Key Areas that Contribute to Attracting Organisations and Influence the Determination of a Marketing Strategy that Will Contribute to a Place`s Sustainable Future

by

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Abstract. Marketing is a topic of interest to everyone, whether the subjects of marketing are: products, services, property, people, information, events, organizations, ideas or places. Each place, each city, can have different economic functions. Some place's economy are diversified, while others are dominated by a single industry. Some places have a service-based industry, while others are farming communities, but in the end, they all need economic organizations, investors or entrepreneurs. Marketing helps create better, more competitive products and services, can increase visibility, number of customers and ultimately, the success of the subject to which marketing is applied. This paper attempts to assess the key areas of the capital of a place and how it can be used more efficiently for its prosperity, given that towns and places began relying more and more on marketing methods due to increased competition for investors, in the context of globalization and as people, capital and organizations have become more mobile. The paper determines key key areas that characterize a city, along with the importance of these key key areas for the most important segment of the cities target: organizations.

Key words: cities, marketing, organizations, success, key areas
JEL classification: O18, R11

1 Introduction

J. M. Cassels (Cassles, 1936, p. 129) argued that although the study of marketing is regarded as one of the new areas of economics, in fact it is one of the oldest. Place marketing is a concept spread globally and practiced today. It has benefited from rapid growth in popularity, especially over the last decade, being used at regional, national or international level. Marketing specialists (Kotler & Keller, 2012, p. 6) identify ten major types of entities for which marketing activities can be carried out: products, services, events, experiences, people, places, properties, organizations, information and ideas. Thus, it can be seen that among the entities for which marketing can be successfully applied, are also places. As people, capital and organizations have become more mobile, it became obvious that it is vital for places, at all levels, to provide an environment able not only to attract new business, but also, and perhaps more importantly, to retain existing ones happy. In an effort to meet the target segments requests, competitions actions and to attract the desired target segments, places recognized in the theory and practice of marketing, a valuable ally (Kavaratzis, 2005, p. 1).

City Marketing is a relatively new scientific field of research. Some people see marketing places just as a set of tools and methods that serve the purpose of selling the image of a unique city. But urban marketing goes beyond this concept, and shape the product and its image so that its beneficiaries see it how they would like them to be. Therefore, marketing places has a very important function, to create a sort of bridge between the city's potential and its use in benefitting its local society. (Karmowska, 2002).

In terms of marketing contributions to society, there can be many benefits, starting with the economy of a country, region, city or area, to benefits for the individual consumer (Wilkie & Moore, 1999, p. 198)

On the other hand, as a result of economic globalization and the internationalization of markets, appeared the neccessity to use the city identity concept. Marketing places refers to designing a city that meets the needs of target segments. It succeeds when citizens and organizations are satisfied with their community
and visitors and organization’s and investors’ expectations are met. Although place marketing is not a new phenomenon, it is more actual than ever, due to the global transformations, that have a profound impact on organizations. Locally, cities have come to actively compete with each other. Thus, cities need to attract tourists, factories, companies and talented people and to find markets for their exports. This means that cities adopt strategic marketing management tools and consciously building a brand of the city. As a result, many of the city marketing methods, approaches and tools have been designed to attract stakeholders (Gascó-Hernández & Torres-Corona, 2009).

We can say that marketing places, is part of the classic philosophy of marketing, in which the advertised product is the place, often found is the expression place – product (Warnaby & Medway, 2013, p. 346). One of the major differences to the product concept is that, unlike conventional products, no individual or organization has ownership of a place such as a city, even though some areas may be owned by a particular entity, is deemed that places are social constructions (Boisen, et al., 2011).

Marketing Management book authors (Kotler & Keller, 2012, p. 6) define areas as "cities, states, regions, or complete nations that are in a competition to attract tourists, residents, factories and offices of organizations".

Marketing places and brand building process for a place, are effective tools for attracting foreign investment and creating an area with potential, which, in a competitive and international market, seeks to obtain the image of a competitive destination for investment. The role and importance of the regions, especially cities, are dynamically changing, becoming vital entities in the new internationalized environment (Oman, 1996, p. 4).

