

STATE OF THE ART OF CITY MARKETING IN EUROPEAN CITIES

City marketing and the development of city brands is now more than just theory and more like a fashionable reality. But what does city marketing really mean? How has it become what it is today? The easy answer to these questions would be “by applying marketing to a city”.

In practice, however, there are two major problems that need to be addressed:

The first is a long-standing problem for marketing professionals, namely the fact that although the term marketing is widely used, it is seldom correctly understood.

The second refers specifically to cities and the need, even if marketing is correctly understood as a term, to adapt it to the peculiarities of this particular field.

City marketing - more than just promoting a city

Unfortunately, marketing has acquired a bad reputation, namely that its main objective is to dupe hapless punters, and that it is one step removed from fraud. We have to get rid of the expression “pure marketing”, so often used (by politicians, ironically enough) to refer to something like a project or an event as fancy packaging with little or no content.

This idea stems from the tendency to lump marketing together with sales and publicity. The sales approach consists of thinking that consumers have to buy your product and that they will if you can lower their resistance using publicity and sales teams, employing dark forces to break their will so they buy something they neither need nor want. Hence, they leave the supermarket with things they didn't want to buy, or, lulled into a hypnotic state by TV sales channels, they end up with a device to tauten stomach muscles that they will never use. And don't forget the salespersons who palm people off with something they really do not need.

That is not marketing. Marketing does not consist of selling your product at all costs, but rather in placing clients at the centre of your competitive strategy, to the point that you are not targeting a global market indiscriminately, but rather segments with different needs, using ad hoc marketing strategies.

The problem is that mistakes are often repeated. City officials have decided that city marketing consists of promoting their cities, which in turn means producing videos, brochures and websites, because they are convinced that constitutes the core activity of city marketing.

In short, they lump together the tree with the woods: city marketing is simply the promotion of cities.

City marketing, instead of being an urban management philosophy, has ended up being used for decorative purposes rather than fulfilling its inherent potential.

What conclusions can be drawn from this brief analysis about the application of marketing to cities over the last ten years?

Although marketing has been applied to cities since at least the nineteenth century, expansive marketing methods and tools have only just begun to appear in city marketing over the last two decades. City marketing and city brands are currently an important feature on the agendas of any responsible city council.

The main reason for this rapid expansion is the improvement in transport and communication infrastructures and the development of communication technologies. This improvement and development has resulted in greater competition among territories (states, regions, and, of course, cities) in terms of investment, tourists and residents. This growing interterritorial

competition has produced a market of cities, which in turn means that cities are now considered in much the same way as a business organisation in their fight against other cities in the market. Hence they are using business management tools to design a successful strategy, including the marketing plan, which is the demand-oriented tool par excellence.

Another reason for cities being receptive to marketing is the assumption of the entrepreneurial city paradigm by local businesses. There is growing acceptance of the idea that cities should be managed using the same criteria employed for firms, namely they must assume risks, promote initiatives and innovate. It is clear that urban governance is key in the success or failure of a city, and in this environment the use of marketing is natural consequence of this new mode of management.

Nevertheless, the application of urban marketing has been sketchy, being limited to those tools and techniques that were easy to apply to cities, and subsequently limited in their impact. Most initiatives have consisted of promotional activities.

City council officials' lack of knowledge of what marketing is, the embryonic stage of the application of marketing to the public sector, and consultants' and academics' lack of comprehension when it comes to marketing the idiosyncratic features of the urban world, means that generally speaking the state of city marketing today still revolves around promotional activities and does not enjoy the vision and involvement required to define a city strategy, whereby the application of marketing to cities should be far more than a mere tool, and more like a philosophy of urban management.

The failure of city marketing

Hence, we are left with a paradox: there is great demand among cities for a brand and marketing programs, but that doesn't automatically result in an improvement in city marketing practices. History repeats itself all too often, and we end up running the risk that this will eventually become a reality, effectively closing the door on enormous marketing and brand potential for cities.

Council officials hear that being a brand name is the latest fashion. But they confuse the external signs (slogans and logos) with the whole range of elements that make up a marketing strategy designed to bring about a change in the behaviour of potential or actual clients of the city in question on a long-term basis. Marketing consultants, instead of trying to sell complex and invisible long-term strategies, opt to give clients what they ask for.

And so the clients have what they want: a new logo and a slogan with little to substantiate them.

