.), Managing Director. (Personal working sessions in Stockholm: 6.6.2002, 25.9.2002, MIPIM, Cannes 6.3.2003, telephone interview 20.1.2003. E-mail correspondence during April 2002-March 2003)
- (Key) Margareta Grape, Stockholm visitors board AB, Director Conferences & Conventions. (In Stockholm 25.9.2002)
- These two informants were considered key informants, and four personal discussions took place, of which three were scheduled interviews in their offices. 13 discussions took place with all 9 informants. Originally the intention was to manage with the two key informants, and the other people came with the “snow-ball technique” along with the process. Margareta Grape was recommended as the second key informant by Business Arena Stockholm & Economic Development Agency of the City of Stockholm.
- Per-Axel Dahlberg, Business Arena Stockholm, Deputy Managing Director. (MIPIM, Cannes 6.3.2003)
- Anders Nordborg, The City of Stockholm Economic Development Agency, Project Manager (Stockholm 6.6.2002, MIPIM, Cannes 6.3.2003)
- Ingrid Pålman-Käck, Assistant, The City of Stockholm Development Agency. (Stockholm 6.6.2002, 25.9.2002)
- Carl Cederschiöld, Vice Chairman, Council for the Stockholm-Mälars Region. (MIPIM, Cannes 6.3.2003)
- Juha Pokela, HRM Corporation, Project Manager: Observing Stockholm at MIPIM five times. (MIPIM, Cannes 5.3.2003)
- Martti Rautiala, Location consultant situated in Stockholm. (Helsinki 31.10.2002)
- Philip W. Anderson, P.W. Anderson & Partners, Inc., Virginia, President & CEO. (MIPIM, Cannes 5.3.2003.

Copenhagen

Sources

a) Written material:

- www.mediconvalley.com
- Copenhagen Capacity, Annual Report 2001, www.copcap.dk
- Medicon Valley Academy, Annual Report 2001, www.mva.org
- Medicon Valley Investment Guide 2001. Medicon Valley Academy
- Own digital pictures of the City
- Commercial Attractiveness of Biomedical R & D in Medicon Valley. The Role of R & D in Attracting Regional Investments. November 2002. The Boston Consulting Group, Copenhagen.
- Location Denmark: Market Overview, Marts 2003 Nr.1, MEE Aps, Frederiksberg

- Medicon Valley, Special Newsletter January 2003.
- Location Copenhagen, Copenhagen Capacity, www.copcap.dk
- Medicon Valley, The Bio-Region of Europe, Copenhagen Capacity
- The Medicon Valley Region, Annual Report 2000, www.mva.org
- The Øresund Region – the human capital, 2000. www.oresundnetwork.com
- Copenhagen 2001 +-12. The City of Copenhagen. www.Copenhagencity.dk
- The Greater Copenhagen Property Market 2002, Sadolin/Albaek
- Focus Denmark, Business and Investment News, June 2002, Danish Trade Council
- Wonderful Copenhagen Årsberetning 2001, www.visitcopenhagen.dk
- The New Øresund Region, March 2001, www.worldpictures.com
- Green City Denmark A/S, Annual Report 2001, www.greencity.dk

The investigator was a subscriber of the electronic newsletters during the research project.

b) Informants:

- (Key) Rolf Larssen, Copenhagen Capacity, Managing Director. (Personal working session in Copenhagen 16.8.2002, at MIPIM in Cannes 6.3.2003. Telephone interview 17.1.2003. E-mail correspondence between June 2002 and March 2003)
- (Key) Niels Gerner Larsen, Medicon Valley, Analysis and communication. (In Copenhagen 16.8.2002)
- With the two key informants, there were four interviews, and with all six people altogether eight discussions, taking place in Copenhagen and Cannes. The major contribution of the informants was in suggesting and furnishing the investigator with various documents.
- Thomas Krarup, Copenhagen Capacity, Business Development Manager
- Mette Westberg Fölster, Business Development Director, Copenhagen Capacity
- Juha Pokela, Helsinki Region Marketing Ltd. (MIPIM 6.3.2003): observing during five times the development of CopCap, e.g. in the international exhibitions
- Philip W. Anderson, P.W. Anderson & Partners, Inc., Virginia, President & CEO. (MIPIM, Cannes 5.3.2003).

