Chapter 1  Introduction

1.1 The topic of the thesis¹

1.1.1 Introduction

If you enter the phrase “city marketing” in Google, you get about 350,000 hits (last checked 9 August 2008) although, as with any other search on the internet, there are numerous results that have nothing to do with what you were looking for. Thousands of those hits, however, direct you to the websites of cities all over the world and provide an amazing amount of information on their marketing efforts. One can read about the cities, download reports on why and how they actually ‘do’ city marketing and, of course, download pictures, posters, logos, slogans and any other sort of promotional material that cities have designed in order to promote themselves. What are the reasons for the evident popularity of city marketing? How did marketing application within cities and places develop over time? How does a city market itself successfully? What are the impacts of such efforts and the investments they imply for the city’s current situation and future prospects? This thesis poses these and other similar questions and attempts to provide some answers.

Indeed, urban or city marketing is by now an established practice within urban management and has attracted the interest of many academic commentators from various disciplines resulting in a substantial body of publications on the wider city marketing process (e.g. Ashworth and Voogd 1990; Kotler et al. 1999) and on specific issues or examples (e.g. Gold and Ward 1994; Berg and Braun 1999). City marketing is a process that includes a wide set of activities (figure 1.1). It starts with a careful analysis of the city’s current situation through extensive research on the city’s assets, opportunities and audiences (Kavaratzis and Ashworth 2007). The second step is identifying and choosing a certain vision for the city and the goals that should be achieved with the cooperation and agreement of as broad a range of stakeholders as possible. What comes next is the phase of planning specific projects that will collectively achieve the goals set and allocating clear roles for the participating bodies. This is followed by the phase of active implementation of city marketing measures that can be spatial/functional, financial, organisational and promotional (Ashworth and Voogd 1990). The process ends with monitoring and regularly evaluating the results of all activities; an evaluation that only leads to the repetition of the whole process adapted to the new knowledge

¹ This section has been published as part of Kavaratzis 2007
and experience created. It is important at this early time to clarify two issues. First, that city marketing is a long-term process that cannot be implemented in parts or only to a certain extent. Secondly, that promotional activities constitute only a fraction of the whole process and should not be considered an alternative for strategic marketing (as is the case in a large part of city marketing practice). A distinction is also necessary concerning the role of branding, which in many cases is understood as only the development of logos and slogans on the city’s promotional material. However, branding is again a wide process that does not substitute the marketing process but, as will be discussed extensively in the following chapters, provides a distinct focus on the communicative aspect of all marketing measures (Kavaratzis 2004).

The phenomenon of cities transferring marketing knowledge to their own operational needs is not as novel as one might think. As Ashworth and Voogd (1994: 39) describe, “since Leif Ericson
sought new settlers in the 8th century for his newly discovered ‘green’ land, the idea of the deliberate projection of favourable place images to potential customers, investors or residents has been actively pursued”. Therefore this thesis starts with a brief outline of the main historical episodes through which city marketing has developed.

1.1.2 The past: The first episodes of city marketing

It is generally accepted (e.g. Short and Kim 1999; Kavaratzis 2004) that city marketing application has developed through discrete phases over time; phases that differ in the general approach towards marketing as well as their level of refinement.

