

THE ROLE OF URBAN MARKETING IN THE LOCAL ECONOMIC DEVELOPMENT

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Abstract

Urban marketing is an indispensable element within the strategies for economic development of the cities, contributing to the overall vision of the strategy. This helps cities to accomplish many objectives (attracting new national or international companies, consolidate industrial infrastructure, developing tourism, diversifying and improving transport and health services), while they have to maintain a certain level or to cut off public expenses, and to face the harsh competition to attract new investors. The biggest challenges for urban marketing are changes occurred in market structure and dynamics, which exceed the response capacity of the cities.

The sole existence of a developed industrial infrastructure is not sufficient for a community to reach the development goals, marketing must create the image, the message to be conveyed to potential investors. Urban strategic marketing is the most adaptable and productive approach of the problems that the communities face. Urban marketing became an extremely important economic activity and, in some cases, the main source of local welfare. Inside clients – oriented marketing is not only a technical problem, of marketing technique, messages and targets, but also one defining the city development in terms of value system of the public.

Keywords: city development, urban strategy, city image, city identity

1. Introduction

The last decade of the 20th century is characterized by increasing economic, social, political challenges that municipalities have to administer according to the interests of the main stakeholders. The present configuration of Europe transforms the old competition between nations, the main actors being the cities, the competition between these becoming more and more free and harder.

Cities and states entered a difficult process of transition, from a stable industrial economy that dominated world markets, to a rapid changing economy, intensively informational, subject to a strong global competition. Local authorities can not force the market to react as they wish, but have to respond positively to the trends and forces that govern the market evolution. Response policies and measures to stop the market forces failed, while active and interactive enabled cities to collaborate with private firms in various ingenious ways, which took into account the market forces. Within this learning process, the authorities response lay behind the market changes, and the policies applied did not adapt quickly enough to the changes occurred in the structure of activity sectors.

Marketing is a challenge even for private corporation, which are often perceived as specialists in practising marketing. Marketing should not be exclusively the advantage of private sector, local communities, areas can be promoted as efficient as the goods and services of a company, and these have to benefit of the complex practices of the marketing from the private sector.

Urban marketing implies choosing some suitable ways of projecting and organising cities to meet the requirements of the target segments interested in urban development .It is considered that urban marketing reached its goal when the businessmen community and the citizens are satisfied with the urban economic- social environment, when the visitors` and investors` expectations are met (Kotler,, Hamlin, Rein and Haider, 2002a).

Nowadays, urban marketing becomes an outstanding characteristic of the strategy of local economic development. The economic development implies establishing a long-term marketing strategy oriented to preserving and developing the natural, economic and man made potential of the local community. The context in which the urban marketing operates is characterized by increasing competition between urban communities to attract human, material and financial capital (there are only in Europe more than 500 regions and over 100 000 communities in competition for the same limited investment and human resources), high frequency of changes of the economic, social and political environment and a bad understanding of the "urban marketing "notion/concept.

Urban marketing is used to accomplish several goals , such as creating a positive image for the community, attracting of companies, institutions, tourists and specially-skilled work force but as well has to find markets for their exports, to adopt instruments for the strategic marketing management in order to create an "urban brand" (Kotler and Gertner, 2002). The old strategies of promoting the local communities are no longer valid in the context of some markets in a continuous and rapid change. To be effectively competitive, these communities have to ground their local development strategies also from the marketing prospective. As a result, communities are compelled to produce goods, services required by the present and potential inhabitants, companies, investors, national and international institutions.

Urban marketing, especially in the USA, is a several billion dollars industry, where goods and services produced in cities are promoted and "sold" in an aggressive way. Many communities wish to create a new image or to replace the negative one. By urban marketing, local communities can be promoted in the same complex way as any product or service in the private sector. The marketing instruments can be adapted to the community's problems that promote their development potential to create a "brand "backed by a well individualised identity. Urban marketing conveys the city identity to be understood by

the target segments. Conveying this identity there is created the image of the city, which is characteristic for the way it will be perceived in the future by the potential actors implied in the urban development.

As it results from the definition of urban marketing¹, its main target represents attracting activities with potentially advantageous benefits for the community and maximizing satisfaction of segments on the target market. To analyse these definitions, the following will be followed: existing relationships between urban and general marketing (in practice and theoretically); explicit and implicit interactions between urban marketing and the market concept; type of objectives set by running activities specific to urban marketing.

The instable economic and political environment places local authorities in the position of facing new social needs and expectations. This is the result of increasing competition between communities, diminishing financial resources, losing confidence in the efficiency of traditional ways of territorial planning. It is obvious that public institutions should play an active role in administering of territory, the development control is no longer sufficient: local authorities have to initiate a market – oriented local development. Initiating local development can be carried out by using urban marketing that improves the competitive position of the city.

The main objective of urban marketing is that of creating a strong relation between public policies and consumers requirements to make the functioning of urban system more efficient.

