

## MARKETING PLACES. A RESOURCE-BASED APPROACH AND EMPIRICAL EVIDENCE FROM THE EUROPEAN EXPERIENCE

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### Abstract

The development of socio-economic areas is a critical issue in both the academic and managerial fields. In this paper, places are metaphorically considered as enterprises: they should use marketing strategies because of increasing competition and the need to satisfy their stakeholders and customers. Marketing places is regarded as indispensable not only in terms of its logical and conceptual foundations, but also in terms of operative implications. The strategies for marketing places are presented in a resource and knowledge-based perspective rather than the “traditional” product-based perspective, and so emphasis is placed on trust and knowledge as critical resources, and strategic place marketing based on relational resources and networking activities. Co-evolution between places and their firms is analysed. In a resource-based perspective, every place can be seen as a learning organisation competing in the knowledge economy. Evidence from the European and Italian experience is presented.

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## 1. INTRODUCTION

The subject of territorial development and the marketing strategies and policies that can be adopted to achieve is arousing growing interest in the academic literatures as well as in operational terms.

The aim of this paper is to consider the strategies that can be pursued by a socio-economic area such as a territory.

It is by now generally accepted in the literature, as well as in practice, that *non-profit organisations* can also adopt the logics and instruments typical of a Management discipline such as marketing, and the development of themes such as *social* and *societal marketing* and *non-profit marketing* has its roots in the 1960s<sup>1</sup>.

In the following pages, we will argue the need to apply marketing logics and tools to territorial areas on two grounds:

- the increasing competitions that these areas are having to face (§2);
- the relationships of exchange that such areas create with a wide range of reference publics or *stakeholders* (§3).

In the first instance, these circumstances justify the use of the metaphor of a *place as a company*, and the use of territorial strategic marketing logics and instruments (§4).

Extending this line of thought, we try to show that the strategic marketing of a place must necessarily switch from a logic of pure communication and “product” promotion to one that also includes the valorisation of resources. In other words, we propose the adoption of a *resource-based* strategy that enhances the central nature of the resources of knowledge and trust associated with the place itself (§5).

In terms of future research, we propose “overcoming” the metaphor of a place as a company, and suggest logics of *relational place marketing* by analysing the internal and external reticular organisational patterns (§6) that are currently being adopted. We propose the concept of a place as a *cognitive system* competing in the context of a *knowledge economy* (§7). Finally our exploratory analysis describes a large number of Italian and European empirical examples in support of our views (§8) and suggest some managerial implications (§9).

## 2. TERRITORIAL COMPETITION

The dynamic evolutions characterising economic phenomena during the last years of the 20<sup>th</sup> century led to the emergence of a guideline espousing a competitive shift from individual enterprises to economic and territorial systems.

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<sup>1</sup> See the fourth paragraph of the present paper.

In the current economic contexts, the competitiveness of firm is becoming increasingly dependent on the more general competitiveness of the social and territorial systems in which they find themselves. On the company side, competitive policies are increasing interconnected with and dependent on the specific resources of the place in which they are based, and particularly on the systemic quality of its environment. On the territorial side, there is a simultaneous increase in competitiveness that requires the adoption of competitive logics and tools. This increase is due to the *co-evolutive* dynamics established between places and enterprises, *each of which are reciprocally critical resources for the competitiveness of the other*. As has recently been recognised by Porter (1998), the clusters of enterprises within a territory improve its attractiveness to potential investors. In this perspective, territorial entities that have a large number of companies operating in the same or complementary sectors are facilitated in attracting new businesses.

Enterprises and economic and territorial systems therefore find themselves going through a phase of increasing competition which, in the case of the former has been defined and modelled in the form of hypercompetition (D'Aveni, 1994). It is also possible to hypothesise that places are passing from *single-point* to *multi-point* or territorial hypercompetition.

This increasing territorial competition depends on the efforts made by each area to attract production settlements, service enterprises, business visitors, tourists, etc. The causes of this are not difficult to identify at least in initial general terms. The combined revolutionary changes taking place in the services, communications, transport and information systems are progressively transforming economic into global competition. The facilitate the growing mobility of goods, services, technologies, capital and people across territorial borders. Before these changes occurred, companies usually carried out their production activities by establishing themselves in clearly defined areas, and the goods/services they produced therefore had a specific local and national identity. In the new economic paradigm that is beginning to take shape, they move rapidly from one area or another in order to produce goods/services, or carry out individual production phases, where costs are lower, the resources more qualified or where various types of external economies can be obtained. This is empirically demonstrated by the emergence of new professional figures, such as the *site location manager* who use sophisticated rating systems to select an industrial location, and the birth of specialised journals, such as the American *Site Selection*.