Chicago

Sources

a) Written material:

- Chicago Access, Advantage, Achievement. World Business Chicago presentation 22.11.2002
- Chicagoland Chamber of Commerce (www.chicagolandchamber.org)
- Chicago Sister Cities Program (sister@sip.org)
- World Business Chicago (www.worldbusinesschicago.org)
- Metropolis 2020 (www.chicagometropolis2020.org)
- Chicago Convention & Tourism Bureau (www.chicago.il.org)
- State of Illinois Trade Office, Dept. of Commerce and Community Affairs
- www.commerce.state.il.us
- www.illinoisbiz.com
- Illinois First Stop Business Information Center (www.commerce.state.il.us)

- Global Chicago Center, Chicago Council on Foreign Relations
- www.globalchicago.org
- The Metropolitan Planning Council (www.metroplanning.org)
- Com Ed (Exelon Corp.) (www.exeloncorp.com/comed/regulatory)
- The Federal Reserve Bank, Chicago
- Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce/ Federal Reserve Bank of Chicago (1999). MSA Profile and Investment Opportunities
- Boeing, Chairman Phil Condit, Speech 18.4.2002 (http://www.boeing.com/news/speeches/2002/condit_020418.html)
- William A. Testa (2002). Chicago's Economic Connections and Challenges. Draft
- Own digital pictures of the city and people.

b) Informants:

- (Key) Prof. Donald Haider, Kellogg Graduate School of Management, Northwestern University, Evanston, Professor of Management, Director, Program in Non-profit Management. Professor Haider has also acted as an instructor concerning the Chicago case.
 - The following E-mails were received from Haider: 9.7.2002 at 13:02 (interview guide); 15.5.2002 at 11:25 (contacts); 15.7.2002 (referral) 21.11.2002 at 20:35 (draft); 20.12.2002 at 18:43 (draft); 13.1.2003 at 8:42 (place marketing practices)
- (Key) Tom Bartkoski, Director of International Business Development, World Business Chicago
 - The following E-mails were received from Bartkoski: 1.10.2002 at 22:56 (place marketing activity); 2.10.2002 at 20:41 (place marketing history); 19.11.2002 at 17:18 (place marketing practices); 20.11.2002 at 23:12 (draft); 22.11.2002 at 19:14 (WBC history); 6.1.2003 at 17:11 (place marketing practices); 11.3.2003 at 8:18 (place marketing history, 5.3.2003 at MIPIM).
- With the key informants, only one personal interview in Evanston, Chicago, took place (Haider 9.4.2002). Communication was through the Internet and frequent E-mail-messages during April 2002 and March 2003. With the other informants, there were additionally three personal interviews in Evanston/ Chicago (9.-10.4.2002) with Philip Kotler and Irving Rein, in Cannes with Philip Anderson.
- Prof. Philip Kotler, Kellogg Graduate School of Management, Northwestern University, Evanston, Professor of International Marketing
 - The following E-mail messages, for example, were received from Kotler: 25.11.2001 at 11:40 (branding); 12.5.2002 at 20:39 (commenting interview guide); 19.11.2002 at 22:29 (draft); 12.2.2003 at 18:35 (place marketing "theory"); 8.1.2003 at 21:57 (commenting draft). Kotler's doctoral student Magdalena Florek: 26.11.2002 at 4:40 (place marketing practices); 6.1.2003 at 17:24 (Civic Committee).
- Prof. Irving Rein, Northwestern University, Evanston, Professor of Communication Studies
 - The following E-mail messages were received from Rein: 20.5.2002 at 15:58 (commenting interview guide); 25.11.2002 at 21:21 (image); 7.1.2003 at 0:14 (place marketing practices).
- William A. Testa, Federal Reserve Bank of Chicago, Vice President and Director of Regional Programs in the Research Department
 - The following E-mail-messages were received: 29.7.2002; 13.9.2002 at 19:54 about economic info and connections concerning Chicago. Testa's draft July 29, 2002: Chicago's Economic Connections and Challenges & MSA Chicago Profile and Investment Opportunities.
- Philip W. Anderson, P.W. Anderson & Partners, Inc., International Consulting, President & CEO, (personal interview in Cannes, MIPIM 5.3.2003)
- The investigator received from the informants during the field process of about one year altogether 26 E-mails which concerned either Chicago's place marketing practices or the framework issues of the study.

