

The development of tourist and industrial districts in South Italy: A strategic marketing perspective

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Abstract

Due livelli d'indagine, sia teorica che empirica, sono perseguiti in questo studio. In primo luogo, la ricerca estende un modello strategico di marketing territoriale (Guido 2000) – finalizzato all'analisi e allo sviluppo dei STL – riconoscendo che il problema competitivo dei sistemi locali non è la statica allocazione delle loro risorse disponibili ma piuttosto la riproduzione dinamica e continua di vantaggi competitivi, strumentali al raggiungimento dei miglioramenti economici, sociali e territoriali. In secondo luogo, si sostiene che ciò può esser fatto attraverso lo sviluppo sostenibile e l'accrescimento della vocazione turistica e industriale dei cluster territoriali, come dimostrato da una applicazione sperimentale del modello summenzionato ai STL del Salento, in Puglia, un'area tipicamente multi-vocazionale.

Key words: Marketing territoriale, ambiente strategico, imprese distrettuali, analisi fattoriale.

Two main levels of inquiry, both theoretical and empirical ones, are carried out in this research. First of all, the study extends the strategic model of territorial marketing (Guido 2000) – aimed to the analysis and development of LTSs – by recognizing that the competitive problem of local systems is not the static allocation of their available resources but rather the dynamic generation and continuous reproduction of competitive advantages, which are instrumental to the achievement of economic, social, and territorial improvements. Secondly, it acknowledges that this can be done through the sustainable exploitation and enhancement of tourist and industrial vocations of territorial clusters of cities as it is shown in an experimental application of the above-mentioned model to the LTS of Salento, in Puglia (South Italy), which is typically multi-vocational.

Key words: Territorial marketing, strategic environment, district firms, factorial analysis.

1. Introduction

Both the definition of local systems and their ways of development (Guido 1999) pose problems in adapting the strategic marketing approach used in business to the specific sales conditions of the territories. These difficulties can be grouped together under two headings (cf. Ashworth e Voogd 1995): those concerning the peculiarities

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of territories, as marketable products, and those deriving from the objectives of the territorial marketing. As far as the first problem is concerned, the main reason why territorial products vary from many other products on the market is their compound nature. Territories are "peculiar products" as they can be defined either in terms of *structures* or *organizations* (yet, only the second type of definition succeeds in highlighting their nature). In formal terms of *structures*, which simply consider their spatial dimensions, territories are containers of localized packages of (urban, morphological, ethnical, etc.) elements, which characterize those places (or rather those geographical areas). In functional terms of *organizations* – which is a more suitable description of what they really are – territories are "Local Territorial Systems" (LTSs), which define types of social and economic relations and interactions to co-ordinate working relationships within the defined (or definable) spatial limits based on models of analysis. The territories concerned in marketing have three aspects in common: in addition to the spatial dimension (territory), there is a productive (economic) dimension, characterized by firms operating in the area, or also dynamically connected by means of network, and a social (cultural, political, institutional) dimension, such as a homogeneous system of shared values which characterizes those areas.

The second difficulty lies in the specific aims of territorial marketing which differentiate it from the marketing of firms manufacturing goods and services. In traditional commercial marketing, the strategic aims of the financial survival (growth of profit and reduction of overall risk) and the maximisation of sales (expansion of the company and growth of the market share) dominate to such an extent that they are evident. In territorial marketing, however, due to the fact that it is the direct or indirect result of a collection of actors (bodies and organizations), mainly public but also private, the precise aim can seldom be reduced to a mere calculation of sales units. The "strategic" aim of a marketing approach of LTSs seems to be "development", that is a general improvement in the economic and social conditions of the system's stakeholders. Attraction of new investments, tourism, cultural appreciation and headquarters of large multinational companies can only represent an instrumental goal in reaching the real strategic aim (which is *development*); just as for commercial businesses the search for competitive advantages of cost, differentiation, specialization, make up the instrumental goals in reaching the real strategic aims of the company (e.g., maximum profit, maximum market share, maximum size, minimum risk, etc.).

