

POSSIBILITIES OF APPLICATION OF MARKETING INSTRUMENTS IN PLACE MARKETING AREA

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Abstract: *The paper discusses the structure of place marketing tools. Arguing that the classic marketing mix is insufficient in the case of place marketing, the proposal of new marketing set for places presented. It encompasses co-called megaproduct (within which price and distribution should be included), promotion, partnership, and identity of a place. The last one, perspective tool, is especially important and its significance comes from the importance of place image. It is also suggested that identity should be treated as superior and coordinative instrument in place marketing mix.*

Key words: *place marketing, place marketing mix, place identity, megaproduct, partnership*

INTRODUCTION

Marketing in its instrumental aspect is defined as a set of tools that can be used to influence the market. It reflects the practical and actual possibilities of application of marketing concept in achieving goals by different types of entities. Thus, the adequate selection of marketing instruments determines the final effect and completes the whole marketing process.

Marketing mix is not a merely collection of instruments but internally integrated structure and only its optimal composition decides on possibilities of achievement of goals set compared to costs assumed.

Marketing instruments are often called 'variables' meaning they can be changed, adjusted, modified, and controlled (Canada 1997, p.44). In the classic approach, the set of marketing mix consists of 4 tools: product, price, place and promotion. These instruments can be also applied to place marketing just like to other emerging areas of implementation of marketing concept. And similarly as in the case of constant expansion of marketing to new areas, the classic marketing instruments can be enriched with new adequate place marketing tools.

THE STRUCTURE OF PLACE MARKETING MIX – LITERATURE REVIEW

In the case of place marketing there are justified claims being made that the classic marketing instruments are insufficient and their application to places presents a lot of limitations. This critique is connected with the specifics of place product and with many barriers in using price and distribution in place marketing. Furthermore, additional, more relevant tools might be added to the initial set.

The most common approach to marketing mix adapted to territories is the mechanical adoption of the traditional tools of marketing and/or enriching it with the fifth element called "people".

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This tool is defined in two contexts (Metaxas 2002):

- as a process of management of human resources related to attracting, organizing, training, motivating, and rewarding people indispensable in an organization, so they can help with satisfying the needs of customers; and
- as the input of residents into place development.

Similar aspects are the subject of approach known as 'economic development marketing', popular in the American literature. In this case, the additional element 'people' is in a sense a connection and a way of coordinating of other elements (Canada 1997).

Another approach is based on an attempt to include residents in the process of place marketing. This method uses the concept of marketing mix consisting of seven Ps and it differentiates: producer – the sender of a message; reference groups – residents; product – plan of spatial development which is the subject of evaluation by society or by consulting process; price; promotion; distribution and finally control methods (Girard 1997).

Human factor is also raised by some authors who differentiate local officials and local political system as a marketing tool (e.g. Markowski 1990). Yet, officials construct only one aspect of a place – the sphere of contacts between administration and customers. In turn, the changes of political scene or existing political lobby cannot be treated as an instrument of marketing because it is impossible to design or modify those variables. They are out of control and form rather the determinants for implementation of marketing to places.

When searching for the new instruments in operational aspect of place marketing, marketing mix that consists of another seven elements can be also found (Kilingbeck and Trueman 2002). Apart from the traditional tools, it includes people - meaning employment, training and motivating the best and the most suitable people who supply products and services of a place (this term also covers residents who should possess skills that support the image of a place). Next instrument is physical evidence – meaning the use of visual aspects that represent the image that place wants to communicate. Finally, there is process management – reassuring that users of products and services of a place are treated in a way which is coherent with the image of that place.

Other opinions result in distinction of so-called geographical marketing mix (Kavaratzis 1990) which was selected for city marketing. According to this concept, marketing mix can be defined as the combination of promotional, spatial-functional, organizational, and financial instruments. The scope and efficiency of city marketing is determined by the selection and application of proper combination of those variables.

Interesting approaches are those coming from the attempts to describe variables used currently in cities. The first one (Hubbard and Hall 1998) includes elements such as: advertising and promotion, visual modernization, public arts, 'mega-events', cultural renaissance, and public-private partnership. The second approach (Griffiths 1998) suggests that marketing instruments can be used in three major strategies: promotional strategies - publicity and advertising, event-based strategies – festivals and events, and landscape strategies – land development and place marketing.