In one of the earliest and most insightful accounts published, Bailey (1989, quoted in Short and Kim 1999) suggests a three-stage evolution of city marketing. The first generation is termed ‘smokestack chasing’ and was concerned with generating manufacturing jobs through attracting companies with subsidies and the promise of low operating costs and higher profits from existing or alternative sites. The poaching of factories from other cities was a major element of local job promotion and urban representation centred on low operating costs and availability of subsidies (Short and Kim 1999). This case is far from over; it is still evident, for example, in Central-Eastern European cities (Kotler et al. 1999) that found themselves in the midst of sweeping changes in the 90s and recognised in their lower costs of employment a major competitive advantage against Western European cities. The second generation, ‘target marketing’ (Bailey 1989), involves the attraction of manufacturing and service jobs in target industries currently enjoying profitable growth. There are still attempts at luring plants from other locations, but the promotion also includes improving the physical infrastructure, vocational training and stressing good public-private cooperation. Representation continues to mention low operating costs but includes the suitability of local community for target industries and the more general notion of good quality of life, with an emphasis on recreational opportunities and the local climate (Short and Kim 1999). A recent revival of this trend is also evident, mostly due to the popularity of the creative and cultural industries as engines of tourism growth and wider economic development, significantly influenced by the popular work of Florida (2002) who stressed the importance of a ‘creative class’ and outlined the conditions for its fostering. The third generation, ‘product development’ (Bailey 1989), contains the objectives of the first two stages but includes an emphasis on the ‘jobs of the future’ while representation now includes global competitiveness, human and intellectual resources along with low operating costs and quality of life. This third stage of city marketing application is clearly oriented towards competitive niche thinking, characterised by cluster building and ever more intense public-private partnership. As
Short and Kim (1999:98) assess, “with each successive stage the message becomes more sophisticated and urban representation has to include issues of quality of life”.

Ward (1998) identifies four main stages in the life cycles of urban and regional systems when place selling efforts are evident. The first is agricultural colonisation, when a relatively empty land is settled. Two distinct activities were involved in this process, selling the land itself and promoting the first towns. In fact, “…the settling of the American West was one of the most important ever episodes of place selling” (Ward 1998:7). Government agencies, railroads, land companies and other agencies made full use of advertising and other promotional devices to draw both farmers and town dwellers to the frontier. The next stage may be termed urban functional diversity, when greater differentiation of specific urban functions becomes apparent within increasingly mature urban systems. Most widespread was the selling of the tourist resort, while another was selling the residential suburb. Selling the industrial city has been the third major phase, “where the emphasis was not so much on place selling or marketing as on promotion, with many incentives to draw industrialists” (Ward 1998:7). The last and main contemporary place selling episode is concerned with the post-industrial city. Here, the policy priority has shifted to urban regeneration, seeking new sources of wealth to replace those which have gone (Ward 1998).

Barke (1999) also discusses a series of phases that city marketing has passed through. The initial phase was concerned with how cities may be promoted (i.e. sold), but subsequently the broader concept of marketing was introduced (i.e. finding out what potential consumers wished to buy). The techniques of this phase involved the creation of new forms of representation of places and led to a major concern over the image of the city, which in some cases meant seeking to alter an unfortunate image, but in others enhancing a favourable image, for example by emphasising distinctiveness. In the next phase, the marketing of cities began to transcend mere advertising and started to incorporate hallmark events and specific, high-profile developments in the built environment.

The phases of city marketing development have not followed a strict timeline, nor has geographical distinctiveness been involved. The progress from one stage to the next was more a result of growing understanding and experience of the application of marketing. Arguably, increased refinement of city marketing practice came with the emergence of entrepreneurial modes of urban governance (Harvey 1989); indeed city marketing has been a defining feature of such urban entrepreneurialism. The turn to the ‘entrepreneurial city’ is rooted in the practice of city administrators, who found themselves in the onset of an ‘urban crisis’, which was widely perceived as leading to the potential terminal decline of traditional urban economies, with a consequent imperative for economic restructuring, which “stimulated the search for new roles for cities and new ways of managing their problems” (Barke 1999:486). As Hannigan (2003:353) describes:
in the late 1980s and early 1990s, a fiscal crisis in cities across Europe and North America caused by the triple problems of de-industrialisation, a falling tax base and declining public expenditure had some serious implications for cities. Not only were factories closing and jobs disappearing but the mass industrial culture that had prevailed since the end of the Second World War was steadily weakening. During this same era, we witnessed the re-emergence of political structures and ideologies based around the notions of privatisation and de-regulation; and the rise of a new urban lifestyle in which visual images and myths were relentlessly packaged and presented (Goodwin 1993:147-8). In combination, these forces provoked the emergence of a new 'entrepreneurial' (Harvey 1989) style of local economic development in which image promotion was privileged as being central by planners and politicians”.

