THEORETICAL ASPECTS REGARDING THE KEY FACTORS IN BUILDING A PLACE BRAND STRATEGY

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Abstract: *This material tries to synthesise the ideas emerged from the scientific literature regarding the process and the strategy behind the marketing and branding of places, as recent fields of study and phenomenon. Key aspects of the significance and delimitation issues are addressed for place branding process and other forms of branding (products, services or organizations) and success factors in the management of locations are considered to be used during the creative process or brand framework elaboration.*

Key words: *place brand, branding process, strategy, management of locations.*

1. Introduction

Arguments that a place should be part of a marketing process and a professional brand are a recent phenomenon. For a long time it was enough for places to promote their existing product packages. Now, in the place brand era, the place management should ask itself which are the customers, what do they want and how can we create added value for our location? The place product needs to be developed and changed according to customer's need. This complex turnaround requires managerial skills more than ever. In the present framework of the study, the focus is on the role of management and branding in place marketing and in place development [6, p.24-5].

S. Anholt, in an editorial of *Place Branding and Public Diplomacy* publication (2010), offers a number of critics regarding the branding exercises until our days and that had the initiators the state or the governmental administrations. He states that certainly, for low-cost, fast-moving consumer products in a busy retail environment, this kind of "branding" can be almost as important as the product itself, because design is one of the few things that distinguish a product from its competitors; the attractiveness of the product and its wrapper may even be a more significant driver of consumer choice than advertising.

Therefore branding agencies, used with the emphasis placed on brand identity in their native field of commerce, talk so impressive about this issue, and public officials are often impressed by their arguments. But countries are not for sale, they are not easily confused with each other, aren't fast-moving consumer goods, and certainly aren't packed, they don't

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come in wrappers so the principles cannot simply transfer. [2, p.9].

Therefore in many of the instances in which countries and cities claim to be undertaking "branding" exercises, what they actually mean is nothing more than this modest process of livery enhancement and coordination. This would be harmless if it recognizes the limited degree of potential benefits, but usually do not notice. The fact that part of the preparatory work to create a visual identity typically involves a fairly thorough analysis of the key meaning or core identity of one thing that you want to build the brand upon only lead to increased confusion about the importance and purpose of such activity. Either through their own lack of understanding, or through the persuasive abilities of branding agencies – most likely a combination of the two – many governments end up believing that the practice of nation branding corresponds to this simple design and print process, but they somehow also believe that its effect will be to make the place more famous [2, p.9].

Cities, states, regions or countries all over the world cope with the effects of economic and cultural globalization and other major trends pose to the environment that these places operate in and are confronted by changes in the economic, cultural and social aspects. As Kotler *et al.* [1999 *apud* 5, p.1] observed fierce competition for resources, for business relocation, for foreign investment, for visitors, even residents is evident in today's world. The same globalization requires a competition between places that "extends well beyond North America and certainly affects more than just cities: subnational and supranational regions, states and provinces, nations, towns and even villages now find themselves competing for the same people, products and capital; their products, services and

people also compete externally for consumers, respect and media attention. Kotler's position was prophetic. No place, it seems, can now think of surviving, let alone prospering, unless it knows how to wield the weapons of business." [2, p.3]. This relationship with the consumer's perspective echo other commentators arguments:

• "…the brand is the best psychological vehicle for delivering meaning" [D. E. Schultz & P. Kitchen, 2000 *apud* 1, p.7].

• "A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, (sustainable) added values which match their needs most closely." [L. de Chernatony & M. McDonald, 1998 *apud* 1, p.7].

As Ashworth şi Voogd (1994) argued, "there is nothing new about places being promoted by those likely to profit from their development. What is new, however, is the conscious application of marketing approaches by public planning agencies not just as an additional instrument for the solution of intractable planning problems but, increasingly, as a philosophy of place management." [*apud* 4, p.59].