At the same time, there has been a reduction in the barriers against personnel mobility from one place to another. Individuals are increasingly moving in the search for areas that are more attractive and/or capable of better valorising their working skills, personal and financial resources, and their free time.

The causes fuelling the increasing territorial (hyper)competition can be divided into external and internal causes.

The main external causes are:

- globalisation;
- the increasingly tertiary nature of the economy;
- economic and monetary integration;
- the interconnection of communication networks.

These external causes have been widely discussed in the management literature, but it is well worth examining the internal causes in more detail.

Over the last few years, there has been a progressive transformation in the approach towards managing the public sector, and therefore also in the management of places as a public good. What is known as the *new public management approach* began to develop in the 1990s and is based on the application of managerial principles and techniques to public bodies and the management of everything for which they are responsible, including the territory. It proposes a transition from the classical, bureaucratic and juridical/institutional model of the relationships between Public Authorities and citizens to a company/economic model based on the logic of public service, a transformation that changes citizens from “subjects” to the users/clients of State services.

### **3. THE EXCHANGE RELATIONSHIPS BETWEEN PLACES AND REFERENCE PUBLICS**

In a context of growing external competition, territorial organisations find themselves having to interact with a set of reference publics ranging from resident citizens to enterprises that need to be attracted, from potential investors to tourists.

However, it is possible to make a tentative classification that distinguishes two types of reference publics or *customers*:

1. *Internal customers*, consisting of resident citizens, workers and the companies already existing in the area, who can be defined as *stakeholders* for all intents and purposes;
2. *External customers*, consisting of non-resident citizens, companies not yet present in the area, business visitors and tourists.

The *criterion* used to classify and separate these categories is based on the different objective guiding their relations with the territory.

The relationship uniting places and their external publics or customers is *attraction*, in the sense that the policies adopted by a place are aimed at encouraging companies, investors, tourists, etc., to enter the area.

The relationship uniting places and their internal publics or customers is *satisfaction*, in the sense that the policies adopted by a place are aimed at ensuring the satisfaction of existing residents (citizens and companies) and the actors involved in local strategic planning (Chambers of Commerce, Industrial, Consumer and Tourist Organisations, etc..).

There is obviously a circular relationship between satisfying internal and attracting external customers, which should lead to a continuous increase in the value of the place itself. The more attractive the place, the more it interests the different reference publics, and this increases the satisfaction of the stakeholders and thus offers them greater value. This increase in value should encourage the stakeholders to accept the efforts and investments necessary to increase the attractiveness of the area further, and thus establish a virtuous circle of satisfaction-attractiveness-value.

However, further reflection makes it possible to identify a third category of publics whose relationship with a place is not based on a logic of exchange, but one of *management*: these are the *policy makers*, who plan and manage the place on behalf of the major stakeholders. Although they do not receive any benefit from the satisfaction of specific interests, policy makers should in any case be oriented towards generating satisfaction and increasing its attractiveness on the basis of their conferred mandate.

In a perspective recalling the role of management inside a private enterprise (as well as public companies, particularly those with a large number of shareholders), if they act in the interests of the major stakeholders (by generating satisfaction and increasing the value of the place for them), the work of the policy makers is acknowledged mainly in the form of the votes of the residents and the greater tax income received from the companies (due to the higher profits obtained as a result of the competitive advantages deriving from their location and external economies). Likewise, if the attractiveness of the place increases, there is an inflow of new wealth and new social value, and this increases both the economic and non-economic satisfaction of the stakeholders, which leads to greater public consensus and a further increase in income that triggers another virtuous circle typical of the satisfaction-attractiveness-value spiral.