Entrepreneurialism captures the sense in which cities are being run in a more businesslike manner, and the practices that have seen local government imbued with characteristics once distinctive to businesses – risk-taking, inventiveness, promotion and profit motivation (Hubbard and Hall 1998). It is important to mention here that the entrepreneurial city (and with it city marketing) has raised a significant amount of criticism, which will be examined below (see chapter 9).

A natural consequence of these trends was a more focused integrated and strategic implementation of city marketing. The growing experience was coupled with developments within the marketing discipline that lead to the rise of social and non-profit marketing (Ashworth and Voogd 1990) and that provided the foundations of a place marketing theory. Table 1.1 attempts to bring together the above descriptions of the phases of city marketing development not in chronological order (as this is neither clear nor does it appear to be important) but as stages of the evident transition from the fragmented place promotion of the past to the hopefully more refined and clearly targeted place marketing of the future. In practice what was first adopted was the implementation of purely promotional activities, undertaken by several independent actors with an interest in promoting the city. The goals of such activities were, for example, to attract residents to newly established settlements or increase the clientele of newly built railway routes. The next phase was the step towards the articulation of a city marketing – mix (Ashworth and Voogd 1990; Kotler et al. 1999), which apart from promotional measures includes organisational measures, financial incentives and measures aimed at product development (or spatial/functional). Next, there was a realisation of the significance of the image of the city in two distinct senses. First, that the image is the crucial and determining factor for the people who use the city, whether investors and developers or, more clearly, visitors and residents. Secondly, that the image of the city and the attempt to influence it could well be an effective way to coordinate marketing efforts; that the desired image of
the city could provide the necessary target for marketing activities to aim at. Thus this realisation has caused the recent popularity of the concept of city branding, which might well be the next episode in the history of city marketing application.

Table 1.1: Phases of City Marketing Development

<table>
<thead>
<tr>
<th>AUTHOR</th>
<th>PHASE</th>
<th>GOALS</th>
<th>CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bailey 1989 (adopted in Kotler et al 1999)</td>
<td>Smokestack chasing</td>
<td>Generating manufacturing jobs</td>
<td>Single goal, Subsidies to attract companies, promoting low operating costs</td>
</tr>
<tr>
<td>Ward 1998</td>
<td>Agricultural Colonisation</td>
<td>Settlement of empty land</td>
<td>Vast land available for settlement in a short time</td>
</tr>
<tr>
<td>Ward 1998</td>
<td>Urban Functional Diversity</td>
<td>Selling tangible commodities (land – houses)</td>
<td>Differentiation of specific urban functions (e.g. tourism – suburban)</td>
</tr>
<tr>
<td>Ward 1998</td>
<td>Selling the industrial city</td>
<td>Luring industries</td>
<td>Focus on promotion, incentives for industrialists, limited to marginal parts of urban/regional systems</td>
</tr>
<tr>
<td>Barke 1999</td>
<td>Selling Cities</td>
<td>‘Selling’ existing aspects of the city</td>
<td>Simple promotion of the city and its attractions</td>
</tr>
<tr>
<td>Bailey 1989 (adopted in Kotler et al 1999)</td>
<td>Target marketing</td>
<td>Attracting manufacturing and service jobs in specific profitable industries</td>
<td>Multiple goals, from mass to specialised marketing, physical infrastructure, public-private cooperation, promoting good quality of life</td>
</tr>
<tr>
<td>Barke 1999</td>
<td>Advertising Cities</td>
<td>Change an unfortunate image or enhance a neutral or favourable image</td>
<td>Mere advertising, major concern over image, who produces images?</td>
</tr>
<tr>
<td>Barke 1999</td>
<td>Marketing Cities</td>
<td>Attracting inward investment and tourists, while being responsive to the priorities of local residents</td>
<td>Beyond advertising to include hallmark events, high-profile developments in built environment, local firms and residents also important, attempt to identify the wishes of potential customers</td>
</tr>
<tr>
<td>Bailey 1989 (adopted in Kotler et al 1999)</td>
<td>Product development</td>
<td>Same as ‘target marketing’ and attracting jobs of the future</td>
<td>Cluster building, intense public private partnership, more emphasis on quality of life</td>
</tr>
<tr>
<td>Ward 1998</td>
<td>Selling the Post-Industrial City</td>
<td>Urban regeneration, replacing lost sources of wealth</td>
<td>Key part of reacting to intense competition</td>
</tr>
<tr>
<td>Barke 1999</td>
<td>Current phase</td>
<td>Meeting the needs of existing local businesses and residents and presenting an appealing external image</td>
<td>Content of images important, who and how consumes images?</td>
</tr>
<tr>
<td>Kavaratzis 2004</td>
<td>City branding</td>
<td>Creating and managing emotional and psychological associations with the city</td>
<td>Broad range of marketing interventions (Landscape, Infrastructure, Organisation, Behaviour, Promotion), focus on the communicative aspect of all marketing</td>
</tr>
</tbody>
</table>
1.1.3 The present: Branding the city