2. The strategic environment in the marketing model of LTSs

Let us assume, initially, that "territorial marketing" is, in fact, a *marketing of territorial systems*, with the aim of the "sale" (or rather use) of territorial organizations (such as multi-dimensional products); and it is also a *social marketing*, because it has as its strategic aim the sustainable development of the community concerned. An interpretive model of the pattern of development of a territorial

economy has been advanced by Guido (2000), considering – among the fundamental elements of a territorial marketing strategy – the strategic environment, as one of particular importance in order to define the specific vocations of territorial clusters.

The *strategic environment* in territorial marketing is made up of a LTS which shows the same strategic vocation. In a business marketing approach, the main strategic environment consists of the characteristic parts of the outside world where the company operates, the so called *strategic business areas* (SBAs); such areas are identified usually using multi-dimensional criteria according to demand and supply. In territorial marketing however, an *a priori* criterion, based on supply, is more appropriate, given the unusual features of the product in question, made up of LTSs which are characterized by a spatial (morphological, historical, ethnic etc.) dimension which immediately conditions the type of market to aim at, and the strategies to adopt. Indeed, although this might appear to be in contrast with the same principles of firms' marketing orientation, it is now recognized that the definition of the competitive environment of territorial marketing must begin by considering the existing resources and competences which make up the local heritage – and what part of it should be expanded and capitalised on – which determines the specific *vocation* of the territory. In other words, place marketing is the sale of what is possessed, attempting to adapt the supply to the demand, by means of a careful definition of the product, taking the resources of context of the market demand into account (Asworth e Voogd 1995). The territory's specific *vocation* is usually of two types (Golfetto 1996), and conditions the "product" which one is better able to offer or produce compared to that of the competition. Namely, it can concern LTSs with a *productive-industrial vocation*, including industrial territories and areas – where mainly manufacturing industries have been located up to now – and also tertiary territories and areas – where mainly areas of services for businesses and the like have set up. It can equally concern LTSs with a *recreational-tourist vocation*, where the spatial dimension of the system is directly linked to territories with resources, often natural resources, which allows for the acquisition of tourists and visitors, as well as specific productive structures (hotels, restaurants, etc.). The marketing problem, therefore, for territories with a productive vocation initially refers to the acquisition of business structures, whereas for territories with a recreational vocation it refers to the acquisition of tourists. In each case it is necessary to remember that the purchasers become part of the territory's collection of resources and contribute in shaping the new supply.

The specific vocation of each territory can – where capitalized on – provide a competitive advantage of specialization; however this does not exclude other competitive possibilities of LTSs. Because the spatial/territorial dimension is only one of the three dimensions of each "local territorial product/system" object of place marketing (together with the economic and the social dimensions), at least when referring to productive areas, the supply to businesses and foreign investments exceeds (or should exceed) the mere supply of "setting up businesses", which is limited to the spatial dimension, to focus on the supply of "framing up businesses", which is defined on a larger number of dimensions. This distinction is clear, for

example, in the marketing of cities as stated by Golfetto (1996, p. 107), “if at one time, the supply was mainly concerned with purely industrial areas, (urbanized land), or at the most business parks (e.g., lands with tax concessions), today more often than not it concerns the possibility of setting up activities within entrepreneurial areas [...] even if the latter actually belong to other territorial agglomerations”. The increasingly intangible aspects of the supply (e.g., services) show that the object of territorial marketing – and therefore the related competitive environment – is not simply the territory on offer, but the territorial system in all its complexity, which the spatial aspect may be relative to – as in the *milieux* and business networks (see Guido 1999). As far as the competitive (or, more generally, relational) characteristics are concerned, the dynamic articulation of territories in “networks”, or systems based on the presence of territorial areas specialized by functions or by specific productive sectors, gradually leads to relationships based sometimes on cooperative sometimes on competitive logic, either in order to exploit the synergy and competitiveness, or to appear with a more or less specialized image to capture the resource or business market of various sectors.

