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DEFINING THE “FIGURE OF MERIT” FOR PLACES IN THE AGE OF DIGITAL NOMADISM¹

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Abstract. The aim of this work is to find analogy between the “figure of merit” of electronic devices and place formulas that could be useful to explain in synthesis what could be the characteristics of a place to be considered by digital nomads to live a work experience. Digital nomads are people with a particular life style: they live in a sustainable, cooperative, and social network-oriented life; for a limited period of time, they choose places in line with their particular work needs and with their life style. Digital nomads could be a particular target for places, because they represent a form of knowledge and culture openness and could become a relevant driver for the evolution of the place. Places must organize themselves to attract this segment with the efforts on a specific interpretation matrix that could start from the “figure of merit” concept. Each digital nomad chooses his or her device using this approach, and that could be the key that provides the place value to them. This work provides a “figure of merit” formula for places toward digital nomads. In the following research project, it will be possible to test the formula and to measure the results in a consumer behaviour approach.

Keywords: digital nomadism; “figure of merit”; place; value.

Introduction

This work is centred on the research line of marketing with a particular focus on place marketing. In this work the figure of merit in technology is used as an approach to re-think the approach to the place management looking for the place marketing strategy. A parallelism occurs between the two approaches probably because the approach for the technology choice could be the same in place choice looking for the characteristics of the “consumer” approach.

The digital nomadism phenomenon has been defined from many years (Makimoto, Manners, 1997). The digital nomadism is explainable as a new lifestyle in which people are free from constraints of time and location, and write, think and work using new technologies – particularly the mobile technology – everywhere. Internet communication and smallest and light mobile technology are the fundamental asset for the digital nomadism; people that share this philosophy choose places in the world to spent part of their time to visit new places, share experiences, cooperate and collaborate. It is a lifestyle open to cultural exchange and continuous improvement of life experience. Digital nomadism is useful to exchange and improve ideas, behaviours, traditions, cultures and respect for people all over the world. This philosophy could contribute to reduce cultural differences and stereotypes in different countries, in middle and long run.

People live for years, and anyone could be considered a digital nomad, because it is a shared hyper-connected lifestyle and a life based on co-working, crowdsourcing, and co-creation.

In a management and marketing perspective, looking for the companies that in markets are searching for opportunities and new markets, it is possible to define a mix of segments that define the target of digital nomads from technology side but, in our opinion, also, from territories/countries side and this work presents the perspective of the territories, defining them as “places” not only “territories”.

The territory could be defined as “a geographical context which includes all necessary living facilities for housing, food, transport, facilities and entertainment”. Therefore it becomes a “place” only when the territory is able to interact with all the existing demands, when it insists a set of

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products, services and human and artificial attractions that draw users who see in it the goal of their needs (Bruni et al., 2014).

Reflecting on the technology used by digital nomads in every day work we find the approach to the choosing devices regarding the performances, costs and used power. In that way, if a technology company has to think to the technological project for the future, it has to think to the final user and to the value in use based on specific features. In technology the “figure of merit” (Makimoto et al., 2003) is a used formula to explain the relevant features of a technological device or a “nomadic tool”:

$$Figure\ of\ merit = \frac{Intelligence}{Size * Cost * Power}$$

in which *Intelligence* is the information processing capability; *Size* is the dimension of the device/technology instrument; *Cost* is the economic sacrifice to purchase the technology from the user side and “Power” represents the use of electricity/energy to work.

Looking back on the historical evolution of electronic equipment, the relevance in research and development is based on the efficient mix among intelligence, costs, size and power of technologies and tools. Engineers are looking for higher levels of intelligence, small sizes and costs, and low power, working for a long time.

If this is the reasoning of a digital nomad to purchase a nomadic tool, probably, this lifestyle will bring the nomad to think at the same in the place choice that could be stimulus for next research. In this work it will be explained how it is possible to configure a *Figure of merit* for a place and why governments have to think in that way to attract the specific segment of digital nomads.

The identification of a FoM for places is useful to identify a specific approach to the place marketing management identifying the value proposition of a place that need to focus on the specific target of Digital Nomads to be attracted.

Concept of Digital Nomads in Context of 21st Century

It goes without saying that novelties like internet, general availability of data and remarkable calculating power of modern easy-to-afford equipment completely reshaped the world we know. Further imposing huge footprint on our behaviour and how we perform our daily tasks - work. Urry (2014) states that work has become de-territorialised, offshored in a way that material conditions and persons available in one place do not necessarily match. In addition, “work” has been mobilised and suitable to be performed ‘anywhere, anytime and by anybody’. As a consequence, a distinct group of so-called Digital Nomads emerged. According to Lamarque (2016), more and more people tend to travel around the continents, states and the world, but meanwhile not neglecting their work obligations and tasks at their original companies for a moment.

