The peculiar nature of place marketing according to an indutional approach

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Abstract

The declared aim of inductional marketing is the total involvement of the customer, which leads directly, due to the satisfaction experienced, to the act of purchasing. According to this approach, even when the products to be promoted are ‘local territorial systems’ (that is, territories which share social and economic characteristics), it is important to create consumers (read, ‘users’ of these systems) before products themselves (acting to modify the offer of these systems). In view of this renewed concept of marketing, place marketing is then characterized by considering not only the strategic resources that are the heritage of a territorial identity, that is a vocation of a system, but also the image perceived by potential users of that local territorial system. It may prove to be an institutional tool suitable for creating a framing which guides the actions of firms and other strategic actors, allowing them to develop strategic decisions in a context that influences the meaning given to their development policies, suggesting ways to interpret and decode problems and uncertainties, integrating resources and core competences with the expectancies and perceptions embedded in particular contexts of users’ experience.

Keywords

Place marketing, inductional approach, local territorial systems, strategic planning.

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Introduction

The use of the discipline of marketing for the development and improvement of different territories is nothing new, although some might consider it to be: indeed its origin can be traced back to the late ‘30s with the publication of the volume by McDonald (1938) entitled: ‘How to promote community and industrial development’. The first examples of territorial competition can even be traced back to the processes of colonization of the Americas, or in Europe, to policies aimed at attracting investments by means of public agencies or by promoting the image of popular tourist destinations. This tradition was then further spread by journals such as Economic Development Commentary and, later, by seminal studies such as those of Kotler, Haider, Rein (1993). In literature, place marketing has, since its beginning, appeared with reference to a limited spatial dimension, i.e., city marketing, a term that has been used in various European languages also to refer, in general, to marketing applied to larger territories, being geographically referred. Over time, the definitions proposed by various scholars concerning the approach of marketing applied to the territory (sociologists, city planners, economists, business analysts, scholars of public administration, scholars of economic geography etc.) have focused on different elements and implications, although they do present common elements linked to the concept of marketing, such as a facilitator of exchanges between local supply and demand.

The anthology of definitions can only give a vague idea of the numerous different points of view of the scholars cited, however from this review of the literature a common point emerges. Although the original construct of corporate marketing (the ‘marketing concept’) was introduced in the late 1950s, a period of mass production of goods and fairly similar consumer needs, the current definitions of place marketing are still based on this traditional paradigm based on exchanges or, at least, on relations. Rizzi claims (2005, p. 258, mentioning the urban activities, which are here meant in a more general sense, as territorial): ‘By now, on a theoretical and academic level, a broad definition has been
established of the concept identified in all actions and activities aimed at making the supply of urban functions meet the demand from residents, local and external businesses, tourists and other visitors. It is, therefore, the process through which urban activities are related to the demand of target customers to maximize the social and economic functioning of area in question.

The evolution of the marketing concept

It should be noted that, in the business field, since the beginning of the discipline of marketing, there has been an overlapping of at least three different paradigms (Table 1). The first one, transactional marketing, defines marketing as a process of planning and implementation of ideas, goods and services to create exchanges that satisfy both the goals of individuals and those of organizations (Kotler, 1986). Focused precisely on the concept of exchange (transaction) it is still very popular for the ease with which it declines the four main implementing policies - product, price, place and promotion (the famous ‘4 Ps of the marketing mix’). The second paradigm, relational marketing (or CRM, customer relationship marketing), based on the studies in industrial marketing of the so-called ‘Swedish School’ (Gummeson, 1998), aims to establish, maintain and enhance profitable relationships with customers and other partners of the firm, in order to achieve the objectives of the parties involved, not just once (una tantum), but by means of repeated transactions. Marketing should, therefore, encourage these relationships because they can turn into lasting business relationships. This approach has often been associated with place marketing for the community of certain elements (Caroli, 1999), such as the systemic nature of supply, the long-term interaction with buyers, the active role of buyers, and the importance of relationships with people other than those directly involved in the transactions. The same elements (product complexity, high interdependence between supply and demand, lengthy negotiation processes) bring place marketing close to the marketing of industrial goods, where the buyers are firms.
Still within the field of business many other approaches to ‘post-modern marketing’ have recently been added to the traditional transactional and relational marketing paradigms, very different in nature and operative instruments (Zyman, 2000). They are based, though, on common assumptions, derived from the satisfaction of basic needs in affluent societies, such as: the recognition of the fragmentation of consumer needs, the prevalence of consumption of symbols rather than products; and the need for companies to individually tailor their supply, to create new consumer experiences and be close to real-time consumer communities. Thus a third paradigm has clearly emerged from the elements shared by these different approaches, that of *inductional marketing*, a term coined by Guido (2005, 2010), which stresses the marketing task of inducing the consumer – and, more generally, any other economic agent who is in contact with the firm – to cooperate with it: in the case of the end-users, this means, in essence, that they are encouraged to buy the firm products. Therefore, if, for transactional marketing, the goal is purely to facilitate information and commercial exchanges; whereas, for relational marketing, it is the allocation of preferential treatment in dealings with the firm; for inductional marketing, the declared aim is the total involvement of the customer, which leads directly, due to the satisfaction experienced, to the act of purchasing. All other external factors or contingents being equal, this is achieved by a positive