8.3 Place Marketing Trends and Challenges. A Summary Article

The summarising discussion is meant for an interested reader who wants to have at a glance an overview of the major trends in contemporary place marketing. The text is initiated through six topics, which together form the central essence of the contemporary place marketing.¹⁸²

1. What are the most relevant new experiences and new issues facing place marketing policies in European cities?

There are over 500 regions in Europe competing for the scarce resource of foreign investment and capital. Over 300 city regions in the world have over one million inhabitants. There are 105,000 single communities in Europe. City-alliances are a new tool in this place war to survive. Numerous capital cities are building, with the surrounding towns or municipalities, a “region” for international marketing purposes, while the famous name of the central city acts as the “umbrella brand”. Medium-sized cities will have increased problems in this competition to attract foreign capital if they remain alone, because they need more “critical mass”. Strategic alliances with other places can decisively increase the joint value of the place partners. Various functional networks and regions, often city-regions, ignore administrative or geographical borders.

While the “place-war” already exists, the “people-war” for talented work force has also begun on a global scale.

Leadership describes in a fitting way the new challenge for the place’s management to pilot the place through the demanding marketing process. Leadership will be the most important success factor for places in this new place competition. Places should be managed like private firms. Naturally, the difference in the package of an offering and in the nature of a public organisation bring nuance to the game. Leadership will probably be the number one issue in place marketing. Places which manage their resources in the complex process of place marketing will win. Places that just passively follow the main stream will lose their edge.

Public-private partnership (PPP) is a much longer and efficient practice in the US than in Europe. Because there is a risk of the financial resources of communities diminishing, successful management of PPPs will be the second success factor for places. Public-private partnerships will be a major future issue in Europe, which differentiates between winners and losers.

Places are now becoming interested in the strategic marketing model. General marketing practices can also be applied also to places, after adjustments, in spite of the differences between the complex “place product” and private firms’ products and service. A new tool in place marketing will be branding, which has been practiced in private firms successfully for over a century. Central in the branding of a place is forming the place identity. This is the active part in the brand image building process, when the place can decide on its place attractions, which it wants to focus on. The emerging image is then the result of consistent marketing work. If the identity part is not planned, the resulting image will also occur by accident.

¹⁸² Originally Seppo Rainisto gave an interview to an Italian journalist Giovanni Padula (CityO S.r.l, December 2002), and this text has been modified from this interview content.

For the first time, the availability of qualified staff was seen as the single most important factor (59%) in deciding where firms locate. Market access came second (57%). (European Cities Monitor, October 2002 www.cushmanwakefield.com)

In comparison to the US, place marketing knowledge, the marketing of services is not managed as well in Europe. This is a big challenge, especially for Northern Europe.

2. From the point of view of process and organisation, from outlining the strategic vision to implementing the action plan, what are the best examples of place marketing strategies in European cities?

When looking at the place marketing organisation models of the Scandinavian metropolitan regions of Copenhagen, Stockholm and Helsinki, it is obvious that a place needs one organisation nominated to be responsible for the regional marketing and to coordinate it.

