

PLACE MARKETING PROCESS – THEORETICAL ASPECTS OF REALIZATION

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Abstract: *This paper is dedicated to discussion about the issues of theoretical and methodological aspects of the place marketing process. Successively describe each supposable stages of a place marketing process as a certain methodological frame to apply it on various places.*

Key words: *place marketing, place marketing process, marketing information system, identity, image, branding, competitiveness of places, segmentation, targeting, positioning, place marketing mix*

INTRODUCTION

Era of globalization and time-space compression modifies the real market space into actually unlimited space and introduces intensive competition even into the areas in which it would not have been considered several decades ago. A possible way how to deal with this new situation, especially for transforming a country, is offered by marketing. Nowadays marketing can decidedly be considered as a part of our everyday life to such an extent that even though not explicitly stated, we abide implicitly by its principles. It is not considered as a separate field of study but as a multicpectral methodological tool for managing situations in private life as well as in professional life (Čichovský 2001, p. 4). Despite more than half a century of the development of marketing it still remains a challenge even for private companies that are generally regarded as specialists for marketing activities.

It is the competition spreading into other sphere of human reality that has become a very important impetus for applying marketing to places. Doubtless, even places benefit from highly sophisticated marketing activities used in private sector.

New challenges brought about by place, have started marketing research integrating various marketing approaches (e.g. Kotler et al. 1999) based not only on deep knowledge of humanities, social sciences and business, but also on understanding the complexity of its product - place. Complexity of its nature is probably the reason why a wider consensus in such a fundamental question as the definition of place marketing has not been achieved. This is the field where geography can be useful because of the fact that place is both an object of research and part of manner in which such research can be carried out (Matlovič, Matlovičová 2006).

In comparison to corporate marketing, place marketing has conceptual differences. In the past places were understood only as commodities although in reality they appear to be complex megaproducts used in numerous ways. Contemporary marketing effort is

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focused on adjusting the tools to the complex character of places as megaproducts and does not consider place as „merely“ a commodity. Place is viewed upon as a challenging and complex heterogeneous marketing object (e.g. Clark 2002; Rainisto 2003; Kotler et al. 2002).

At present there are no doubts regarding the appropriateness of applying marketing to places. It is generally accepted that places can be offered with equal efficiency as products. Paradoxically, there is lack of a unified conception and definition of place marketing. The reasons might be that this issue is the domain of a wide variety of researchers and also the lack of terminological unity, especially in general appellation of the issue. We prefer the term place marketing and understand it as: „conscious activity aiming at improving and maintaining the position of a place in competition through relentless identification, modification and satisfaction of needs of various segments connected with the place “.

During social and economic transformation of Slovak places, this issue is still a novelty and therefore we have decided to provide a modest contribution to the discussion on possibilities and appropriateness of systematic application of marketing tools to places.

PROCESS OF PLACE MARKETING

Marketing process, in its broad complex nature, comprises heterogeneous and interrelated activities reified in a marketing plan. A very common view is, that „*planning ... resembles a ritual of calling rain. It has no influence on the wheather...*“ (Quinn in Palatková 2006, p. 173) since the surrounding conditions change too rapidly. Planning, however, represents an inevitable process of consideration about what has happened, what is happening and what may happen. It means setting and presenting the goals (Palatková 2006, p.173).

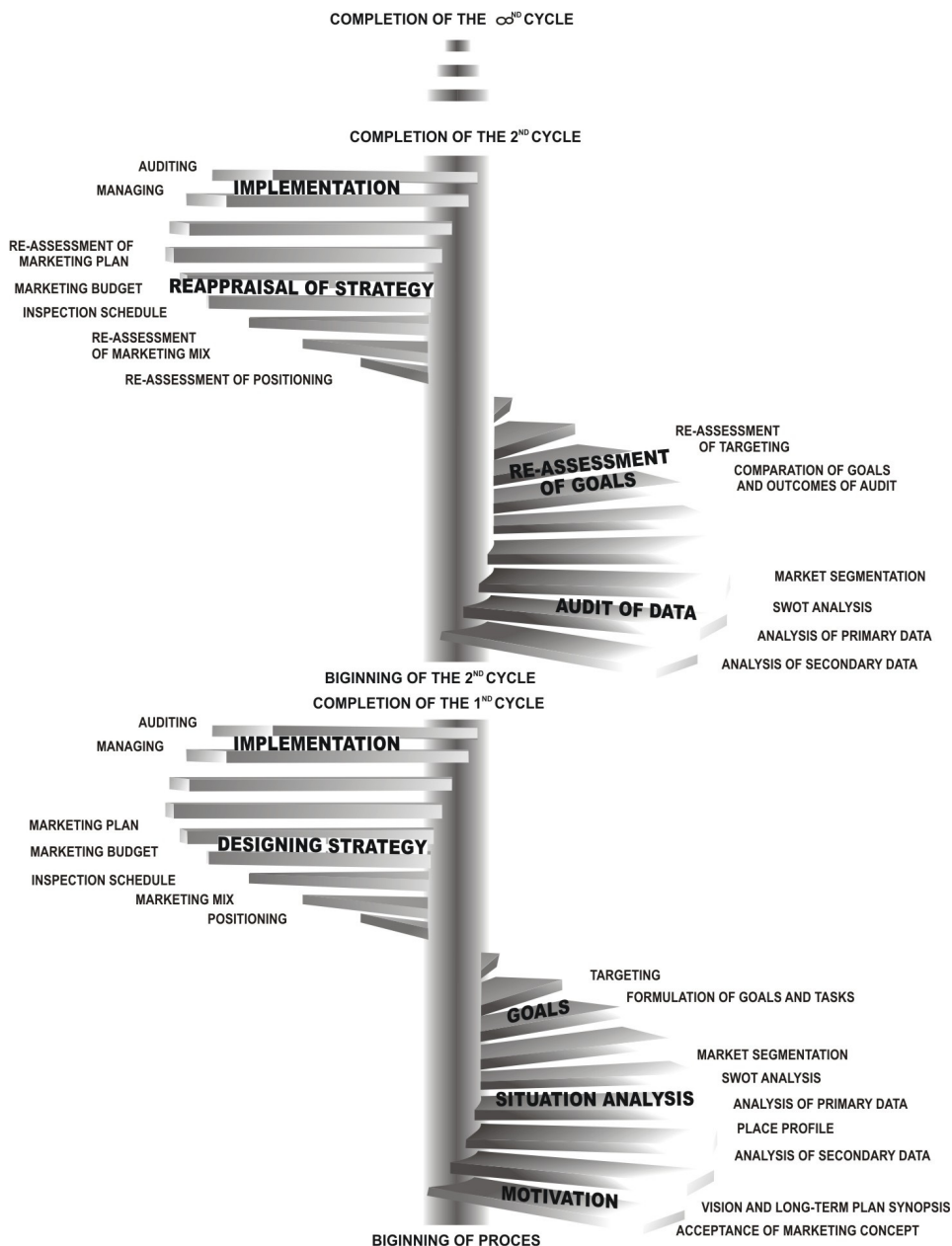
Unique and non-repetitive nature of single places directly determines differentiations and frequently does not enable even precise chronology of single stages of place marketing process. As a certain generalization of the so far successfully applied approaches, the following division into stages can be offered (see Rumpel 2002; Janečková, Vašítková 1999; Bernátová, Vaňová 2000; Pauličková 2005):

0. MOTIVATION – initial motivation, presentation of vision and synopsis of plan
1. ANALYSIS – situational analysis
2. DETERMINATION – formulating of the goals, setting and elaborating the marketing strategies
3. IMPLEMENTATION – realization, managing and auditing of marketing strategy.

Within these stages there are a number of partial activities that overlap, happen simultaneously; single places can carry them out in different sequences and if needed they can apply or skip other activities. This variability² results in complications when shown in diagrams and this eventually leads to different interpretations (compare Pauličková 2005, s 38; Bernátová, Vaňová 2000, s. 21; Ashworth, Voogd 1990, s.30; Rumpel 2002, s. 77). The process can be described as reiterative, having a feedback, cyclical and actually never-ending (Buček?, p. 81). Its nature is represented in Figure 1.

2 Especially at lower stages, at operationalization and specification of clearly set methodological sequence.

Fig. 1: Model of place marketing process



Source (author)

Spiral arrangement of single activities stresses its cyclicity and timelessness. Each cycle begins with the analysis, ends with the realization and goes through a series of planned steps³. The first cycle, as a rule, is experimental because its criteria of analysis and direction of synthesis towards marketing mix as well as towards the strategy result from estimates and prognosis with regard to other similar places and situations. Each following cycle is a qualitatively higher step of marketing activities based on concrete outcomes in a certain place and represents reiteration with regard to the determined goals based on feedback. In addition to continuous specification timelessness of the model enables us to the change completely or partially the strategy orientation even in the i-th cycle and thus adjust it to the market demands.