2. The role of urban marketing in cities development

In the mid '90 the use of marketing became frequent within the local communities problems as a response to deep changes occurred in company's strategies and governmental policies, determined by the process of globalization and regionalization process (these two processes are synergic and interdependent). This is an important moment for urban marketing, as it starts to be placed and perceived in the larger context of local and regional development. This expansion of "urban marketing" concept determined the change of its perception by the businessmen community, local administrations and non profit organizations.

"Urban marketing", "local economic development", "cities competitively" are notions that are often separately analyzed in the field literature. Sometimes, activities specific to urban marketing are

¹ Definitions where collected in paper - Territorio e marketing tra letteratura e nuovi percorsi di ricerca - Liuc Papers, nr. 149, Seria Economia e Istituzioni June13 2004 - author Cecilia Giloi -www.biblio.liuc.it

restricted only to promotion policy, minimizing their importance within local economic development strategies. Urban marketing is presented as a mere strategic process, without being analyzed in correlation with local economic development or cities competitiveness (Bradley, Hall, Harrison, 2002).

Taking into account the urban environment characteristics and the great number of persons and interests involved, the approach of the city problems from the urban marketing point of view is the most suitable, since it is multidimensional, requires an active involvement from the community, which is both subject and also object of the urban development programs. The urban marketing success is conditioned by direct involvement of several socio-economic actors and ensuring the mobility of present and potential urban elements (inhabitants, economic agents building facilities .etc.) that can present the following evolution stages: (1) inclusions; (2) integration with other elements; (3) exclusion. The majority of cities fail to perceive the changes occurred in the urban element condition, and many of them simply object to any change. Urban problems administration is made chaotically, profound crises occurring quite often.

Rebuilding, as a phase of urban change process, requires a strategic planning process, characterized by collaboration of all inhabitants, institutions, using all available resources and their hierarchy according to major interests, the priority of problems to solve and correlation of processes carried out. Urban marketing requires a public-private partnership in order to accomplish the finality of the strategic process (Nelson, 2001). Within such a process, it is almost impossible for the public sector to assume the whole burden of the policy of urban rebuilding.

Urban economic development also implies establishing a long-term marketing strategy oriented towards preserving and developing the natural, economic, human and potential of the local collectivity. Thus, The Stanford Research Institute adopts a general outlook on city development, combines the community development philosophy with that specific to economic development, starting from the idea that a city's attractiveness depends on four U.E community factors (the quality of life, the positive image and the positive marketing, the economic development capacity and infrastructure) and three economic factors (accessible technology, qualified human resources, motivated and adaptable, available financial capital).

The public sector has to give an extreme importance to coordination of all involved actors. It is a key factor in establishing the strategy results and informing the involved parties. The most important role is represented by granting legality to development programs. There have to be restored the confidence and reliability of public activities, to capitalize the inhabitant's initiatives and improving the city's image.

The private sector is represented by the city's inhabitants, associations, which bring not only financial resources but also human resources. The pro active attitude of this sector stimulates change and contributes to a better satisfaction of community's needs. On the basis of this partnership there is the goal of generating action confidence and legality in order to create a stable and durable relation between all urban elements.

The city development vision represents the evolution reached according to citizens' needs and expectations, this influencing all municipalities' actions. This outlook contributes to creating a city identity, which is the expression of a unique system, which, as long as keeps the city in connation with the evolution of environmental factors, offering vitality to it. Urban identity, being a conglomerate of material, psychological and cognitive elements, is an attractiveness factor, segmentation and differentiation factor, which increase and stimulate the city's competitive character. The central thesis at urban marketing is that, despite the external and internal forces they have to face, the community possesses inside the collective and human resources, the capacity of improving the relative competitive positions. A prospective of market-oriented strategic planning ensures communities the marketing tools and the necessary possibilities to keep the pace with these standards. The inter-urban competition compels municipality to administer public affaires similarly in some respects with the commercial companies which have to make profit.

Unlike the difficulties that normal business cycles produce the cities have to face new evolutions within the market global space, on the technological frontiers and in the political economic environment.

These evolutions raise a fundamental question that is what exactly communities can do to survive or to expand. Urban marketing has the difficult task of strengthen the communities and regions capacity to adapt to the market dynamics to avail of favorable opportunities and to keep their vitality.

Increasing and complexity of competition between cities in a rapid changing world economy, augmentation of internal pressure, determine municipality to adopt a more commercial and market-oriented vision in their economic development economies. To think as a profit-oriented firm, municipalities have to conceive and to apply a marketing planning methodology. They should not resort to planning only when they face difficult situation but should to resort to planning exactly not to get into such situation. Market strategic planning, in the context of urban problems has passed through three stages. Mostly, the first stage consisted of attracting manufactures. Its origins start back in 1930's when southern USA cities made sustained efforts to attract companies and investments from the north, promoting their better business climate. During the next 4 decades the competition directed to attracting economic agents did not change too much its goals, methods, arguments and marketing messages. In

their marketing activity, municipalities relied on the hypothesis that they act on a buyer's market, less influenced by the changing taking place on international market.