The marketing of the Greater Copenhagen Region is taken care of by the official inward agency of the City, "Copenhagen Capacity". The region has 1.8 million inhabitants, with the whole Øresund Region (also the Swedish side) the total population is 3.5 million. There is the official inward office "Business Arena Stockholm" for the marketing of the Stockholm Region. The Stockholm Region comprises 1.8 million inhabitants, and with Uppsala region 2.1 million inhabitants. The marketing of the Helsinki Region, with 1.2 million inhabitants, is handled by the company "Helsinki Region Marketing". However, this organisation does not have (at least not yet) the official status as the inward investment agency and so no allocated fixed budget money for the foreign promotion. It is important for city-regions to have one place as the "one-stop-shopping" centre, and the coordinating organ. It is not good, in the long run, if the city must rely on the money collected from the private sector to finance this common regional marketing. PPPs are a different issue and they increase the critical mass of the place.

Organising capacity is crucial for places to implement the process. Also the more complex term "governance" has been used in this connection. Political unity is necessary for consistency in work. In the Helsinki Region, comprising the cities of Helsinki, Espoo and Vantaa, it has been difficult to reach political unity as to the common regional marketing. Also, the Helsinki Region is one of the few metropolitan regions without its own administration, which does not make the coordination task any easier.

The city also has to be managed. There is a great difference between managed and unmanaged growth. To retain the infrastructure during growth is probably the greatest challenge. Right from the beginning of the process, the place should ask: "What happens when we have reached these targets?"

In general, the same basic rules apply for large- and medium-sized cities in marketing. It is important to make the planning work and to analyse well, to establish organising capacity and coordination, and to focus on unique attraction factors (industries) and markets.

3. What is the key factor of the success of medium-sized European cities that, using place marketing strategies, are either able to improve their competitive position or carry out an effective turnaround?

The definition of success depends on the goals of each individual place. Places must make choices, as they cannot get everything. These choices build the framework in light of which the success criteria should be evaluated. Some general points can be suggested, however.

My present empirical study has tested the importance of key success factors in practical city marketing. These success factors comprise leadership, public-private partnerships, planning group, vision and strategic analysis, activity programmes, identity and image, local development, global marketplace, political unity and process coincidences. Each success factor will be evaluated as to relevance in four dimensions: presence of substance, strategic utilisation, organising capacity and measurement and follow up.

Earlier European research suggests some factors to be generalised as essential success factors. Such propositions are: knowledge-based production, innovation and technological change, and the control of negative externalities.

Non-material values, and “soft” attraction factors are becoming more and more important. Soft factors such as advanced branding, innovative climate, incubators, venture capital and intellectual properties are becoming, with the complexity of the offering, more important than traditional hard attraction factors, like raw material, costs, transport infrastructure, etc. Hard attraction factors can also be more easily copied, whereas the “spirit” of the place cannot. Feelings are also important material for place marketing.

It is important to react while the “business” is still flourishing. The best strategic decisions of places have been created without the need to revise plans.

I will give two examples of cities that have the potential to improve their competition position. The Finnish Capital of Helsinki has still a very low brand awareness (familiarity) according to the European City Monitor, even lower than the Polish capital of Warsaw, although Helsinki appears often in the top position in objective valuations and measurements. For instance, Empirica Delasasse (Wirtschaftswoche 8.8.2002) has ranked the Helsinki Region number one in the field of research and high-tech potential among 214 European regions. There is a gap between the substance and familiarity of the city. This is a clear place marketing potential and challenge to reach the right decision makers and make them familiar with the city.

Another example is the medium-sized Finnish city of Lahti with 100,000 inhabitants. Lahti is an example of a city, which has also the potential to improve its image. Lahti has suffered from many negative “process coincidences”. First, its slogan “Business City” appeared to be a failure, as it did not accord with the real substance of the city. Then, the name “Chicago” has been connected for decades to the name of Lahti in a “witty” slogan “Lahti is Finland’s Chicago.” In Finland “Chicago” is connected in informal speech to crime. Again, the city has suffered from the doping scandal in the 2000 Ski World Championships which were organised by the city of Lahti. These “outside forces” have influenced, mostly without justification, the place’s image. Lahti is located within one hour’s drive of the Metropolitan Region of Helsinki, and will certainly also benefit from the inevitable growth of this economic dynamo of Finland.