INITIAL MOTIVATION

At the ITF (International Travel Fair) Slovakiatour in January 2007 Exhibition in Bratislava, the representatives of towns and regions were inquired about their involvement in marketing. Surprisingly, there were relatively very few positive answers⁴. The survey showed that there has not been any considerable change since 2003 when research on the use of marketing tools in the development of places and regions in Slovakia was carried out (Pauličková 2005). As the author states: *“regional authorities rejected the idea of marketing at various levels of communication, they were uninterested in communicating about the issue and tried to divert the communication to e.g. national development program.”* (Pauličková 2005, p. 99, 92).

The above-mentioned examples clearly reveal the low level of awareness of marketing in terms of offering opportunities and being an asset to places. It is necessary to have an initiator for it to be implemented in place practice. The initiator must be able to persuade the relevant place opinion leaders about the importance of marketing for the place in question and have them as participants-multiplicators in the suggested process. The initiator's task is to arouse interest and motivate the relevant place authorities, i.e. the obligatory participants of the marketing process, so that they may accept the concept of marketing as philosophy based on successful goal achievement through meeting the customers' demands more effectively than their competitors. Regarding their decision-making competence at various levels, together with the initiator they will create an informal initiatory planning group which will design the synopsis of the marketing plan of place. In the resulting place marketing plan, the plan synopsis is the first part, the so-called outline of outcomes. Its final part is of primary importance because this is the only part actually read by the majority of managers and investors to whom the marketing plans are submitted. Therefore, this section ought to be elaborated in such a manner that it should introduce the main points of the plan and persuasively inform about its potential and likelihood of success (Clemente 2004, p. 113, 115; Rumpel 2002, pp. 77-78).

3 *In the initial stage, i.e. at the very beginning the initiatory planning group introduces the marketing plan with preliminary steps that may not fully correspond to the above-mentioned model and the current number of steps may be extended or reduced. The steps are determined by the character and potential of the place and frequently, a number of activities are simultaneously in progress.*

4 *We did not consider as positive answers those that regarded marketing as an activity identical only with promotion.*

Due to the impact of participants-multiplicators the initiatory planning group is gradually transformed into a planning group that should comprise all the relevant representatives of economic and social subjects and organizations (Rumpel 2002, p. 77). This stage includes a number of meetings and discussion forums resulting in the creation of new relationships – networking. Its objective is to coordinate the activities aiming at common interests of stakeholders and thus affect the goals of marketing. In order to eliminate conflict situations between political rivals, economic competitors and some personal enemies it is advisable to establish the post of a mediator – an impartial and independent expert in the development of places (Fussholler, Honert, Kendscheck 1995, in Rumpel 2002, p. 78). Owing to the complexity of place marketing, the lack of experts in partial areas is quite common and it is usually solved by means of outsourcing.

Motivation stage usually results in plan synopsis that is further elaborated and before the completion of the first cycle (before the proper realization) is specified and appropriately modified into marketing plan of place.

SITUATION ANALYSIS

“Before the fight in their headquarters the winners consider a large number of impacts.

Before the fight the losers in their headquarters consider a small number of impacts.

Consideration of a large number of impacts brings along victory.

Consideration of a small number of impacts brings along defeat.

This is even more relevant when not considering at all.

When I view it that way, I can only see either victory or defeat”.

(Sun 'c, 6th century AD⁵, Sun Pin 2005, p. 63; Smith 2000, p. 29)

A logical beginning of problem solving is ordinarily its anamnesis and thus with place marketing the place is subject to in-depth analysis. Situation analysis should be complex and it should comprise all that is related to place. As has already been mentioned in the preceding part, reliability of the results of such an analysis is established by means of outsourcing, i.e. by external experts, most frequently private companies.

a) Marketing information system

The essential points of every analysis are data and information⁶. Due to cyclic character of marketing management it is necessary not only to systematically collect marketing information but also to preserve, analyze and pass it onto managers or other responsible persons. The need for a marketing information system results from the necessity to provide relevant information in real time and relevant form (Janeckova, Vastikova 1999, pp. 25-38). It ought to comprise an analytical marketing system consisting of statistical procedures and models used for eliciting useful information from research data. Analytical

5 The extract has been taken from *The Complete Art of War* written by one of best Chinese past masters of war tactics and strategists. His ideas are utilized not only in modern military training but also marketing management (Smith 2000, p. 29).

6 Data – essential form of knowledge and it becomes meaningful in comparison with other data. Information – combination of data (Janečková, Vašítková 1999, p. 26).

marketing system is composed of “statistic banks”⁷ and “banks of models”⁸. Data forming the marketing system in question can be gathered from a number of sources:

- from software information systems (e.g. KORWIN, TRITHEM, OMIS, URBIS, ISOMI, ISFI, PTI), the so-called permanent internal data;
- from processing of permanent internal data designated for one use at the moment of need (e.g. analysis of municipality financing), also referred to as internal ad hoc data;
- from secondary research, i.e. from internal sources of the organization, from previous research studies carried out by the organization or from external sources (secondary research also referred to as “desktop” research”;
- from primary research gathered from field research (Janečková, Vašítková 1999, s. 26-29).

Practical outcome of marketing information system is place profile processing (Janečková, Vašítková 1999, s. 31). The most frequent way is the scheme of place description based on Hettner scheme of regional taxonomy (see Hettner 1932), which is extended by further analyses resulting from trinitary concept of place (hermeneutical and critical analysis). With regard to marketing we focus on the place characteristics as a product. Thus, its competitiveness, position on the market and its potential for further development are considered. Apart from the so-called “hard” data it is therefore important to collect and analyze information regarding the perception of place. The sources of this information are subjective and hardly measurable data, also known as “soft” data (e.g. image, quality of life, etc).

b) Identity, brand and image of place

Analysis of value and potential of a brand has recently become a non-expendable part of marketing. For many companies it is an important strategic asset whose lifespan may be longer than the product itself. No doubt branding is inevitable even with regard to places. Its form is most frequently a name, a phrase, a sign, a symbol, a picture, a musical composition, or a multimedia combination of all the listed components (Kotler, Armstrong 2004, p. 396). Applied to places it incorporates material and non-material values of a place, experience and promises for the client. As Mary Lewis puts it: “*Brand is an aura of views and expectations surrounding a product (or service) and thus makes it relevant and distinctive. It exercises influence beyond purely physical sphere and is a strong psychological element*“ (Lewis 1991 in Smith 2000).

Such a broad understanding implies impossibility of measurement and evaluation of its successfulness. Despite of this Young&Rubicam agency present evaluation of brand according to two criteria: brand validity and brand caliber. Brand validity means a strong differentiation of a place brand from competitive brands while taking into account the current relevant differentiation of place brand. It achieves a necessary caliber if it is well known in source markets where it is highly esteemed by clients (Kotler 2004, p. 85).

7 *Statistic bank contains statistical procedures (e.g. multiple regression analysis) that assists in making conclusions of gathered data (Clemente 2004, p. 7).*

8 *Bank of model is a set of interconnected variables representing a certain system or process (Clemente 2004, p. 7).*

The understanding of brand cognition process by clients of place is the essence of brand equity. There are several evaluation models of brand equity, for example the Young&Rubicam agency introduces the Brand Asset Valuator (BAV) model based on research of 200 thousand consumers in 40 countries. BAV is based on four crucial elements or pillars: differentiation, relevance, esteem and knowledge. Professor Aaker understands brand equity as a set of five categories of assets and liabilities connected with a brand (the so-called Aaker's model). The categories include brand loyalty, brand knowledge, perception of quality, connotations connected with brand and other intellectual assets (e.g. patents, trade-marks and distribution relations). From other models the following ones may be mentioned: Millward Brown's brand power model - BRANDZ model, WPP's model based on BrandDynamics pyramid and Brand Resonance Model (Kotler, Keller 2007, pp. 316-319).

Branding of a place is closely connected with its image and identity. Strategy of place identity formation, brand policy and its reflection in the image are interrelated elements and it is impossible to perceive them separately. A well-communicated place brand means that people are aware of it and through brand they make certain associations with the place in question. The analysis and differentiation of brands and their impact on the final image is an important basis for the subsequent market segmentation and possible modification of identity as a set of place characteristics regarded as a marketing product. The brands and their image enable not only to identify places but they also reveal their perceived quality. It is important for places to define, analyze and then communicate their image because if they do not pay sufficient attention to this activity, a stronger subject may interfere – and that will not be branding but, on the contrary, labeling (Horvath 2006, p. 86), which may not contribute to making a place more attractive⁹. Bad perception of a place may devalue its image and may have far-reaching consequences regarding its future prosperity. These negative associations may also interfere with the future investments and activities of companies and may also have a damaging effect with regard to numerous groups of visitors, and thus contribute to the deterioration and decline of place. On the contrary, the development of brand may reverse the declining trend and may start revitalizing processes (Trueman et al. 2001, in Rainisto 2003, pp. 76-77).