On one hand, the network searches for the benefits of this synergy but, on the other hand, it tries to balance internal tensions between cooperation and competition, as well as between specialization and integration. Furthermore, networks allow potential benefits to materialize, which contribute in creating and strengthening the competitive advantage of each local productive system. This occurs in various ways (cf. Eser 1997; Guido 2004; Knott 2003): the increased simplicity in spreading innovation, in practical terms the transfer of services, labour and goods; the reduction of transaction costs, an increased transparency of the markets; a greater opportunity of learning through cooperation. The network similarly allows a competitive environment, which is directly related to the territory, to be overcome in favour of a more developed organizational system, capable of managing new and more complex structures. This does not lead to a fall in competitiveness both because fairly well-known forms of competition between different areas co-exist within the network, and because, above all, the network itself is a way of facing large scale competition. Indeed in Castells’ (1996) logic of the “space of flows”, instead of being considered as centres of functional areas, territorial contexts which reflect the identity of local systems are seen as nodes in the flow of information, capital and power which assist investment and the achievement of the strategic aim of local development. Territorial competition, therefore, is not only recognizable between individual areas, but also between areas in the network or networks of centres. When this phenomenon occurs it creates a different model of the territorial impact of the consequences of competition. In conclusion, the network should lead to a system of localized and specialized *know-how* nodes, linked by agreements concerning cooperation, financial alliance, technology and marketing (Vartiainen 1995): the territorial contexts do not become irrelevant due to the network logic, but two way flows are set up either between local centres and between national and international centres. The result of these processes could be called *glocalization*, which defines centres characterized by horizontal and overlapping forces and shared

interests, which are interconnected at both global and local levels (Swyngedown 1992). The grid shape of the strategic environment is in line with the global/local logic of the units of analysis which make up the LTSs. Such a model can be shaped – not alternatively but at the same time – both in networks which are closely linked to the territory, and in virtual networks (Guido 2002). That is why it allows for the shift from the study of local systems (districts) to the study of the interdependencies and interactions between actors involved (e.g., cities in the territorial system).

3. The definition of LTSs in the Salento area and the development of their strategic vocation

On the basis of the model presented, it emerges, at first, that the definition of the boundaries of the unit of analysis and intervention of development strategies, does not necessarily derives from the area's administrative boundaries of (industrial or tourist) districts, but from similarities in economic and social, as well as spatial order, which unite different cities in a territory. Secondly, it is necessary to dynamically exploit the resources which come from the territorial vocation of the local system to continuously reproduce the competitive advantages, leading to the development and the economic growth of those territories.

With the aim of substantiating these two fundamental aspects of the model, an empirical research was carried out in all 97 cities in the Province of Lecce, aimed, on the one hand, at defining the city clusters based on their territorial, economic, and social homogeneity, rather than defined on the mere geographical proximity (as they have been so far by the local Administration, i.e. the Provincial Government, in its studies for the development of Salentine tourist districts) and, on the other hand, at defining the industrial or tourist vocation of these clusters, evaluating quantitatively on the basis of specific statistical analysis, which variables to intervene on, in order to increase the system's development.

The definition of city clusters in the Salentine territory

The research had, as its first aim, the definition of clusters of the Salentine LTSs (within the Province of Lecce), based on similarities belonging to the model's three dimensions – social, economic, and spatial – and not only on geographical proximity. Data which had been collected by D'Elia (2004), for a dissertation carried out under my supervision, were used in order to illustrate the homogeneity between differently structured clusters of Salentine cities.

Variables and procedure. More than 93,000 data were collected and a cluster analysis was carried out, using the Ward method, with Euclidean distance and z-scores, on 968 variables divided into three groups: for the *social dimension*, demographic characteristics (age, sex, marital status, family units, etc.); mobility of the population (natural and migratory), social condition of the residents (level of

education, employment, social hardship, etc.); local work ethics (socio-economic relationships which are established between residents of different cities); city unions and the local "Agenda 21" (namely, a facility available to the City Administrations, able to bring together different local interests regarding the path of sustainable development); for the *economic dimension*, wealth (owned or perceived) by the residents (i.e., the value of property, per income band; pensions; the renewal of TV licences; banks; etc.) and by the firms (structure and stability of the goods produced, sector specialization and organization, size; local units; commercial enterprises; large scale distribution and supermarkets; value added; certificates of origin; business management systems certificates; etc.); and the *spatial dimension* considered not only as a physical geographical place, but also as a container of resources and other elements (for example, commercial businesses, roads, local units, churches, vehicles in circulation, etc.), carrying out the analysis from a morphological-landscape point of view (agricultural land, natural resources); by considering territorial heritages (wealth of buildings, historic, artistic, archaeological and architectural resources; dimensions and structures (city areas, population density, distance from provincial capital and the number of fractions which belong to each city, etc.); infrastructures and contextual elements.

