City marketing between a theoretical reflection and a practical realization

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Abstract: Town marketing has obtained an importance not only in a theory, but also in a social practice during last couple of years. The paper deals with a definition of town marketing and also its selected specific characteristics. It analyses beginnings of town marketing in the Czech Republic and on a base of a comparative analysis of use of marketing in the Czech Republic and in Austria it evaluates its current position. The authors have come to the conclusion that although town marketing has been more and more important strategy of the municipal policy, it is not an instrument which would be able to substitute absolutely up to present approaches that have tried to solve towns’ problems. Although there have been more and more fields of possible use of the marketing approaches, it still works as a suitable addition.

Key words: town marketing, implementation, strategy of the municipal policy, Czech Republic, Austria

1. Introduction
In last years town marketing has obtained significance in a theory as well as in a social practice (Malinovský 2004, Búšik 2006). Town marketing is often discussed as a new approach to town development and a town policy, and it does not differ from others with its
instruments used, but it does with its customer and market orientation (Ježek 2004, Žárska 2007).

Since 19th century the towns have tried to attract new citizens, investors or tourists, but just in about middle of 80-ties of 20th century town marketing appeared as the consistent approach to municipal development with a clear theoretical background in a social practice as well as in scientific discussions (Ward 1998, Drozg 2004). The main reason was a fact that competitiveness between towns and regions became more intensive. Stressing the economic point of view of functioning the towns and their development, effectiveness and competitiveness have become important imperative of towns’ development (Sucháček 2004, Suchaček/ Malinovský 2007). According to van den Berg and Braun the reason is a fundamental change in a sphere of economics, technology, demography and politics which have led to more market orientation of public administration than it was before and also to accept strengths and weaknesses, threats and opportunities of a certain territory in its decision making process (Maier/ Drozg/ Horvat 1996, Hofman 1999, van den Berg/ Braun 1999, Gubler/ Möller 2006 etc.).

From a theoretical point of view town marketing is more than just town promotion (Kotler/ Haider/ Rein 1993). Similarly as in a case of commercial marketing there also exist many different concepts and ways of expressions of town marketing. An overview of various concepts and theoretical approaches of town or regional marketing presents e.g. B. Grabow (1998), Maier/ Schläger-Zirlik 2001 or P. Rumpel (2002, 2006).

According to Kotler¹, guru of world marketing, key (essential) elements of town marketing are (Kotler/ Heider/ Rein 1993):

- Place identity: what are strengths and weaknesses, opportunities and threats of the town?
- Place products: what products can be offered by the town? By the product of the town Kotler does not understand a sum of the offers of individual companies, but overall characteristics of the town which are usually marked as business environment, territorial attractiveness for entrepreneurship, living, spending free time etc.
- Place buyers: how a town market is defined? Who are the potential town customers (investors, citizens, visitors) and where are they situated? How can they be obtained by the town?

¹ Kotler mentions place marketing.
Place selling: how it is possible to offer town as a product in the market in the best way? What is the town’s image? How it is possible to improve it? What kinds of distribution channels are there?

2. Town marketing and some of its specifics

Although town and commercial marketing result from a common marketing philosophy (customer and market orientation) there exist big differences in their implementation (Meyer 1999, Pauličková 2005).

Comparing town and commercial marketing the main specific characteristic and at the same time a barrier of town marketing is a fact that the towns are much more differentiated and complex systems. Starting conditions of application marketing in conditions of a company and the town are considerably different (Konken 2004, Ježková 2006).

A main intention of applying town marketing is to satisfy public demand through reaching the defined goals, what is very difficult because of a large number of actors and customer segments and their needs, wishes and interests. This situation is a reason of numerous conflicts of interests. That is the reason why implementation of town marketing is connected with use of participative management (Birk/ Grabow/ Hollbach-Grömig 2006).

The benefits of marketing activities should be seen in increasing of a total welfare in the town that means that all the persons interested should profit from implemented activities. This fact results from the preferred social marketing concept (Kotler/ Asplund/ Rein/ Haider 1999).

Critical factors of town marketing are partnership and willingness to cooperate (town marketing is based on voluntary participation and involvement of actors), then communication between actors (it is a neverending process) and applying a consensus principle (a base of reach to consensus should be public utility of marketing measures and activities (Grabow/ Grömig 1998).