On the other hand, if the managers destroy value, the residents will no longer vote for them and the lower profits of the companies will not lead to a positive contribution to PA finances. In the same way, if the management is not oriented towards increasing the attractiveness of the place, there will not be any increase in the positive influx of tourists, investments, new residents or new enterprises. On the contrary, residents may consider moving out and companies will eventually choose different locations. All of

these factors may break the circularity of the satisfaction-attractiveness-value spiral and trigger a dangerous vicious circle.

#### **4. A FIRST STEP: PLACES AS ENTERPRISES AND PLACE MARKETING**

What has so far been said underlines the exchange relationships between a place and its reference publics/customers, which must be aimed at generating satisfaction, attractiveness and value.

The existence of the competitive dynamics described in §2 and the exchange relationships described in §3 justify the *metaphorical interpretation of a place as an enterprise* and the use of *marketing policies and strategies* in its management.

The competition between places is becoming increasingly different from traditional political competition and more similar to that typically characterising inter-firm competition: *places can be metaphorically likened to companies that have special products to offer on different markets to specific customers* (Van Den Berg, Bromezza, Van der Meer, 1994).

However, the use of this metaphor must not be understood as suggesting that places and companies can be considered as being identical, because this would lead to the blurring of the specificities of place. Looking at a place *as if it were* an enterprise allows us to recognise the convergence of the set of interests of its major stakeholders (those falling into the category of satisfaction), and the fact that places now find themselves having to develop exchange processes with markets/customers that need to be offered attractive goods and services. Finally, *like* enterprises, places are involved in a situation of growing competition that imposes the need to construct, defend and increase their competitive advantages. This seems to be generically true regardless of size, and thus applies to macro-organisations such as country systems as well as regional or local areas.

The dual need to satisfy the interests of its major *stakeholders* while increasing its attractiveness to external reference publics, suggest that all territorial areas should consider adopting marketing logics, analytical techniques and tools insofar as marketing represents that part of Management whose priority concerns are to analyse needs, formulate supply policies designed to satisfy them, and develop instruments capable of offering competitive advantages.

In their “broad” form based on the concept of exchange (Kotler, 1967, 1984, 1991, 1994, 1997), marketing strategies and tools can be applied to both *profit making* and *non profit-making* organisations (such as territorial bodies<sup>2</sup>). They are in fact being

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<sup>2</sup> In this broad sense, the relationships established between a territorial place and its stakeholders or reference publics can be considered exchange relationships, and marketing seems to be capable of

increasingly widely used by the latter, as can be seen when we consider the activities of cultural, social welfare and political organisations, or the growing use of marketing techniques in the fields of tourism, the environment, museums, culture, religion, politics, government, etc.

Consequently, place marketing involves analysing the needs of stakeholders and customers/markets in order to develop, maintain and reinforce advantageous exchange relationships with stakeholders (internal place marketing) and external reference publics (external place marketing), with the final aim of increasing the value and attractiveness of the place by activating a virtuous circle based on the satisfaction-attractiveness-value spiral.

The academic and managerial literature on place marketing (Flipo, Textier, 1992; Textier, Valla, 1992; Kotler, Haider, Rein, 1993; Van den Berg, Bromezza, Van der Meer, 1994; Gold, Ward, 1994; Smith, 1994; Kotler, Jatusripitak, Maesincee, 1997; Jensen-Butler, Shachar, van Weesep, 1997; Ward, 1998; Kotler, Asplund, Rein, Haider, 1999) identifies different levers of *non-profit* place marketing:

- 1) planning the most suitable mix of territorial goods and services;
- 2) creating incentives for the users of these products/services;
- 3) improving access to territorial products/services;
- 4) promoting the image and values of the place in order to ensure that potential users are aware of their advantages.

It is not difficult to associate these four main activities with the four traditional elements of the marketing-mix: product, price, distribution and advertising.

However, the problem of place marketing seems to be more complex, and cannot be exclusively reduced to the need to develop policies of promotion and communication. As in the case of the evolution of company marketing, the object of the exchange relationship in place marketing is not a simple product, but what is better described as an “extended territorial product”, the definition of which is made more complex by the fact that it can have two different meanings (Ashworth, Voogd, 1988):

1. a geographical area can be considered as as a whole in terms of the infrastructures, activities, atmospheres and any other symbolic factor it may represent;
2. or identified on the basis of its specific characteristics: i.e. the services it offers, structures dedicated to specific functions, etc.