Results of the cluster analysis. At Level 7 (out of 25) of the cluster analysis the Salentine LTSs corresponded to four main clusters. The first cluster, which was called "Large Central", is characterised by a pronounced social homogeneity: it is made up of 56 cities (see Figure 1) divided into two groups – 84% of the cities fall into one group, whereas only 16% fall into the other. The economic dimension of the cities does not represent an important factor, whereas a high level of spatial homogeneity was registered, with 86% of cities in the same group. 55 out of the 56 cities border on at least one city from the same territorial system, 48 on at least two and 46 on at least three. Only the city of Alliste is isolated from the others in the same cluster. 7 cities out of 56 are coastal (7 out of 23 of the whole province).

The second cluster was called "Coastal" as all of its 10 cities are on the coast, forming three separate groups of cities (Figure 1). The "Coastal" has the greatest degree of social homogeneity. The economic dimension does not represent an important factor in the formation of this LTS, as opposed to the spatial factor which notably influences the characteristics of this system. 9 out of the 10 cities border with at least one other city from the same cluster, 6 with at least 2 and 1 with three.

The third cluster was called "Western" because it lies mainly inland (see Figure 1), although 5 of its 30 cities are coastal, including Gallipoli, Nardò and Tricase, well known tourist resorts. The "Western" system, is the least homogeneous of the four clusters as far as the social point of view is concerned. Also because of this, the economic aspect is not a factor which characterizes the cities in this cluster. The spatial dimension however influences its formation. 25 of the 30 cities border on at least one other city from the same cluster, 18 on at least 2 and 13 on at least 3.

Finally, the fourth and last cluster, "Capital", has only the one city of Lecce, situated on the coast in the North-East area. The city of Lecce, taking all 968

variables (social, economic, and spatial) into consideration, does not appear to have characteristics which are analogous to those of the other cities which make up the Province of Lecce (Figure 1). The results of the cluster analysis show that the cities which are most similar to Lecce, are first Nardò, followed by Gallipoli, Tricase, Casarano, Maglie and Galatina. These are the largest cities in the province both in terms of population and land area.

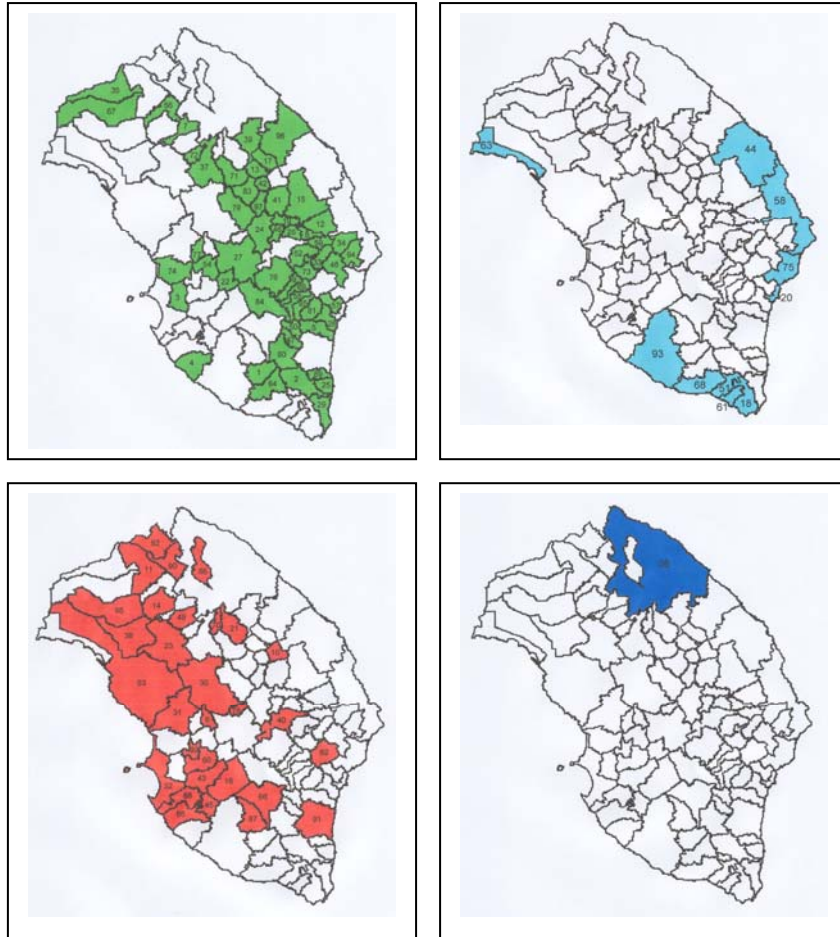


Fig. 1: Four local territorial systems (in a clockwise direction: Large central cluster, Coastal cluster, Capital cluster, and Western cluster)