Although the theory and social practice have been concerned with town marketing problems for more than twenty years there still exist a number of unanswered or open-type questions concerning its theoretical definition as well as a possibility how to apply it in the social practice. There have been a lot of discussions about what is a subject of marketing interest (administratively defined territorial district of the town, the town as a municipality or

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2 Marketing is just one, but use of marketing in conditions of the towns has its specifics.
individual institutions and organizations of public administration acting in the city)? What is a town product? Is it possible to consider town an entrepreneur (analogously as in the town)? Is town marketing the appropriate instrument to solve problems of the towns? (Hanuláková 2004, Helbrecht 1994, Ježek 2003, Meyer 1999 etc.).

3. Goals and methodology

The aim of this paper is an analysis of a current state of town marketing implementation in the Czech Republic and in Austria and also critical analysis (evaluation) of town marketing as the strategy of municipal policy.

The paper results not only from results of own empirical researches of town marketing which have been also published during last ten years (see references), but also from some experience of foreign authors.

The newest empirical data recording the current state of marketing implementation in the Czech towns being presented in the paper were obtained in 2007 within solving the project of Ministry for regional development of the Czech Republic No WD-19-07-1 “Town competitiveness in the Czech Republic”. 171 towns were visited and interviewed within solving the project. The research was done with the help of members of the research team and students (retrained interviewers) from the West Bohemia University in Pilsen. A selection of the towns was defined in a way that a final set (sample) included proportionally the towns of all the size categories and also all the regions of the Czech Republic. From this point of view it is possible to consider the research representative.

The data from Austrian towns were accepted from an article by G. Datko who analyzed implementation of town marketing in Austria on a base of his own empirical investigation when he interviewed 87 towns (Datko 2006). It was the extensive research done in years 2005 and 2006 in Germany, Austria and Switzerland and its results were published in the monograph “Stadtmarketing – Status quo und Perspektiven“(Birk/ Grabow/ Hollbach-Grömig 2006).

4. Beginnings of town marketing implementation in the Czech Republic

Marketing has become a common instrument of municipal policy. According to our research, 74 % of the Czech towns use marketing (2007). The first effort to implement town marketing in the Czech Republic we met in the second half of 90-ties of 20th century. The significant impulses were growing disparities between individual towns as a result of economic and
social transformation, and also public administration reform and public administration modernization process; the towns obtained significant self-governing functions within it. Within the reform and modernization process of public administration there was the effort to make it of a higher quality with increased efficiency and implementation of ideas of New Public Management and some other innovative approaches became more intensive (process approaches, ISO, TQM, benchmarking, CAF, BSC and others) (Ježek 2004, Sucháček 2004, Sucháček 2008, Tvrdoň 2002, Wright/Nemec 2002).

Town marketing idea holders became most of all local branches of international consultancy companies (as e.g. Berman Group or DHV), which in 1998-1999 initiated elaborating of first marketing strategies of town development (see e.g. Český Krumlov, Mariánske Lázně and others). One of the first marketing concepts was Town Development Strategy of Karlovy Vary (1995) elaborated by the West Bohemia University in Pilsen.

5. Comparative analysis of town marketing implementation in the Czech Republic and in Austria

Actors, goals and activities of town marketing
Almost the only initiators of town marketing in the Czech Republic are local self-government. The researches show that they are mayors of the towns (46 %) or, in small number of cases, secretaries of the town offices (17 %) who initiated implementation of town marketing. Other initiators were members of town (municipal) councils or heads of departments of the town offices. Austrian experience is different from this. Except for local self-government representatives local entrepreneurs were those who initiated town marketing and were involved in the process more intensively (especially in a case of handicraft industry, retail and services).

The structure and importance of town marketing in both countries has been significantly influenced by the goals which they want to reach through marketing. While in the Czech towns the political representatives try to create and implement concrete marketing projects, they want to improve inhabitants’ awareness about the events in the town, manage strategically town development etc., the representatives of Austrian self-government try to increase attractiveness of the towns, especially their centers (as the centers of shopping).

3 These marketing strategies were financed from American grant.
improving image of the towns and build their identity in cooperation with local entrepreneurs and other interested bodies by creating the partnership with them.

Marketing measures and activities of the Czech towns concern most of all such areas as free time and sport, tourism, public relations, culture and business and employment. In Austria it is implemented especially concerning retail competitiveness problems in the centers of the towns, building town image, public relations and organizing various cultural events.