Their task was to reach the buyers, to discover their needs, to group various incentives under the form of an advantageous offer and to sell the goods. Between the 1970 and 1980 cities passed to the second step, the one of objective oriented marketing. Instead of pursuing a single goal, the one of attracting companies, they passed to a multitude of goals: retaining the existing firms, launching new companies, tourism, promoting exports, foreign investments. At the same time with the intensifying competition between cities, these adopted refined development strategies, based on analysis of competition and market positioning. Municipalities learned to segment their markets and buyers and to direct goods and services towards certain consumers, on the basis of research and analysis.

Municipalities passed from mass marketing of undifferentiated products (incentives) to specialized marketing, with emphasis on specific products adapted to clients' needs and wishes. Cities stressed more keeping and supporting internal markets and resources companies, activity sectors, entrepreneurs, new products and collective resources of the place (universities, research companies, financial institution). In the 90's, cities pass to the third stage, characterized by the vision of developing the product and the competitor's sector. They try to define themselves as distinct places, with some competitive advantages and goods that create value for the target-clients; invest into a diversified portfolio of economic setters, attending at the same time to keep homogenous a group of related activities; they educate the human resources, so that, their citizens could efficiently integrate in an informational society and they invest in the good functioning of a infrastructure to ensure a high quality of life.

The success factors of urban marketing explain the motives for which some municipalities succeed to implement economic development strategies, using the instrument specific to this marketing specialization.

We can consider a real success factor the ability and capacity of municipality to identify a problem and to solve it through the urban marketing practices. In the field literature, there have been identified eight success factors to guarantee the success of processes specific to urban marketing. Figure no. 1.1 represents graphically the grouping of there factors according to their role and importance at the level of municipalities using the practices specific to urban marketing.

The elements positioned in the center of figure (planning group, strategic vision and analysis, city's image and identity, public-private partnerships, leadership) have a determining role for municipalities, these directly influencing the urban marketing activity management.

The other elements (political consensus, world market and local development, fortuitous events) represent the challenges that applications of urban marketing specific procedures have to face.

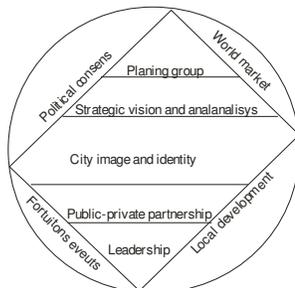


FIGURE 1 - SUCCESS FACTORS OF URBAN MARKETING (SEPP0, 2003)

1. Planning group. This group is a structure responsible for planning and execution of processes specific to urban marketing within a municipality. This group structure present some particularities; if in the American system this group is formed by representatives of public and private sector, in Europe the participants are representatives of public institutions with local and regional authority. In this last case, the planning group is supported by an external consultant and the representatives of local economic agents.

In international urban marketing practice, there is recommended the utilization of a special planning group (Kotler, Hamlin, Rein, and Haider 2002a), having as main attributes: it defines and identifies the main problems the city faces (the SWOT analysis); it establishes the outlook of urban economic development based on the effected analysis; identifies the most suitable economic sectors for the urban community, recommends improvements of infrastructure and territorial arrangements; helps planning the urban marketing specific programs to attract the sectors aimed at (establishes actions plan for the next 10-15 years). Activities specific to public management should be carried out according to urban marketing processes.

The organizational municipality capacity is also reflected in involving and coordinating all actors of local development and urban marketing, in establishing and implementing urban public policy in keeping with efficiency and profitability conditions (Berg, Braun and Winden, 2001). This capacity is reflected in supporting a long term strategic vision, creating a public-private partnership and in the leadership quality. Additional to coordinating role, the planning group (also named the management group) efficiently ensures cooperation and partnership between all actors involved in the urban economic development.

2. Vision and strategic analysis. The vision in the urban marketing represents future projections of computational position held by the city within the market. Strategic analysis implies detailed examination of information about the strategic process elements. Implementing a market strategic plan for a community is more difficult than in the case of private companies. Market strategic planning will not succeed in case of communities where different interests have not been brought to a common agreement.

In case of strategic planning it is important to establish action plans regarding the uncertain future of the urban local community. To make these plans operational, urban marketing management must create systems by which to obtain information about the market, to plan the activities, to implement and to control processes specific to urban marketing, which are always conditioned by available resources and the targets aimed at. For each strategic alternative, the planning group analyses availability of necessary resources to implement these plans. First, it correctly establishes economic activities to which cities want to take part in. The decision regarding the choice of these activities is conditioned by the citizens' needs and the city's capacity to meet these needs. A correct establishment of these activities is crucial for the economic success of the city, as for different market segments there have to be worked out specialized marketing strategies and activities.

There are many elements in direct relation with establishing development vision and strategy, but, unfortunately, municipalities can not administer them according to standards imposed by marketing practices: - a clear understanding of urban economic development.

The vision should be established together with main stakeholders, a larger consensus is needed. Long term and short term objectives have to be defined and understood, and also the operational consequence of the established vision; - Carrying out a correct and specific analysis (SWOT), to select the unique combination of elements of the urban system on which municipality focuses; - Defining segments of consumers and target markets; - The city's products should be adapted to consumers' needs, there benefits being rightly described, in specific terms.

