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Territorial Marketing in the Czech Republic: a Trial – and – Error Process

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Abstract: There are numerous obscurities connected with territorial marketing. Substantial misunderstandings can occur already for the sake of the fact that this concept was labeled by different notions so far. Naturally, the same – with even higher intensity – holds true for the transition economies. This paper focuses upon the practice of territorial marketing in the Czech Republic. As it is shown, there is rather spontaneous than planned development of this concept in the Czech space. At the same time, there exists sufficient room for future application of selected components of territorial marketing in this country.

Keywords: territorial marketing, local/regional development, Czech Republic, basic categories of territorial marketing

JEL Codes: M31, R10, Z00

1. Introduction

Territorial marketing represents hitherto rather vague notion. Misapprehensions can occur already due to the fact that this concept is labeled by different notions. While English literature usually names territorial marketing as place marketing, German regional and geographical schools most frequently refer to *komunales marketing*. To make the whole situation complicated even more, numerous authors talk about regional and local marketing, spatial marketing, municipal marketing or city marketing (see for instance Ashworth and Voogd, 1990, Rumpel, 2002, Kotler et al, 1993 or Janečková and Vašítková, 1999).

Essentially all of these conceptions deal with the attempts to adapt marketing instruments to the needs of particular territories. It is commonly claimed that spatial applicability constitutes a new function of the marketing. However, the derivation of satisfactory definition of

territorial marketing becomes increasingly complicated task just for the sake of the fact that municipality or region represents much more complex unit than enterprise itself (see also Malinovský, Kutscherauer, Sucháček, 2003). Common signs of territorial marketing can be thus found rather in used instruments, methods, concepts or common objectives.

The main aim of the paper is to provide the insight into the practice of territorial marketing in the municipalities of the Czech Republic. The research was accomplished in the municipalities of Moravian-Silesian region, South Moravian and Vysočina regions as these territories embody all principal functional characteristics of Czech regions.

For the purposes of this article the territorial marketing should be comprehended as a process whereby local and regional activities are related as closely as possible to the demands of targeted customers. The intention is to maximize the efficient social and economic functioning of the area concerned, in accordance with the goals that have been established (Gold and Ward, 1994). Basically, the notion is primarily about the stimulation of the endogenous potential of the given area.

2. Territorial marketing and its development

It is apparent that wide utilization of territorial marketing did not appear as a bolt from the blue. Regional and municipal marketing constitute one of the consequences of immense social and economic transformations that took place between 1970-ies and 1980-ies in virtually all developed countries and are succinctly describable as the move from fordist paradigm of societal development towards post-fordist one. Emphasis on individual responsibility and activity, limitation of the state interventions into the functioning of market mechanisms or the creation of stimulating milieu for the activities of private subjects became the main principles of these times.

Local and regional development started to be perceived mainly in terms of the stimulation of endogenous potential (see for instance Ježek, 2007 or Sucháček, 2005a, 2005b or 2005c). In order to stimulate the local potential it was necessary to accomplish institutional reforms and to introduce new, flexible methods of the management of the territories. At the same time, one could contemplate the growth of the importance of networking and networks in local and regional development (Sucháček, 2005c). The ways, in which networks run and the ways of the involvement into the networks became rather important factors of developmental dynamism in localities and regions (Granovetter, 1991 or White, 1981). The same applies to

the conception of embeddedness, relational assets or social capital (see for instance Amin and Thrift, 1995 or Maskell and Malmberg, 1999).

In advanced, post-industrial countries, traditional 'hard' location factors became more or less ubiquitous. On the contrary, an attention concentrated on modern, to certain extent vogue, 'soft' location factors, such as image of the region, institutional quality of public sector or the quality of environment (see also Sucháček and Malinovský, 2007). Not surprisingly, an emphasis on the utilization of various elements of territorial marketing augmented principally too. Marketing that was formerly applied only in private firms became the subject of so-called marketing broadening, which enabled its partial application also into the sphere of municipal and regional development (Rumpel, 2002).