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providing the appropriate tools for examining them in detail and improving their effectiveness. It likewise seems that the analysis of the dynamics of competition and the creation of competitive

In other words, the infrastructures and activities existing in a given place represent the *hard* part of the offer, whereas its image, information access, the services offered to businesses and its know-how form the *soft* part. These two aspects can be united if we adopt the concept of an “extended territorial product” or “framework offer” in which the intangible *soft* component is the main source of differentiation and competitive advantage.

## **5. A FURTHER STEP: RESOURCE-BASED PLACE MARKETING**

The logic of an “extended territorial product” mentioned above highlights the central nature of intangible resources in the process of competitive differentiation between places (similar to what happens in company marketing). However, it needs to be pointed out that, in their search for competitive advantages, territorial areas so far seem to have acted on the basis of a typically “technocratic” logic: i.e. they have mainly concentrated on the creation and strengthening of “adequate” infrastructures using what company economics would describe as *product-based* logic. It is clear that such an approach is only capable of discriminating the areas that have from those that do not have such infrastructures: in a situation of parity, “technocratic” logic does not allow any differentiation and therefore cannot provide any competitive advantage.

Furthermore, in the context of an exclusively product-based logic, comparisons of the competitiveness of places tends to focus on (typically fiscal) incentives that offer short-term advantages but risk degenerating into the dangerous price spirals characterising the dynamics of both company and territorial hypercompetition.

In such a situation, and given the need to achieve competitive differentiation in a context of increasing competitiveness, it may be useful for non-profit organisations such as a place to make reference to some of the new orientations that have emerged in the field of the strategic marketing of companies.

The emphasis that company strategic marketing has recently placed on internal resources, competences and skills as the richest and most stable sources of competitive advantage lead us to believe that territorial areas can also adopt a resource-based approach based on their unique and inimitable historical background of local resources and specificities. In this light, competitive advantages can be derived from the place and its related resources insofar as these are simultaneously inimitable (and therefore highly differentiating) and immediately usable, unlike “technocratic” solutions that require long investment times with a delayed return or the recourse to incentives that give rise to dangerous hypercompetitive spirals.

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advantages (the specific object of marketing studies) can be usefully to places at a time of growing competitiveness.

If we continue using the place/enterprise metaphor, we can also see that the differentiating power and competitive potential of a company is becoming increasingly dependent on immaterial and intangible elements, particularly knowledge and trust.

Concentrating on resources of this kind, a number of interesting managerial implications emerge. Any place that wants to develop strategic marketing activities similar to those of a company should carefully choose one of the publics identified in § 3 (internal or external) as its target and decide its marketing objective.

There are therefore two types of marketing strategy that a territorial area can adopt:

1. *an external strategy* aimed at customers outside its borders, with the objective of *attraction* and the generation of *external trust*;
2. *an internal strategy* aimed at customers already inside its borders, with the aim of valorising *satisfaction* with what already exists and developing *internal trust*.

The exchange relationships between a place and its customers obviously give rise to a sense of satisfaction or dissatisfaction. In the former case, these relationships lie at the root of the creation of a *fiduciary resource* that can be exploited in relation to both internal and external customers, an element that is particularly important for the activation of a virtuous circle of satisfaction-trust-attractiveness-value.

Once again in analogy with company economics, a circle of this kind seems to have mechanisms that are reciprocally capable of increasing both trust and knowledge.

The trust emerging from the exchange relationships between a place and its customers clearly lead to the development of the *resources of knowledge* that are fundamental for the guidance of place marketing strategies, particularly in terms of increasing trust and satisfaction both internally (by means of appropriate internal place marketing strategies) and externally (typically by means of directed external place marketing strategies).

We finally need to consider the fact that the resources and specific capacities of a territorial area should constitute the initial basis for the formulation of a strategic vision. The fertile roots necessary for the development of solid and lasting competitive advantages lie in the specificities, resources and competencies historically accumulated inside the territory itself. The increasingly competitive efforts of places can also be interpreted using a model of *competence-based competition* similar to that applied in the case of companies (Hamel, Heene, 1994): local specificities are the *core competences* of a territorial area, and represent the most solid base for acquiring competitive advantages in a context of global territorial competition.