Two trends that influence city marketing are globalization and regionalization (Muller, 2004) (Pulido-Fernandez & Sanchez-Riverp, 2010) (Anholt, 2010, p. 2). Gone are the days when cities were based on traditional industries, industries that were the heart and soul of the city. Old industrial centers were abandoned and traditional seaside resorts have degraded. Today, in an era of globalization, the industry migrates from a national to a global scale (Tucker , 2008, p. 21).

For a place, essential are the needs of three categories of customers: tourists, residents and organizations, seeking to operate, do business and labor recruiting (Hospers, 2004, p. 272).

2 Literature Review

Growing competition, both nationally and globally, for residents, tourists and investors led cities to devote increasingly more resources necessary to promote, hoping to convince audiences to come and see why their place, city is a special one. (Avraham & Daugherty, 2009, p. 331). Economies, civilizations, places, experience period of growth followed by a period of recession, regress, cycles that can be repeated several times. Growth period ends, inevitably, because growth itself generates its own destruction. The downturn may end as a result of various actions. This dynamic growth or decline can be influenced and/or accelerated by certain changes in the economic climate (Baker, 2003, p. 7). Internal migration of people and resources increase the price of real estate and housing, and is crowding the existing infrastructure. Typically, the city raises taxes for residents and organizations that pay for the expansion of transport networks, communications, energy and social services (Kotler, et al., 1993, p. 5). Thus, some residents and some businesses are beginning to move outside the city, in order to lower costs by reducing the tax base. Therefore, the attractive city status may lead to the unintended final consequence of not being attractive, attractive becoming elsewhere in the region. As places are losing their attractiveness, there are forces that can worsen the situation.; for example, an important company or industry may leave the place because of the infrastructure, the general recession or because of low costs elsewhere. Business profits and jobs can experience a downturn. Real estate prices collapses, infrastructure deteriorates. This accelerates the migration of residents and businesses and lead to sudden drop in the number of tourists and business venues. Banks increases
loans, leading to an increase in bankruptcies. Poverty and lack of employment can lead to an increase in theft, crime, illegal activities and tax evasion (Kotler, et al., 1993). Thus, city image deteriorates more and more. The authorities can raise taxes to try to keep and maintain infrastructure and meet social needs. But tax increase will contribute to the departure of investors and economic organizations, and the migration of income sources (Nancy Hughes, 2006) (Roth, 2014).

In today's economy, where organizations can easily relocate in search of lower costs, a skilled workforce at a lower cost and so on, when residents can relocate almost anytime, when tourists can visit almost any place, we can appreciate that competition is becoming stronger. Traditionally, when organizations decide to choose a place, are influenced by the cost of property, the cost of labor, materials and access to markets, land costs, tax cuts, etc. However, today, the quality of life of employees is an equally important factor, especially for knowledge-based industries such as telecommunications, IT, entertainment, and biotechnology, those who belong to the "New economy". A growing number of organizations looking for more places to attract and retain educated workforce. Therefore, areas that offer benefits such as cultural or recreational activities may have a competitive advantage. (Salvesen & Renski, 2003). As a rule for choosing a place, organizations classify places depending on factors which can be measured and factors that are not easily measured, and which represents subjective characteristics of a place. Another important aspect is that companies take decisions or choose a place to relocate in, with caution. However, the decision itself can be understood as a strategic vision which is part of the corporate planning (Capon, 1988) (Muller, 2004).

Traditional economic theory says that organizations seek to choose a place that maximizes profit. (Salvesen & Renski, 2003) Among the most important aspects considered include minimizing transport costs and low costs related to location. Any other factor that may influence the costs are taken into account in the decision. Some of these issues directly affect the cost of doing business in a particular place, namely local taxes, property values, construction costs, environmental regulations, the power of the unions, laws regarding workers compensation due to job cuts. Indirect costs may also have an important impact on the organization as well as the ease and efficiency of the local authorities in regards to obtaining authorizations, community attitude regarding the organization, quality and availability of infrastructure and government services, the availability of college education. Factors related to quality of life, like recreational and cultural facilities, regional climate, environmental quality, all can be considered as indirect factors (Salvesen & Renski, 2003). All is based on the fact that human capital is important for companies, as well as for a place, because important people become entrepreneurs. Other authors argue that to attract entrepreneur’s lower taxes is necessary and development of business incubators.