These logos and slogans look and sound nice, but essentially they ring hollow because they lack:

- Connections with the city's economic development strategies.
- Enough political interest to be taken seriously and maintained on a long-term basis.
- Investment in the means required to break through the threshold of fame in a society that suffers from communication stimuli overload.
- A clear awareness of their target audience.
- Knowledge of the original perception of the image of quality on which the different target groups are based.
- Coordination among the different stakeholders.

Without these conditioning factors no logo or slogan can transform the way a city is perceived by its own inhabitants, let alone prospective clients.

The impact of the bonsai effect on city marketing

The consequences of this superficial relation between city and marketing are devastating.

Firstly the image that people have of the city is confused. The positioning of the city, the place it wishes to occupy in consumers' minds, becomes blurred. Furthermore, the final executors of promotional material (normally publicity agents), have no strategic orientation and without a solid briefing on which to base their actions they tend toward designs and creations that are all similar to one another, leaving the client with a sense of déjà vu. The promotion materials churned out by departments (many of which already carry the name of city marketing departments) is just one example of this. The videos that sell a city as a tourist destination or a place to set up business employ the same arguments and even the same type of images and texts over and over again, until they are all devoid of any kind of personality. The situation brings to mind a saying among publicity agencies that goes "if you want your agency to be creative, make sure your briefings are well defined".

Meanwhile, the city's inhabitants are rightly mistrustful of this type of initiative, which tends to be greeted with little enthusiasm and questions like "How much did that lot cost? Or "Is the agency or designer from around here?" Both questions reveal the suspicion that public money is being used for some obscure political interest, instead of being used to meet citizens' real needs.

Finally, given the generalised belief that city marketing is the same as providing the city with a visual identity, there are a growing number of council directors who are highly sceptical of this concept because they already tried city marketing, and they already have a brand for their city, which may even have been created by some prestigious international company. Hence, when they see things haven't changed much, they reach the only logical conclusion: that city marketing doesn't work.

From city marketing to city branding: the city marketing mix

Marketing takes us onto branding given that marketing is a planned exercise designed to manage how a city is represented and the associations it evokes, and that marketing works with perception rather than reality, although it is true that these two concepts are very difficult to distinguish: To what extent is what you don't perceive real? Is there something more real than perception?

Traditionally, clients' perceptions have been managed through a marketing mix based on Kotler's classic 4 Ps (or what could be defined from a more modern perspective as experience-based marketing): the client perceives the benefits of the product that is delivered using a specific distribution channel, and is communicated through a promotion and publicity policy. All this in return for a price.

It would appear that some kind of adaptation is necessary, and different authors have sought different reasons for this marketing mix for the specific case of cities.

Ashworth & Voogd (1990)	Kotler et al. (1999)		Hubbard y Hall (1998)
	The city as...		
Promotional activities	Design	Personality	Publicity and promotion
Functional and spatial activities	Infrastructure	Stable environment	Large-scale physical development
Organisational activities	Basic services	Service provider	Civic and cultural facilities
Financial activities	Attractions	Leisure and entertainment	Mega - events
			Cultural regeneration
			Private Public Partnership (PPP)

Fig. 1. Different adaptations of 4 P's model to cities

It is these actions as a whole, and not only promotional activities, that comprise a more complete concept that corresponds to the perception of a city, as discussed above. Said perception is the result of a complex series of interactions.

Cities increasingly perceive branding as a powerful tool that helps them to grow tourism and trade, attract investment and augment their cultural and political presence.

As we have already commented several times, managing the brand associated with a city is a more complicated task than doing the same with a conventional product or service. The principles, however, are the same.

Eurocities Questionnaire Summary

In the summer of 2005, the city of Madrid distributed to city members of Eurocities' Economic Development Forum a questionnaire on city marketing initiatives with the objective to better prepare the meeting on "Instruments for urban competitiveness: city attractiveness and marketing strategies" to be held in Madrid on late October 2005. Questionnaires were completed by Barcelona, Belfast, Berlin, Brussels, Copenhagen, Edinburgh, Gdansk, Gijón, Glasgow, Helsinki, Lisbon, Liverpool, Leeds, Lublin, Lyon, Madrid, Munich, Nancy, Nantes, Oulu, Poznan, Oslo, Southampton, Stockholm, Tampere, Valencia, Vantaa and Venice, totalising 28 responses from 12 different countries. This document contains a synopsis of these cities' responses.