## **6. BEYOND “PLACE ENTERPRISES”: THE TERRITORIAL NETWORK AND CO-EVOLUTION STRATEGIES**

The competitive dynamics in which places are involved raises the dilemma of localism or globalisation: i.e. the search for local competitive advantages or global competition.

In terms of strategic marketing, a “place enterprise” can be seen not only as an entity in itself, but also in the context of a value creating constellation of multiple partners. In other words, it is necessary to develop strategies that strengthen local vocations (and traditional assets and knowledge) while simultaneously allowing a broader “network” view.

A place must therefore develop strategies that integrate its own resource base with the international economy by becoming a node in the global network of trade, management, finance, competence and culture. In this sense, the new information and communication technologies seem to offer some solutions that allow local entities to enter the global context without losing anything of the specificity of their resources.

It is possible to distinguish two complementary and absolutely not mutually exclusive types of network configuration: external and internal.

In the case of an *external network configuration*, the current process of economic globalisation means that the competitiveness of a local system is increasingly dependent on its network integration with the global economy. This requires developing and maintaining privileged and selective relationships with other territories in order to guarantee a division of labour and overcome the limitations imposed by the physical size of each area: i.e. the development of networking strategies, the creation of relationship systems that guarantee the division of labour among territories, and the simultaneous sharing of global markets.

In a logic of growing (hyper)competition, companies and territories (which, as we have already said can be interpreted as enterprises or at least analysed in terms of company economics) *co-evolve* in the generation of reciprocal competitive advantages within a context of knowledge-based global competition.

As far as the *internal territorial configuration* is concerned, a place reflects the convergence of the interests of very different economic and non-economic subjects, each of which may be of more or less interest to the place itself. The relationships established with these subjects in themselves give the place a network configuration that transforms it into a *co-producer*. In other words, it involves the participation of a broad spectrum of subjective interests that contribute towards the creation of satisfaction and attractiveness by means of a dense network of relations.

From this point of view, every individual territorial area can be seen as a strategic subject that identifies a function of collective well-being, which can be optimised over the long term by means of a process of interaction aimed at mediating and combining

the interests and needs of various other major players (the stakeholders). This process should lead to the definition of long-term objectives and the tools needed to achieve them.

## **7. TERRITORY AS A COGNITIVE SYSTEM**

As we have seen, the existence of a relationship of exchange with internal and external publics, together with the manifestation of competitive dynamics, justify the use of the place/enterprise metaphor. Nevertheless, in the light of what has been said above, the time has come to update the metaphor by asking ourselves the question: *what type of enterprise is metaphorically assimilable to a place?*

Before trying to answer this question, it is perhaps worth reconsidering some of the points that have emerged above, particularly:

- like company marketing, territorial marketing is moving away from the model of the “traditional” marketing and towards that of an “extended territorial product” and relational marketing;
- the marketing strategies that can be adopted by “place enterprises” are (or should be) taking on a more resource-based and less product-oriented connotation;
- “place enterprises” are increasingly becoming “network enterprises” and adopting both internal and external networking organisations;
- this development is leading to the establishment of co-evolutive strategies involving other territories or subjects in order to remain competitive in a dynamically (hyper)competitive context.

In analogy with what has already taken place in the case of companies, it is possible to pass from a mechanistic to a systemic approach to places.

In this light, a place can be seen as a system (or *learning organisation*) nurtured by the knowledge and trust of its stakeholders and customers. By adopting suitable territorial marketing behaviours, such a system can increase its initial assets of trust and knowledge.

Valdani has recently shown that the deepest roots of inter-territorial competitive differentiation lie in knowledge differentials and that the development of knowledge is the best means of generating value for companies and places in a knowledge-based economy.

It is therefore possible to see a place as a resource capable of attracting other resources: the more this is true, the greater its value and, consequently, the greater its ability to attract further resources.

As a result of its natural resources, every place already possesses an initial stock of goodwill in the sense that its stakeholders and reference publics attribute it with a certain value.

The problem is therefore one of a strategic management based on a logic that is similar to that of enterprise *resource-based management* (Vicari, 1995). Given the initial stock of resources, it is necessary to ensure that the policy makers are not only capable of maintaining its *equity* (by ensuring a continuous increase in the value it produces), but also of increasing the attractiveness of the area itself.