Place identity results from planned activities within place marketing projects and unlike image it is regarded as an objective state of place perception. It is also considered as a sum of characteristics that differentiate one place from other ones. In addition, it represents an active part of marketing planning and it can be influenced. On the other hand, image as a result of marketing communications and also of coincidence, is a passive process. Aaker (2003, p. 60) compares identity to place and claims that „Place identity

9 The movie *Hostel* may serve as an example of labeling. It was shot by a young American director who attributed to Bratislava and its surroundings a negative rubbish dump brand of shady eccentrics, weirdos, street gangs and even groups of murderers. The movie was shot in Prague, the authors had never visited Bratislava and they did not mind the fact that the mediated information about Bratislava was not reliable. Paradoxically, that was the fact that was responsible for a massive and actually inexpensive advertising campaign of otherwise an under-average movie – at the expense of aggravated perception of not only Bratislava but also whole Slovakia by potential clients who could watch the film but did not have a chance to compare it with reality.

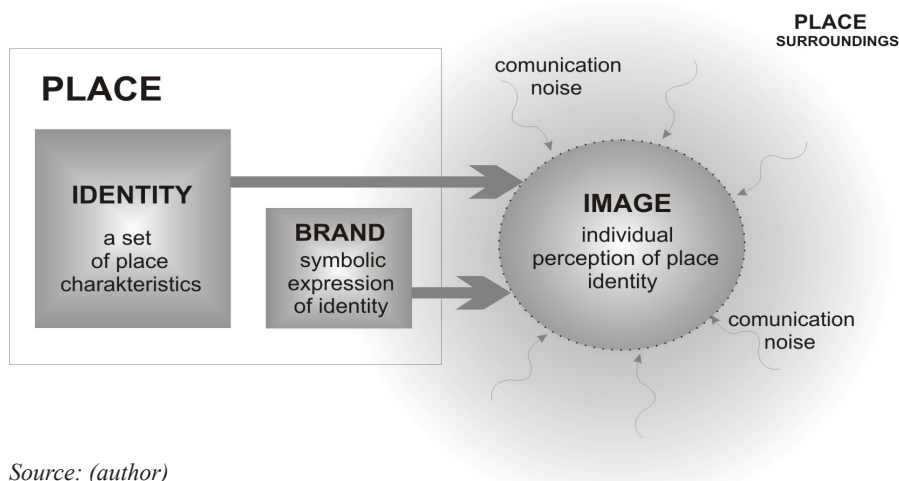
is like a place - searched for in order to be perceived. Place identity is a unique set of associations denoting a place that the management wants to create or retain. Associations represent what a place stands for and what it promises through local institutions“.

Place image unlike identity „*is a set of subjective opinions, ideas and feelings aroused by a place. Every image represents a simplification of a large number of associations and partial information related to a place... image is more than a simple belief... it is a personal perception of a place and can vary from one person to another*“ (Kotler et al. 1999, pp. 160,161, Kotler et al. 2002, p. 229).

Based on preceding characteristics it is possible to state that identity, brand and image are interrelated elements of the product - place. The differences among them are frequently perceived merely intuitively. Figure 2 illustrates how place image may be affected through place identity and place brand.

The model presents place as a transmitter of information via marketing communications (in the figure represented by means of arrows). In practise, however, the planned image is not always identical with the outcome. Nowadays, when competitiveness between places becomes stronger, forming an image is regarded as an artistic skill and, therefore it is entrusted to specialists. The final image is intentionally, but also unintentionally, affected by factors that in the figure are illustrated as the surroundings of the place. All transmitted information goes through competitive and communication noise that modifies it. Thus, that is the main reason why consistent and systematic image analyses are needed.

Fig. 2: *Model of place image formation through place identity and place brand*



Source: (author)

The most wide-spread tool for research on current place image is a semantic differential that enables to reveal the deviations of current image from the desired image. This method is based on the public perception survey based on a representative sample of respondents and on an optimised set of criteria suggested by them. The final image is then determined on the average of results and deviations from average. In case of small deviations we

speak of an unambiguous image and in opposite case of a diffused image. Even though it may appear natural that the efforts will be directed towards unambiguity, in reality, that it is not the case. A lot of places prefer a diffused image (Kotler 2001, pp 544-546). Diversity of opinions and place perception may enable places to prefer differentiated or undifferentiated segmentation strategy to concentrated strategy.

There are also other methods of measuring and evaluating image that can be applied; see e.g. Štefko (2003, pp. 79-93), who in addition to semantic differential introduces multifactorial method¹⁰, method of Parasuranam's multidimensional analytical map¹¹ and familiarity-favorability measurement. In order to obtain pertinent results it is important to apply „as many methods of image measuring as possible, to combine them and make the application most objective“ (Štefko 2003, p.79).

c) Analysis of a place competitiveness

„The pace of change is so rapid that the ability to change has become a competitive advantage“ (Richard Love, Hewlet-Packard, in Kotler 2004, p. 18). The quotation implies that the current dynamics of development puts enormous pressure on places and thus forces them to study their surroundings almost continuously and thus to identify their current and potential competitors. The probability of achieving success depends not only on the fact whether the business force corresponds with the market demands, but also on the fact whether its strength will be greater than its competitors' strength. It is insufficient merely to be able to do something. The most successful places are able to form and retain a sustainable consumer value (Kotler 2001, p. 90). Once a place becomes successful, it usually stops thinking about improving its position in the market. Such competitive myopia results in ignoring latent competitors and may eventually cause decline and decay of a place. Theodore Levitt has expressed it as follows: „If thinking is an intellectual response to a problem, then absence of a problem results in absence of thinking“ (in Kermally 2006, p. 30).

To analyze a place competitiveness means to compare it with other places on a pertinent market. If we consider the core nature of the place as a product, as a rule with a high degree of heterogeneity, not perceived by a clients as a segregated complex of services and infrastructure, but as a whole, then the analysis of place competitiveness ought to be viewed upon rather as a set of partial analyses of subproducts, which it includes. Kotler (2001, p. 227) recommends to follow the competitors' target market share, awareness of them and their popularity. With regard to the above-mentioned facts, it is almost impossible to quantify the market share of place. It might be possible by averaging positions of single place subproducts, the information value of such an indicator, however, is rather ambiguous. In order to assess the efficiency of processes in different places global rates of efficiency may be applied. Their advantage is the fact that they measure efficiency globally and consider both inputs and outputs. Their disadvantage, on the other hand, is the fact that they can

10 The results of survey are given numerical value expressing the value of image in a competitive environment (Štefko 2003, p. 87).

11 It is based on questionnaires as data sources or on structured interviewing. The outcome can be a set of two-dimensional graphs of place positions according to various evaluated features. This method enables the analysis of place position in relation to competitors by means of considering partial pairs of qualities (Štefko et al. eds. 2003, pps. 88-90).

only be applied to those products whose input/output vector is quantifiable¹². Kotler's suggestions can be successfully applied to parts of the megaproduct, e.g. to tourist product, investment product, residential product, social product, educational and cultural product, etc. Kotler further claims that along with the awareness and popularity of companies their market share increases and thus their profitability rises. Thus, regarding a place, improving the place image contributes to its rate of development, i.e. to its competitiveness.

Monitoring and analyzing other places is pertinent not only in relation to potential risk presented by competitors and thus threat to their position, but also due to inspiration by the best – in order to try to resemble them and even surpass them. This method of “confrontation with the best practice” (balance certain place against another or other better places) is referred to as benchmarking. This is a kind of barometer of place evaluating the efficiency of the exploitation of place resources while ensuring quality and value for the client (Palatková 2005, p. 110). The goal of benchmarking is to study the best practices and try to surpass them (Kotler 2001, p. 228). Frequently, in literature and practice too, rejection of benchmarking is explained by considerably different initial conditions for each case. Its application, however, does not mean copying exactly but searching for some practices that are better than the ones in use. To put in one of Motorola manager's words „*The farther from our company we find an excellent company, the better for us. We are searching for those that can do some things in an outstanding manner but they need not be our competitors*“ (Kotler 2001, p. 228).

The whole process of benchmarking application can be expressed by the following steps:

1. determination of the target subproduct and identification of variables that will be observed;
 2. finding the best places;
 3. evaluation of performance in the area in question;
 4. identification and analysis of differences in activities and methods;
 5. optimization and modification of suitable activities and methods to the conditions of the place;
 6. implementation of projected measures and monitoring of their effectivity
- (modified according to Kotler 2001, p. 228).

Apart from revealing the strong and weak points of the competitors it is also important to investigate whether the competitors duly perceive them. Some places may for example come to believe that their product fully reflects their customers' (inhabitants', investors', tourists', etc.) needs even though in reality their persuasion is not based on the results of

12 *Data envelopment analysis within global rates of technical effectivity, is based on the application of mathematical programming and enables to calculate the relative effectivity of all evaluated places with regard to producers of quantifiable goods. It identifies the most effective units in a place as well as its potential for improvement. This technique has preferred in counting the technical effectivity because, since it can take into account transformation of several inputs into several outputs, it is non-parametric and thus does not require the prices of inputs and it is not necessary to define the type of producer's behaviour in advance (maximalization of profit or minimalization of costs) (Fandel 2006).*

marketing survey but on their false idea based on inaccurate evaluation of certain signals¹³. Thus, the fact that a rival place follows false ideas may, in accordance with Kotler (2001, p. 228), be regarded as a competitive advantage.

