

## Evaluating a place's capital. An approach from a marketing perspective for the economic success of cities

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**Abstract:** *Marketing helps create better and more competitive products and services, increase visibility, number of customers and ultimately, the success of the subject to which marketing is applied. This paper attempts to assess the capital of a place and how it is used more efficiently for its prosperity, while towns and places began relying more and more on marketing methods due to increased competition for investors, residents and tourists. The paper determines a set of variables that characterize a city in all its aspects along with the importance of these variables for the main target group of a city: residents.*

**Key words:** *marketing, places, cities, success, places capital, variables*

### INTRODUCTION

Marketing is a branch of economics that, over time, although assumed different names, activities and events influenced and affected people's lives, helping to create a correlation between people's needs and the products and services provided by entities performing marketing activities. Thus, although marketing as a science, we can say that it is almost a century old, about 110 years to be more precise [1]., as activity and event, its origins lie far behind [2]. [3]. Along with this specialization, appeared the need to broaden the concept of marketing, thus creating new marketing concepts such as place marketing, defined by the American Marketing Association dictionary as marketing designed to influence target audiences to behave in a positive manner towards goods or services associated with a particular place.

### LITERATURE REVIEW

Marketing specialists [4]. identify ten major entities based on which marketing activities can be developed, place marketing being one of them. The difference between marketing goods and products and place marketing is that places are often the property and responsibility of the state or local authorities, and in most economies, the government provides only an umbrella brand for private goods and services, destinations and attractions [5].

We can state that place marketing is part of the classical marketing philosophy in which the promoted product is the place [6]., [7]. Places acknowledged, long ago, the need for individualization and differentiation with the aid of different characteristics, in pursuing various political, psychological, social and economic objectives [6]., [7].

Countries, cities, places, always took necessary measures to attract residents, investors and tourists [8]. Since the marketing of urban places began to be practiced in the 19<sup>th</sup> century [9]., cities began to rely more and more on marketing methods due to increased competition for investors, residents and tourists revenues [10]. Place marketing experienced a rapid growth in popularity in the last twenty years, being used at all levels, from small areas such as neighborhoods to regions, national and continental areas, came to be considered today a joint city management activity. [11]. [12].

Over the past decades, an increasing number of communities, cities, states, provinces, nations or regions have adopted marketing, branding and other tools to attract investors, visitors, residents, events etc. [13].

The need to create a branded place appeared over the last two decades, and can be explained as an evolution of the concept of place marketing [14]., because there is a recognition that places of all kinds can benefit from implementing coherent strategies on resource management, reputation and image [15]. Thus, marketing has a duty to try promoting the uniqueness of the city or place [16]. In the context of place marketing, places around the world focus their attention on creating brands and more often than not import concepts and techniques from product branding. This change is characterized as

the current stage in place marketing development [17]., a place marketing development with its focus only on visual elements [18]. The brand of a city can address to a variety of audiences, such as current or potential residents [19]., tourists [16]., sports fans [20]., people interested in or passionate about fashion etc. Currently, city marketing is more than simply promoting places, being used in some cities to recreate and redefine their image, which was chosen with a strategy to target different types of activities that reflect and enhance a place's image [21].

One of the trends which increased and contributed to the growing importance of place marketing is globalization. Thus, the competition between places expands and affects many more forms of organization than places: subnational or supranational regions, states and provinces, nations, cities and even villages, all competing for the same people, tourists, people, goods, capital investors or for respect, recognition or attention given by the media. [5]. [22]. Anyone can invest anywhere, anyone can visit almost any place and anyone can move almost anywhere, which means that all people, all economic organizations and all places and cities compete with each other for the same amount of money. [22]. Therefore, cities are in intense competition to reposition themselves in the global economy [23].

Place marketing in regards to cities, is currently seen as a tool to help municipalities to attract groups of people it needs to support its future as an activity designed to bring prosperity [23]. In terms of marketing contributions to society, there are many benefits starting with the economy of a country, region, area or city to benefits for the individual person. [24].

Dictionary of American Marketing Association defines place marketing: marketing designed to influence target audiences to behave in a positive manner to the goods or services associated with a particular place. Thus, marketing through the development, promotion, distribution and sale of products and services is a legitimate activity, tangible and measurable with direct benefits [5].

We appreciate it can hardly pass a few days without seeing a story about a city or a place which is best suited for living or experience a certain activity [25]. [26]., [27]., Cities provide residents, along with economic benefits of urban concentration, various emotional and social benefits, including opportunities to share information and to engage in activities that match their interests. Moreover, "cities survive, as they did thousands of years, only if the benefits - why cities exist - outweigh the disadvantages" [28]. Opportunities created by cities for individuals - those of employment, education, social mobility, transport and also business - low cost financial services, specialized labour, proximity to resources and markets have benefited from a continuous urbanization in the 20<sup>th</sup> century [15]. Given the concern that this trend cannot be sustained in the future, a competitive increase is disclosed in areas such as city resources, human capital, financial and intellectual to ensure health and longevity [15]. Similar to creating a product or a service brand, the final purpose is creating preference and loyalty to the city. The number of segments or stakeholders who have an interest or a stake for the city is potentially unlimited. However, in the race to build a brand that is appreciated by tourists and short term visitors, residents are forgotten, although they have the most important role, that of supporters, loyal fans and brand ambassadors for the city. [15].