It is not necessary to remind that territorial marketing finds itself in an embryonic stage in contemporary Czech Republic. Long-term deformation of all basic components of life manifested itself in rather painful drawing on developmental strategies commonly used in advanced countries. It is easy to agree with Rumpel (2002) that general conditions for the accomplishment of territorial marketing in the Czech Republic are far from perfect and can be characterized as follows:

- Great administrative-territorial centralization in terms of competences and financial resources,
- Distrust between public and private sectors,
- Dominance of strategic planning to the detriment of marketing concepts,
- Lack of finance for the accomplishment of territorial marketing,
- Shortage of transparency in the strategies of territorial development,
- Overall immaturity of institutions,
- Skeptical attitude to the innovations on the one hand, non-critical acceptance of vogue conceptions on the other hand.

Put succinctly, Czech territorial marketing currently finds itself in a phase of learning.

3. Practice of territorial marketing in the Czech Republic

There are no doubts that territorial marketing in the Czech Republic desperately needs empirical research. Only by means of research it is possible to delimitate the current and future developmental trends in territorial marketing. One of contributions that could possibly help to fulfill the afore-mentioned niche was accomplished by the consortium composed of

the Department of Regional and Environmental Economics at the Faculty of Economics, VŠB-Technical university of Ostrava and DHV Czech Republic. The common research effort was directed towards the analysis of the current state of territorial marketing in selected regions of the Czech Republic. This research is a part of big research project ‘Management of regional and local administration’.

Data concerning target groups of territorial marketing in the Czech Republic were gained on the basis of questionnaire survey that was accomplished in more than 50 municipalities in South Moravian region, Moravian-Silesian region and Vysočina region. Managements of these municipalities represented the respondents of this research. These regions essentially embody the whole spectrum of functional characteristics of territories in the Czech Republic and thus can serve as a proper sample for such kind of research.

Moravian-Silesian region is the territory with high degree of urbanization and from the economic perspective it is region with structural problems. On the contrary, the settlement system of South Moravia is quite a motley one. In spite of some problematic micro-regions, the economic structure of the whole South Moravian region is relatively diversified. And last but not least, Vysočina region represents the territory with specific rural problems.

In the framework of the questionnaire, particular questions were formulated and possible answers to these queries offered. Most often, it was possible to indicate the importance of the particular answer. The range varied from the value 1 indicating strong unimportance of the answer to 5 that on the contrary designated the high relevance of the reply. In that way, the degree of importance of the given category for the particular sphere of municipal marketing activity was determined.

Table 1: Source of information about territorial marketing

	Seminar	Publications, specialized journals	Interviews with representatives of other municipalites	Visit abroad	Internet
No	52.9%	29.4%	52.9%	78.4%	43.1%
Yes	47.1%	70.6%	47.1%	21.6%	56.9%

Source: Research project ‘Management of regional and local administration’

The municipalities were asked first what was the source of their information about territorial marketing. As it can be seen in table 1, the most important sources of information concerning territorial marketing were publications and specialized journals. Internet is of great importance too and its relevance will moreover with highest probability grow in the close future. On the contrary, visits abroad are surprisingly low source of information on territorial marketing.

Table 2 shows the statistics of the answers to the question: ‘What are the target groups of your municipal marketing activities?’

Table 2: Target groups in municipal marketing

	Mean	Standard Deviation
Citizens/groups of citizens	4.35	0.785
Visitors of municipality	4.12	0.887
Potential visitors of municipality	3.92	0.975
Local entrepreneurs	3.80	0.934
Non-municipal entrepreneurs	3.67	1.136
Municipal employees	2.75	1.276

Source: Research project ‘Management of regional and local administration’

As it is shown, citizens of the municipality as well as their groups constitute the most important target groups in territorial marketing. The same applies to the visitors of municipality and potential visitors of municipality. Municipal employees on the contrary remained at the bottom of territorial marketing priorities, which shows the severe underestimation of internal markets.