One more concept (Kotler et al. 1993) includes following tools: infrastructure and services, attractions, character (image and quality of life), people (residents, leaders, etc.) and it also draws attention to necessity of including the human factor and immaterial values of a place.

Based on the above discussion, it can be observed that definition of relevant mix of instruments in place marketing is still the subject of search. Because of growing popularity of place marketing it is necessary to precisely define and establish the character of those instruments as well as to define their scope and to prioritize the importance of particular tools. This will allow to find their optimal combination from the point of view of a particular place.

PECULIARITIES OF TRADITIONAL MARKETING MIX INSTRUMENTS IN PLACE MARKETING

In the case of places, the classic set of four Ps presents limited application possibilities due to peculiarities of place product, price, distribution and promotion.

Place product is connected with consumers' needs and wants in an opposite way as it is in the case of typical commercial goods. In marketing terms a product is an answer to the needs and preferences of consumers, created from the very beginning according to buyers' wants and developed due to their changing desires. Place product is something that already exists, the heritage of past generations. Therefore, this is the place product that selects potential markets in the context of needs it could satisfy. In place marketing there are not many possibilities to change the destination in order to meet particular customers' needs. It is, to a great extent, primary to buyers' wants.

Place product is often called 'megaproduct' (Markowski 1997) since it can be described as a combination of material and immaterial products (subproducts) that are mutually connected. One criteria for de-composing of megaproduct is by the functions that product performs (Szromnik 1997), thus it is possible to separate: tourist product, investment product, residential product, social, trade and service, cultural and educational product, fairs and exhibitions, recreation and sport, and public product. In the case of a bigger, complex destination, it is important to distinguish the spatial criterion in addition. As a result, when considering complex spaces, the megaproduct is an assemblage of smaller units which influence the final, superior product with different intensity. In this context, it is possible to single out such subproducts like: communes, districts, cities, towns, villages, etc.

Leaving the discussion about details of megaproduct (as it is a frequent subject study in literature) and its components (the so-called subproducts), one can point out the following features underlining the specifics of place product (Florek 2006):

- intangibility of magaproduct as a whole, although one can point out its subproducts at different material and intangible levels;
- no possibility of direct (simultaneous) comparison of the product both in time aspect (the same place product several times) and space aspect (similar products in different parts of the territory);
- megaproduct as a whole cannot be moved, it is inseparable from the region it exists in;
- variety (it offers services as well as immaterial and classic material goods);
- varied durability of subproducts within the constant, complex megaproduct;
- very high level of complementarity (e.g. services that constitute tourist product).

The above features do not exclude the possibility of modification or even planning and designing place products (or, more frequently, its components). However, they form certain limitations in the process of shaping a place product.

In place marketing, distribution consists of all activities connected with covering time and space differences related to creation of place product, its sales and consumption (Kornak and Rapacz 2001). Distribution in place marketing has a special character because the majority of place subproducts are available in the location they exist or are produced in. Thus, potential customers of these subproducts have to move to buy or consume them. As a consequence, the object of flow through the distribution channel are exceptionally the buyers, not the products.

In the case of place marketing, distribution is mostly connected with internal availability (spatial planning and efficiency of communication systems) as well as external (transport and telecommunication systems). Distribution in this aspect has a great importance since the purchase of the place offer takes place at a significant distance from the place of its consumption. However, the understanding of distribution in the aspect of localization is not enough and from this point of view, it is not the location of a place in space, but its availability that might provide the source of its competitive advantage. At the same time the acceleration of the transportation and travel processes will create stronger competition between places being outside its boundaries before.

This is why in distribution channels, apart from the traditional flows (product – if customers purchase products in a place, financial – connected with the payment for place subproducts, ownership – the possibility of using certain types of subproducts, and negotiation – connected with the conditions of making the place offer available), information flows are especially important as they influence the availability of place offer.