Ultimately, "a brand exists only in people's minds. Branding involves a set of techniques aimed at ensuring people perceive the product (or the destination) in a desirable way. This is not about dishonest manipulation, but about achieving a consistency in people's perceptions of the product (or destination) in a way that makes it stand out. And this must be for positive reasons that are based on the reality of its product strengths" [1, p.7]. For clarification and differentiation, we will present below a point of view in terms of place branding: "Place branding is the management of place image through strategic innovation and coordinated economic, commercial, social, cultural,

and government policy. Competitive identity (CI) is the term to describe the synthesis of brand management with public diplomacy and with trade, investments, tourism and export promotion." [S. Anholt, 2007 *apud* 6, p.7].

2. The significance of the place branding process

It can be argued that many place names are a type of brand name: people respond to them as they respond to brands, they can acquire and lose equity like brands, and in some cases they are even deliberately coined as brands. Without stretching the point too far, one can also claim that those place "brands" are often accompanied by visual identities, just as product brands have their logos. [2, p.7]. However, when most people talk about the process of branding a place they don't usually refer to placing a name or a symbol to a particular place, because they already have names and many of them have symbols; they are talking about doing something to enhance the brand image of the place: the branding process of a place is considered a way to make the place known or famous.

Building the brand of a place is a significantly different process from branding consumer goods. Many similarities exist however with the construction of a brand for services, but in spite of the many similarities they still differ substantially [6, p.19]. These features are described and highlighted below:

New concepts and new areas of use - Changing the concept of managing a business from one activity or operating system (e.g. profitseeking sector) to another (non-profit seeking) involves several challenges that are part of "the work of translation." Concepts such as product, price, promotion and distribution sales must be adjusted so as to have

maximum relevance for both types of organization. For example, the concept of profit maximization can be "re-translated" to maximization of benefit-cost relationship. After certain conceptual changes, marketing models can also be adapted in the non-profit seeking sector in a very productive way [Ph. Kotler, 1982 *apud* 6, p.19].

Collective character of place marketing - The most important difference is in the fundamental question what is being branded. Typically, consumer goods are tangible and well-defined entities that a company or a group of companies with common goals sell or put on the market. In place marketing the destination is a complex and multi-dimensional entity. A large group of actors is participating in the production and typically they are all very different from each other, due to their objectives, resources and capabilities. A place product is actually a series of products and services, combined with the physical features of the place [Ritchie & Ritchie, 1998 *apud* 6, p.19].

Difficulty in controlling - An important difference between place marketing and consumer goods' marketing or services is the low level of control. In a company all the activities are organized and there is a person in the hierarchy who has the power and the right to make decisions, this person may be the executive manager or owner. Typically, a place marketer has very little if any influence in the elements of the marketing mix other than marketing communication (Morgan *et al.* 2002). Due to the difficulties in control, many places find themselves in a situation where different organizations are marketing the same place but with different or sometimes even opposite arguments [*apud* 6, p.20].

The customer builds the product - Consumer participation in service product's production has been researched

in depth. A tourism product consumed in a particular place is a collection of products and services available, but this collection is set primarily by the consumer himself. The producer knows beforehand what kind of services the customer will use. Thus places are marketed without the marketer knowing what exactly the end product and produced experience will be, and what the customer benefits will be.

Limited opportunities - Compared to other networks of companies, opportunities to choose the best strategic partners are limited. For example, companies and organizations operating in cities or tourist resorts have mainly been given these opportunities because they are already present, which means strategic planning has been pressurized to include all local actors of the operations and not just those most compatible with the strategic objectives.

Defining a brand's objective in a network - Many independent actors can operate in one place and they may have partly similar or different objectives. Decision-making in companies and other other actors' networks are significantly different compared with other decision-making situations. Finding a common opinion can be a central challenge for defining brand identity considering that places can have several companies from different industries and a large number of other interest groups, from public administration organizations to other organizations and societies.

Closeness to politics - One major difference occurs in the traditional business approach because people are living in that branded place, which means that the target is their house, their home and its surroundings. Another important aspect is that political decision-making is based on the governments' term of office, which, from a brand-building perspective, can be a very short time.

Product factor's inequality - All participants (i.e. companies) do not have the same size and decision making cannot be based on democratic voting. This system can apply to a company that is managed by one person but but it does not work with bigger businesses.