4. From a marketing point of view, suggest what a European city needs to do to set a clear vision and goals and address all these challenges at once.

Strategic thinking including strategic analysis belongs to the necessary homework of every place. The SWOT-analysis is the old good method used in private firms when starting the strategy process. In this analysis, the strengths, weaknesses, opportunities and threats of the place are evaluated.

Brand-thinking, leading in an optimal case to branding efforts of a place, is coming to place marketing. Contemporary place marketing uses the modern methods of business management. The best practices in place marketing have not, however, appeared yet.

Place-war and people-war are hot issues for all places. These challenges require a place to produce a clear product package of its own that is also understood and valued by customers. This requires the forming of a “soul” in the centre of the offering, for which branding is the right tool. Places can be branded like products and services. Branding can be a good starting point for place marketing, as it summarises all aspects under one umbrella. It is a good practice to have brand managers (“ministers”) who focus on its own cluster or industry. This is practiced with success by Business Arena Stockholm. The city needs an umbrella brand and sub-brands for each market. The challenge is that the umbrella brand and the sub-brands do not conflict with each other and the message comes across united.

5. Cases of successful place marketing strategies targeted at a new type of player. Are they different from the strategies aimed at traditional site seekers?

This is not (yet) a major trend in the Scandinavian surroundings. However, as the place war is global, so these players will also sooner or later undoubtedly be more present here.

Something similar to this would maybe be the big private firm Skanska’s participation in the place marketing organisation of Stockholm, Business Arena Stockholm, as a private shareholder. This took place in June 2002.

Important criteria for preparing the marketing strategy for such players in place marketing is to understand the nature of this customer group, its real needs and concrete mutual value added. The place should be able to solve this customer’s problems in a good partnership.

“Cross marketing” belongs naturally to place marketing. It comprises the message that every party is in a win-win situation. Moreover, active selling in all stages of the process and among all players should be the spirit in place marketing, too.

6. It is more difficult to answer strategic questions than to formulate an appropriate action plan

The strategic analysis and forming the strategy are where a place can fail or win. Action plans have an operative character, although they should stem from the visions of the place.

Operative programmes and measures are easy for competing places to imitate. Image is a result of long-term consistent work, and has such building stones that are unique and hard to copy. The management of the place must have the organising capacity to form a clear understanding of the long-term possibilities for the place, and be ready for a joint commitment and development agreement. The place should know itself, its customers and competitors well. The real point of difference must be found, and then be communicated with “one voice”. Confused messages create incredibility.

The adoption of a marketing approach will probably change the whole “business” climate of the place, and should be the issue of all players.

A place could often use multiple visions instead of one single vision, to broaden the focus and have more options available. For instance, the process coincidences (such as a natural catastrophe) require alternative strategies that can then be adopted if needed.

8.4 Regional Terms

The term “region” often refers to the complex of geographical areas (units) having common features and distinctions in relation to the surrounding areas. “Region” can refer to administrative units (commune, district) or regional configurations (towns, euroregions, geographical lands). In this study “place”, “region” and “city” is discussed from the customers’ functional point of view, but not interchangeably, and the administrative and geographic boundaries are ignored. The term “city” in this study also covers the surrounding economic region, of which the city is often the “centre place”. When a central city creates a differentiated and attractive image, that also benefits the surrounding region by increasing its (brand) awareness, it is difficult without the support of the well known place. The region would not often be able to get its name and offering known in its target markets, without the central famous place (also Jensen-Butler 1997:35-37). In practice, a place brand often gets its meaning from the name of the city, as there is usually a better chance of the city becoming known than other places. Also, a brand cannot exist unless it is known by name, and certain associations can be linked to it.