There must be ensured a balance between the actual reality and the expectations created; - Awareness of competitors and consumers' needs; - Determining differentiating elements in inter urban competition.

3. The city's image and identity. The city's image and identity are elements helping to form the city's brand. It is impossible to create a city image without establishing the content of urban identity at strategic level.

At the same time with a clear establishment of the desire identity major image elements are formed. The future image of the city will be the one set by the planning group if urban marketing possesses an efficient communication system.

The city identity represents the way it wishes to be perceived. This represents a unique set of relationships between the component elements. The city identity is a sum of its characteristics, which differentiates it from other cities. Identity is the result of planned activities within the urban marketing programs. The city identity results from interactions of each element of urban system and it is perceived as its sole representation. There are three identity levels: the place personality, the place identity, the place image. Differences between the three levels represent opportunities of improving relations and restarting the city life cycle. The attraction factors selected by the planning group to create the desired image are transmitted to target groups. This attraction factors can be grouped in hard factors and soft factors. The hard attraction factors (infrastructure cannot individually create a unique competitive advantage. There has o be used a combination of these factors, since there is not possible using with maximum efficiency of some of them. The soft attraction factors (knowledge, entrepreneurial spirit) become more and more important in creating the urban product, as they are difficult to imitate by competing cities. The physical elements of the city (architecture) can not alone form the whole message of urban identity, associations with immaterial elements (image) being necessary. The physical elements are not sufficient to create a brand. Focusing on physical elements is easier to accomplish, as cities centered their efforts on buildings, architecture and urban landscape.

A city does not need only a brand but also sub-brands for each market or business domain it is involved in. Each brand needs a different strategy. Marketing communications, regardless the form they have (direct marketing, exhibitions), can be used in urban marketing practice as a link between the identity and the image of the city. The social responsibility of municipality will become a competitive element to be used in creating the city's brand. The organization backing the city's brand should convey a clear signal to consumers about the social responsibility of municipality.

A place's image represents a sum of believes, ideas and impressions people have about it. Images are simplifications of a great number of a mental associations and information, established in connation with that place. Images differ from stereotypes; these are widely-spread, very distorted and simple images, inducing a favorable or unfavorable attitude towards a city. The image is the own perception of a single individual, that is why it differs from a person to another.

A brand's identity is an active element in the urban marketing process; a brand's image is a passive component, without which a city can not decide on the exact form to communicate its identity. The

urban marketing management can only hope that the real image will be created according to the desired and conveyed identity of the city. The image of a city is the result of a complex of long term activities, forming the unique character of a city. Therefore, the image is not easy to copy, like any other activities of operative marketing mix.

The image of a city represents the result of regular process of marketing communications. The image simplifies and organizes the “buying” process of the city, reducing the decision risk. After analyzing the present image and the “product” of the city the image created in the buyers mind can be maintained or modified. The strategic management of image (Kotler, and Gertner, 2002) analyses the determinant elements of the image controls and projects the image among the target groups. The image of a city should be valid, simple, distinctive, reliable and suggestive. The strong competition between cities determined carrying out of simple “cosmetic changes” (modification of public buildings aspect), so that the city look comply with a promotion image. A simple modification of urban aspect does not solve the problems of the image of the city as its whole identity is a decisive element for the image perceived.

4. The public-private partnerships. These partnerships imply cooperation of representatives in two sectors (public/private), as a necessity determined by new changes the cities face. When American and European urban marketing practices are compared it is noticed that European practices imply a less frequent involvement of local economic agents in planning process on urban level, in the USA the mix structures operating for a long time.

The cities attempt to differentiate using an entrepreneurial approach in the market planning process, trying to attract in their marketing efforts the private companies. Organizational capacity can be a problem for all levels of urban marketing and for the whole local development process. Efficient cooperation between private firms and public institutions offer cities a high organizational capacity. Local partnership between economic agents and decision-making political factors is essential elements for the survival of the city in this “inter – urban war”. Urban marketing future practices should give a special attention to making this partnership more efficient, in the context of relationship with leadership in urban management.

5. Political consensus. Political consensus represents the agreement between the political decision – making factors on public affairs administration. This element suggests the strong presence of the political element in urban marketing. At municipality level there are interest conflicts, which can compromise the urban development efforts. The strategic planning process is operational if these interests are agreed upon and there is a single decision making structure. The decision making process in urban marketing should not be divided into many parts according to the actors involved.

6. The world market and the local development. The world market and the local development are considered together, as the two perspectives; local and global of city development are strongly related. The “world market” term suggest that cities have to take part in the international competition to attract resources and acquiring new markets. “Local development” indicates the importance that municipality has to give to local urban development in order to be a strong competitor on international market.

The world market implies a harsher competition, but this also involves creating new opportunities for the city. In urban marketing, municipality has to establish local economic development programs approaching an international perspective on segmentation and positioning.

Even the small towns can find their own segment on the market they can be superior to other urban communities. In this case, municipality should know very well its competitive position, in order not to establish unrealistic development objectives. The strategic position should be rightly set before a city make his presence known on the international market.