### Tab. 1 - Evolution of the paradigm of corporate marketing

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<th>Paradigm</th>
<th>Object</th>
<th>Main aim</th>
<th>Objective</th>
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<tr>
<td>1) Transactional marketing</td>
<td>Exchange</td>
<td>Cognitive</td>
<td>To make known</td>
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<td>2) Relationship marketing</td>
<td>Relationship</td>
<td>Motivational</td>
<td>+ to make it preferable</td>
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<tr>
<td>3) Inductive marketing</td>
<td>Induction</td>
<td>Behavioral</td>
<td>+ to make people buy it</td>
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Source: Adapted from Guido (2005), p. 116.
comparison of the two terms used to measure satisfaction for customers - and, more generally, of all those who come into contact with the firm (Figure 1): on the one hand, what they anticipate, both in terms of expectations (representing the rational aspect of cognitive elements) and desires (representing the motivational factors related to individual personal goals), and, on the other hand, what they perceive of the whole experience of interaction with the firm (for customers, the experience of consumption, in its different stages: from the recognition of a need to the gathering of information, from the evaluation of alternatives to the purchase decision and finally the use). It is, operationally, the so-called approach of ‘Consumers as products’ (Guido 1998, 2010 and Varaldo, Guido 1997, for further details on the modalities of marketing actions).

The inductional approach to marketing

By expanding the traditional Disconfirmation paradigm (Oliver, 1997), the inductional marketing is meant as an innovative approach to customer satisfaction at a firm level, able to better reflect consumer behaviours in affluent society, where the enjoyment of goods is not only material, but increasingly takes on social and relational characteristics. Because the standard reference is the perceived consumer experience, and not the objective performance of the goods consumed, an increase in the quality of goods - as suggested by many approaches on total quality - is useless unless able to change the customers’ perception. It is, therefore, on what is anticipated (in terms of expectations and desires) by potential customers and on what is perceived in terms of consumption scenarios that firms have to work with appropriate communication strategies trying to enhance customer satisfaction. Consumers, in this light, becomes the ‘real’ end-product of the transformation processes put in place by firms, since the enjoyment of firms’ offers determines both their expectancies and perceptions (which the same firm, with its strategies, has helped create).
Fig. 1 - The *Disconfirmation paradigm* revisited

According to the inducional marketing, even when the products to be promoted are ‘local territorial systems’ (that is, territories which share social and economic characteristics), it is important to *create* consumers (read, ‘users’ of these systems) *before* products themselves (acting to modify the offer of these systems).