The outcome of competition analysis need not inevitably be strengthening the market position of a place and weakening of competitors. Regarding places collaboration exploiting through competitive advantages of a place is quite common (Bernátová, Vaňová 2000, p. 28).

Similarly as in preceding parts, it is necessary to stress the need for establishing information system that ought to be regularly updated with information regarding the competitive places, i.e. it ought to provide information with respect to competitive places' strategies, goals, as well as their strong and weak points. The analysis ought to assist places in making prognosis of future activities, of procedures and responds of pertinent competitors and, subsequently, in adjusting their own goals and strategies in order to minimize the potential competitive threat.

d) SWOT analysis

After collecting and analyzing soft and hard data concerning the current place profile and marketing situation the SWOT analysis follows. It is regarded as the fundamental essential tool of situation analysis intended for designing the strategy and development programs and it has been investigated and analyzed in detail in literature. It may also be regarded as a basis implying answers to the questions: what the position of the place is and where it is heading for in future (Vašítková, Janečková 1999). Along with the increasing heterogeneity of place as a marketing product, there is a need for partial SWOT analyses (for each single market), which are in the summary of the analytical section synthesized in the form of complex SWOT analysis.

The process may be described in three steps (Janečková, Vašítková 1999):

1. delimitation of a place
2. analysis of internal factors – strengths and weaknesses of place
 - natural environment conditions
 - demography
 - economy
 - infrastructure
 - business environment
3. analysis of external factors of place – opportunities and threats
 - microenvironment
 - macroenvironment.

In case a place is a territorial and administrative unit it is necessary to carry out the analysis SWOT also with regard to its organization and qualification of its administration.

13 *For example if attendance to the local swimming pool declines, it does not necessarily mean that the public are uninterested in that kind of service – the reason may be in wrong management of that service. This situation may consequently be exploited by a rival place in such a manner that a similar swimming pool is built with such a management of service that will fully meet the clients' demands, and, eventually, be successful.*

Analysis of the place profile and chief factors is helpful with regard to defining the current situation (including strengths and weaknesses, opportunities and threats), and retrospective view of the place development, which is vital for subsequent prognosis of its future development (Janečková, Vašítková 1999).

The importance of the marketing information system is obvious at creating the SWOT analysis concept. In this context it is necessary to follow the place development trends for consequent identification of opportunities and threats. Marketing opportunities can be evaluated in terms of place attractiveness, probability of success and threats with regard to their importance and probability of occurrence.

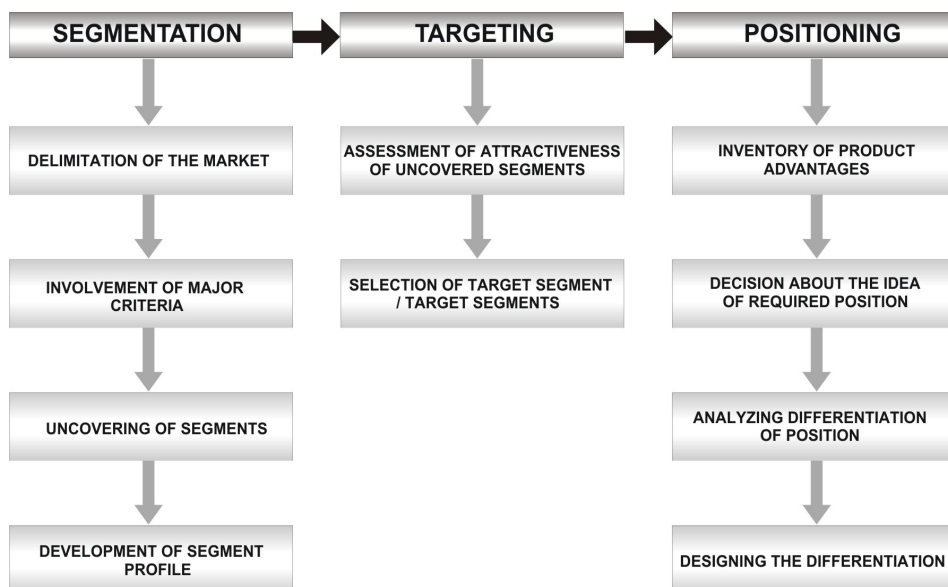
With regard to designing the SWOT analysis it is necessary to take into consideration the relative importance of single features in relation to the final goal. Bernátová and Vaňová (2000, pp. 26, 27) claim that a certain feature may become both a strong point and a weak point (e.g. occurrence of a protected carst area may be considered a strength for tourism, however, for the expansion of limestone mining or for completing transport infrastructure it may be a weakness). In principle, the strategy of further place development may be based on strengths if these cannot be eliminated by those weaknesses or threats which may either be potentially eliminated or at least reducible.

e) segmentation

Due to fierce place competition places are obliged to transfer from undifferentiated marketing to the concentrated marketing based on divergent marketing strategy (referred to as STP strategy), i.e. on market segmentation. This means that a place identifies important market segments, makes decisions, chooses those that are most suitable and applies various marketing approaches to each of them (Koudelka 2005). Concentrated marketing has three interconnected stages: segmentation – targeting – positioning (Figure 3)¹⁴ (Dziekoński, Kozielski 2006, p. 165; Koudelka 2005, pp.11-12; Kotler 2001, p. 255).

There are three interrelated treatments of market segmentation: segmentation as a state, as a strategy but also as a process. Segmentation as a state represents market diversity with regard to differentiation of consumers. Market is evaluated according to the number of existing segments, with regard to homogeneity or in case of very high segmentation, with regard to fragmented market. Segmentation can widely be viewed upon also as a strategy based on market segmentation. In this case its content is identical with concentrated marketing. After all, segmentation is most frequently understood as a process in terms of recognizing market segments in which case we try to reveal the substantial differences among place users, customers of a place. In other words, the aim of segmentation is to recognize the real market segments from which further strategic decision-making results (Koudelka 2005, p. 15).

¹⁴ In this stage of place marketing cycle both analytical and conceptual activity overlap. Therefore, targeting and positioning will be dealt with in the following part.

Fig. 3: *Concentrated marketing*

Source: (adapted according to Koudelka 2005, p. 11; Kotler 2001, p. 255; Dziekoński, Kozielski 2006, p. 165; Morrison 1995 in Palatková 2006, p. 107)

Kotler (2004, s. 333) claims that there is no unified manner of market segmentation. Workers in marketing are frequently obliged to try various segmentation methods, either as single methods or in various combinations with one another so that they may find the best overview of market structure. In case of places the complexity of segmentation increases in proportion to heterogeneity of the product. Therefore, it is rather difficult to find a universally applicable system of criteria. The most frequently occurring classification in literature sorts criteria into three essential groups: geographic, demographic, psychographic or behavioral criteria (Kotler 2004; Palatková 2006; Blažková 2005; Misiura 2006; Foret, Stávková 2003). Koudelka (2005) divides the segmentation criteria in the following manner (table 4):

Tab. 4: *Segmentation criteria*

DELIMITING SEGMENTATION CRITERIA		DESCRIPTIVE SEGMENTATION CRITERIA	
CAUSAL DELIMITING CRITERIA	UTILIZATION CRITERIA	TRADITIONAL SEGMENTATION VARIABLES	NON TRADITIONAL (PSYCHOGRAPHIC) DESCRIPTIVE VARIABLES
<ul style="list-style-type: none"> - REASONS FOR USE - EXPECTED VALUE - PERCEIVED VALUE - OPPORTUNITIES - ATTITUDES 	<ul style="list-style-type: none"> - USER STATUS - RATE OF USE - FAITHFULNESS - DIFFUSION PROCESS - DECISION CONTINUUM - MANNER OF USE 	<ul style="list-style-type: none"> - DEMOGRAPHIC - ETNOGRAPHIC - PHYSIOGRAPHIC - GEOGRAPHIC 	<ul style="list-style-type: none"> - SOCIAL STATUS - LIFE STYLE - PERSONALITY

Source: (elaborated according to Koudelka 2005, p. 33 - 105)

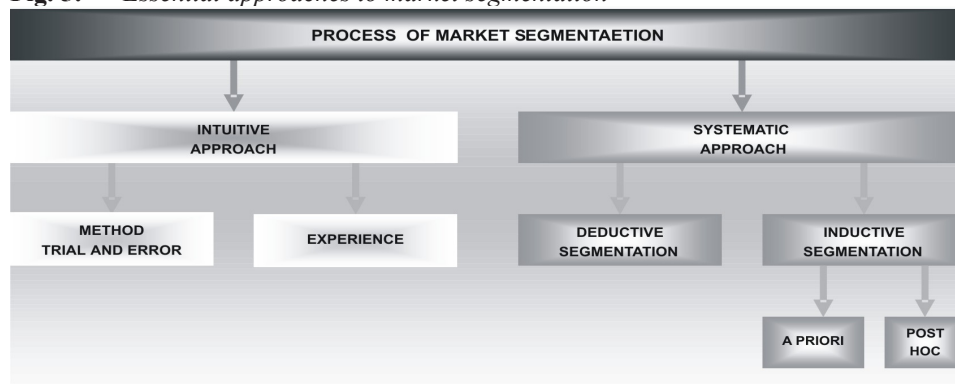
A more detailed characteristic of the criteria can be found in: Koudelka (2005), Kotler (1999, 2001, 2002, 2004), Ďaďo et al. (2006), Misiura (2006); Palatková (2006), Blažková (2005), Foret, Stávková (2003), Dziekoński, Kozielski (2006). Classification of the above-mentioned criteria should be regarded as preliminary since the groups both traditional and non-traditional complement and overlap one another. This classification has resulted from the development of segmentation process. The so-called traditional criteria were the first to be applied in segmentation, they, however, gradually tended to include into similar categories even very differently performing groups. Therefore, approximately since 1960s new, non-traditional approaches of the so-called psychographic segmentation have been applied (Koudelka 2005, s. 61).