Since the quality of the performance of municipal office is determined by particular individuals, it is worth to re-orient the attention to the internal markets in the future. The clients of municipalities can be only hardly satisfied if the employees of the municipality are not satisfied in their working place. The insufficient concentration on the problems of municipal employees indirectly supports the technocratic and anonymous approach to the solution of everyday problems. It is apparent that stimuli to the genuine municipal development can be only improbably induced by municipal employees under such circumstances.

The next question in the framework of the questionnaire was formulated as follows: ‘Which of the following target groups would you like to attract to your municipality?’ Table 3 presents the results of this research.

Table 3: Target groups the municipalities would like to attract

	Mean	Standard Deviation
Domestic investors	4.58	0.702
Tourists	4.46	0.734
New small entrepreneurs	4.38	0.860
Foreign investors	4.08	1.158
New inhabitants	4.04	1.224
University-educated people	3.85	1.264

Source: Research project 'Management of regional and local administration'

The attraction of particular target groups into the municipalities constitutes further important item of territorial marketing. Domestic investors, tourists as well as new small entrepreneurs create the most attractive target groups. Surprisingly enough, people with university education together with new inhabitants represent the least important target group. The municipalities are still not aware of the fact that inflow of new inhabitants (mainly educated ones) to certain extent co-determines their position on future mental and investment map. At the same time, one has to consider rather stiff property market and subsequent problems with finding a new flat.

Table 4: Main marketing objectives of municipalities

	Mean	Standard Deviation
Attraction of new investors	4.31	0.918
Change of the municipal image from tourist point of view	4.06	1.029
Citizens, tourists and entrepreneurs as clients of the municipality	3.94	1.040
Enhancement of identification of individuals and public sector with their municipality	3.54	0.936
Success in municipal competition	3.44	1.147
Introduction of competitive milieu in the sphere of public services	3.07	0.998

Source: Research project 'Management of regional and local administration'

Taking into account pivotal marketing objectives of municipalities, it is worth to notice the importance of the coming of new investors as well as the change of municipal image from tourist perspective. Both topics are currently in vogue in Czech municipal marketing practice. On the contrary, competition among municipalities or introduction of more competitive environment in public services provision did not attract sufficient attention so far. It is

plausible to assume, however, that the importance of the latter will rise in not so distant future.

Table 5: Forms of communication with the public

	Mean	Standard Deviation
Press	4.70	0.628
Internet	4.37	0.929
Boards	4.31	0.831
Distribution of infomaterials	3.28	0.984
Exhibition	3.25	1.235
Local TV	3.14	1.922
Consulting service for citizens	3.14	1.228
Local radio	3.13	1.542
Help with settling the various conflicts	2.86	1.332
Questionnaires and interviews with citizens	2.78	1.149
Roundtables and discussion forums	2.74	1.355
Lectures on various topics	2.17	1.056

Source: Research project 'Management of regional and local administration'

Territorial marketing can only hardly work properly without adequate communication instruments. Press still remains the most important form of communication with wide public.

Table 6: The hierarchy of objectives of marketing administration of municipalities

	Mean	Standard Deviation
To make the municipality more attractive for citizens, tourists, investors and other target groups	4.84	0.422
To accomplish particular municipal developmental projects	4.67	0.640
Citizens and entrepreneurs as municipal customers	4.37	0.757
To support local, regional as well as foreign enterprises active in the municipality	4.34	0.788
To inform the citizens and to communicate with them	4.33	0.781
To support municipal strengths and eliminate municipal weaknesses	4.23	0.865
Rationalization of municipal administration	4.18	1.040
Involvement of private actors in the development of the municipality	3.96	0.893
Promotion of public private partnership	3.93	0.904
To develop the developmental vision of the municipality	3.91	1.074
Support of municipal positioning in promising spheres	3.84	0.974
Creation of more competitive milieu in public services due to the cost lowering	3.41	1.093
Support of retail and subsequent rising of the attractiveness of the town centre	3.29	1.215

Source: Research project 'Management of regional and local administration'

However, internet sites become increasingly important namely for the sake of the fact that they enable bilateral or multilateral communication as well as continuous information updating. Although it does not seem that newspapers or boards should be entirely abolished before long one can assume that internet will become the most important instrument for the communication of municipal managements with the public. On the contrary, a little weight of roundtables, discussion forums, lectures on various topics as well as of help with settling the conflicts shows rather unsatisfactory degree of attention devoted to the public participation. Public awareness in contemporary Czech Republic is not developed in a desirable manner.