7. Fortuitous events. Fortuitous events deserve a special attention because the active role they may have in the urban marketing processes. These do not have a high frequency, but can affect the performances of municipality, sometimes influencing the investment decisions. Many decision factors do not always act according to a well- done marketing strategy.

Once the implementing process started, there may appear a series of fortuitous events to change the course of marketing processes.

The events can have both positive and negative effects. (The European Union expansion can be seen as an event with positive connotations for the member states cities, as there potential market increased). Negative externalities are caused by increasing production and consume, when the private marginal cost does not equal the social marginal costs.

The control of negatives externalities is a very important instrument in urban marketing. Cities registering positive economic results succeeded to maintain a balance between the private marginal cost and social marginal costs, being economically more efficient.

8. Leadership. Within urban marketing, leadership represents the general capacity of municipality to coordinate the complex processes of this specialized marketing field, to set strategies and to obtain organizing power. Municipalities should involved stakeholders so that they could be “heard and understood” and at the same time to accept its decisions (Clark, 2002).

The leadership term indicates practicing an efficient public management, representing a success factor in urban marketing (Kotler, Rein and Haider, 2002b). Leadership can be considered an important element for economic development and urban marketing. In many cases leadership may be the determining element in the city competition. Leadership can decisively help municipality to advance even if the city owns insufficient "heart" factors. Public management organizes and coordinates the urban marketing processes. Public management offers the guarantee of a successful urban marketing, limiting as much as possible the political factor influence. In the public sector, there are discussions regarding managerial practices and urban resources management. An agreement has not been reached as to the modality of administering the urban marketing processes and the extent to which the practices from the private sector be implemented in the public sector.

The aspect presented certifies that the success of urban marketing practices depends of the inter-connections between the above elements. The planning group, the strategic vision and analysis, the city identity and image, the public-private partnership and leadership are active factors that a city can use within urban marketing activities; they characterized a capacity of urban policies implementation. The other four factors (global markets, local development, political consensus, fortuitous events) represent challenges of urban marketing environment.

Urban marketing is a continuous activity to be adapted to take into account the changing economic conditions and the new opportunities. Urban marketing tasks undergo a permanent change, while new activity sectors are created, new technologies appear, companies expand, and old business diminished and merged. While conditions and clients change, products should be modernized and improved and new products should be designed to satisfy new needs. Some characteristics of cities are able to permanently resist in the new economic context: a well-prepared and qualified work force, basic infrastructure, technical equipment, schools, universities, research centers. Nevertheless, instruments and programs required to support these programs are in a constant process of assessment, reformulation and change. These changes are caused by increasing inter-urban competition, considered the key element of approaching the urban economic development from the urban marketing perspective.

Urban marketing processes start with city analysis and defining the strategic mission and vision. The SWOT analysis is a technique, recommended to synthesize the strong points and the weaknesses of the city, opportunities and environment threats. No development strategy can succeed without a previous detailed analysis. All involved elements (from strategic analyses to activities assessment and control) lead to achieving the same objective: **creating value for community**. If in case of private

companies we can talk about obtaining profit, marketing, in case of local communities aims to creating value. Selecting marketing tactics depends on marketing strategies and municipality objectives, each strategy requiring a different mix of activities (Kotler and Gertner, 2002). As a particularity, marketing tactics and strategies have in view increased threats (tactics, including spatial/functional aspects), by redefining architecture, rearranging open spaces, improving the quality of environment factors).

Political element is strongly involved in urban marketing process. Many times, municipality (the politicized public institutions management) consciously distorts the message conveyed, this leading to situation in which realities of the city (as a product) differ from those presented by marketing communications. A non-politic public management should be the guarantee of urban marketing success limiting the influence of political factor. To limit the political influence, cities should give a grater importance to the strategic planning process, more than satisfying the elective needs of the present, to incorporate the market more general perspectives within the community evolution.

According to Kotler (Kotler, Haider, and Rein, 2001) the main elements composing urban strategic marketing are presented as follows: the initial task is to form a **planning group** made of citizens, businessmen and local authorities. This planning group ensures the importance of collaboration between the public and the private sectors, as well as the need to involve all the beneficiaries in the effort of modeling the respective place future.

The mission of the group is threefold: first it has to define and analyze the state of community, the main problems it has to face and their causes. **Secondly**, it has to conceive a perspective solution to community's problems based on a realistic assessment of available values resources and opportunities. **Thirdly**, it has to elaborate a long term action plan with some intermediary investment and transformation stages.

The planning group has to initiate a market oriented strategic planning process. Studies conducted on planning groups indicate that various forms of strategic planning are used, as an auxiliary managerial instrument to set fundamental action directions, objectives, and resource allotting.