In order for the segmentation to be effective each segment ought to fulfill certain criteria (also Smith 2000, p. 31; Kotler, Armstrong 2004, p. 351, Ďaďo et al. 2006, p. 238), it ought be: quantifiable (size and profiles of single segments ought to be measurable), stable, predictable, observable, sufficiently big, approachable (possibility for application of specially targeted communications and distribution channels and isolation from other segments), identifiable (conceptual differentiation and diversity of responses to different marketing mixes and programs), controllable (there ought to be a real chance for a place to serve certain single segments).

According to Koudelka (2005) in practice segmentation can be approached intuitively or systematically (Figure 5). Intuitive approach results from long-term experience and involvement in the market in question. Segmentation appears to take place obviously and sometimes implicitly on the level of subconscious. The decision with regard to suitable orientation, however, is conscious. Apart from "marketing intuition" also "test marketing" is frequently used in practice and in that segments are revealed on the basis of trial and error. This method may be useful in exploring imprecisions in segmentation and in increasing its effectivity. Its limits are given by foundations and frameworks since only those factors are considered that have been captured by our experience and intuition. In this case systematic approach may reveal even further existing potential sources of differentiations of the market. Deductive or inductive method may be applied. Deductive segmentation is based on the systematic approach to segmentation methods of others. Its advantage is based on relatively rapid finding of reliable criteria but at the same time it deprives us of the chance of gaining competitive advantage of a higher degree based on the capability of a better and more effective approach to the market in question. Frequently, the aspect is responsible for indicating involvement of one's own effort for identification of relevant market segments. Thus, with the inductive segmentation delimiting variables are selected and confronted with descriptive variables and relations between the delimiting criteria are observed. Within this framework there are two possible ways: a priori and post hoc (or posteriori). A priori segmentation means that a variable set in advance will decide about ranking among segmentation variables. The extent to which the consumers differ from one another will determine their allegiance to a certain segment, i.e. the nature of the segment in question is known in advance. In post hoc segmentation it is not possible to restrict the segmentation coverage. Therefore, systematic evaluation of importance of relations among all segmentation variables is necessary. The number and orientation of segments result from the analysis based on acquired segmentation data. In both segmentations it is possible to proceed forward or backward. With forward segmentation the segmentation is

exclusively or predominantly based on the criteria regarding the relation of consumers to the given category of a product. In backward segmentation segments are revealed on the basis of descriptive variables and further checked whether they are internally homogenous (based on Koudelka 2005).

Fig. 5: *Essential approaches to market segmentation*



Source: (Koudelka 2005, p. 109, 115)

FORMULATING GOALS AND DESIGNING MARKETING STRATEGIES

A victorious army must know how to achieve victory and then can start fighting.

A defeated army first starts fighting and then looks for a manner how to achieve victory....

A good leader first takes a position, in which he cannot be defeated,

But, at the same time he makes sure he will not miss the opportunity to achieve victory.

Sun-c', 6 cent. AD. (Sun-c', Sun Pin 2005, p. 76, 77)

As the above-given citation indicates, as early as in 6th century AD it was known that formulating, setting the goals and planning strategy are the precondition of every success. Unfortunately, even nowadays in the modern, advanced society it is not uncommon that strategic thinking is absent. Contemporary global environment requires from places a clearly set vision and direction if they want to be successful in a highly competitive environment (Mallya 2007, p. 16). A successful strategy will result from a detailed and systematic analysis that will respond the two fundamental questions: *where is the place situated?* and *how did it get there?* The following comparison of the whole spectrum of data and information will reveal the trends that have to be taken into account in setting the marketing goal. The essence of the conception and strategic stage could be summarized in the two questions: *where does the place want to get in future?* and *how can it be achieved?*

The complexity and ambiguity of the product of a place determines the possible differentiations in the arrangement of single activities within the marketing process. Segmentation that is sometimes a component part of conception stage may be given for illustration. Apart from analytic activities also conception activities are incorporated in it.

The chief factor shifting its position in the marketing process towards conceptional level is a wider approach to the treatment of its nature as a strategy based on market segmentation. We are inclined to accept the view according to which it is an analytical process that is fundamental in STP strategy and therefore it has been classified into the preceding stage of the cycle.

a) targeting

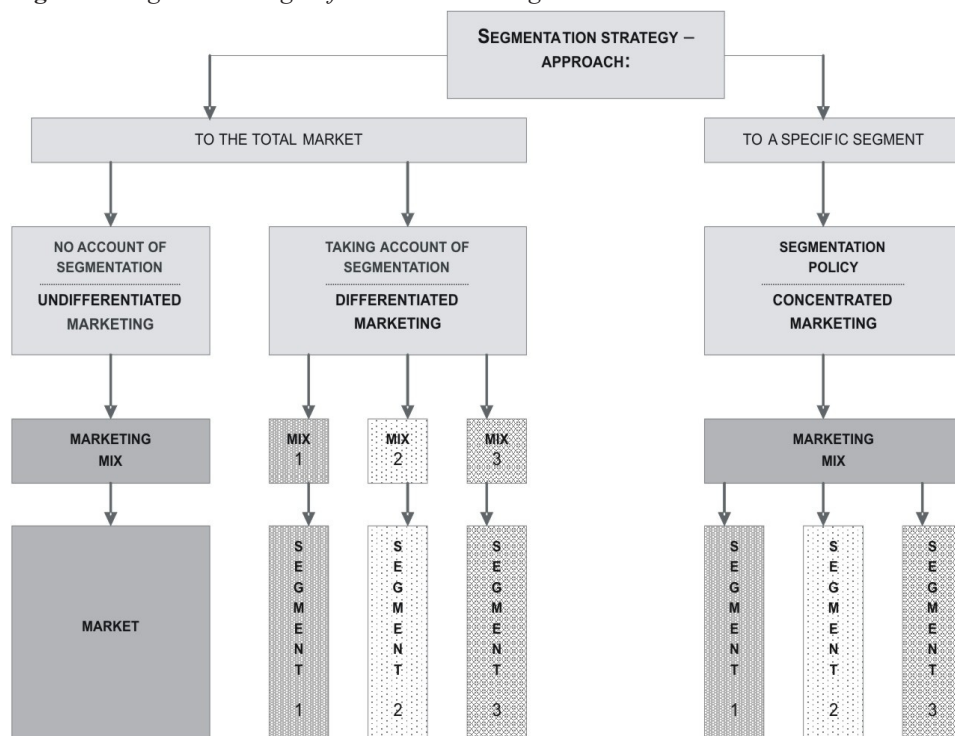
While market segmentation relative to its creation by a place itself appears to be a potentially outsourcing activity, targeting and positioning require a participative-creative approach. The essence of targeting is in the decision of a place regarding which uncovered segments are to be aimed at, i.e. which uncovered segments will become the target of the next marketing effort. The process itself consists of an evaluation and selection stage.

According to Kotler (2004) the evaluation of market segments potential is in all probability affected by three market factors: by the size of a segment and its growth, by the structural attractiveness of a segment, by the sources and targets of a place. Koudelka (2005) points out that it is proper to clarify the evaluation criteria of suitability and attractiveness for marketing bearing prior to the selection process itself. The result of the evaluation stage is a clear vision of suitable or potential target segments of a market place. The selection is in fact a decision about how many segments are going to be targeted; it is a decision about the number of the segments a place wishes to service. In other words, it is a process of selection of an appropriate strategy of segmentation. Basically, three alternatives are available: concentrated, differentiated, and undifferentiated market segmentation strategies (Fig. 6).