Items listed as the most important are the workers and skilled, talented labor, quality of life appropriate for the educated and ambitious people with expectations, not necessarily small taxes, but rather, a favorable tax policy, because entrepreneurs did not show high interest in low taxes, but favoured business-friendly regulations (Endeavor Insight, 2014, p. 9). Also, are considered as decision factors for choosing a place, the influence of tax on profit like, the existence of a foreign trade zone and the use of uniform tax charging by the state (Head, et al., 1999, p. 204).

Other authors consider as important, factors taken into account by a company, when deciding to relocate or invest: local labor market, infrastructure, transport, education and training opportunities (Insch & Florek, 2008, p. 139).

A variety of attraction factors play an important role in attracting foreign capital. These factors include the role of the government fiscal balance and monetary policies. Structural economic reforms of the governments, focused on trade liberalization and financial sector privatization of public enterprises, contribute to attracting companies, to increase macroeconomic
performance and to the development of domestic stock markets (Tarzi, 2001, p. 462). Other research suggests that a number of factors may be important in attracting investors, including market-related factors such as population size and quality of infrastructure, highly qualified labor force, flexibility, and efficiency factors that seem to play an important role (Fallon, et al., 2001). These factors include a highly skilled labor force, well-educated and flexible, and factors related to efficiency, including related to savings generated by congestion. Important are also the local telecommunications services (Fallon, et al., 2001).

Other authors (Witlox, 2012, p. 12) argue that developing a city requires the following: network infrastructure - airports, seaports, railway network, telephone network and Internet, data traffic, pipelines, commercial traffic, global shopping chains, corporate structures - multinational and transnational networks intra and inter companies, and others - waste flow, cash flow, credit card transactions, drug trafficking.

In the context of marketing places, places everyone are focusing on creating brands and, increasingly more, import concepts and techniques in the creation of trade marks for goods. This change is characterized as the current stage in the development of marketing places (Kavaratzis, 2009). So far, the most common application of marketing places focuses on visual elements, such as a logo, a new slogan, and in the best cases, creating visual advertising campaigns around these elements (Kavaratzis, 2009, p. 26). The brand of a city can address to different target audiences, such as tourists (Bickford-Smith, 2008, p. 1763), investors, sport fans (Chalip & Costa, 2005, p. 218), history buffs, fashion (Martinez, 2007, p. 2449), residents current or potential etc. (Zenker, 2008, p. 23). Also, reflecting on the new urban entrepreneurship, marketing places is more than just promoting cities, being used in some cities to recreate and redefine their image, along with which a strategy was chosen to target different types of activities that reflect and enhance the city image (Paddison, 1993, p. 339).

### 3 Research

Some authors (Svendsen & Sorensen, 2007, p. 453), (Merrilees, et al., 2009) tried to evaluate the capital of a place, and the manner in which it can be used, or used more efficiently, for the prosperity of the city. The paper aims to determine a way of assessing the capital of a place and importance of various key areas, in terms of economic organizations, to determine its position with regard to capital and, marketing strategy or strategies they should adopt in order to be successful.

The research involved three stages: research of secondary sources, which consisted in consulting the most important secondary sources, a qualitative research, which consisted in 13 in-depth interviews and quantitative research, based on a questionnaire.

**The research of secondary sources.**

The first step of the research was consulting the most important secondary sources, usually found as studies, research or indexes that assess the state of a city or place from different perspectives. The purpose of the research was to determine the key areas studied by other studies and papers and, based on information obtained, identifying those important key areas to be tested further in the research, given the target segment, organisations.

This research had an exploratory role, to determine important key areas that can characterize a city, from several perspectives. The methodology involved identifying and studying the analysed data indexes and charts on different places, cities, towns, and their aspects, their development, reasons why organisations choose a city or other, methods and key areas taken into consideration in their composition, taking into account renowned and representative papers worldwide. From all these sources, were extracted the most important and significant key areas. It was taken into account only the data and information from secondary sources, those that are considered relevant for the purposes of research. Were selected only those studies that provide relevant and detailed information for the topic sources of information being stored in
paper, only those considered as valid and reliable as determined by recognition and / or tradition authors. The research attempts to discover all the possible categories of tops and studies providing information on the subject studied. Given the reputation enjoyed by these tops and also by their promoters, initiators, supporters and creators, we can say that reliability and validity of the information matches the rigors and necessities of a research.