Interpretation of price in place marketing is especially complex. Even if one treats a place as a set of physical objects, in fact it cannot really be sold, often because it is impossible to make use of all the elements that a place consist of. It is possible to sell certain facilities, grounds, ownerships, services, etc., but still these decisions are determined by many internal and external factors and decision making centers' responsibilities. Problems arise also because of the specific character of a place (the effect of cooperation of private and public sectors) which, as a whole, is a peculiar 'property' of the general public and cannot be subjected to typical financial transactions. At the same time prices of particular subproducts result also from price policies of particular companies located in a place that offer their goods and services to customers. Thus, it is difficult to talk about a uniform place price policy or strategy. Prices of goods in a particular place are based on very complex issues such as political aims, social goals, preferences of local governments and local companies which form its supply structure. The specific feature of place product lies also in the fact that one destination can be 'sold' in many ways, each time to a different customer or even to the same customer. This is possible because it is a living entity, always in the process of creation and change (Czornik 1998).

In the case of promotion, widely described in the literature, its usage is probably the most similar to traditional character and its techniques are directly transferred to promote a place as a product.

TOWARDS NEW STRUCTURE OF PLACE MARKETING MIX

To sum up the above discussion, there are some possibilities of implementation classic marketing tools to places, however there are many barriers in their direct transfer and mutual relations that need to be discussed. Especially price and distribution in place marketing are strictly connected to place megaproduct (e.g. location of a place or cost of labor force) and they form its features and perception. What can be observed is the disappearance of differences between product, price, and distribution being interpreted as components of a place offer. This problem was also raised by Middleton (1996), who considers price as a component of tourist product, and Becker (1998) who mentions that in practice the number of marketing tools is usually reduced to three: product, distribution, and communication. As a justification for avoidance of price, Becker considers it as strictly related to product characteristics and that in business reality price decisions are taken in relation price-quality. It can be assumed thus, that it is reasonable to treat price and distribution as the components of megaproduct.

One must also note the importance of human factor, often discussed in the literature, which comes from the practice of place marketing. The success of different kind of processes in a place is possible only with adequate coordination and cooperation between entities involved. It is hard, however, to agree with the proposals of selecting residents or people in general as a marketing instrument. In order to use human resources as a tool, they must be treated as a variable that can be controlled and regulated. This is why a more efficient solution is to define this variable in the category of partnership. The importance of partnership plays a key role in application of place marketing, yet it might be called into question if partnership is going to be understood as kind of relations, feature of connections or mutual relations. In this context partnership can be also treated as a result of marketing actions. On the other hand, partnership might become the subject of intentional activities as a method of cooperation of entities within a place. They are able to use rules, norms and organizational structures to take decisions and actions related to marketing. If by partnership one can understand all forms of connections of entities in a place, not only the cooperation between public and private sectors, but also the involvement of residents and local government representatives, and if it is possible to manage this process, there is a basis for including partnership in place marketing mix set. Such an embrace of partnership is more precise than 'people' and could form, apart from megaproduct and promotion, the third tool of place marketing.

In searching for new concepts of marketing mix for places, one must stress the growing importance of image which represents immaterial and intangible features of destination. Place image, often referred to brand, is a marker that differentiates the place from others and can be the source of competitive advantage. It is also a kind of 'generalization' and 'simplification' of the complex and diversified place product. The image of a place can be defined as the sum of beliefs, ideas, opinions, feelings and emotions the recipients have about it. It represents the simplification of many associations and information related to a place (Kotler et al., 1993). Objective information is replaced by subjective observations, opinions and judgments (Żymkowski 1997) which are related mostly to the features of customers themselves, their subjective perception (evaluation) of a place and relations (contacts and mutual experiences) between customers (Hartmann 1992).

Taking into consideration the real influence on creating, modification or changing the existing image, which is a specific marketing effect, it must be stated that it can be done by using place identity concept. Place identity, similarly to corporate identity, is defined as the sum of its characteristic features and activities which differentiate it from other entities (Klage 1991; Florek et al. 2006). Place identity² is therefore the subject of planning and intentional arranging of activities within a place. Image, in turn, is the reflection of this identity, the reaction to communicating this message in the minds of the recipients. This way identity is an objective while image is a subjective state.