The undifferentiated market segment strategy or mass marketing mean the decision of a place to aim unanimously at all segments, at the whole market. The differences in the segments are here ignored and place is entering the market with undifferentiated offer aiming to appeal to the largest possible potential group of customers. Practically, it means a strong concentration of a place intended at creating a positive image. This kind of segmentation strategy with total market approach often involves competitiveness problems and that is the reason why it is being criticized nowadays. It is not as much capable of adjusting an offer to the existing segment differentiations as the differentiated and concentrated market segmentation strategies are. The differentiated segment strategy is aimed at several target segments to which an offer is adapted. Its disadvantage is comparatively high costs spent on different variations of a product. The development of different marketing programs for individual segments requires special marketing research, a prognosis, and analyses and plans to ensure their communications support. For this reason the concentrated strategy that is aimed at one selected segment or a micro segment is often preferred. Above all, if a place has at disposal a limited number of sources then it is more reasonable to target achieving a sufficient market volume in one or several market segments than to concentrate all effort upon achieving a small share in a large market. The concentrated marketing is an outstanding way how small places (according to both their size and sources) can remain competitive with larger and wealthier places and can achieve a stabile position. This strategy is not, however, without risks. A change of a segment or entering the target market by a more powerful and wealthier competitor may become a problem. Appropriate diversification of different market segments seems to be a kind of solution (according to Kotler 2004, p. 352-356; Ashwort, Voogh 1990, p. 48-50).

The selection of an appropriate segment strategy depends on many factors, primarily on the financial sources a place has at its disposal. The decision making process is often influenced by arguments about what should be targeted as well as by complexity to find answers to the questions *how?* and *why?* Brainstorming, mediation, and moderation, etc. are methods that can assist in achieving the best possible solution and consensus. In the introduction to this chapter we define targeting as a kind of participative-creative process, therefore, when making a final decision, it is vital that the real needs of target groups be taken into account. In this stage integration and harmonization of partial goals take place. They result in shaping a generally acceptable vision of development of a place. Rumpel (2002) claims that a vision as an indicative framework for a development policy of a place should not be general and full of empty phrases but concrete and understandable. He adds that it is necessary to realize that the vision may come true only when the goals of the involved participants are fulfilled. It is vital to reach the mutual coincidence of needs of the demanding party (its characteristic feature is their effort to satisfy their differentiated requirements) and the offering party, on the other hand, who attempts to maximize their profits (in the case of private entrepreneurs) or to maximize their benefits (in the case of the public sector) (Rumpel 2002, p. 80).

Fig. 6: Segment strategies for market covering



Source: (modified according to Ashworth, Voogd 1990, p.49; Kotler, Armstrong 2004)

b) positioning

Having identified a suitable target market it is necessary to ‘announce’ one’s position to the market. The process by which the final attributes of a market product are identified by its target market, i.e. the position which a product occupies in its consumers’ minds relative to the positions of competitive products, is defined as positioning (Kotler, Armstrong 2004, p. 359). It means that positioning does not reflect the real properties of a product of a place, it mirrors how the product is perceived by its consumers. In Morrison’s view (Morrison 1995 in Palatková 2006, p. 106) positioning is “...*what you are able to do with the consumer’s minds* “. In the positioning process a place explores how its product is perceived in relation to the perceptions of the competitors’ products of the same category. Multidimensional scaling seems to be here an effective and useful tool. Its output is a “positioning map” that displays product similarities and differences. It shows the relation of a product to competitive products or to the ideal (Ďaďo a kol. 2006, p. 241). A place then uses the gained information for identifying its current market position and for making decision how to proceed: whether to keep the continuum level or to make a change.

The basic feature of a product of a place that determines its specific market position is differentiation. Differentiation gives a clear answer why a consumer should choose this place’s offer; why it is better than the offerings of all other rival places. According to Myers (1996 in Ďaďo, et. 2006, p. 245) the differentiation can be authentic or non-authentic. The authentic differentiation is based on the parameters of a product (subproduct). Its advantage is an unambiguous interpretation of the results, subsequently facilitates decision making. Its disadvantages are frequent inaccuracies and incompleteness of a list of product properties through which the product is perceived by individual clients. The non-authentic differentiation is based on the evaluation of a product as a total unit. The evaluation is based on the image, the form of an offer, the price, and various other components of the marketing mix. The advantage of this approach is that the evaluation in the attribute selection process is free from subjectivity. A possible disclosure of these properties according to which the product of a place is assessed by its target customer groups may become a problem. Moreover, a situational aspect of the criteria selection and criteria perception processes cannot be excluded (a newspaper article, etc) either.

Morrison (1995 in Palatková 2006, p. 106) analyzed the product positioning process and divided it into the following five Ds:

- „*documenting*“, identifying product advantages;
- „*deciding*“, decision about the image a place wishes to create in minds of its potential customers;
- „*differentiating*“, the analysis of differentiation of a position relative to the position of competitive products;
- „*design*“, own design of product differentiation, the marketing mix design;
- „*delivering*“, promise fulfilling.

In the positioning process a place has also to decide about the extent of differentiation: whether to build a product profile on its most dominating attribute or to focus on its several attributes. The unique marketing proposition (UMP) supports the first alternative and suggests that it is necessary to find a unique way of marketing yourself. It has to be more

memorable, systematic and structured than everyone else's, especially in these days when the market is highly oversaturated with information and thus becomes nontransparent. However, if several places focus on the same product attribute it is crucial then to exploit the second alternative, i.e. to focus on several attributes of a product (Kotler, Armstrong 2004, p. 362-363; Palatková 2006, p. 108).

In order to make the differentiation meaningful, it is necessary that the product attribute (a characteristic feature or difference which expresses the differentiation of a product of a place) meet the following requirements:

- *product value* – extra value the product brings to the marketplace, how the product creates value for the customer;
- *product distinctiveness* – it should not be offered by competitors (if yes, then only to limited extent);
- *product uniqueness* – it should be better than the other products of the same kind on the market; it should prevail the standard; it should be different from those of your competitors';
- *required value* – a customer wants a product, perceives it; the product is targeted at him;
- *credibility* – built on facts;
- *product distinctiveness* – easily seen and communicated;
- *inimitability* – competitors cannot imitate it;
- *product availability and affordability* – it should be commonly available to a customer;
- *product profitability* or from public sector's view the capability of maximizing profit.

(Modified according to Ďaďo et. 2006, p. 245 and Kotler, Armstrong 2004, p. 363)

The above mentioned indicates several possible approaches to positioning of place which may be mutually combined (Seaton, Bennett 1996, p.114): positioning in relation to the target market, to price or quality, to the form of a product, and to competition.

In spite of the fact that there is a lot of literature reporting on the issue, positioning has been a great challenge for places. Individual places constantly attempt to differentiate their products from those of their competitors' and offer more and more new services, guarantees, special bonuses, etc. in order to attract more clients and to better satisfy their growing demands. A precise positioning strategy does not seem to be sufficient nowadays; it has also to be effectively promoted. The fundamental task in the process of marketing strategy design and its implementation (besides certain corresponding aspects in the marketing strategy design and image creation which have already been mentioned) is the production of the appropriate marketing mix.

c) concept of marketing mix

The decisive step in the marketing process is the concept of a marketing strategy and an implementation plan. The marketing strategy of a place is to be understood as a complex of partial strategies that precisely define operational policies and procedures for achieving the established goals. The marketing mix is a conceptual skeleton of general marketing.

It is based on the concept of four P's, i.e. **Product**, **Price**, **Place**, **Promotion**. These four marketing mix elements were suggested by the Canadian professor Jerome McCarthy¹⁵ at the beginning of the 1960s (Kotler 2004, p.112). In spite of its popularity it did not appear to be generally and unanimously accepted. It was criticized for being too simple and slightly out of date. The four P's model has become a 'straitjacket'. The criticism resulted in expanding the number of P's and creating 5 P's, 6 P's, 7 P's and more P's models. In consequence, it has caused the improvement of marketing mix applicability. Lautenborn (1990 in Kotler 2004, p. 114) noticed another drawback of the 4P's marketing mix. According to him it was created primarily from the seller's viewpoint without thinking of the customer. In his opinion it should be more buyer-oriented. Therefore he added one customer's C to each seller's P. *Customer Value* was added to **Product**, *Cost to the Customer* was added to **Price**, *Convenience* was added to **Place**, and *Communications* to **Promotion**. The four McCarthy's elements, however, provide almost infinite variety of interblending. The individual variables of the Mix are considered to be internal variables (they may also be a mixture of them). We can influence them as well as make decisions about them (despite the fact that we are simultaneously affected by our customers, competitors and other uninfluenced factors) (Smith 2000, p. 5). The 'xP' concept is called the Mix because all its components become effective and functional only in a mutually optimal combination. They lose their effectiveness when they are not rightly interlinked. They are complementary; they support each other when being appropriately 'blended' (Bernátová, Vaňová 2000).

In the case of places it is necessary to alter the four P's model (see Fig.7). The four fundamental marketing tools *product*¹⁶, *price*, *place*¹⁷ and *promotion* were expanded by two others **People**¹⁸ and **Process**. Mutual combinations of these variables offer an endless number of combinations that may be modified and adapted to the individual needs of each particular place.

15 Prior to him the term 'marketing mix' was coined by professor Neil H. Borden in 1948 who understood it as an sample range of harmoniously interconnected activities directed at affecting the buyer. He used an example of cake dough where a change of one ingredient, for instance sugar, may at first improve the taste of the cake but a repeated increase of a sugar dose may lead to spoiling the whole cake. He intended to emphasize the essence of the Mix, i.e. searching for mutual optimal proportions and relations. The 4 P's model was for the first time proposed by McCarthy at the beginning of the sixties of the 20th century (Foret 2006, p. 167).