Source: D'ELIA R., "La misurazione e il posizionamento dei sistemi territoriali locali salentini: Un modello di *place marketing*", University of Lecce, 2004.

In conclusion, a high degree of homogeneity emerges from the cluster analysis within the LTSs already entirely established at Level 7 of the resulting dendrogram. The LTSs which are most similar are “Coastal” and “Western”, which meet at Level 9, whereas the “Capital” cluster is clearly different from the others in the province. Both the spatial and the social dimensions are the most homogeneous amongst the four defined systems.

The validation of the model of territorial marketing and the ways of development of territorial vocations of Salentine cities

The second objective of this research was to find a preliminary empirical evidence of the above-mentioned theoretical model of territorial marketing, on the basis of the data collected in the Province of Lecce. Once the validity had been tested, information on the three founding dimensions of the model was used to infer which variables need to be focused on, in the policies of territorial development, in order to encourage specialization of the various clusters – that is their (productive or tourist) vocation – and reach the development of the territory.

Validation of the model. Firstly, in order to empirically test the validity of the theoretical model proposed, a three-factor solution confirmatory factor analysis was carried out on the 968 chosen variables, based not only on a geographical type of contiguity, but also on the simultaneous social, economic and spatial homogeneities of the units of analysis (specifically, the cities which make up the representative clusters of the LTS). The factorial analysis, carried out using the principal component method and Varimax rotation, gave confirmation of the existence of the three territorial sub-dimensions, as indicated in the model by Guido (1999, 2000). On the basis of these three components – Component 1, called “Social dimension”; Component 2, “Economic dimension”; and Component 3, “Spatial dimension” – which explain 46,4% of the variance, a grid of the positions was drawn up (Figure 2), where the cities were inserted according to the three above-mentioned dimensions.

Ways of developing the territorial vocation. Secondly, a two-factor solution confirmatory factor analysis was carried out, using the principal component method and Varimax rotation, in order to position the cities according to their industrial or tourist vocation, in regards of all 968 variables. Considering the two chosen factors as Cartesian dimensions – called Component 1: “Industrial Vocation”, and Component 2: “Tourist Vocation”, both explaining 41,44% of the variance – the resulting grid of positioning (Figure 3) allowed relevant conclusions to be drawn concerning the development strategies to adopt.

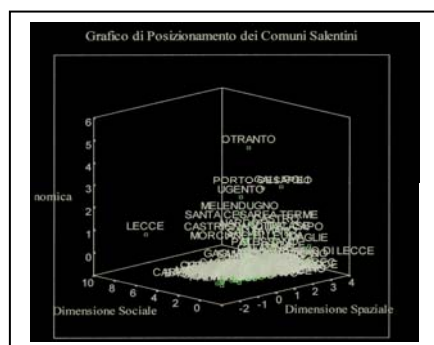


Fig. 2: Grid of the city positioning on the basis of the three (social, economic, and spatial) dimensions of the model

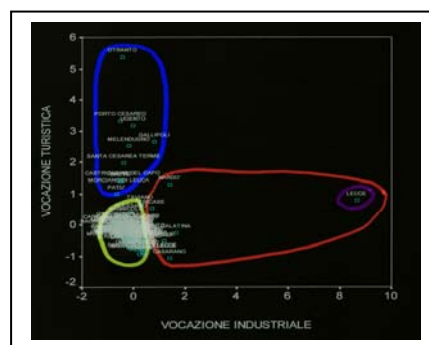


Fig. 3: Grid of the city positioning of the clusters of cities on the basis of the territorial (industrial vs. tourist) vocation

Figure 3 shows how it is possible to identify three distinct clusters of cities, according to their specific (tourist or industrial) vocation. The first segment is made up of the cities with a *tourist vocation*; Otranto, Porto Cesareo, Gallipoli, Ugento, Melendugno, Santa Cesarea Terme, Castrignano del Capo, Morciano di Leuca and Patù. A second segment is made up of the cities with an *industrial vocation*: Lecce, *in primis*, and the cities of Nardò, Tricase, Galatina, and Casarano. Finally, a third segment made up of the remaining cities, situated at the bottom left hand side of the grid, a position which does not allow a specific vocation to be recognized, and which it should be encouraged to develop so as to acquire competitive advantages of specialization.