Chart 1:

Source: own research 2007 (Czech Republic), Datko 2006 (Austria).
Chart 2:

<table>
<thead>
<tr>
<th>Thematic areas of town marketing</th>
<th>Czech Republic</th>
<th>Austria</th>
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</thead>
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<tr>
<td>Leisure time and sport</td>
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<td>Modernization of public administration</td>
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<td>16</td>
</tr>
<tr>
<td>Trade fairs, congresses</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
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Source: own research 2007 (Czech Republic), Datko 2006 (Austria).

**Organization of town marketing**

In the Czech towns there is the town office or its individual departments (dept. of culture, town development etc.) mostly responsible for implementation of marketing activities in the towns. It results from answers of 89 % of the towns interviewed. Only 9 % of bigger towns stated that they created relatively independent organizational units functioning out of the own town administration to implement town marketing effectively. A best practice can be e.g. Český Krumlov Development Fund, Ltd. with its founder and exclusive owner is a town Český Krumlov. Only 2 % of the Czech towns stated that marketing activities have been organizationally provided by community organizations that associate representatives of self-government, entrepreneurs as well as non-government organizations.

Again, the situation in Austria is different. In general it is possible to state that the Austrian towns comparing them with the Czech towns are more characteristic by clearer organizational structure including unique definition of responsibilities and competences of persons and organizations involved in town marketing process implementation. Although similarly as in the Czech Republic, marketing activities are most often applied by self-government (42 %), its importance is lower. In Austria more responsible for implementation
of town marketing activities are relatively autonomous organizations such as community organizations (30%), limited companies (21%) or various workgroups (7%).

**Evaluation of town marketing implementation**

Majority of the Czech towns states that they have used marketing and also plan to continue in a future. At the same time they positively evaluate a fact that thanks to town marketing implementation communication between self-government, inhabitants and other bodies have improved; also a mutual informing has improved and creating the project (development) teams has proved competent, too. The continuously existed problems have been: motivation of the inhabitants to cooperate, connection of effective cooperation with consulting companies and understanding town marketing as a philosophy of strategic town development management.

**Chart 3:**

![Image of Chart 3](chart3.png)

Source: own research 2007 (Czech Republic), Datko 2006 (Austria).

The Austrian towns comparing them to the Czech ones have longer experience with implementation of town marketing, what is one of the reasons they generally have more
optimistic evaluation of the current state\textsuperscript{4}. Results of the empirical research show that they are more successful than the Czech towns in implementation of key marketing measures and in their reaction on the specific requirements of target groups.

**The most significant problems of town marketing realization**

The most serious problems of the Czech towns which inhibit implementation of town marketing are: lack of funds, insufficient interest and engagement of individual groups of actors (especially entrepreneurs), communication problems and different interpretation of town marketing and too politicization of problems what inhibit its implementation.

**Chart 4:**

![Chart 4: Town marketing implementation success](chart)

Source: own research 2007 (Czech Republic), Datko 2006 (Austria).

The Austrian towns similarly as in case of evaluation of town marketing implementation are more optimistic and they stated less problems connected with its implementation. The most serious problems they have with: different interpretation of the term town marketing by

\textsuperscript{4} Other factors, according to our opinion are: the fact that the Austrian towns feel mutual competition more than the Czech towns; municipal incomes are more dependent on local taxes and charges what can increase their motivation to implement town marketing. Important is also the fact that activity and a sense of organization of local entrepreneurs is more intensive there.
individual actors, insufficient funds, insufficient interest and engagement of individual groups of actors and a dominant position of individual persons and their individual interests.

### 6. Town marketing between a theory and practice. Evaluation of a current state of town marketing implementation

On a base of up-to-present theoretical and practical experience we can state that there has not been any uniform type of town marketing. On the contrary practical knowledge clearly shows that there is effort of particular towns to create their own model of town marketing that would be suitable for their local conditions (significance of the problems, engagement of individual actors, financial task). Marketing initiatives differ from town to town from a point of view of their goals as well as their measures and organizational forms. The common feature of these initiatives is that they come from down. Possibilities of the typology of these initiatives are quite limited as it is possible to read in some work e.g. by B. Grabow (Birk/Grabow/Hollbach-Grömig 2006, Grabow, Grömig 1998) or P. Rumpel (2002).