16 Some authors (Palatková 2006, Morrison 1995, Kotler 2004) consider **Packing** to be a separate factor. In our view it is a kind of a product that is why we present it within a factor **Product**.

17 Palatková (2006) considers **Politics** and **Public opinion** to be individual factors of the marketing mix. We consider them to be part of the processes through which a place may affect achieving established marketing objectives.

18 Some authors (Janečková, Vašítková 1999, Palatková 2006, Morrison 1995) consider **Partnership** to be a separate marketing mix factor. But as we understand it, its foundation is directly dependent on the factor – **People**. It could be viewed upon as a certain qualitative aspect of relationships between people who represent e.g. private companies, public organizations, various associations etc. In a practice, however, under special circumstances, it is not inevitably necessary for Mix.

Fig. 7: *The marketing mix of a place*

Source: (author)

1. We realize that determining and characterizing a place as a marketing *Product* is an extensive and complex issue that would deserve more space and attention. Here we focus only on a few selected attributes.

The strategy design is closely connected with *Packing* (packet creation). It is a kind of the product mix (or offering mix) commonly for a unified price. In Slovakia the creation of offer packets is becoming more and more popular. It is primarily connected with attracting investors' or tourists' attention. Packets are a specific kind of a product that is a result of the partial offers mix or subproducts. They create new marketing opportunities for addressing a wider market. Packets may also contain programming – a programme specification of packets. It demonstrates certain spreading out of a product (mainly in the area of tourism) in terms of interrelation and combination of a wide range of services oriented at clients' needs by means of specialized activities, programs, or events. Special activities may take place independently without being included in the packet (Palatková 2006, p. 134). Here it is necessary to remark that implication to mass occurrence may become a problem. Under the pressure of increasing competition places (similarly to commercial companies) are forced to the individualization of packets. It is not exceptional nowadays even in Slovakia that the effort of places directed at getting a particular investor leads to pre-negotiations. It results in the interactive creation of a packet which is tailored to a concrete potential client with limits of a place being respected. Tourist packets may well serve as a way of 'teaching' tourists how to utilize certain services (usually offered as some "extra services"). Mostly these are the services which the places have not succeeded in their introducing for a longer time or the services which may be used as an effective means in out-of-season periods. If this is the case then partnerships of different participating subjects are inevitable.

2. **Price** can be defined as a sum of financial means necessary for getting a product. It represents a value attribute of individual components of a product in marketing of a place by which the individual attributes of a place are assessed. It reflects the quality of the products on offer and the conditions of a place (Bernátová, Vaňová 2000, p. 34). The marketing approach in the price creation process requires that customer's opinions and views be taken into account. In this sense the creation of price is a tool of marketing communications with a customer. According to Foret (2006, p. 192-193) it should reflect: needfulness or usefulness of a product, product value (quality, services, brand, etc), product availability, financial capability of a customer, pricing strategy of competitors, own marketing strategy, and macro-social importance of a product. Some prices cannot be directly affected by a place. A place, however, possesses a number of possibilities and tools for its indirect regulation.

3. **Place** expresses the environment where a product is distributed; it signals certain quality level of a product to a client. Here we mean first of all a tangible environment that is characterized by a complex of attributes of a natural and anthropogenic character of a place. We mean its *physical evidence*¹⁹ and its localization within a wider context (availability, infrastructure level, character of natural environment, etc.). Its global appearance is adapted to the character of a marketing product that is being built by a place. When generating its physical elements it is vital to take into account its potential effect on the future place assessment from the viewpoint of its intangible attributes such as the atmosphere of the place and the complex of feelings the place evokes in customers, i.e. the image of a place.

4. Even an extraordinarily well prepared offering does not guarantee that the target customer will be addressed, that the customer will get the full message and understand it. Therefore it is important that places provide clear and comprehensible information on essential attributes and benefits of their offerings. This process of continuous marketing communications is conceived as a core of the whole marketing. However, there is also a view that marketing communications in its broader sense expresses all marketing activities. In the opposite, extreme view its meaning is restricted only to **Promotion**, mostly in the form of advertising with its persuasive accent (Foret 2006, p. 216-220). It has possibly resulted from the wrong translation of the word *promotion* into Slovak.

Successful marketing communication lies in stimulating and retaining the public's permanent interest and attention. According to Foret (2006, p. 220) the key task of the process is to find answers to the following eight questions: 1. *who is the message directed at?*; 2. *what do we want to announce?*; 3. *what impression do we want to make?*; 4. *how much money do we intend to spend on the whole event?*; 5. *through what channels do we want to deliver the message?*; 6. *what reactions do we expect from the recipient?*; 7. *how will we control and supervise the whole event?*; and 8. *how do we find out what we have achieved?*

These are the following most frequently used tool constituents of the communications mix: *public relations (PR)* (communications with the public) *advertising*, *sales promotion* and *personal communications*. The function of public relations is to build, establish and develop positive attitude towards the public (Foret 2006, p. 228, 275-293). The advantage

19 Smith (2000) introduces *Physical evidence* as an individual constituent of the mix. In the case of marketing of a place it may be understood as a set of properties determining the environment.

of the tool is its ability to reach a large audience at relatively low costs (Bernátová, Vaňová 2000, p. 36).

Advertising is any paid²⁰, extensive, non-personal presentation of a product or service on offer in mass media in order to inform, persuade and remind. Its form and frequency has to be subjected to the objectives. With regard to frequency three categories of advertising are distinguished: continuous advertising, e.g. regular - placed in equal periods during a year, pulsing advertising with different placing length (increasing or decreasing tendency) and finally, impact advertising that is placed in shorter scattered periods but with high intensity (Foret 2006, p.237-254).

Sales promotion uses short-term but effective stimuli directed at activating and speeding up sales and consumption. In the case of a place this tool is not frequently utilized as its application relates mainly to commercial activities of a place connected with sale. In our view it can find application in short-term travelling in motivating tourists to visit a place, for instance by the following slogan: "*We provide free parking on every third visit of our centre!*".

Personal selling is based on a direct contact with one or several potential clients (for instance an investor, citizens). Its advantage is undoubtedly more effective communication between partners, immediateness of the contact enabling an instant feedback. Its disadvantage is a limited radius of action in comparison with advertising (Foret 2006, p. 269-273).

5. Human agent *People* is considered to be a fundamental marketing element. *No other thing can replace intelligence, innovative human abilities and their aptitude to be assertive* (Mallya 2007). On the other hand a grandest plan may come to nought because of people. It is therefore important that this factor of marketing mix lead to harmony in the goal-fulfilling process. In relation to product and place we can divide them into three groups: staff, customers and partners.

With regard to the extent and frequency of contact with customers we distinguish the following staff groups:

- *contact staff* who have frequent contacts with customers and who have to be well-trained and motivated to solve problems,
- *modifiers* do not take part directly in marketing activities but from time to time they communicate with customers (receptionists, information desk staff, secretaries, etc.) and
- *influencers* similarly to modifiers' occasionally communicate with customers but they take an active part in production of marketing strategy of a municipal unit; they are mainly municipal authorities who negotiate with a potential investor, etc.

The staff also holds the isolated staff such as administration staff, computer specialists (e.g. network managers), maintenance workers, etc. who have a supporting role. The relations between them (primarily between top managers and "backstage staff") have a critical impact on the quality of the services provided (Janečková, Vašítková 1999, p. 104-106).

Customers of a place are not only users of services but also their promoters and information disseminators. Accordingly, working on a product concept a place should take

20 *Recently more and more new methods aimed at decreasing advertising and commercial costs at the minimum or at free products promotion. As an example guerrilla marketing or buzzmarketing can serve (Hughes 2006).*

into consideration users' behavior as well as all the motivations and preferences which affect their behavior. A set of needs of the targeted customers should be transformed into a set of general properties. It is fundamental to remember that to certain extent every customer participates in the communications process by disseminating information. Customers are verbal walking advertisers who deliver their experience with a product to other potential clients (Janečková, Vašítková 1999, p. 107-108).

The third group of people in the marketing process is the group of partners. „Partnerships” or in the conditions of self-governing territories „Public-Private Partnerships” reflect a certain level of quality of the relations between the public and private sectors. In a broader sense of the word partnerships may be understood as relations within the public or commercial spheres of a place. (The issue is discussed in detail in Ištván 2006; Rumpel 2002; Bernátová, Vaňová 2000; Janečková, Vašítková 1999, Paulíčková 2005; Rainisto 2003; Florek 2006; Rumpel 2006; Szromnik 2006; Palatková 2006.)

6. A distribution *process* means the designing of an exact procedure of product providing. Customers perceive not only a particular product but also the way the product is offered to them. Janečková a Vašítková (1999, p. 111-2) classify the processes according to the intensity of contact with a customer into: services with high, low, and middle contact also including mediate contacts.