Basically, we can imagine the equation wherewith one side of it has been represented by digital nomads and their affinities, perception, etc. While on the other we have destinations in form of the cities, towns, villages that tend to promote themselves as a “digital nomad friendly” environment – primarily by utilizing pushing marketing techniques to attract their (nomad’s) attention. Figure of merit for places might be considered as sort of middleman between these two variables (nomads and destinations).

If we spoke of this phenomenon twenty or thirty years ago, most probably, the whole concept would be impossible even to imagine. What is even trickier, the trend of Digital Nomadism appeared to have very decisive effect on individuals. As per Rosenwald (2009), digital nomads are both experiencing primitive (essential) and practical gains of their specific life-style. As for “primitive” ones, the fact that nomadism implies working and living in different locations (co-working spaces etc.) around different places brings a dose of exotic sense and satisfaction of basic human needs (e.g. need to travel, meet new people).

On the other hand, practical benefits are those summed up as a geographical dislocation, convenience of traveling, better time management, feeling of freedom, readiness to work more passionate, etc.

Tremendously worthwhile overviews of the concept of digital nomads have been brought up by Barbara Czarniawska in her experimental work *Nomadic Work as Life-Story Plot* (2014). Namely, she met and interviewed individuals with different ethnic, academic, religious, etc. backgrounds on what and how they consider nowadays' nomads. For the record, all of the interviewed individuals spent few years outside their country of origin. Moreover, all of them have always worked professionally for the same employer. Furthermore, Czarniawska emphasizes and supports their nomad character by stating that all of them have been living abroad for a long number of years, whilst the number of states residing varies between 2 all the way up to 15.

An individual with management and organizational background considers nomads, interestingly enough, as geographically stable, when it comes to permanent perimeter, but in the sense of so-called "digging into" a permanent location, this sense evaporates and is non-existent however. Moreover, more profound and relevant are statements by an individual with an anthropological background. He/she considers him/herself as a modern person, whose roots are very well packed in suitcase. Meaning, extremely flexible and movable in no time whatsoever – which goes in line with aforementioned Hannah opinion.

Even more striking and profound economic statement comes from the very same individual (anthropological background). "In terms of economic theory, the quintessential definition of nomadism is that capital moves where the reproduction is best, and labor follows capital". In this case, labor could be equalized with those with a prefix of nomad. The fact is strongly supported by Korpela (2009) where she states that global digital nomadism is ratified by extremely high mobility and movability.

"So many actually do not see the line between tourists/temporary residents and nomads" - exactly with this wording Pieter Levels started his article in Guardian on digital nomadism. Levels believes that in that cliché "citizen of the world" is a much overused phrase, but it is becoming more and more true.

Additional perspective, according to Rosenwald, is whereby he considers digital nomadism as a consistent and further extension of concept of teleworking or widely known and accepted home office. Just to set a background, Reaney (2012) defined teleworking or telecommuting as a specific work arrangement, in which employees do not need necessarily to commute to a central working place. Many authors (Dhamija, Agrawal, Kumar 2011) consider appearance of "home office" as an official "trigger" for further developments. This statement, however, is being partially supportive since nomadism is far more geographically dislocated and provides far the greater feel of freedom and spiritual satisfaction to the nomads' themselves. But on the other side, it indeed might be true that strong bond between phenomena of nomadism and concept of teleworking does exist.

Back in 2000, Beck (2000) was claiming that we are going to witness appearance of the so-called "brave new world". According to the very same author, the main characteristics of such a concept of the "world" are: severely intensified demands on one's time, increased need for flexibility and focus on mobility. As an outcome, around 20% of the world's workforce has been employed in some sort of non-standard working position. The trend is more than obvious and, moreover, more and more appealing.

To support this statement, Lewchuk et al. (2013) came up with an extraordinary and invaluable piece of information, applicable for Toronto area. According to his study from 2013, barely half of those employed in Toronto area are employed on permanent, full-time position. As a matter of fact, this is on the other side saying that slightly less than 50% of Toronto's workforce have been dispersed all over the globe while performing their daily assigned tasks. It is strongly believed that example of Toronto is one of the most prominent and influential cases we have in order to back up the theory behind digital nomads. In addition, according to Reuters (2009, Office in a bag: Basic 'musts' for the digital nomad), approximately 10% of the world workforce permanently work from home.

In terms of Europe and in relation with digital nomad phenomena, field work of Gallup's Eurobarometer resulted in concise publication 'Youth on the move'. In its disclosure it states that more than 53 % of European youngsters are very keen to work and leave in another country (regardless if

in Europe or not). The indicated fact is of greater importance if we observe the development within a longer time frame. This conclusion has been based on the field work between January and May of 2011.