Both European and American municipalities² offer examples of organizational structures playing a role of organizing, coordinating and controlling urban marketing activities: (1) the Danish municipality administers marketing activities in Greater Copenhagen Region by Copenhagen Capacity, whose management group is made of 13 members out of which 7 are appointed by political criteria; this planning group organizes quarterly meetings when there are taken decisions regarding the promotional

² The information is published on the following websites: http://www.copcap.com/copenhagen_capacity; <http://www.bas.stockholm.se>; <http://www.chicagobusiness.com/>

campaigns, ensuring cooperation relationships between stakeholders, local development coordinates; (2) in Stockholm, the Danish capital, act two planning groups, one made of representatives of political forces, the other one made of exclusively by public representatives of regional stakeholders and of private companies; (3) in the Northern-American municipalities (Chicago) no such a group is officially constituted, many organizations activating within urban marketing, sometimes this carrying out similar activities; World Business Chicago (WBC) and the Department of Commerce and Community Affairs are ruled by management specialized colleges.; WBC management comprises 21 members, the presence of business community representatives leading to the efficiency of economic planning activity.

The long term solution implies the improvement of four marketing essential factor, present in any community: (1) ensuring supplying of basic services and maintaining infrastructure in the benefit of citizens, firms and visitors; (2) creating new attraction elements to lead to an improvement of quality of life to justify the support granted by the state and existing firms to attract new investments, firms and inhabitants. (3) promoting improved life characteristics and conditions, by an accurate image and communication program; (4) obtaining support by its citizens, leaders, existent institutions, to become an attractive place for new firms, investments and visitors. The four marketing factors influence the success of the city in attracting and satisfying the five potential target markets: producers of good and services, headquarters of regional firms and offices, foreign investments and export markets, the hotel and accommodation industry and new inhabitants.

This limited enumeration is not suitable as long as organizations administering local economic development have to establish relations with various public categories. The target segments are interest groups, the urban management has to offer a goods and services portfolio in accordance with this interests, with municipality's intensions and opportunities. There are two categories of public ("consumers/clients"):

1. "Internal clients": city inhabitants, work force and companies already developing their activity on that area, these being the stakeholders of public administration activity.
2. "External clients": citizen outside the community, companies which do not perform on the administered territory, tourists, financial institutions.

The criteria of this dichotomy are the objectives determined their relation with the territory. The relation connecting territories with categories of external public/clients is the attraction the territory effect. This relation gets stronger if public institutions .promote policies to encourage companies, investors, tourists or other categories of public to settle within that area. The relation connecting territories with categories

of internal public is stakeholder's satisfaction (citizens, companies) and organizations involved in local strategic planning (chambers of commerce and industry, consumers' organizations)?

There is noticed a "circular relation" between internal satisfaction and attracting new consumers (fig. no. 2), leading to an increasing value of territory. The more attractive the territory, the more it will enjoy a greater attention from the public, leading to increasing stakeholders' satisfaction by incrementing the value of territory. This value increase should encourage stakeholders to accept efforts and investments necessary to augment the territory attractive character, thus establishing a relationship between satisfaction – attraction – values.

There is a third category of public, not being in an exchange *relation* with territory, its relation being a *management* one: *public institutions*, which plan and administer a territory, taking into account stakeholders' interests. Public institutions should direct their activity to generating satisfaction and increasing attraction based on the authority they were invested with. If political representatives in public institutions observe stakeholders' interests (generating satisfaction and increasing the territory value), their activity will be paid off by being given votes by inhabitants and by increasing earnings sums charged to the local budget (as a result of big profits obtained from competitive advantages obtained owing to their location and external economies).

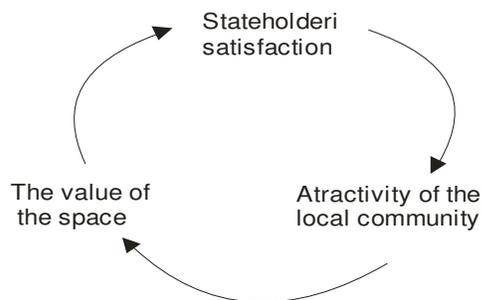


FIGURE 2 – DIRECT RELATION BETWEEN STAKEHOLDERS' SATISFACTION³ AND VALUE OF URBAN SPACE

The city's inhabitants should constitute the main target segment aimed at by established urban marketing policies, without neglecting regional, national and international environment evolutions. If the city succeeds to meet the needs of outside segments (tourists, investors, highly-qualified work force), more employment opportunities will be created, direct incomes of the city's population will increase and

3 Natural persons, legal persons, their groups, institutions and organizations, excepting shareholders, whom the board of directors of an organization community is interested to involve or influence to support the activities and aims they promote. These groups include the main creditors, employees, customers' community, environment, etc. Sometimes, this term is understood as an interest group, interested factor, a person interested in the result at public administrations decisions (CEDO Document - Stability Pact – South-East Europe Agreement for reform, investment, integrity and economic growth – White Paper for administration of corporations in south-eastern Europe. – <http://www.sigmaweb.org>)

also those of local administration, which will be able to finance new development programs. There is a tendency of concentrating municipality efforts on improving conditions for the business environment, inhabitants' problems (pollution, criminality, and green areas, increasing traffic) often holding a secondary place in local authorities concerns.