It is now widely accepted that global market forces have brought about an arena in which centres of urban activity compete to have a relevant role in the interlinked economy. As territorial competition increases, cities look for initiatives that depict their traits in order to attract capital, visitors and skills amongst other sources of socio economic development. This text convenes these initiatives under the concept of city marketing.

For all the attention and interest that competitiveness has generated within European cities, city marketing remains a nebulous discipline. Structural questions emerge when conceptualising city marketing programmes. Are initiatives to be based on what a city is now, on what others think it is, or in what it aspires to be? Is a message that depicts attribute specialisation more effective than one that highlights diversification?

The intricacy and complexity of the concept of urban competitiveness is reflected in the meagre amount of available empirical analysis, a feedback much needed for policymakers to understand the impact of initiatives undertaken. Accordingly, the broad range of approaches to city marketing makes it not easy to establish a benchmark platform that compares initiatives as “apples to apples”.

In terms of organisational structure, the overall responsibility of city marketing initiatives according to over three quarters of respondents is shared between municipal departments concerned with tourism promotion and communication in one hand, and economic development and strategic planning in the other. A notably smaller number of cities concentrate marketing efforts under a body with a single activity focus, either on tourism or economic development; in a few cases, the office of the Mayor is cited as having ultimate responsibility in implementation of programmes. This occurs mostly in cities located in the Eastern part of Europe. Not all cities have a formal committee structure that coordinates initiatives between departments involved in city marketing as many responses reveal that initiatives are conceived and implemented individually by departments such as business promotion or cultural affairs. A sense of fragmentation is confirmed by the point that very few cities, located predominantly in Anglo-Saxon Europe, have set up agencies which are specifically concerned with city marketing.

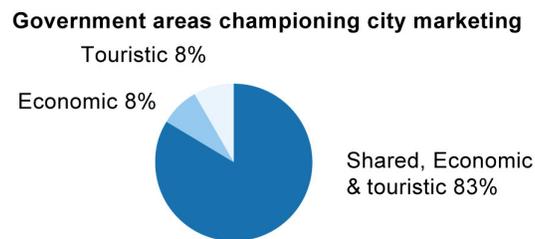


Fig. 2. Profile of bodies concerned with city marketing

The amount of funds available for city marketing initiatives annually to cities who have responded to the questionnaire ranges from € 130,000 to € 10 million. The population of responding cities oscillates between just over 100,000 to more than 3 and a half million inhabitants. The average per capita city marketing budget is € 4 per year, and the median is € 2. Only one city, located in Scandinavian Europe, has a value higher than € 10, reaching almost € 18 per capita.