Observed from the wider angle, according to Korpela (2009), nowadays global nomads' habits and behaviour have become possible as a consequence of several and strongly interrelated factors. Affordable and cheap transportation, communication technologies that enable them to be online, proper funding and well and widely accepted travel documents (so they are not limited and detoured by bureaucracy issues). As a general conclusion, Korpela finds that the far greatest number of nomads is coming from the Western world.

A plausible question might arise asking where actually digital nomads usually go to, and what critical factors influence greatly their decisions.

There are many approaches that tend to elaborate their choices in more details. However, the public found as the most relevant piece of the puzzle is the way Washington post was reporting on this development. Although it is not observed from the academic but rather from the journalist's standpoint, it is a good foundation to start with. In their article (Digital Nomads Choose Their Tribes), published in July of 2009, they conclude the brief list of three critical elements that influence the nomad's reallocation decision in a remarkable manner. The very first on the list is the connectivity options and possibilities. This one has been primarily derived from the essential need of having a non-stop reliable bond (in form of internet) with company/clients who take on nomad's services. Once the connectivity is not an issue, nomads pay tremendous attention to the IT infrastructure available in the area. If the infrastructure is on the satisfying development level, nomads move on by checking on the general computer literacy at their eventual working destination.

Those three central components (connectivity, IT infrastructure and computer literacy) are the base for their (digital nomads) travel and moving decision.

Place Branding and Management

What are the means to marketing places and destinations in relation to newly emerged group of digital nomads? Although there is still little consensus on the answer to this question, differences in attitudes, level of developments, perspectives, contemporary developments – all combined received and do receive considerable and increased attention in recent years.

One way of thinking is to brand the destinations and places in order to attract specific group of people. Gertner (2011) believes that planners must be aware of and identify variables and elements that play a role in shaping a place/destination's image in someone's eyes. Moreover, Florek and Insch (2011) stated that public authorities and planners severely want "their" places to become one's top choice to live, play and work. Observed from the marketing perspective, and especially through the place marketing prism, places strive to attract nomads in different, more appealing ways. This is indeed a widely known fact. In terms of service dominant logic within place marketing Dhamija et al. (2011) strongly backs their mutual statement that place marketing is all about creating and delivering unique value proposition, whilst having in mind aforementioned elements. For the record, Armstrong, Kotler et al. (2012) defines value proposition as a "combo or set of benefits or values (that brand) promises to deliver to consumers to satisfy their needs". Considering theoretical background, one is able to draw very tangible conclusions which further translates into actionable branding applications. Namely, places/destinations strive to equip themselves in technological terms, in desired extent and quality so they can satisfy the "needs" of nomads. Once again, those three central decision units are: connectivity, IT infrastructure and computer literacy.

The very same authors (Dhamijia et al. 2011) strongly believe that "places have long felt a need to differentiate themselves from each other in order to recognize their individuality and distinctive features". But this is far easier to say than to apply. Zavattaro (2013) is assured that places/destination must attract stakeholders. Categorization of stakeholder groups varies starting with group of inhabitants all the way to the most flexible and demanding group of digital nomads. By

attracting and engaging nomads locally, places might be in position to further accomplish their various economic goals in their agendas. This is the whole new level of place and destination marketing in the long run, and how beneficial this relation might become for both sides. This sort of mutually beneficial relation brings new perspectives and possibilities of value creation, replication and meaning re-creation.

Of course, needless to say that all marketing processes are facing some obstacles that might endanger, distort or completely detour progress of promotional and positioning activities in unwanted direction. Far the greatest challenge in process of marketing and promotion of a place might be very straight forward ascertainment made by Eshuis et al. (2013). According to them a “place is a complex product that may be difficult to market”. Which is indeed a very realistic conclusion considering the variety of elements and factors that must be taken in cogitation. Moreover, they argue that local authorities and governmental bodies might use another brands in order to enhance promotion and positioning of their own place, but this is far more complex to coordinate and apply. In addition, a place as a brand, logically, belongs to people and the place itself. This further implies that a tremendous number of different interests and concerns must be taken into consideration while branding planning.

It is possible to argue that the FoM could be, between others, a way to reflect on the communication program of specific place asset toward specific segment of potential stakeholders – *in that case - the digital nomads -*.

Identifying a Figure of Merit for Places

As mentioned above, looking for the necessity of people to work and connect in mobility, the engineers in technology design use the “Figure of Merit”. This type of formula is related to the device’s performances (Makimoto, 2003) and the whole formula is based, in particular, on intelligence (tending to high levels), size, costs and power (tending to low levels). The formula is presented below:

$$Figure\ of\ merit = \frac{Intelligence}{Size * Cost * Power}$$

Interpreting this formula on the place side, it is necessary to focus the attention both on the needs of the digital nomads and on the particular features within the place, underlining the specific assets in line with the digital nomads approach toward the place opportunities.