Existing competition between territorial systems and exchange relations (territories – stakeholders) justifies treating the territory similarly to a company and using marketing strategies and policies in the activity of administering the territorial. The competition between the territorial system is similar to that between the companies, communities offer specific “products” for “consumers” within various markets.

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There must be taken into account differences between the two elements of the dichotomy (territories – companies), as territorial systems particularities are very important.

Establishing a similarity with companies, communities find themselves in the situation of setting exchange relations with “consumers” to whom they must offer attractive goods services. Similarly to companies, territorial systems should create,

Protect and augment their competitive advantages, no matter they are applied on macroeconomic or microeconomic level.

From the presented aspects we can conclude that urban marketing implies analysis of stakeholders' and consumers' / markets' needs to maintained and develop advantageous exchange relations between stakeholders (urban internal marketing or between those and categories of external public (urban external marketing)), having as a final end increasing value and attraction of community by activating the inter-conditioned relation satisfaction-attraction-value.

In present urban marketing became an outstanding characteristic of the strategy of local economic development that also implies establishing a long-term marketing strategy oriented towards preservation and development of natural, economic and man-made potential of local communities. The old strategies of promoting local collectivises are no longer valid in the context of markets in a continuous and rapid change. To be effectively competitive, these communities have to ground their local development strategies also from the marketing prospective. Thus, local communities can be promoted in the same

complex way as any product or service from the private sector. The marketing instruments can be adapted to the problems of communities that promote their development potential to create a brand backed by a well- individualized identity.

The theme under attention emphasizes including into economic development strategies of some objectives connected to creation of some competitive advantages for the city. These competitive advantages can be achieved by: - sustaining local economic agents; - creating a durable relation between the academic, civic and economic environments; - active and continuous involvement of community in administering public issues; - creation of relationships between actors on various levels of public authority and the business environment to develop new markets and best utilization of investment opportunities.

An increased and more complex competition between cities in a rapid changing world economy, amplification of internal pressing conditions, determines municipalities to adopt a more commercial outlook, oriented towards the market in their activities of economic development. In order to think as a profit-oriented company, municipalities have to create and apply a methodology of marketing planning. They should not resort to planning only when facing difficult situations, but also to resort to it not to get into these difficulties. In this context, working out instruments and techniques of implementing urban marketing becomes even more necessary.

At the same time, an important role in elaborating urban development strategies will have the understanding of grounding the actions from the prospective of durable development of the cities. By the Communicate on Durable Urban Development in the EU: a Framework for Action (1998 COM (98) 605), the European Commission pointed out the importance of a suitable assessment of the existing and planned activities in order to sustain the local durable development and the need of exploring methods of monitoring progress as to the 21 Local Agenda. The main idea that grounded the initiation of this action was that a durable city is more than a city with a clean environment. Therefore, the indices of local durable development must be worked out taking into account more than the traditional environment indices and will be considered behind the sector approach, where these indices are perceived as separated environmental, economic and social indices, without reflecting the connexions between these domains. To make a real progress towards working out better and newer monitoring practices, it was considered necessary to identify some representative indices for the durable local development, for example, integrated indices to reflect the interaction between environment, the social and the economic aspects. Since this exercise is carried out to obtain better monitoring practices, it was also considered that defining of indices should be done on the basis of present development and this

way new necessity may appear related to collecting data. Therefore, the solution consists of identifying these necessities of collecting information and also creating a soft to allow centralising all data.

Taking into account the theoretical aspects presented, we can identify at municipality level the preliminary conditions that sustain the urban marketing activity, as an efficient tool for the durable and sustainable local development and for an increased competitiveness of the city. These conditions are similar to those imposed to similar firms acting in a competition and instable environment. By meeting these requirements there are in view establishing and implementing the strategic planning processes that can be affected on the level of a whole city or only at some activity sectors level. There must be pointed out that procedure specific to urban marketing are efficient only if municipality owns human resources specialized to administer efficiently activities in conditions of coercion generated by the environment they are into (insufficient financial and material resources, political interferences, environment instability).

3. Preliminary conditions for implementing the urban marketing processes

1. Accepting utilization of urban marketing by the urban community (internal forces) - This condition is to be met since cities have to adopt new strategic methods and plans to maintain or intensify the competition advantages. Urban marketing is a strategic instrument, helping cities to achieve their development goals.
2. Establishing a strategic vision – implies formulating an answer to an important question: "How do inhabitants and economic agents want their community evaluate? "Identifying the vision is the first step previous establishing development objectives.
3. Realisation of a partnership between local public authorities, economic agents, inhabitants (presenting common interests) - Co – operative marketing –Development of the city must draw attention of all actors, regardless the interests they represent. There must be sustained the idea of a cooperation relationship between the two sectors to implement the market – oriented strategy.
4. Creating special public structure to have as main attribution promoting the city. The activity of this structure has to be carried out similarly to those from the private environment. – This structure must be a public one as the processes of urban marketing are under the municipality control. This is a difficult activity in many cases. Even if actions associated to industrial, technological, promotional regard more the private sector, municipality has to hold the main role as the products of urban marketing consist of the city image. To promote this image efficiently, municipality has to guarantee to stop political

interferences into activity of this structure, as there is the dangers of political interest prevail over the public one.