It can clearly be objected that, given the obviously material nature of any geographical area, it is hazardous to dematerialise it to a cognitive and virtual system based on trust and knowledge. It is of course obvious that no competitive advantage can exist in the absence of a “technocratic” logic (just as every company needs to be able to offer products or services); but it is equally obvious that this is not enough. Understanding the right combination of technocratic and resource-based logic and their reciprocal interactions is perhaps the crucial problem for future research activities. Here, in any case, we would like to put forward the hypothesis that the infrastructures of any territorial entity must include the intangibles of trust (intended in the sense of a relational infrastructure) and knowledge. Physical infrastructures obviously represent a necessary condition for being able to compete because, without them, any place can only hold a marginal position in the competitive arena; but they are not sufficient in themselves because, in the current global economy of the immaterial, trust and knowledge take on the role of critical resources.

## **8. THE STATE OF THE ART OF PLACE MARKETING INITIATIVES: AN ITALIAN AND EUROPEAN OVERVIEW**

### **8.1 AN OVERVIEW OF EUROPEAN INITIATIVE**

The European context offers a wide range of place marketing initiatives, the majority of which are promoted by special agencies created for purposes of local development. The European development agencies are members of the European Association of Development Agencies (EURADA), which brings together 125 EU agencies and 25 from Eastern Europe<sup>3</sup>.

The best known cases are the French Datar, the Welsh Development Agency, Locate in Scotland, the Austrian Business Agency and the Malta Development Corporation. Although they are by no means complete illustration of all of the initiatives involved, we offer the brief following brief descriptions with the aim of identifying at least some best practices.

#### *a) Datar*

Founded as long ago as 1963 upon the wish of Charles de Gaulle, Datar is responsible for promoting industrial investments in France.

Its activities go from the preparation of fiscal incentives designed to attract investments to technical assistance for local bodies and consultancy for final investors. In this sense, the service ranges from pre-sales assistance in the administrative, financial, legal and personnel search, selection and training fields to continuous post-sales activities accompanying investors.

Datar has a worldwide “sales network” insofar as it has opened a large number of offices in the principal cities of Europe, America and Asia.

#### *b) The Welsh Development Agency.*

In 1976, in response to the economic depression caused by the crisis in the coal mining agency, legislation was introduced to lay down the development guidelines for restoring the productivity of the region, the responsible for which was placed in the hands of the specially founded *Welsh Development Agency* (WDA).

Wales decided to create a tax and regulatory structure that was highly advantageous for potential investor, and a single point of contact (represented by the Agency) between the area and its potential customers, in the perspective of an “extended territorial product”.

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<sup>3</sup> For more information about EURADA, see *Support for local development*, ASNM Congress Proceedings, 1998.

The companies intending to invest in Wales are offered a territorial package consisting of:

- a tax on profits with two tax rates (21% and 31%);
- labour costs that are an average of 9% lower than in the rest of Great Britain, 25% lower than in Italy and 20% lower than in France;
- no limit on weekly working hours;
- personnel training centres specialised in advanced technologies;
- grant incentives for every new job created;
- a single interlocutor for potential investors covering all of the phases of the investment.

The economic conditions undoubtedly play a large part in the capacity of Wales to attract new investors, but the strong point in the manoeuvre is certainly the WDA and its “consultancy” role, which accompanies potential investors from the collecting of preliminary information to the final decision and attempts to provide what are in fact “turn-key” solutions.

It has attracted companies operating in technologically advanced industries: aerospace, pharmaceuticals, consumer electronics, information technology and telecommunications.

#### *c) Locate in Scotland*

*Locate in Scotland* is an agency that was founded in 1976 with the specific task of revitalising the Scottish economy and attracting foreign investments. Over the last few years, it has attracted companies such as IBM, Motorola, Compaq, HP, NCR, Roche, Canon, JVC and NEC, all of which operate in high-technology industries.

In its offer of an “extended territorial product”, the Agency combines good infrastructural facilities, a flexible and professional labour force, the existence of scientific and technological parks dedicated to the development of specific businesses, and a particularly high quality of life. *Locate in Scotland* obviously offers its investors a *One Stop Shop* service in the sense that it becomes a single contact/consultant accompanying investors from the collection of preliminary information to the time of the final decision, and seeking to provide “turn-key” solutions.