The processes of distribution of a place as well as of individual subjects of a place and their surroundings (we mean all private companies and firms, public organizations or concrete citizens, etc.) are affected by political decisions. „Politics” is one of the most important factors having a strong impact on place functioning. We think that nowadays it applies all over the world. It often happens that the achieving of particular goals is dependent on “political will”. That is the reason why a plan of different lobbying activities often becomes part of the marketing mix. Lobbying can be conducted at two levels: internal and external. The internal level (conditioned at least by the existence of self-governance of a place) represents politics inside a place, i.e. affecting concrete decisions of the municipal authorities, etc. The external level includes affecting political decisions outside a place, for example through lobbying regional authorities, the National Council or the European Parliament.

Politics is closely connected with the “Public option”. Public option is one of the most effective tools used for influencing the political direction as well as the targeting of marketing activities. The relation a place – the public opinion has a bidirectional implication. It provides a place with space for its formation and development through a wide range of marketing communications tools and urges a place to continuously verify the correctness and justness of marketing orientation. However, at the same time it gives potential clients (or competitors) space for the formation of the public opinion, for example for affecting the general attitude of the citizens to mining restoration or localization of heavy industry, etc. In fact, it is a process of creation of place image (already discussed in the part 1 b).

d) budget and alternative strategies

The result of the concept stage of the marketing process is an ideal set of partial goals and strategies which have to be transformed into their final forms. It often happens that a place cannot use them in the form that appears to be the best one. The limiting factor is

the budget. It is possible that after designing the budget a place has to create alternative strategies, i.e. “cheaper versions of the ideal”. After being optimised, it is necessary to work out an inspection schedule.

e) designing a marketing plan

Based on the documents and conclusions of the previous parts of the marketing process, after working out an inspection flow chart and designing the budget we may start to devise a marketing plan. Understandably, its character will depend on the character (first of all on the degree of heterogeneity) and the range of marketing goals. The marketing plan design requires to be created as a document consisting of partial plans for individual target areas. The main parts that a marketing plan should contain are presented in Table 1.

Tab. 1: *Structure of a marketing plan of a place*

INTRODUCTION	- PURPOSE AND BRIEF CONCLUSION OF MAIN OBJECTIVES OF A MARKETING PLAN - MARKETING PLAN CONTENTS
CURRENT MARKETING SITUATION	- PROFILE OF A PLACE - SITUATIONAL ANALYSIS
SWOT ANALYSIS	- WEAK AND STRONG POINTS OF A PLACE, OPPORTUNITIES AND POTENTIAL THREATS - MARKET SEGMENTATION
AIMS AND TASKS	- DETERMINING MAIN GOALS, TARGETING - DEFINING MAIN TASKS
MARKET STRATEGIES	- DESIGNING THE MARKETING PHILOSOPHY, POSITIONING - PARTIAL STRATEGIES, MARKETING MIX
IMPLEMENTATION PLAN	- THE WAY OF PLAN IMPLEMENTATION - DEAD-LINES AND APPOINTING RESPONSIBLE PERSONS
BUDGET	- PROJECTION OF PROFITS AND LOSSES - EXPECTED EARNINGS AND EXPENDITURES
INSPECTION SCHEDULE	- MONITORING PROCEDURE AND EVALUATION OF IMPLEMENTATION - PRECISE DEFINING OF INSPECTION ACTIVITIES - ELABORATING INSPECTION ACTIVITIES DETERMINING A WAY OF ASSESSMENT, SELECTION OF MILESTONES - DETERMINING A WAY OF REACTION TO UNPREDICTABLE CIRCUMSTANCES
CONCLUSION	- APENDIXES, SUPPLEMENTARY - APPROVAL AND ENGAGEMENT OF THE PEOPLE INVOLVED

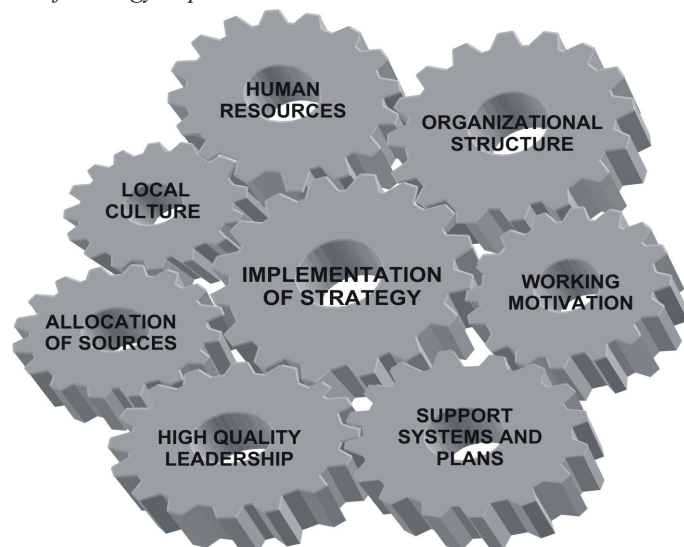
Source: (modified according to Kotler; Armstrong 2004, p.109-110)

IMPLEMENTATION CONTROL AND INSPECTION OF MARKETING STRATEGY

We often do not realize the distinction between the following two expressions: ‘implementation of a plan’ and ‘a plan of implementation’. Many times people’s dislike of change as well as their negative attitude towards marketing projects are observed in practice. Designing an implementation plan does not guarantee its performance and success. In order to achieve success it is necessary to identify with the plan. We agree with Mallya (2007) who claims that marketing strategy performance necessitates a far greater deal of energy and time than its conceptualization. While its conceptualization requires ‘creative chaos’ but its performance has a need of discipline and ability to plan, stimulate and supervise.

Successful implementation calls for an interplay of several elements constituting a complex mechanism in which stopping, impeding or slowing down one of them may affect the operation of a whole process (Figure 8).

Fig. 8: *Process of strategy implementation*



Source: (modified according to Mallya 2007, p. 137; Kotler, Armstrong 2004, p. 113)

“Panta rhei” or *“everything flows”*, nothing stands still or as Mallya (2007) claims *“we have to remember that the only certain thing is that there is no certainty”*. It continuously makes us observe, analyze, and reevaluate marketing strategies or adapt our goals to the real needs and afterwards modify a marketing plan to the current trends and market needs. And so again and again we move in an endless spiral and thus step by step we repeatedly carry out a marketing process.

CONCLUSION

The present paper is an attempt to contribute to producing a theoretical basis for the marketing process of a place. The marketing process in its complex form incorporates a set of heterogeneous interrelated activities materialized into a marketing plan. The uniqueness and unrepeatability of the essence of individual places directly determine certain differentiations and many times do not enable precise chronology of the individual stages of the marketing process of a place.

Its division into the following stages:

- stage 0: motivation (initial motivation, a plan of a process),
- stage 1: analysis (situational analysis),
- stage 2: determination (goals defining and marketing strategy determining), and
- stage 3: implementation (realization, control, and auditing of the marketing strategy),

provides certain generalization of these procedures that have already been successfully used. Within these stages a number of partial activities take place. They penetrate, overlap, occur simultaneously, and individual places may select their order and combinations (as well as add or leave out some of them) in accordance with the current needs. The whole process may be denoted as reiterative, feedback-like, cyclic and practically endless. The contemporary place-marketing approach is built on understanding of general principles of place functioning that are applicable to the whole variety of its specific forms. It utilizes all available information about a place. In our circumstances it is a new - and if applied precisely and appropriately – then also an extremely effective tool for the development of different-sized places.

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PROCES MARKETINGU MIESTA – TEORETICKÉ ASPEKTY REALIZÁCIE

Zhrnutie

Predkladaná práca je príspevkom ku koncipovaniu teoretickej bázy procesu marketingu miesta. Marketingový proces, v jeho komplexnej podobe, inkorporuje komplex heterogénnych na seba nadväzujúcich činností, zhmotnených v podobe marketingového plánu. Jedinečnosť a neopakovateľnosť podstaty konkrétnych miest, priamo determinuje isté diferenciácie a mnohokrát neumožňuje ani presnú chronológiu jednotlivých fáz procesu marketingu miesta. Istou generalizáciou doposiaľ úspešne aplikovaných postupov by mohlo byť jeho rozdelenie do nasledujúcich fáz:

0. motivácia (vstupná motivácia, plán procesu),
1. analýza (situačná analýza),
2. koncepcia (koncipovanie cieľov a stanovenie marketingovej stratégie) a
3. implementácia (realizácia, riadenie a kontrola marketingovej stratégie).

V rámci týchto etáp prebieha celý rad parciálnych činností, ktoré sa prelínajú, prebiehajú simultánne a jednotlivé miesta ich môžu vykonávať v rôznom poradí a podľa potreby doplniť o ďalšie, či niektoré vynechať. Celý proces však možno označiť za reiteratívny, spätnoväzbový, cyklický a prakticky nekončiaci. Predmetný článok postupne charakterizuje zmienené fázy ako aj jednotlivé parciálne procesy v nich obsiahnuté.

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