One must consider that the current situation in the competitive environment is not comparable to that of the late 1950s which saw the origin of the transactional marketing paradigm, nor to the 1980s, when a relational paradigm was more suitable. It appears, therefore, necessary to review the past definitions of place marketing, taking into consideration the features of previous paradigms which are still valid, but adopting a new perspective that considers the *drivers* – i.e., forces of change – which push towards a different competitive environment for local territorial systems. Three factors, in particular, have been identified in marketing literature (Castellett, D’Acunto, 2006; Rizzi, Scaccheri, 2006): the *globalization of competition* that increases the firms’ rivalry both within and outside the markets and, at the same time, creates a growing interdependence and connectivity.
between firms involved, pushing towards the internationalization of the productive organizations; the development of digital platforms through the spread of ICT (Information & Communication Technologies, in particular, Internet and electronic interfaces) which, with the consolidation of the post-Fordism, allows the transition from a market economy to a network economy; and the managerial development of public administration, namely the transition from the traditional bureaucratic and legal institutional management of relations with citizens, to a managerial logic of public services - the so-called ‘new public management’. These factors are pushing for a renewed perspective of the concept of marketing, raised from specialist functions, or simple competitive alternatives for each enterprise, to a widespread and integrated approach of its processes of strategic management. On the other hand, if an inducational paradigm is not adopted to define place marketing, with an emphasis on the psychological aspects of perception by potential customers and on the strategies needed to determine their fruition, it is not possible to fully understand the difference that distinguishes place marketing from, for example, urban planning strategies (which outside Italy fall within city management, or aménagement du territoire), which ‘merely govern the processes that occur in the local area, but are unable to conceive the territory as a resource which can be destined for alternative uses’ (Mistri, Morandin, 2002, p. 147), or from local development policies tout court, which cover a very wide range of policy areas - from the organization of local transport, to the reduction of unemployment, to the raising of financial resources for the implementation of public works - and are a direct expression of a local government which has its own electoral representational paths.

A new vision of place marketing

In view of this renewed concept of marketing, place marketing is characterized by considering not only the strategic resources that are the heritage of a territorial identity, that is a vocation of a system, but also the image perceived by potential users of that
local territorial system. It acts, simultaneously, at a strategic level, analyzing the available competitive variables so as to design the development strategies of such a place and, at an operational level, defining the communication policies needed to influence the parameters of the satisfaction judgments – i.e., the expectancies and the perceptions of the experience of interacting with such a local territorial system – which are at the base of the choices of potential users. Such an approach takes into account the three above-mentioned drivers of change, i.e.: the globalization of competition, when analyzing the competitive positioning of local territorial systems and their strategic resources; the power of communication strategies, enhanced by the connectivity and the interdependency of the new technologies; the different managerial roles taken on by strategic public actors, who are part of the governance of local systems. By considering the changes made and their impact on all the main dynamic forces of the market, such an ‘inductional’ place marketing approach may prove to be an institutional tool suitable for creating a framing (or framework) which guides the actions of firms and other strategic actors, allowing them to develop strategic decisions in a context that influences the meaning given to their development policies, suggesting ways to interpret and decode problems and uncertainties, integrating resources and core competences with the expectancies and perceptions embedded in particular contexts of users’ experience.

Applying the new inductional paradigm, therefore, it is possible to define place marketing as a set of persuasive activities, created by a strategic subject (made of both public and private actors), aimed at reforming expectations, changing the priority of desires, and acting on the perception of experiences of interaction with the local territorial system by the users, both internal (business and residents) and external (investors and tourists), in order to induce them to cooperate (Table 2 suggests how). This is done by identifying a strategic area (i.e., a place vocation) and working on the strategic resources of such a local territorial system, taking into account the image of such system as perceived by the potential users, in order to achieve a competitive advantage over other local territorial systems, in the light of research conducted within and outside the local territorial system in question. This
means, operatively, modifying the rational reasons of choice \( (\text{expectations}) \) of the users by the means of prices (e.g., costs and incentives), of changing the order of priority for reasons of choice \( (\text{desires}) \), and of communications (e.g., differentiating the destination images), as well as building consumer experiences of the local territorial system \( (\text{perceptions}) \) by creating scenarios of use (exalting the vocation of the local territorial system) and making it accessible (‘distributing’ it to other users)\(^2\).