#### *d) Austrian Business Agency*

The *Austrian Business Agency* is responsible for attracting investments to Austria. The strong point of the Agency lies in the low tax rate of 17.67%, which allows investors to be able to count on 82.33% of their profits, a percentage that is significantly higher than the European average if we exclude Ireland and Portugal. In its “extended territorial

product”, these incentives are supported by the country’s positive social climate, its political and monetary stability, a low strike rate and a minimum level of crime.

e) *Malta Development Corporation (MDC)*.

This autonomous government agency, which is responsible for industrial development in Malta, was founded in 1968 as a result of the need to convert the national economy after the crisis in the shipping industry and related activities.

The Agency plays a dual role:

- it manages the incentives offered by the government in favour of direct foreign investments;
- it acts as a *One Stop Shop* by providing assistance to investors in all of the phases of the process of setting up.

In addition to the cases of national, regional and local agencies, there are other interesting examples of place marketing activities that are not directly agency related.

Some of the most interesting examples in Europe include the cases of Frankfurt, Hanover, Cambridge, Sophia Antipolis<sup>4</sup> and the Dutch towns.

The place marketing efforts of Frankfurt are aimed at making it the European financial capital in direct competition with London.

Hanover has concentrated its place marketing activities on the trade fair business, adopting the slogan: “Hanover, the city of International fairs”. Cambridge has developed an enviable entrepreneurial extension of its academic, scientific and research activities. The area now contains a large number of “start-up companies” in high-technology sectors (particularly information technology, telecommunications and biotechnologies), as well as companies of venture capital.

Sophia Antipolis was born a city of science in 1972 as a result of the work done by the Chamber of Commerce and Industry of Nice and the Côte d’Azur and that of the District of the Marine Alps. Now, 30 years later, the success of the initiative can be seen in the area’s 1050 enterprises (newly created or settled), 17,000 engineers and technicians, and 5,000 researchers.

The marketing of Dutch towns has been described by Van den Berg, Bramezza, Van der Meer (1994), and Rotterdam is another interesting case.

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<sup>4</sup> The cases of Frankfurt, Hanover, Cambridge and Sophia Antipolis have been described in more detail by Kotler *et al.* (1999).

## **8.2 AN OVERVIEW OF ITALIAN INITIATIVES**

Although Italy started developing place marketing initiatives later than other European countries, there has been a fervour of activity over the last few years.

A number of these involve development agencies on the European model, and others in a different way. Once again, we offer a brief and by no means exhaustive description of some cases.

a) The *Agenzia Sviluppo Nord Milano* [North Milan Development Agency] was founded in 1996 with the aim of promoting the local development of North Milan (including Bresso, Cinisello Balsamo, Cologno Monzese and Sesto San Giovanni), which is characterised by a large number of disused industrial sites now available for urban redevelopment. In the past, Sesto San Giovanni was the home of the most well-known Italian heavy engineering companies (such as Falk, Breda, Magneti Marelli, ecc.), but the decline of heavy engineering and the rise of the tertiary sector made it necessary for the area to create a new identity. And this is the main task that the agency is seeking to fulfil.

In its search for a new identity, Sesto San Giovanni has directed its attention towards the new telecommunications and multimedia technologies, and given rise to the project: "Sesto, the city of telecommunications".

b) The development of Emilia Romagna is guided by ERVET, an agency founded in 1974 that has recently taken on the management of promoting the opportunities for industrial location in the Region with the aim of attracting national and international investments.

c) The *Agenzia per gli investimenti a Torino ed in Piemonte* (IPT) has the aim of attracting external (Italian and foreign) investments to Turin and Piedmont. It was founded in 1997 by some of the most important public and private institutions in order to confront the process of de-industrialisation in the area as well as increasing European (mainly French) competition. One of the most recent successes of the Agency has been that of attracting Motorola's European Research and Development Centre to Turin.

d) Over the last few months, Catania has been chosen by Omnitel for a major call center, Nokia for the establishment of an innovative technology research centre, and by STMicroelectronics, whose settlement has recently been estimated to have generated a related network of about 200 local companies.

e) After having attracted the arrival of Fiat's almost entirely automated production plant, which has about 6000 employees and gives work to a further 4000 outworkers, the city of Melfi has now launched its Melfi 2000 project. This has the objective of attracting 60 new companies to the area by means of place marketing activities mainly based on the concept of turn-key product, the logic of *One Stop Shopping* and intensive promotional action.

f) Apulia is a hive of place marketing initiatives.