The basic concept of a region (some 500 regions in Europe can be identified according to this definition) has been defined by the Assembly of European Regions¹⁸³ (AER) as follows (Weihe-Lindeborg 2000:6-8):

The term region shall refer to a level of government immediately below the central government with political representativeness guaranteed by the existence of an elected Regional council, or failing this, by an association or body constituted at Regional level by the local authorities at the level immediately below.

In addition, there are a number of other regional contexts, namely micro-regions, cross-border regions and macro-regions. All four categories may overlap and interweave with each other (Weihe-Lindeborg 2000: 7). **Micro-regions** are territorially smaller contexts inside a region, but different kinds of micro-regions can overlap and be tucked into each other, and micro-regions can form different administrative, geographical-topographical, historic-cultural, or economic spaces. Examples of administrative micro-regions are the German “Kreise” and “Bezirke”, in France the “departments”, in Spain, Belgium and Italy the provinces and in Portugal the districts. Geographical or topographical

¹⁸³ Assembly of European Regions (AER) was founded in 1985, with its head office in Strasbourg, France. The AER is a political organisation of the regions in Europe and the speaker for their interests at the European and international level. Its mission is to bring together the regions of Europe and allow them to be actors in the construction of Europe and European integration. The AER has 250 member regions from 25 European countries and 13 interregional organisations. www.are-regions-europe.org. (Hargbarth 2002).

micro-regions are Öland in Sweden's Kalmar län, Como in Lombardy and Ebro Valley in Aragon. Historic-cultural micro-regions are Occitania in Languedoc-Roussillon and Grampian in Aberdeenshire, Scotland. Linguistically determined micro-regions are Northern and Eastern Friesland in the Bundesländer of Schleswig-Holstein and Lower Saxony. Micro-regions with a strong economic profile are, for example, the Ruhr in North Rhine-Westphalia, Barolo and Barbaresco in Piemonte (wine), and the Norwegian Lofoten Islands (fishing industry). There are also new micro-regional "industrial clusters", like Sophia Antipolis in Provence-Alpes-Côte d'Azur, Silicon Glen in Scotland and Fyrstadsregionen in Västra Götalandsregionen in Sweden. The origin of most micro-regions depends on a combination of many factors. **Cross-Border regions**¹⁸⁴ originate from cross-border cooperation in two or more countries, having formed a legal base. One example is EUREGIO with 149 local authorities, towns and "Kreise" in two German Bundesländer and three provinces in the Netherlands. JURA started in 1985, and is well-known for its micro-electronic industry, having created the first worldwide "Itinerary of Microtechnology" from Val d'Aoste in France to Chaux-de-Fonds on the Swiss side of the border. **Macro-regions** are regional constellations consisting of some regions and/or micro-regions in cross bordering or in the same state. One example is ARGE-ALP (Working Community of the Alpine Regions) founded in 1972, with eleven regions in four states (Bavaria and Baden-Württemberg in Germany, Tirol, Salzburg and Vorarlberg in Austria, Graubünden, St. Gallen and Ticino in Switzerland, South Tirol, Lombardy and Trento in Italy). Another example is the Barents Euro-Arctic Region (BEAR) from 1992, having eight regions in four states.¹⁸⁵

¹⁸⁴ Association of European Border Regions (AEBR) was founded as early as 1971, with its head office in Gronau, Germany. The AEBR is the representative body of the European border regions. Its 80 members represent some 160 border regions all over Europe and cover practically all internal and external border regions of Europe and beyond. www.aebr-ageg.de (Hagbarth 2002).

¹⁸⁵ These are Nordlands, Troms and Finnmarks "fylken" (regions) in Norway, Norrbottens "län" in Sweden, Lapland in Finland, Archangel and Murmansk "oblast" and the Republic of Karelia in Russia. (Weihe-Lindeborg 2000: 11)