Very important, we could even say key question of town marketing implementation is a communication and organization of its actors (Konken 2002, Rumpel 2002).

The liberal and pragmatic approaches to town marketing implementation predominate not only in the Czech Republic, but generally in all the developed countries\(^5\). The main aim why marketing is used by the towns is usefulness (utility) and efficiency of solving the problems. That means that the term town marketing is not important, but goals, content and methods, permanent communication with the key actors and public, cooperation between the actors based on trust and partnership etc. do.

The town marketing organization structures consider to be very effective and non-burocracy forms of organizations nowadays; they are open to new actors and enable to involve partners from business as well as from non-profit sectors.

Success of town marketing implementation, its strategies and measures considerably depends on acceptance as wide as possible range of actors. That is the reason why it is recommended to involve as wide spectrum of actors as possible to the discussions about goals and roles of the town marketing process from its very beginning. To secure town marketing activities and do them successfully, they have to be absolutely transparent and open and particular projects have to be evaluated pragmatically from a point of view of their benefits and feasibility (Hrdý 2006).

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\(^5\) Town marketing especially in German speaking countries is labeled as a soft concept of local development.
Although, as we have already stated, majority of the towns use marketing, town marketing has become a “label” for various different concepts and ways of expression in social practice. It also influences from the analysis done that it is not possible to define generally neither what kind of activities should be done within town marketing, nor who should be responsible for their implementation or who should coordinate them. It is also not possible to answer the question what form of organization is the most suitable from a point of view of town marketing implementation.

If we try to briefly characterize the current situation with town marketing implementation we have to mention critically that mostly there are ad-hoc and non-planned, very often spontaneous and uncoordinated measures. If there is integration of particular marketing activities then only in some certain directions as e.g. tourism, public relations, offer of industrial zones, town branding etc., but not totally as we know it from complex marketing.

Practical experience shows that in the initiation phase of town marketing, that is full of expectances, majority of the towns try to use complex town marketing (very often through various pilot projects). As a time runs, later, skepticism starts to grow and the actors start to look for a pragmatic way.

In town marketing practice there is a big inconsonance between expectances and feasibility. The key problems there are: change influence in the long term, large number of actors, increasing complexity of the problems and also problems connected with finance the marketing activities.

Moreover there exist other spheres of public administration competence in communal practice which are in a narrow relation with town marketing. As some examples we can mention strategic town development, spatial planning, public relations, Agenda 2001, social services community planning etc. In all these field similar methods, instruments and organizational forms as in the case of town marketing have been used.

We can meet a wider range of complexity of town marketing activities in a case of small towns what, thanks to small number of actors who know each other, have much better prerequisites for use of consensual and cooperative approaches than the big towns (conditions are to manage competences and capacity needed). So it is possible to state that bigger the town is more limited are its possibilities to use complex marketing. In a case of big towns there is practically no effort to implement complex marketing. They mainly try to create a brand, promotion of international events etc. (Birk/ Grabow/ Hollbach-Gröming 2006, Grabow/ Gröming 1998, Ježek 2004).
7. Is town marketing an appropriate instrument to solve towns’ problems?
Critical analysis of town marketing as the town development and town strategy policies

As we mentioned in our paper in its introduction, the main incentive to implement town marketing is the effort to use long-term experience with commercial marketing in conditions of the towns (Bernátová/ Váňová 1999, 2000). In this connection a market managing of the towns which subordinates all the activities of the town and its actors to market conditions has been often promoted. It also leads to an idea that public administration plays a role of an entrepreneur and the town a role of a product (Hofman 1999, Kotler/ Haider/ Rein 1993).