Recently a shift towards branding can be noted, evident as much in the practice of place marketing as in most recent academic literature (Anholt 2006a; Kavaratzis and Ashworth 2005; Hankinson 2004; Trueman et al. 2004; Rainisto 2003; Hauben et al. 2002). Slogans such as “Das Neue Berlin”, “Basel beats differently” or “Edinburgh: Inspiring Capital” are increasingly commonplace. Amsterdam has recently launched a branding campaign revolving around the slogan “I amsterdam” (see chapter 5); Athens successfully hosted the Olympic Games of 2004 and is now anxiously anticipating their positive effects inviting you to “surprise yourself in Athens Attica” (see chapter 7); London has become “Totally London” and will also host the Olympic Games of 2012, expecting positive results. Obviously the most common application of branding within cities is focusing on the visual elements of branding such as the creation of a new logo, the incorporation of a new slogan and the design of advertising campaigns around those visual elements. As will be shown, however, in following chapters of this thesis, branding encompasses other fields of activities that decidedly influence and form a city’s brand.

The discussion on place branding has thus far followed distinct routes, apparently depending on each commentator’s background and research interests (see Kavaratzis 2005). Apart from those contributions that deal with the subject as a whole (e.g. Freire 2005; Kavaratzis and Ashworth 2005), one major trend has been the discussion on branding nations, which has attracted considerable attention from marketing consultants and academics (e.g. Anholt 2002; Gilmore 2001). A second trend, mostly outside the marketing discipline, has been the discussion, especially among cultural geographers, of the nature and effects of cultural and entertainment branding on the physical and social character of places (e.g. Hannigan 2003; Evans 2003). Another trend (probably the most developed) has been the discussion on destination branding: developing and managing tourism destinations as brands or treating destinations as brands for their benefits to tourism growth (e.g. Morgan et al. 2002). This field has been the more “productive” in terms of brand management, in the sense that it has suggested concrete and practical measures. Arguably the largest part, at least of the theoretical development in this field comes from Hankinson (2001; 2004). Starting from his belief that “as yet no general theoretical framework exists to underpin the development of place brands apart from classical, product-based branding theory” (Hankinson 2004:110), he provides a refined framework for understanding cities as brands, focusing on cities as tourism destinations. Another interesting view in the literature is the attempt to implement the concept of corporate branding and specific methodologies developed in this field in place branding (Rainisto 2003; Kavaratzis 2004; Trueman et al. 2004).
The stance of city branding advocates is rooted in two premises. The first is that the city takes its form, content and meaning in peoples’ minds. People “meet” and understand cities through accepting their own perceptions and processing those perceptions into their own understandable image of the city. In general, people make sense of places or construct places in their minds through three processes (e.g. Crang 1998; Holloway and Hubbard 2001). First, through planned interventions like planning, urban design and so on; secondly through the way in which they themselves or other people use specific places and, thirdly, through various forms of place representations like films, novels, paintings, news reports and so on. As Holloway and Hubbard (2001:48) describe:

“…environmental knowledge is acquired through our interactions with, and movements between different places. These interactions may be first-hand, as when we acquire information from a place that physically surrounds us, or it may be indirect, as when we experience a place vicariously, through media representations, maps, videos and so on. What is important is that this information is processed, via mental processes of cognition, to form stable and learnt images of place, which are the basis for our everyday interactions with the environment. …We carry mental representations or place images around ‘in our heads’ …what is referred to as ‘mental maps’. These mental maps summarize each individual’s knowledge of their surroundings in a way that is useful to them and the type of relationship they have with their environment. As such these maps will be partial (covering some areas, not others), simplified (including some environmental information, not all) and distorted (based on the individual’s subjective environment rather than the objective environment).”

This process is the same as the process followed to form images of other entities like products, services and corporations, which have long been successfully managed as brands. This leads to the conclusion that, in essence, people create brand associations with cities and evaluate these associations in the same way as they evaluate associations of other brands. In other words, people understand cities in the same way as they understand brands.

The second premise is only an extension of the first. It assumes that the best way to attempt to influence peoples’ perceptions and images about cities is the same way that businesses have been successfully attempting the same for their products and services, namely branding. In other words, we should manage cities in the same way we manage other brands, because branding deals with such mental images or mental maps. City branding centres on people’s perceptions and images and puts them in the heart of orchestrated activities, designed to shape the city and its future. Managing the city’s brand becomes the attempt to influence and treat those mental maps in a way favourable to the city’s circumstances and further needs for economic and social development.

These assumptions are, of course, subject to scrutiny, partly found when browsing the academic literature on place and city branding (e.g. Kavaratzis and Ashworth 2005; Freire 2005). What is evident, however, is that city administrators are eager to give their uncritical consent to the suggestions of various consultants that the only way for a city to survive in today’s fiercely
competitive world is through the implementation of city branding (which, of course, may well be undertaken by the same consultants). Perhaps tempted by the supposed novelty of such methods or their apparent contrast to past practices and also perhaps motivated by a fear that they will fall behind the competition, cities readily adopt branding techniques. However, all too often cities adopt as branding only a part of the branding process. Indeed most city branding efforts start and finish with the development of a catchy slogan and the design of a new logo although, fortunately, there are more refined attempts that imply a wider understanding of branding.

In general city branding, as applied in practice, is centring on the creation of a favourable image or the change of a negative or indifferent image of the city and has found its tangible application around three main strategies: first, various promotional campaigns and visual identity tactics; secondly, the creation of signature buildings as landmarks for the city or the invention of new ways to integrate existing landmarks in the promotion of the city; finally, the staging of various types of events in the city. What is evidently missing so far is the link to the wider marketing goals set by the city. Branding needs to be thought of as a continuous process interlinked with all marketing efforts and with the whole planning exercise. Indeed as Chandler and Owen (2002) suggest, branding is the process by which attempts are made to influence how consumers interpret and develop their own sense of what a brand is, what it is about and what it means. From this point of view, branding becomes almost synonymous with the whole process of marketing itself. It is from marketing that consumers take, whether actively or passively, some of the raw materials that they use (partly consciously but largely unconsciously) to help build their own sense of what a brand is.