Marketing administration of municipalities became a new modern attribute of territorial management. The main objective of marketing administration in individual municipalities most frequently consists in the proliferation of their attractiveness with regard to citizens, tourists, investors and other target groups. Preference of the accomplishment of concrete developmental projects shows the evidence of the certain satiety with general proclamations that often do not lead to genuine development. Promotion of the retail and subsequent augmentation of the attractiveness of the municipal centres lie on the opposite pole of the scale of importance. It is somehow omitted that centre of the town in fact represents its show room and to a large extent predetermines the public opinions on the given municipality.

Table 7: Which elements of territorial marketing are implemented/planned to be implemented in individual municipalities

	We do not implement nor plan	We implement	We plan
Marketing as a philosophy of municipal development	25.5%	41.2%	33.3%
Co-operation with maximum number of the actors of municipal development	9.8%	76.5%	13.7%
Improvement of the public service quality	9.8%	76.5%	13.7%
Understanding the different target groups	17.6%	54.9%	27.5%
Analysis of municipal strengths, weaknesses, opportunities and threats	9.8%	64.7%	25.5%
Visions of further development of the municipality	11.8%	56.9%	31.4%
Accomplishment of concrete projects	3.9%	86.3%	9.8%
More efficient municipal management	7.8%	66.7%	25.5%
Intensification of municipal promotion	3.9%	74.5%	21.6%
Communication with citizens, entrepreneurs and further target groups within the municipality	3.9%	84.3%	11.8%

Source: Research project 'Management of regional and local administration'

As it is visible in the previous table concrete projects that lead to tangible results constitute one of most important elements when accomplishing municipal territorial marketing. The same applies to the communication with citizens, entrepreneurs and further target groups residing in the municipality. On the contrary, more general concepts, such as marketing as a philosophy of municipal development, are rather the matter of the future. This reveals certain fragmentariness and spontaneity when implementing the marketing at the municipal level. This process is unfortunately often of trial – and – error character.

Wider and more contextual perspective that would enable to avoid the mistakes related to the process of learning the territorial marketing is clearly absent. Unsatisfactorily low attention is paid to understanding the different target groups that actually represent one of essential categories of territorial marketing in general. Territorial marketing can be only hardly accomplished without prior delimitation of its target groups.

Table 8: Groups belonging to relationship marketing

	Mean	Standard Deviation
Municipal population	4.02	0.872
Investors	3.98	0.988
Important entrepreneurs	3.74	1.052
Tourists	3.64	1.026
Suppliers	3.51	1.081
Politicians	3.39	1.085
Municipal employees	3.33	1.187
Journalists	3.33	1.151
Potential employees	2.73	0.986

Source: Research project ‘Management of regional and local administration’

Relationship marketing does not seem to be well-developed in Czech municipalities. The biggest attention is devoted to the relations with the population of the given municipality as well as to the relations with investors. The opposite pole is distinctively occupied by the market of potential employees. This fact confirms that the consciousness of the necessity of the quality of municipal employees is hitherto rather underdeveloped. The role of networking and namely connections in gaining the working opportunities in the public sector offers the plausible explanation of this phenomenon.