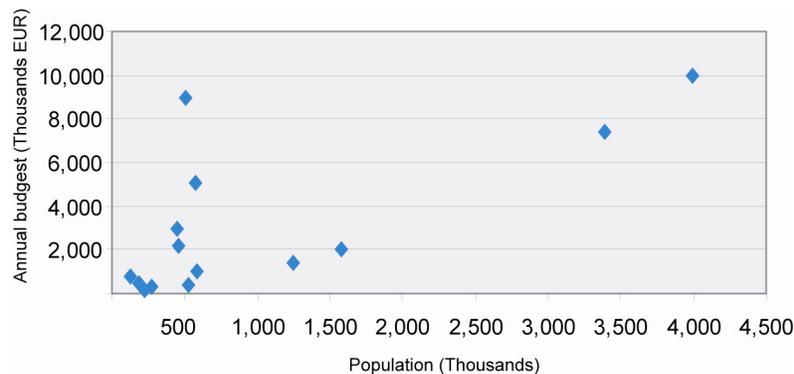


Fig. 3. City marketing budgets and population

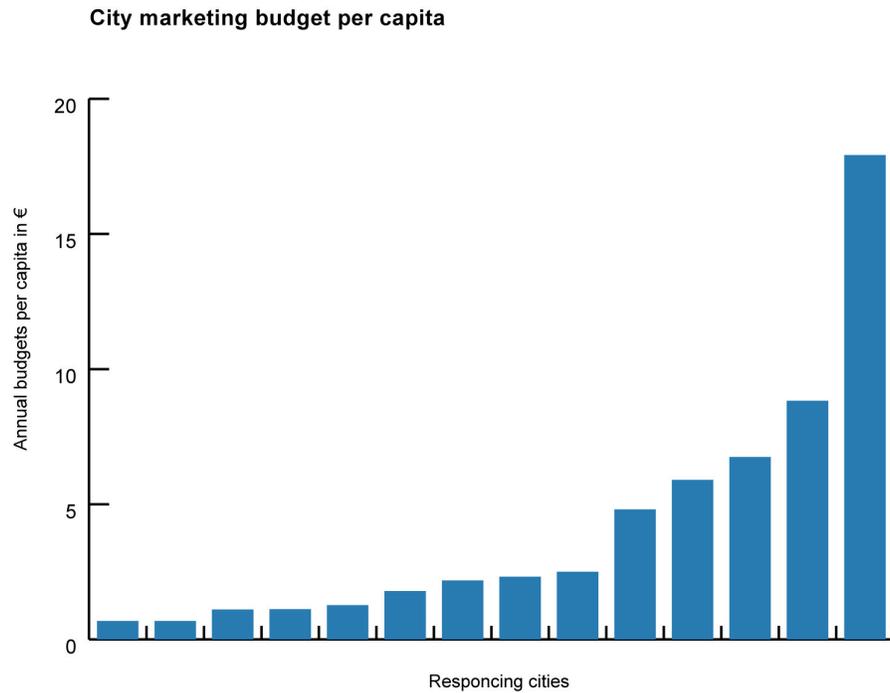


Fig. 4. City marketing budgets per capita

The three factors cited as key in evaluating city marketing initiatives are, first, the amount of inward investment, including any increase in economic activity, job creation, and new corporate establishment; second, tourism, including number of visitors, length of stay, and expenditure; and third, perception, which includes positioning and qualitative studies, awareness surveys, and comparative rankings. These factors have been mentioned in over 50 percent of the responses. At a distance, other factors that have been pointed out are events, including number of organised conferences, congresses, exhibitions and fairs, and number of attendees; and media coverage, mentioned in 29 and 25 percent of the responses respectively. Factors mentioned by less than 15 percent of the cities include direct contact, meaning number of inquires to relevant city promotion agencies via all available channels including web site visits; higher education, including number of international students; air links; and crime indicators.

Key Performance Indicators

Indicators most frequently mentioned in questionnaires
i.e. *Tourism is mentioned by 54% of respondents*

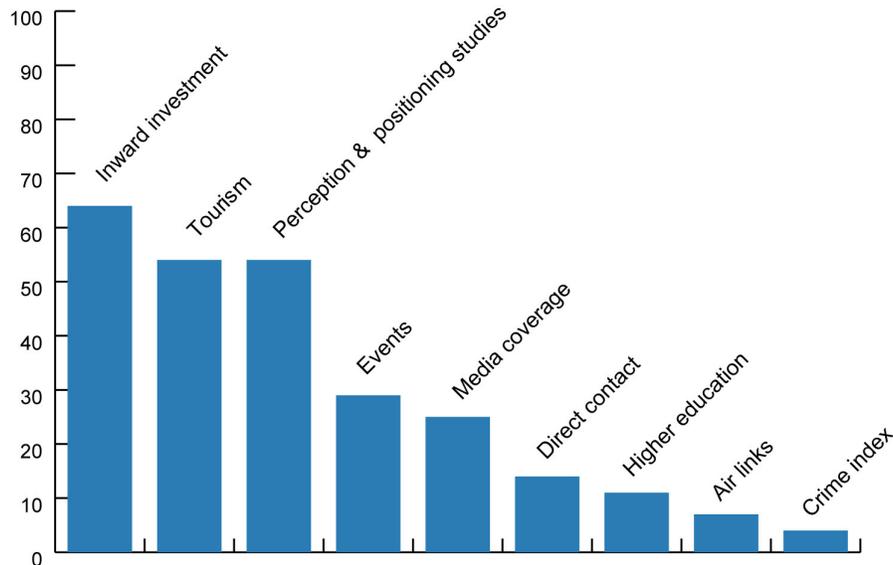


Fig. 5. Key Performance Indicators

The effectiveness of marketing initiatives is measured by a large majority on an annual basis. A reduced number of cities undertake studies bi-annually, whilst only two cities are still in the process of structuring evaluation methods. Responses show that evaluating studies are commissioned on equal amounts to internal sources (i.e. from a public sector body) and external auditors. It is worth noting that cities with higher marketing budget per capita tend to engage independent auditors in evaluating the results of marketing initiatives.