City branding is here suggested as a new episode in the application of city marketing, because it changes the focus of the endeavour. Branding is attempting to create associations with the city; associations that are emotional, mental, psychological, moving away from the functional - rational character of marketing interventions. This does not mean that the functional/rational aspects are becoming less important. It signifies a change of direction in that the desired brand is what guides the marketing measures on the city’s physical environment and functionality. The rationale behind city branding is that a city must first decide what kind of brand it wants to become, how it can create the mental, psychological and emotional ties that are necessary for the city to really become this brand and what are the functional, physical attributes that the city needs to create, improve, highlight and promote in order to support this brand. As Mommaas (2002) asserts, “brands enable us to more easily ‘read’ each other and our environment of places and products. In this respect branding is not simply an economic activity, inspired by market considerations. In a deeper, cultural sociology sense, it is above all a manner of introducing order and certainty into what is in principle a chaotic reality. Seen in this way, brands are not purely a source of differentiation but also of identification, continuity and collectivity” (Mommaas 2002:34). This leads to a consideration of the wider publics that city
marketing is capable of addressing, the goals it can be used for and the unplanned, and sometimes undesired, effects it may have on the city.

The above issues will be repeatedly addressed and further clarified throughout the rest of this thesis. After the above introduction to the theoretical base of the study, the next section describes the structure of this thesis.

1.2 Structure of the thesis

After this introductory chapter, the next chapter describes the chosen methodology of the research undertaken for this thesis and explains the reasons of this choice. The two chapters that follow outline the theoretical underpinnings of this study. Chapter 3 is a literature review, which first describes the transition from city marketing towards city branding attributing it to several developments within marketing theory on the one hand and city administration practice on the other. Special attention is paid to the importance of images in contemporary cities. It then provides a combination of the literature of place branding with basic corporate branding notions in order to arrive to the theoretical framework that was used as a guide for the field research. The chapter finishes with a short evaluation of the scientific and social relevance of city branding. Chapter 4 is a theoretical pondering on the nature of city branding. It provides an analysis of the components of the brand from three different perspectives: the product, the producer and the consumer. It then makes the transition from products to places and goes on to evaluate the preconditions necessary for city branding to become an effective city management tool.

The following three chapters deal with marketing and branding understanding and implementation in the three European cities studied. Chapter 5 describes the marketing effort of the city of Amsterdam in The Netherlands. It outlines the process that has been followed in the city in order to arrive at the general strategy followed and the specific actions taken. Special attention is paid to the branding campaign the city has launched. Chapter 6 deals with the city of Budapest in Hungary where marketing has focused on attracting tourists either through a general invitation to Budapest as a destination or more specifically through the, increasingly popular across Europe, organisation of several cultural events and festivals. Chapter 7 is about the city of Athens in Greece. It evaluates the understanding of city marketing and branding demonstrated in the city and describes the marketing efforts in the Post-Olympic era. All three chapters are critical and include a direct contrast of the practice of city marketing and city branding in these three cities with the theory, in order both to examine misunderstandings and misalignments between the two and use theoretical suggestions to
improve marketing practice and, at the same time, to identify and extract potential lessons for the theory from the specific and general difficulties or problems faced in practice.

The two last chapters of this thesis attempt a general summary of city branding and its significant components as well as a synthesis of points and issues raised in the previous chapters. Chapter 8 revisits the theory of city branding under the light of recent developments within marketing science, extracting and summarising valuable lessons from corporate-level marketing. Several frameworks of city branding and city brand management are described and their common ground is explored, arriving at a proposition of city branding elements that provide the base for a new, integrated framework. The last chapter starts with a comparison of the implementation of city marketing in the three cities investigated. The main cross-case conclusions of the research are presented, which together with the elements suggested in chapter 8, lead to the formulation of an integrated city branding framework that is presented. The chapter then raises and attempts to address several unresolved issues that have to do with the way marketing has been implemented within city management and the effects this has on cities in general. The thesis closes with some concluding comments on the usefulness, applicability and the future of city marketing and city branding.