**Tab. 2 – Place marketing in an inducional perspective**

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<th>Definition</th>
<th>Strategic action</th>
<th>Operative action</th>
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<td>Set of persuasive activities, carried out by a <em>strategic subject</em>, aimed at: - altering expectations - changing the priority of desires - acting on the perception of the experience of interaction with the local territorial system by users, typically: - local (firms and residents), and - external (investors and tourists).</td>
<td>This is done by (Phase 1): - identifying a <em>strategic area</em> - emphasizing the <em>strategic resources</em> of a local territorial system, in relation to the image perceived by its users - so as to achieve a <em>strategic object</em> (i.e., a competitive advantage over other local territorial systems) in the light of research: - within the local territorial system (Phase 2), and - outside the local territorial system (Phase 3)</td>
<td>This implies (Phase 4): - amending the rational grounds of choices ( (\text{expectations}) ) of users: - by means of prices (e.g., costs and incentives); - changing the order of priority of the reasons of choice ( (\text{desires}) ): - by means of communications (e.g., differentiating destination images), and - building consumer experiences ( (\text{perceptions}) ) about the local territorial system: - creating scenarios</td>
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These are activities which have to be fitted into the different stages of a *marketing plan*, with all the limitations and peculiarities involved in the adaptation of the corporate paradigm to place marketing activities, strategically designed for the development of the various local territorial systems (see Guido, 2000, 2002, 2007). The final objective, therefore, is not to plan or modify the territory according to the expectations of demand, but to enhance and appreciate it by changing, on the one hand, the expectancies and, on the other hand, the perception of its tangible and intangible characteristics in order to maximize the consideration (i.e., the satisfaction or the value given) by the different types of users.

A paradigm of this type finds its most successful application within an *integrated* and *competitive* strategic model. It is an *integrated* model, because marketing has to encourage each agent (e.g., person or firm) that comes into contact with the local territorial system to cooperate with it (either by purchasing, investing, or acting to the system’s advantage). Hence, it is not merely a means of encouraging exchange (as in transactional marketing), or relationships (as in relational marketing), but an attempt to determine them, by the strategic subject, acting uniformly and consistently (according to Bramanti, 1998, p. 19, emphasis removed, ‘the action of place marketing, in order to be effective in the long term, must be based on the consensus of all stakeholders and on the transparency of all the interests at stake’). It is a *competitive* model, because in affluent economies and structurally modified environments, the results achieved by the local territorial system within its networks of supply, logistics and market, are almost always at the expense of competing systems. This is considering both the overabundant supply of

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<td>(emphasizing its vocation) and</td>
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local territorial systems (not only in terms of physical spaces, but also qualifying factors), that reproduces situations of domain by the demand, and the value that users derive from it, which is due to social shortage and not simply the material resources. The competition between territories might not necessarily be negative for the local territorial systems in a network, which could benefit from a better strategic positioning of a local territorial system connected to them; nevertheless, in any case, their competitiveness may be diminished by the fact that scarce resources could be allocated elsewhere.

Conclusions

Ultimately, therefore, territorial competition can hardly ever be considered a win-win game (Sviluppo Lazio, 2005). As Rizzi states (2005, p. 259): ‘Some might highlight the risk of commercializing and ‘corporatizing’ urban and territorial goods, which by definition is a public good, full of cultural, ethical and social value, and it is not strictly related to the criteria of economic calculation and prices.’ Obviously, if there is a possibility of acting, more or less voluntarily, on the choices of others, this gives rise to ethical problems; it is therefore necessary to take into account that identity and perception are concepts shared by all the paradigms of marketing in the sense that, in this case when referring to the product ‘territory’, the objectivity reached by adding together all the parts which make it up, is submitted to subjective and contextual interpretation by its users. It follows that when adopting this approach to encourage potential users to ‘purchase’ (read, ‘use’) a local territorial system, the social responsibility of the strategic subjects adopting place marketing strategies increases in relation to their ability to manipulate people’s expectancies and perceptions, rather than the objective quality of their offers. However the aim of developing a local territorial system – the final goal of any place marketing strategy – should guarantee the positive aims of satisfying the needs of an entire community and, at the same time, reaching out to potential customers by inducing realistic
expectations, satisfying some of their desires, and teaching them how to obtain maximum satisfaction from their experience of use.