As it results from our researches the ideas mentioned above often lead to overestimated expectations or even to myths connected with implementation of town marketing. By the myth in this context we understand collective irrational imaginations or generally transmitted ideas without any appropriate evidence. Such myths coming mainly from the theories of theoretical promoters of town marketing are (Ježek 2004, Birk/ Grabow/ Hollbach-Grömig 2006):

- All the actors of town development (town self-government, inhabitants, entrepreneurs, non-profit organizations etc.) are on principle prepared to be engaged in favor of the town (if they are involved in discussions about development of the town, they start to be engaged);
- People who are not interested in participation in the preparation of marketing (strategic) plan, those are not interested in development and overall welfare of the town;
- It is possible to integrate all the development activities and town marketing represents “root concept”;
- If the town establishes a special organization which would implement town marketing, all the problems will be solved;
- It is important that the marketing vision and the strategy bring something to everybody; all the people have to see themselves in them;
- If we organize some event or promotion campaign, more visitors will come and the town’s income will increase;
- Etc.
We could continue enumerating the myths. During last years town marketing has become a strategy that, according to B. Birk, B. Grabow and B. Hollbach-Grömig “has been missing a long time“ (Birk/ Grabow/ Hollbach-Grömig 2006). Town marketing has become an expected and needed instrument of municipal policy. However, reality of town marketing as we tried to present it in our paper is less optimistic. During many meetings of town marketers it has been stated\(^8\) that some of the theoretical approaches can not be implemented in practice. Financial tasks are also a serious problem in this case\(^9\).

As it results from our research only 24 % of the Czech towns stated (2007) that their expectations were totally fulfilled. Only 39 % stated some positive experience with implementation of town marketing and only 32 % of the towns consider town marketing a philosophy of strategic town development management.

69 % of the towns, surprisingly, want to continue further in marketing implementation and they plan to increase funds for its realization. This fact shows that town marketing is a flexible strategy of municipal policy which is possible to relatively adapt itself to changeable conditions and market solutions of the problems.

In an effort to make town marketing more effective and professional we can meet especially abroad the approach that town marketing is not directly implemented by self-government, but to do it they establish or initiate origin of the special organizations with various legal regulations (association, but also Ltd.). Their activities (including decision making) are joined by local entrepreneurs, non-profit organizations, community activities etc. (public-private-partnership). It is expected that these half-private and relatively independent organizations will proceed more according to market (business) and they will organize marketing activities and measures more effectively.

Some authors are warning (see e.g. R. Paddison 1993) that these kinds of organizations take self-government’s roles and substitute de facto the town in customer relations (potential investors etc.). We can mention some weaknesses in this case:

- Forming development visions, defining development goals and measures are the highest political decisions; more competences the self-government would like to transfer to the similar organizations more danger threatens that strategies and measures will be decided by managers of such organizations and not democratically elected political representatives of the towns;

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\(^8\) See e.g. the annual meeting of Austrian town marketing representatives. Many comments against town marketing theory were heard e.g. at the meeting in Salzburg in 2006.

\(^9\) R.E. Gubler and Ch. Möller mention that implementation of marketing requires considerable funds, so the town that is interested in marketing implementation should realize that (Gubler/ Miller 2006).
• The effort to reach market goals contains danger of a preference of economic goals before the social and environmental ones, which can be enforced by an influential group of entrepreneurs (local lobby) or the goals of one town will be preferred before the goals of another ones;

• Use of marketing in town development can lead to the situation, as we could see on the practice of one town promoted in the media – Vsetín. This town to improve a look and image of its centre evacuated Gipsy inhabitants to the marginal parts of the town or provided them a support for moving to the further regions. However, the problem of Gipsy inhabitants in this case has not been solved; it has only been transported to other part.

Although town marketing has been used more and more in social practice, as we tried to present it in our paper, in our opinion, it is not the municipal-policy strategy which could replace up-to-present approaches to municipal policy. Possibilities of how to use marketing as the instrument of change the town are much more limited in comparison with the corporate level. Nowadays towns are the result of long term development process. In a short time period it is not simply possible to change significantly the infrastructure, physical and social environment of the town as well as its structure of inhabitants or economy.

8. Conclusion
The researches of town marketing implementation clearly show that a number of towns which are interested in marketing still grow. Last but not least because of competition, to stand to competition with other towns. However, implementation of town marketing is in most of the cases less ambitious than academic protagonists or authors of the theoretical concepts suppose. Although nowadays we consider promotion, public relations, presentation at the tourism trade fairs, web pages, brochures of investment opportunities etc. the standard marketing measures in many towns, only a small number of the towns try to realize the ambitious concepts of complex town marketing.

Although town marketing has become more and more important strategy of municipal policy, it is not the instrument which would be able to replace up-to-present approaches to municipal policy. It is more likely its suitable supplement in spite of the fact that the number of areas where marketing approaches could be used still grows.
References


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