## RESEARCH

Some authors [29]. have tried to assess the capital of a place and how it is used more efficiently, for the prosperity of the city. Although there are papers, which evaluate cities, they often assess only certain perspectives, without an integrative approach, a sustainable development [30]. or given only limited number of studied variables that characterize a place. The purpose of this research is to determine a set of variables that characterize a city in all its aspects and to study the importance of these variables for the main target

group of a city: residents. The research involved three stages: research of secondary sources, a qualitative research and quantitative research.

**A. The research of secondary sources.** The first step of the research was consulting the most important secondary sources, usually found in an organized form, as studies, research or indexes that assess the state of a place from different perspectives. **The purpose** of the research was to determine the variables studied by other studies and papers and, based on information obtained, identifying those variables and information to be tested further in the research, given the target segment, residents.

The **methodology** involved identifying and studying the analysed data indexes and charts on different places, cities, towns aspects, their development, reasons why residents choose a place, city or other, methods and variables taken into consideration in their composition, taking into account renown and representative papers worldwide. From all these sources, we extracted variables, attempting an exhaustive calibration, having in mind the widest coverage of all aspects of a city. Much of the information is taken and processed from recent international papers published by various organizations such as: European Green City Index, Economist Intelligence Unit Liveability Ranking (EIU), Mercer Human Resource Consulting, IBM Smarter Cities, Global City Indicators, Global Economic Power Index, , Cities of Opportunity (PWC) etc.

**B. Qualitative research.** **The purpose** of the qualitative research was to determine how it should look and operate an ideal city in order to be attractive to residents and to determine whether variables derived from secondary research sources are correct, consistent and complete, to determine the new variables and to eliminate redundant ones, the relations between them, serving the purpose of setting the foundation and constructing the instrument of quantitative research.

A small sample of reduced dimensions was compiled, consisting of rigorously selected experts, taking into account the specific topic being studied, sample size being 13 experts, with which in depth interviews were realized.. Expert participants were specialized in the following fields: psychologists, NGO representatives, activists specializing in good governance and ecology, developers and managers of real estate complexes, city residents, urban mobility specialist architects, planners and landscape architects, specialists in transport and city development, travel agency managers, advertising specialists, doctors, business executives from companies. Following the research a number of variables were identified, as other variables were invalidated by the results from the secondary sources research.

**C. Quantitative research.** For quantitative research the instrument used was a questionnaire administered to a sample of respondents. Regarding the measurement of variables, Likert scale was used, questionnaire containing a number of variables, grouped into categories where respondents appreciated their importance on a scale from 1 (very little importance) to 5 (very important), corresponding the importance they each gave for every variable thus, characterizing a city they would choose as their residence. Variables were grouped into several categories, the importance of these categories being tested in the end. **The purpose** of the research was to determine the importance of each variable which characterizes the ideal city they would choose as their residence. The questionnaire was applied to a total of 121 people and the importance of each variable or group of variables was calculated as the arithmetic mean of all responses.

**RESEARCH RESULTS.** After the first two stages of research - research of secondary sources and qualitative research, for resident segment, the obtained results, meaning variable categories (each containing a number of variables) that affect the lives of residents, attractiveness of the city and its image, are shown in Table 2.

Regarding the results of quantitative research and the importance of variables, variables considered important by respondents were, in descending order of importance:

**Table 1. Variable importance for residents**

Importance	Variable name	Score	Importance	Variable name	Score
1	Personal safety	4,64	91	Availability of private education	3,25
2	Availability and quality of telecommunications and Internet	4,64	92	Classroom size	3,23
3	Availability and quality of power supply, water and sanitation	4,62	93	Sports arenas (stadiums)	3,22
4	Violent crime	4,55	94	Conferences and / or international congresses held in the city	3,17
5	Potential military conflict or civil unrest	4,52	95	Number of associations and NGOs operating in the city	3,15
6	Ease of finding a work place	4,51	96	Night life	3,13
7	Quality of education	4,41	97	Number of immigrants	2,97
8	Construction quality and housing	4,40	98	Recognized for local food and drink	2,91
9	The threat of terrorist attacks	4,38	99	Places of worship	2,77
10	Quality of public health	4,37	100	The number of tourists visiting the city	2,55

Regarding variable categories, their importance is classified as such:

**Table 2. Importance of variable categories for residents**

Importance	Category name	Score
1.	Stability and safety	4,58
2.	Healthcare	4,50
3.	Culture and living environment	4,08
4.	geographical environment	3,78
5.	Education	4,31
6.	Infrastructure	4,17
7.	Ecological oriented city	3,63
8.	attractions and recreation	4,03
9.	Human capital	3,95
10.	Economy	4,21
11.	City image	3,88

### CONCLUSIONS, LIMITS AND FUTURE WORK.

The results of the most important categories of variables are related to the needs of residents presented by Maslow Pyramid, who puts the most fundamental levels of needs at the bottom and self-actualization needs at the top. Once the needs of the basic needs are met, the necessity of meeting the needs of the secondary or superior level appears. So here, as in the Pyramid, safety related needs are found at the base - stability and security, health, after which follows those related to culture and living environment, education, attractions and recreation, human capital and image.

One of the limitations of this research is determined by the sample size considered for achieving quantitative research. It is possible that the sample size may have affected the quality of information derived from this research, and it does not reflect entirely the population's characteristics.

With regard to future research, in order to determine a more complete assessment of a city's capital, two other important target segments should be considered: organizations and tourists, so that later is possible integrating all this information into a tool that can be applied to any city in order to determine its position in terms of capital and marketing strategy adopted in the quest for success.

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