The information is retrieved and processed from international papers, recent, published by various organizations such as: European Green City Index, Economist Intelligence Unit Liveability Ranking (EIU), Mercer Human Resource Consulting, IBM Smarter Cities, Innovation Cities Program, Global City Indicators, A.T. Kearney’s Global Cities Index, GFCI - Global Financial Centres Index, Global Economic Power Index, Global Creativity Index, Cities of Opportunity (PWC) etc.

**Quantitative research.**

The role of quantitative research is to determine the importance of key areas and to validate the results of the research from secondary sources and qualitative research. For quantitative research, survey was used as the primary data collection method, based on a questionnaire used as data collection tool.

Regarding the measurement of key areas, semantic differential scale was used, questionnaire containing a number of key areas, grouped into categories where respondents appreciated their importance on a scale from 1 (very little importance) to 5 (very important), corresponding the importance they each gave for every key area. The purpose of the research was to determine the importance of each key area, which characterizes the ideal city that they would choose to relocate their business. The questionnaire was applied to 52 people, with managerial positions in different organizations.

**4 Research Results**

After the first two stages of research - research of secondary sources and qualitative research, the obtained results, meaning key area categories are: infrastructure, education, political, geographical environment, local government, stability and safety.
The analysis indicates that more than half of the organizations whose respondents answered the questionnaire, are Romanian companies, while almost 1/3 of them have foreign capital. 1/3 of the organizations had less than 9 employees, while about a quarter of organizations had between 10 and 49 or between 50 and 249 employees. Few organizations have had over 250 employees.

With regard to the turnover of company representatives interviewed, there is a roughly equal proportion among the three categories - under 50 000 EUR, 50 001-500 000 500 001- € 5 million and over EUR 50 million.

The importance of each key area or group of key areas was calculated as the arithmetic mean and is shown in Table 1.

Regarding the results of quantitative research and the importance of key areas, considered important by respondents were, in descending order of importance: human capital, economical environment, stability and safety, infrastructure, educational system, local administration, political environment, geographical environment.

Tabel 1. Key areas importance for organisations

<table>
<thead>
<tr>
<th>No.</th>
<th>Key areas</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Human capital</td>
<td>4.61</td>
</tr>
<tr>
<td>1.2</td>
<td>Economical environment</td>
<td>4.54</td>
</tr>
<tr>
<td>1.8</td>
<td>Stability and safety</td>
<td>4.34</td>
</tr>
<tr>
<td>1.3</td>
<td>Infrastructure</td>
<td>4.08</td>
</tr>
<tr>
<td>1.4</td>
<td>Educational system</td>
<td>4.04</td>
</tr>
<tr>
<td>1.7</td>
<td>Local administration</td>
<td>3.9</td>
</tr>
<tr>
<td>1.5</td>
<td>Political environment</td>
<td>3.51</td>
</tr>
<tr>
<td>1.6</td>
<td>Geographical environment</td>
<td>3.35</td>
</tr>
</tbody>
</table>

5 Conclusions, limits and future work

The work has, as result, a "key areas of needs" (similar to famous Maslow's pyramid of hierarchy of needs). Nevertheless, the variables considered in this work are not structured in levels, which, if met, would require the achievement of the next level. Thus, among the most important issues for organizations, entrepreneurs or investors are: human capital, economic, stability and security, infrastructure, education, local government, political, geographical environment.

A major contribution of this work is that it proposes a clear hierarchy of attributes that affect organizations in the search of a place.

The end result, regarded as managerial contribution, is intended to be used by local authorities and by marketing specialists or experts in other fields that have the object, the town, in the context of globalization, regionalization and mobility in organizations migrating to nationally, on a global scale. The purpose of this paper is to determine the level of category, and further, local authorities, depending on their capital, to determine what strategy that should be used and how to operationalize the strategy.

One of the limitations of this research is determined by the sample size considered for achieving quantitative research. It is possible that the sample size may have affected the quality of information derived from this research, and it does not reflect entirely the population's characteristics.

With regard to future research, in order to determine a more complete assessment of a city's capital, two other important target segments should be considered: residents and tourists, so that later is possible integrating all this information into a tool that can be applied to any city in order to determine its position in terms of capital and marketing strategy adopted in the quest for success.

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