The benefit of the factorial analysis carried out is that it allows the exact recognition of which variable to work on in order to encourage the acquisition of an advantage of specialization, aimed at the industrial or tourist development of the area. Indeed the saturation coefficients of the rotated component Matrix in the factorial analysis – summarized in Table 1 – reveal which specific variables increase (those with a value close to +1), or decrease (those with a value close to -1), industrial development (*Factor 1*) and tourist development (*Factor 2*) of each LTS. It emerges from this analysis that in order to improve the competitiveness of a local system, the strategic subject (public and/or private) of each city should decide whether to focus on industrial or tourist development. Especially for those cities in the third segment, whose territorial vocation is indefinable, the factorial analysis provides relevant information indicating precisely which variables must be stimulated in order to encourage one of the two vocations. It is necessary to consider those variables with the highest saturation coefficients: in particular, as emerges from Table 1, it seems important to invest in receptive structures when considering

the tourist vocation, and more generally focus on the available income and level of employment when considering the industrial vocation. Future research should aim at identifying the factors of development of the specific territorial vocation for each of the four clusters – defined on the basis of social, economic, and spatial homogeneities – which identify the Salentine LTSs. Such a research will serve to assist the implementation of the three successive stages of the model (the strategic analysis of the forces within the clusters, their strategic position regarding the attractiveness and competitiveness of the systems, and the definition of strategic actions to take).

NAME OF VARIABLE	Industrial Vocation	NAME OF VARIABLE	Tourist Vocation
Available income	0,991	N° Hotels 2002	0,922
N° Cars in circulation 2001	0,991	N° Hotels + Accommodation 2002	0,921
N° Cars in circulation 2000	0,990	N° 3 Star hotels 2002	0,875
N° Heavy transport + Buses + Cars in circulation 2001	0,990	Utilization index (visitors/days bed) 2000	0,859
N° Employed 1991	0,990	N° Bedrooms in hotels + Accommodation 2002	0,854
N° Students 1991	0,987	N° Bathrooms in hotels + Accommodation 2002	0,854
N° Total local units	0,987	N° Bedrooms in 3 Star hotels 2002	0,839
Total taxable income 1999	0,987	N° Hotel beds 2002	0,839
N° Total employed 1995	0,986	Production var. % Summer/Winter 1999	0,836
N° Engaged in trade 2001	0,986	N° Total bathrooms in hotels 2002	0,834
N° Total employed 2001	0,986	N° Bedrooms in alternative types of accommodation/pitches 2002	0,831
N° Population aged between 15 and 64 1991	0,985	N° Hotel bedrooms 2002	0,829
N° Businesses in "Section G" 2002	0,985	N° Bathrooms in 3 Star hotels 2002	0,828
N° Working population 1991	0,985	Italian visitors 2002	0,827
N° Businesses in "Section O" 2002	0,984	Italian visitors 2001	0,827
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Tab. 1: Summary of the first 15 positive values of the saturation coefficients in the rotated component matrix

4. Conclusions

The considerations taken so far concerning the taxonomy and the paths of development of the LTSs lead to the conclusion that the strategic model of territorial marketing is a suitable methodological and operational tool which can coherently guide the dynamic evolution of LTSs towards social, economic, and territorial development, within the limits of the system's dominant rationality. Nevertheless,

the conscious use of techniques and philosophies taken from the field of marketing – like the facilities of the territory’s management in order to reach collective objectives – is new and, therefore, suffers the consequences of this newness: that is, maturity and ability to generalize objective judgements (and only a few experts possess the necessary skills, personal commitment, and time to do so). The acknowledgement of the limits and potentialities of this strategic marketing approach allows a territorial system to be managed in a conscious and decisive manner, and makes it possible to assert its crucial role in the present conditions of economic change and structural instability of the competitive environment.

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