Table 9: Problems with implementation of territorial marketing

	No	Yes
Different actors perceive territorial marketing in a different way	35.3%	64.7%
Development of the municipality is not goal-oriented	74.5%	25.5%
A little tendency of important actors to the dialogue and mutual co-operation	37.3%	62.7%
Too dominant position of certain individuals or groups	70.6%	29.4%
Lack of interest and little involvement of individual actors	51.0%	49.0%
Lack of finance	35.3%	64.7%
Frequent changes in municipal management	92.2%	7.8%
Frequent political disputes that impede the introduction and implementation of territorial marketing	68.6%	31.4%
Belated or insufficient involvement of municipal council in marketing implementation	78.4%	21.6%
Unclear delimitation of competences between municipal management and people implementing municipal marketing	70.6%	29.4%
Unclear delimitation of the role of territorial marketing in the framework of traditional activities of municipal managements, such as territorial planning, investments etc.	84.3%	15.7%

Source: Research project 'Management of regional and local administration'

Table 10: Successful elements of territorial marketing implementation

	Mean	Standard Deviation
Particular developmental projects were accomplished	3.92	0.986
New ideas how to develop the municipality evolved	3.68	0.980
Territorial marketing initiated the co-operation between municipal management and municipal office	3.59	1.041
A start of the process that will continue	3.56	0.943
Formation of committees and working groups and their engagement in the municipal development proved to be successful	3.42	1.196
Communication among various actors of municipal development was supported	3.31	0.803
Generally good feeling connected with the implementation of the marketing in our municipality	3.26	0.743
We got positive experience improving the municipal management	3.13	0.991
The co-operation with external experts	3.02	1.138
The municipal 'climate' has improved	2.98	0.880
Citizens were motivated to take part in municipal development	2.77	0.963
Initial expectations were fulfilled	2.75	0.870
Constructive task groups were created	2.70	1.212
Main measures related to municipal development were already implemented	2.61	1.017

Source: Research project 'Management of regional and local administration'

Apparently, there are numerous problems with introduction and implementation of territorial marketing in Czech municipalities. Apart from typical lamentations concerning the lack of finance we can contemplate mainly different perception of marketing by different actors of territorial marketing. It is worth to notice also a little ability of the relevant actors to the communication and mutual co-operation, which is quite typical symptom of transition country.

Determination of successful elements of territorial marketing implementation helps us to identify the main assets brought by this process. Not surprisingly, accomplishment of concrete developmental projects is underlined again. New ideas concerning further development of municipality were evaluated very highly too. We have to bear in mind the co-operation between municipal management and municipal office is far from automatic; that is why territorial marketing played a very positive role again.

It is also good to know that vast majority of municipalities does not think that main measures related to municipal development were already implemented; this opens the space for new and fresh ideas related to municipal development. Last but not least, formation of constructive task groups is the matter, which is spatially rather differentiated and is dependent namely upon the quality of human resources as well as whole social milieu in individual municipalities.

4. Conclusion

Territorial marketing becomes increasingly popular notion both in theory and in practice. At the same time, the general perception of territorial marketing is truly differentiated and hence its common denominators should be sought rather in used instruments, methods, concepts or goals. The situation is complicated even more in transitional countries that find themselves in a pilot stage of territorial marketing. The adoption of territorial marketing in transition countries is moreover affected by specific reproduction of institutions known from the communist era.

Research on the practice of territorial marketing in Czech municipalities fully confirmed afore mentioned suppositions. Territorial self governments with sufficient competences and financial resources represent an indispensable component of adequate application of territorial marketing in municipalities. In the Czech Republic, where territorial self governments are

rather suppressed both in terms of competences and financial resources, the implementation of territorial marketing indeed happens in trial – and – error way.

Municipalities in the Czech Republic suffer from limited financial resources, which causes that territorial marketing cannot be applied as a general philosophy of municipal development. The attention is on the contrary devoted to the chosen elements of territorial marketing that promise to attract missing finance. These pecuniary motives lead to the concentration on external target groups and partial underestimation of internal ones. Municipalities also underline the importance of concrete measures and particular projects that in contrast to general proclamations can lead to genuine and tangible development. This shows that territorial marketing which is not included in the legislation of the Czech Republic does require specific program and project support.

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