Over three quarters of responding cities mention investors and tourists as the main audiences of their marketing initiatives. Next to these two leading targets, one third of the cities mention local residents, whilst more specialised audiences such as students, IT corporations and real estate investors are considered by less than 10 percent of responses.

City marketing audience

Target groups of city marketing initiatives most frequently mentioned in questionnaires
i.e. *Investors* is mentioned by 87% of respondents

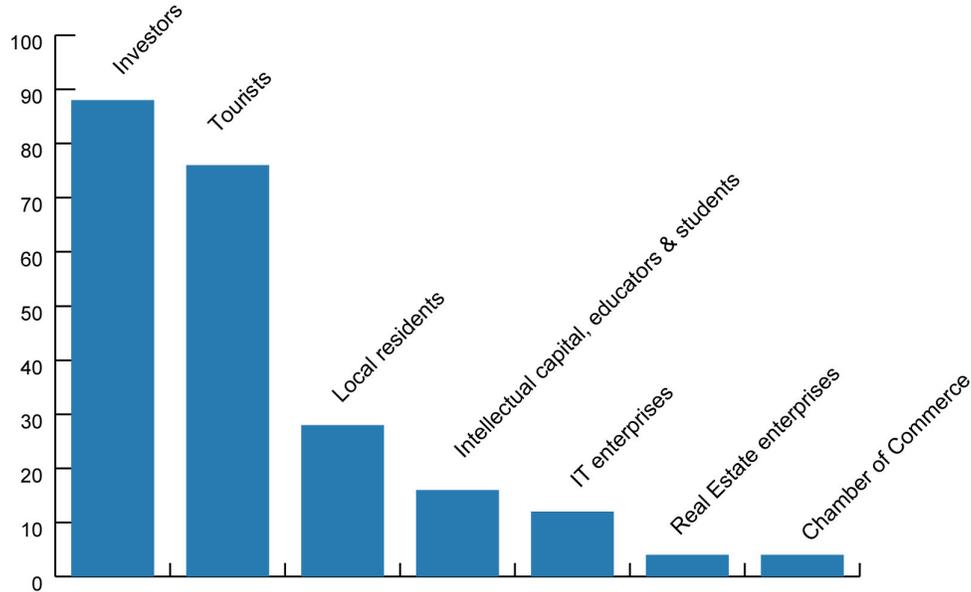


Fig. 6. City marketing audience

In geographically defining the competitive scope, two thirds of interviewed cities consider that competition comes from a European context whilst one third considers its rivals to be located within its own nation state. Only one city considers that its competition comes from cities beyond the European Union, specifically from New York, Beijing, Tokyo and Sydney. Cities that are most frequently mentioned in the questionnaires as source of competition are London, Paris and Barcelona. It is important to note the impact of low cost airlines have in Anglo-Saxon cities in identifying their competitors, as many include cities that are within a two hour radius in their competitive map.

There are a number of assets which are considered by responding cities as that their most attractive attributes. The most frequently mentioned is the amount of cultural activity and human capital, followed by a dynamic and welcoming business climate and the preservation of a number of buildings which merit being considered as heritage. Environment excellence and technology, as well as soft factors such as quality of life and social cohesion, are considered by a smaller quantity of responding cities. It is important to note that only two cities consider infrastructure (i.e. transport and logistic structures) as a key asset which would suggest that rather than a point of difference, the possession of infrastructure constitutes a basic building block that allows cities to enter the competitive arena.

City strenghts

Strenghts most frequently mentioned in questionnaires
i.e. *Cultural activity is mentioned by 44% of respondents*