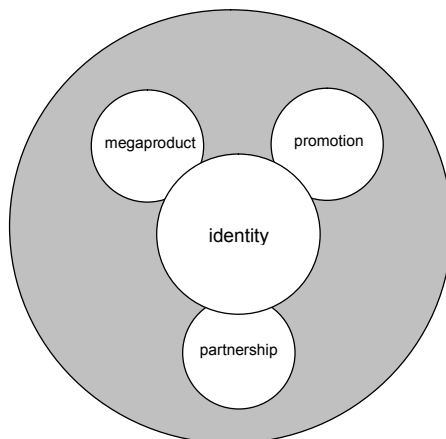
The elements of identity that places (usually decision-makers in territorial units) can use to build it are: place behavior (actions taken mostly by authorities and residents) observed by external society, place design – the way of visual presentation and identification of a destination and place communication – the form of communication of a place with its environment.

Despite the proper process of image creation, the perception of a place is not a direct result of activities that create the image since image is influenced by ideas, expectations and emotions of audiences (Klage 1991). Thus, this is identity rather than that meets the requirements of marketing tool: it can be designed, modified, adjusted, and controlled and itself is a unique set of tools that results in an image. It is suggested therefore that place identity could be included to place marketing mix. At the same time some relations and interconnections exist between already chosen tools (megaproduct, partnership, promotion) and identity since identity uses the same elements within them. For example one of areas of identity influence is behaviour and actions taken by authorities and residents that, at the same time, are related to shaping place offer (megaproduct) and actions of place actors (partnership). Also, visual identification is connected to megaproduct character and promotion actions. These, merely signalized, relations show that it is impossible to clearly separate the tools analyzed. Additionally, identity can influence and coordinate the remaining tools which increases the effectiveness of marketing mix. On the one hand, identity units and coordinates the use of other elements, and on the other hand, each of them reinforces the application of identity. Identity also performs the integrative role and prevents the internal incohesion within marketing mix structure.

Identity could therefore be treated as a superior instrument of place marketing mix, regardless of the size and characteristics of a place. While the remaining place marketing tools can be easily copied by competitive places, identity, and consequently image, is the result of complicated and long-term activities. The final result of these actions is the uniqueness of a place and this is why, in the structure of place marketing instruments, it should have a leading role.

Place marketing, in its instrumental aspect, might thus consist of four tools: megaproduct, promotion, partnership, and identity, giving the latter the prominent role (figure 1).

2 Commonly identity is understood as a set of features and behaviors of residents of a place. It is, however, sociological aspect of this problem which is too narrow for the needs of place marketing. Additionally the term 'place identity' was accepted as the analogy to corporate identity in which such aspect is not taken into consideration.

Fig. 1: *Composition of place marketing instruments*

Source: author

Despite the fact that identity was selected as the superior instrument, it does not mean that other instruments below identity should be treated with equal level of importance. The structure of other instruments according to importance (level of participation) in the process of achieving place goals can differ depends on the structure and influence of internal resources and external forces. It is also determined by characteristics and goals within targeted segments of customers. The final composition of marketing mix tools depends also on the level of co-dependence between particular instruments and the level of their interchangeability and complementarily in a particular place. The objective of every designed structure of marketing mix for a destination should be to obtain maximum possible effects in the process of realization of objectives.

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MOŻLIWOŚCI APLIKACJI NARZĘDZI MARKETINGOWYCH W MARKETINGU TERYTORIALNYM

Streszczenie

W artykule omówiono możliwości aplikacji narzędzi marketingu do specyfiki marketingu terytorialnego. Przyjmując, iż klasyczna koncepcja marketingu mix jest niewystarczająca w przypadku terytoriów, zaproponowano nową mieszankę instrumentów marketingowych. Obejmuje ona tzw. megaprodukt (a w jego obrębie cenę i dystrybucję), promocję, partnerstwo i tożsamość. Ta ostatnia potraktowana została jako narzędzie nadrzędne, pełniące funkcję koordynacyjną w ramach zaproponowanej struktury terytorialnego marketingu mix.

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