Thinking to the positioning of the places, that formula could be useful to identify the relevant element – general elements of the place, also in terms of assets and limits – useful to express, directly, the meaning of a place and the relationship between value and limits. This formula could be useful to identify exactly the vocation of a place for general addresses and specific opportunity or niches. In this work the idea is to underline the possible FOM for the niche of Digital Nomads.

In this work it is presented the hypothesis – *testing in a next research* – that, thinking to the life philosophy, the digital nomads should have the same behaviour both in searching for a device and choosing for a place to work and live for a period. If this should be true, place governments could reflect on the FOM – *adapting the variables* – using the same approach making government decision to plan the place strategy and to attract the specific niche of digital nomads - *probably not only digital nomads, but people interested about a place for a period*.

This approach is based on Place Marketing and Destination Management frameworks; that could be the right perspective because of the approach to the place definition and the stakeholders’ value recognition. A place could be a town, city, country or a neighbourhood because it is possible to argue that the place is where stakeholders are able to recognize a value proposition offering (Sansone et al. 2014). Looking for this approach, digital nomads are place stakeholders and, because of their characteristics, they should be able to be attracted by the place.

Because digital nomads are *creative community* working on-line and off-line, they are able to “take” and “give” to the territory because of their ability to share knowledge and know-how, diffuse

information about the quality of life and cost-of-living in places, diffusing the place value all over the world and, consequently, enhancing the diffused positive perception of the place value. In the table 1 below it is possible to have a synthesis of the characteristics of digital nomads respect to the place:

Why should digital nomads be attracted?

- | |
|---|
| <ul style="list-style-type: none"> - Sharing knowledge and know-how; - Diffusing information about the quality of life and cost-of-living; - Diffusing the place value all over the world; - Enhancing the diffused positive perception of the Place Value etc. - An indicator of progressivity of the place; - Increasing awareness of the given place in the world; - Encouraging and supporting tourism development |
|---|

Source: elaboration of the authors.

These stimuli and conditions are useful to increase awareness of the given place in the world and encouraging and supporting tourism development, generating an indicator of progressivity of the place. In that way the digital nomads – in this work represent a niche - contribute to the place brand awareness and to build the elements of perception useful to stimulate the emerging value of the place.

Step by step, starting by the Figure of Merit for technology - *based on intelligence (to be increased), size, costs and power (to be reduced)*, considering the contribution of the Digital Nomads previously presented, it is possible to hypothesize the Figure of Merit in places.

Place is a part (*or the whole*) of territory in which stakeholders are able to recognize a value proposition offering. In that way the value need to be present on the numerator and could be possible to talk about *value proposition*: value from the place (*in terms of standard of life, wellbeing, incomes*); the logic of the differential benefit perceived suggests to generate a ratio between the value – numerator - and the differential sacrifice emergent – denominator -. Defining the sacrifice, considering in general the stakeholders interested to the place, and in particular the niche of stakeholders identified, it is possible to think that the sacrifice could be divided in three values:

- CiA = Constraints in accessibility to the place; independently from dimensions, the territory needs to be perceived simple to reach and in line with the essential dimensions required by the users
- CtR= Costs to reach the Place; the mix of costs necessary to reach the place (*in terms of costs of journeys, authorizations, time...*)
- CoL= Cost-of-living in medium run

Considering the previous interpretations, it is possible to argue that the Figure of Merit for places should have this form:

$$FoM(Place) = \frac{Value\ proposition}{CiA * CtR * CoL}$$

Conclusion and future prospects

Although the formula is based on stakeholders’ perceptions of the place, it is possible to divide the perception of the value about value proposition and the perception of sacrifice behind the value proposition. In that way, both governments and stakeholders are able to compare their perceptions giving the personal interpretations to the Figure of Merit – *from both sides* – moving on the next value proposition or regulating the place choice - *from the stakeholders’ side*.

Looking for the different approaches –*both from the government and stakeholders sides*, many questions are opened and ready for future research in line with needs of practitioners and researchers. In particular, from the place government side, it could be necessary to deepen the

knowledge about understanding the whole formula if it could be useful to measure the attractiveness of the place for every stakeholder or, the formula could be an indicator of the necessities in places, organizing future strategies and connected policies. A lot of issues are involved in the research on the formula side because they could be necessary to understand the right interpretation of the meaning of each element inside.

From the stakeholders' side the relevance of the research emerges on the comparison in behavior between the choice of a technology and the choice of a place to live and work in terms of discriminants choosing the place and in terms of the indicators developing.

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