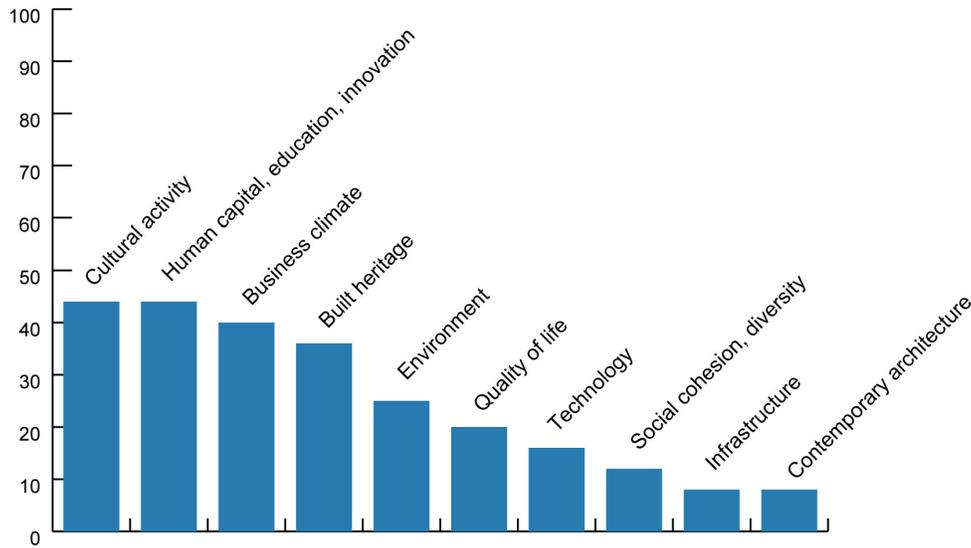


Fig. 7. City strenghts

Cities prefer to convey their attributes face-to-face. This is suggested by the fact that almost three quarters of all responses mention participation in trade fairs as the principal marketing instrument, followed by the organisation of and participation in specific business seminars. Other presential marketing initiatives include the sponsorship of cultural and sports events, and the organisation of study tours for the public sector and road shows for the business community and journalists. Non face-to-face tools include media campaigns, web sites and direct marketing, which are mentioned less frequently by responding cities.

City marketing tools

Marketing tools most frequently mentioned in questionnaires
i.e. *Trade fairs is mentioned by 71% of respondents*

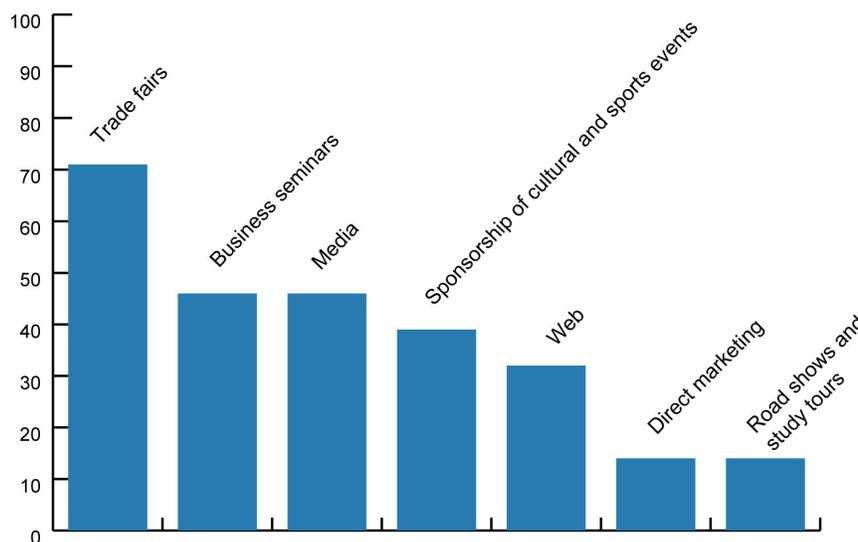


Fig. 8. City marketing tools

Despite the fact that the linkage between city marketing initiatives and physical planning are considered important by the majority of respondent cities, the nature of these linkages is not always clear and by all means varies greatly between cities. Four types of linkages have an equal weight in the responses: (a), a specific department coordinates initiatives between physical planning and city marketing; (b) no specific coordinating body has been set up but there is a direct exchange between both departments; (c) coordination is undertaken at City Council or Mayor level; and (d) no linkage exists at the moment.

Finally, over 70 percent of the responding cities have prepared a motto to better define themselves in the eyes of their target audience. Mottos highlight a city's specific traits; for example, their focus on the knowledge economy with "The Knowledge Region", "City of Innovation", "Inspiring Capital" or "An International Growth Centre of Good Services, Know How and Creativity". Some cities wish to highlight their uniqueness and diversity with mottos such as "The World in One City", "A Different City", and "The Art of Living Together". Other cities wish to remark physical distinctiveness and social strengths, including the character of its people, with "Europe's Magnetic North", "Scotland with Style" or "Focussed Passion". Capturing the attention of the tourism sector seems to be the objective of mottos such as "Yours to Discover", "A City Worth Knowing" and "Better Believe It".

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