5. Allotting in the local budget of public expenses determined by the activity of promoting the city image and the operational costs of the above mentioned structure – It is very important for the municipality to hold the institutional and financial capacity to be able to sustain and to promote efficiently the city image. It is important adopting multi-annual budgets based on projects on local community level coordinated with utilization of management through budgets, objectives and costs, to adapt the managerial and financial tools.

6. The financial resources granted to this activity should originate from taxes charged on the economic activity carried out on the city territory – Previously it was mentioned that the partnership between the public and the private sectors is one of the most important elements to ensure the efficiency of the urban marketing activity.

The financial support from private companies is associated to two participation levels: a) obtaining benefits which

Regard promotion and support of activities on international markets, participations in trade fairs and exhibitions; b) to sponsor promotional actions that regard the city and municipality image

7. Effecting SWOT-PEST analyses- The SWOT analysis must identify strong points, weaknesses, opportunities and threats of the city in order to identify: a) the city capacity to implement development strategic plans; b) structures and relations existing between organizations; c) decision making factors on municipality factors; d) the most productive economic agents; e) the main problems of the city; f) quality of life factors in the city;

g) quality of municipality – community relation; h) interdependency of the city and its relation with other similar cities and towns. The PEST analysis refers to the impact of political, economic, social and technological factors characteristic to national and international environment. These two analyses answer three questions: which is the present position of the city? Which will be the further evolution of the city? Which are the methods used to achieve the established objectives?

8. The creation and management of the city image (based on the city vision and individualising characteristics) – The image of the city is the determinant element of citizens- municipality relation, being the product of inter-conditioning of elements defining the urban environment. The image strategic management implies the analysis of the following: a) which are the factors determining the city image;

b) how can the city image be quantified? c) which are the modalities by which the city image is created?; d) how can the city image be conveyed?; e) how can a negative image be corrected?

9. Developing a market analysis (the external city environment) – It is necessary and important since allows: a) collecting and assessing data as to urban development evolution; b) assessing the potential, needs and expectations of target markets; c) effecting experience exchanges with other cities; d) best utilization of development opportunities; e) an efficient partnership with international organizations; f) the analysis of competitors

10. The internal environment analysis- It is necessary and important since allows: a) envisaging the city according the interests of citizens, economic agents, visitors, non- governmental organizations and public authorities; b) identifying the position on target markets; c) analysis established between citizens and public authorities; d) evaluating the public –private partnership.

11. Segmentation of internal target market – This process regards making use of some specific segmentation criteria, to identify the markets and the right positioning on them. Urban products and services are simultaneously offered to various target segments (different income levels, different attitudes, different buying behaviour, etc.)

12. Segmentation of external markets – It is made according to criteria established for internal markets. This segmentation is useful to urban marketing specialists as there are identified external institutions and organizations, development agencies or local public institutions for potential partnerships. It is important for development of the city to assess potential target markets taking into account the (positive/negative) impact on the urban environment and suburbs.

13. Creating a promotional package by the municipality (strategy, promotional techniques, promotional techniques, time limits) according the urban characteristics – The promotional package structure regards assessment and selection of the most suitable methods and techniques necessary to promote and support the city image, especially the distinguishing attributes. It requires specialized knowledge taking into account selection and implementation of actions with a view to creating an attractive and competitive image on the target market

14. Stating definite actions, establishing alternative scenarios of flexible, adaptable action plans – Using different scenarios for each action is required by specific needs of each domain aimed at by the development strategy. Urban marketing specialists have to create flexible action plans based on particularities, strong points and weaknesses of urban environment.

15. Establishing some feed-back, control and assessment procedures of urban marketing policies impact on development of the city. –This phase is very important since it has as a result obtaining a clear image of urban marketing policies result. There are evaluated the results of each action in correlation with the impact it has on the economic development and city competitiveness.

At the same time, there is known the existence of numberless barriers presently limiting the efforts for urban development on durable principles. These refer to the fact that: - in many cities, local administration is weak and does not have enough authority , being given responsibility without suitable funds ; - an internal market has been created without setting prices to reflect real costs, including social and environment costs. Unsuitable still offer wrong motivations; - progress and success are still measured in terms of economic growth instead of terms of durability. On the other hand, the unprecedented development of technology and rapid changes caused by informational technology innovation will profoundly affect the citizen's way of living, the way the very city functions and the way citizens identify themselves with their city. Thus, in a dual economy, with globalization and localization tendency, cities need maximizing their influence on the way the local micro-economy is involved in durable development These should reflect more strongly the global impact of local actions. The unprecedented volume of knowledge, the innovating capacity and new technologies can be an opportunity for cities as innovation and solution centres, context in which cities will improve their competitive attributes, will become more durable and grow into more attractive places. Within this approach, an important role will play the assessment of marketing policies impact on durable development of urban communities.

Previous results of the team refers to: present concerns as to durable urban development problems in the European Union development of a durable urban profile for local communities, identification of further orientations regarding Romania's durable urban development policy.

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