A large number of leading German companies have been attracted to Bari. Osram (Siemens Group) has been present since 1972 and, over the last few years, Bosch has opened two production plants and been followed by Getrag (a producer of automotive gearboxes), thus transforming the area into a large European-level engineering pole.

A very recent success is that deriving from the attraction of an investment from the American multinational EDS.

On the basis of the stipulation of an area contract, the investments of about 30 companies in North-east Italy (Treviso and Vicenza) mainly operating in the textile/clothing sector have been concentrated in the area of Manfredonia.

g) Another recent development is "*Opportunity Abruzzo*", a place marketing project promoted and financed by means of EU structural funds whose aim is to promote the attraction of investments from Italy and abroad in order to encourage the birth of entrepreneurial initiatives. This is a "proto-project" for the beginning of the development of place marketing activities. The first initiatives are aimed at the multinational companies already present in the Abruzzo, but they will be supplemented by promotion and "sales" activities abroad.

h) During the course of 1999, the Economic Department of Umbria Regional Council initiated a project aimed at identifying and potentiating the factors of attractiveness of the region.

i) The city of Trieste, which is already a leader in the field of *New Public Management*, has a place marketing plan whose points of strength include the widespread availability of labour, land and ready-to-use equipped areas (cabling has recently been carried out with Telecom Italia), sea, rail and motorway connections, and a nearby modern technological park involved in the sectors of biotechnologies, information technology and telecommunications.

j) *L'Agenzia Ponente Sviluppo* is the interlocutor for companies that would like to establish themselves in the area west of Genoa, which offers equipped sites connected to

the primary road and motorway systems. Adopting an “extended territorial product” perspective, this “core product” is associated with pre- and post-sales assistance and guaranteed time schedules.

k) After a long and laborious process of reorganisation, *Sviluppo Italia* will act as an agency for the development of Southern Italy. This is a holding company which, on the basis of *One Stop Shop* logic, rationalises the activities of a series of bodies whose frequently over-fragmented nature leads to a dispersion of resources and organisational overlaps. The priority sectors in which to develop activities of attraction are the agro-food industry, fashion, tourism, logistics and the environment.

## **9. SOME MANAGERIAL IMPLICATIONS**

In the light of the logics and empirical evidence described above, some comments can be made concerning managerial implications.

Given the virtuous circle of attractiveness, satisfaction and value, and the close relationship between internal and external place marketing, it is necessary to consider *strategic place management in a resource-based perspective* that recalls the logic of company *resource-based management* (Vicari, 1995).

As a result of the resources with which it is naturally equipped, every territorial area enjoys an initial stock of goodwill deriving from the fact that its stakeholders and reference publics attribute them with a certain value. Policy makers must therefore be capable of maintaining the value of this *equity* not only by ensuring that the resource of place becomes increasingly value producing, but also by increasing its level of attractiveness.

In operational terms, this has a two-sided managerial implication.

a) The need to develop joint internal and external marketing plans in order to ensure that, in the current context of an advanced knowledge-based tertiary economy, the external plan considers internal consensus and the internal plan considers external attraction. The internal resources of a place (particularly when they are people with specialised knowledge) are fundamental to the attraction of external investments. In this regard, Kotler *et al.* (1999) use the term “people marketing” to describe the importance of human capital in the external attraction strategies of a territorial area. In this way, and depending on the case, elements of attraction may be: 1) famous personalities or local political leaders; 2) workers with a high professional profile; 3) entrepreneurs with a marked ability to develop a powerful focus of attraction for possible new companies or “high-potential” workers.

b) The need to develop a system of constant resource monitoring. In the same way that company managements are making increasing use of integrated measurement systems or “managerial dashboards” (such as the *balanced scorecard*, Kaplan and Norton, 1997), it seems to be worth developing a “place marketing dashboard” capable of keeping battery of the most appropriate indicators for the governance of a territory under control. Only this type of monitoring makes it possible to check and improve the current situation, and then communicate the results externally in order to increase attractiveness and internally in order to increase satisfaction.

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