Product's development - Place product changes and grows every day, so brand identity should use or at least allow continuous change.

Tourism product's experience focus - Tourism is closely linked to the experience. An experience cannot be produced but it is possible to offer a framework for its birth. How can one guarantee that the promise of an experience will be fulfilled?

Changing seasons and the brand - Seasonal changes transform the actual product. For example, Paris during summer time is a very different experience to Paris during winter.

Limited financial resources - Instead of one participant (i.e. a company), a successful place brand provides value to a group of participants. It is a challenge to determine who will get the benefits and how the investment will be divided fairly between beneficiaries. Typically, participants from the public sector also participate in financing the brand. Compared to business life's investments in brands, the public sector often has more limited resources to invest. [6, p.20-2].

3. Final considerations. Success factors in the management of locations

Places have had a lack of knowledge and marketing expertise for a long time. This is not a surprise, because marketing is a major challenge for most companies, not to mention the public organizations which, in some sense, represent a place. The success factors described below represent the framework and the fundamental structures

in place branding procedures (planning group, vision and strategic analysis, place identity and place image, public-private partnerships, and leadership), from an inside perspective.

The following research findings can help those working in the field of branding places:

- A planning group is required to coordinate a holistic marketing and branding of places;

- The process should begin with a strategic analysis of the place (SWOT analysis). It must contain the mission and vision with the essential or core identity of the place, positioning the segments which are then designed;

- The place should consider a long-term and systematic action, consistent and united as an investment to reach targets;

- Objectives and concrete measures are required; the place will achieve what it tracks and measures;

- Cross-marketing and multi-level cooperation with specialists must be developed to achieve a win-win situation;

- Public-private partnerships are needed to create the essential and critical mass;

- Process will not be successful if there is no unity or political consistency;

- The branding of the place must be integrated into local economic development of the place and the region;

- Resources are always limited; therefore promotions and actions must be selective;

- The place should focus on its existing basic substance. It is expected that investments in completely new elements or issues to be a failure, not a success;

- Branding is an effective way to start place marketing because the place has to decide on all matters or major strategic marketing issues;

- Development of a brand should be based on the essence of a place;

- The biggest challenge for all locations or places is leadership;

- Groups need values for selected target markets;

- The participants of the group or cluster need to be activated, because as the frames and the infrastructure alone are not enough;

- Branding and marketing planning will produce higher sales arguments which need to be communicated in an effective and professional way;

- Place images have a greater importance than mere substance of the arguments about the place;

- The brand image of companies located in the region is important for the image of the place. Firms can benefit from a positive image of their location. The representation of the business community is crucial to the success of a process of branding a place;

- International companies based in the region are the best ambassadors in their locations. Foreign firms that export in the region form a huge potential of the area;

- The best solutions for place marketing and branding have not been established yet. Only the imagination sets the limits for those involved to develop new creative techniques [6, p.23-4].

Following the brand management taxonomy formulated and developed by T. Heding, Ch. F. Knudtzen and Mogens Bjerre [3, p.246-7], it can be concluded that the effort of construction a tourism brand can be presented at the convergence of two models, one regarding the economic approach and the other the identity approach. This can be demonstrated or explained by identifying the brand from a functional perspective, having the source of a corporate model, but also by identifying all the methods and techniques used in the research phase of the brand. The creative process is unidirectional, those responsible being definitely in charge of brand value creation, and hence consumers are believed to "receive" and understand the messages "sent" to them

from the marketer exactly as intended. [3, p.23].

Therefore, building a place brand strategy can be identified, within the process of building a brand platform also with the identity approach, which is an important paradigm of corporate branding. Currently, it is generally accepted in the literature that the brand is more than a name given to a product; it embodies a whole set of physical and socio-psychological attributes and beliefs [Simoes and Dibb, 2001 *apud* 4, p.64].

Brands are not only considered as valuable assets of a company, but furthermore, as some experts believe in post-modern consumer culture, brands play a vital role in the construction of consumer identity. [Elliott and Wattanasuwan, 1998 *apud* 4, p.64].

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