Notes
1 The concept of place marketing has been the subject of a chronological evolution. If for Walsh (1989) and Meffert (1989) it seems acceptable the mere transposition of the principles of marketing to the local context, for Van den Berg and Klaasen (1990) the promotion of issues that determine individual well-being are more important. For Van der Meer (1990) place marketing mainly acts as a link between urban functions and the demand of potential users, while for Texier, Valle (1992) the focus is shifted onto the collective actions designed and implemented by the various parties to achieve this end. For Camagni (1992) urban marketing is a tool of competition between cities and in order to maximize economic and social efficiency. Kotler, Haider and Rein (1993) offer a decidedly corporate perspective of place marketing, using a mix of functions related to the policies of the marketing mix of firms; Paddison (1993) describes place marketing in terms of its main objective: to strengthen the competitive positioning of the area when compared internationally. Gold and Ward (1994) focus on the promotion of places, through the communication of specific images; Smyth (1994) aims at the general implementation of certain activities with economic value. Van den Berg, Bramezza and Van der Meer (1994) emphasize the importance of programs that aim to create and maintain beneficial exchange relationships; Ashworth and Voodgt (1995) target development strategies of urban activities for the identification of target customers. Golhetto (1996) highlights the need to differentiate supply so as to respond to a very segmented demand; Storlazzi (1997) emphasizes the role of public management. Casella (1997) shows how the marketing approach should be achieved by means of specific planning. Valdani and Jarach (1998), have as their aim the achievement of political and organizational objectives, such as an increase in the working population or the enrichment of the resident population. For Varaldo and Caroli (1999) place marketing should link the area's supply to its demand; for Paoli (1999), the supply is made up of industrial investors. Cercola (1999) sees the aim of regional marketing as creating value for the benefit of the community, Caroli (1999) as the balanced development of the area. Ancarani (1999) considers the territory as a resource capable of attracting other resources; Paradiso (1999) considers that it is necessary to focus on identifying needs, selecting one or more social segments on which to direct action. Napolitano (2000) hopes that it is possible to reach the largest possible number of these segments; whereas Valdani and Ancarani (2000) believe that a virtuous circle should be generated between the satisfaction of the local
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public, the attraction of external ones, and the creation of value. Cidrais (2001) believes that the management of place marketing should be, more or less concentrated and institutionalized; Vesci (2001) sustains that it should be implemented by a local body, for example, an agency with public capital. Latusi (2002) broadens the discussions of the needs to be satisfied to needs and expectations; Petruzzellis (2002) continues with the management and reproducibility of scarce resources to meet these needs. Gilodi (2004) draws attention to the relational processes of exchange which the territorial value depends on. Foglio (2006) focuses on the optimal management of the meeting of supply and demand. Caroli (2006) argues that place marketing is as much a method as a function aimed at the economic development of an area; Salone (2006) considers it a set of methods and tools to be used in the formulation of territorial policies. To this end, Rizzi and Scaccheri (2006) set strategic planning as the starting point of any place marketing project.

2 The strategic management of the inducational determinants of place marketing aimed to the development of local territorial systems implies:

1) Reforming the expectations, which means knowing in detail the knowledge of potential users which forms the rational expectations about what the local territorial system can offer. This requires the identification of one or more social segments on which action should be prioritized: the interpretation of these requirements makes up the expression of a system of values and policy priorities that a strategic subject expresses and which is formed through rationality prevailing in the system, the effect of the qualitative and quantitative interactions on the strategic subject. Unlike the product of a company, as it is not possible to design or modify a territory according to the expectations of demand, it is necessary to act on these to reduce any gap between the identity and the perception of the local territorial system, usually by emphasizing rational reasons of preference for its appreciation, such as economic ones;

2) Changing the priority of desires, which means, on the opposite, directing - especially by means of marketing communications - potential users of the system to review the order of their hopes in relation to the benefits that the local territorial system is already able to deliver; that is to raise those benefits as parameters of choice for potential users. In this sense, the perceived image of the local territorial system is crucial: the image is not merely what is projected, about what you want to communicate, but the outcome of a representation of the desires of potential users which allows to interpret the system a collective identity; and

3) Acting on the perception of the experience of interacting with the local territorial system, which means participating in the production of expectancies (both expectations and priorities of desires) so as to be able to meet them. Given that, often, the needs expressed by the demand are not very flexible, the ability to structurally transform the local territorial system according to expectations and desires becomes a crucial drive to the development of it. ‘Experiences relate to various types supply - economic, educational or entertainment - that will implement new opportunities in the local context, in line with the
characteristics of the territory, which emphasize and accentuate its peculiarities, or that contain new elements that create new opportunities for stay and consumption’ (Corio 2005, p. 11). Emphasizing the vocations and creating pathways for the use of the territories, scenarios are generated in which users can benefit from a holistic experience, not only material but also social, as the bearer of socio-cultural values. This brings to:

4) **Satisfaction**, because, from the positive comparison of expectancies (i.e., expectations and desires) and experience of consumption of the local territorial system, a virtuous circle of *satisfaction-attractiveness-value* is developed – as mentioned by many scholars. The satisfaction generated by this process is the basis for future interactions by users about the local territorial system.
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