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PLACE MARKETING

\- marketing for investment

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ABSTRACT

This thesis studies the activities undertaken by various public organisations to attract inward investment to an area. It attempts to place these activities into a marketing framework, with particular reference to three organisations - Swindon Enterprise; East Kilbride Development Corporation; Glasgow Action.

Many areas have been adversely affected by economic change - "de-industrialisation". In response to this, various organisations and agencies - both public and private - have become involved in attempting to regenerate the depressed economies of these areas.

One approach to tackle the problem, is to attract to the area, employment generating investment - investor marketing. This entails the area selling itself like a consumer product to potential investors and involves competition with other areas - each area acts only for itself.

Marketing theory and techniques are used in this pursuit of investment. Place marketing organisations such as local authorities; New Towns; Regional Development agencies, attempt to research the investor market and identify target segments which they can best attract. The organisation develops an offer for the target market - one that should differ from the offers of competitors serving the same target market. Through an "exchange" process, this offer should satisfy the target customer's particular needs and wants, and bring productive investment into the local economy.

In this process of attracting investment, the organisation utilises certain marketing variables - The product (and price) and promotion. The product (the area and all contents) can be changed to a limited extent to be more attractive to the investor. Promotional activities are undertaken to communicate the availability of the product, and to produce a favourable image for the product.

The three case studies - a local authority; a New Town; a public sector/private sector initiative demonstrate the application of marketing technique, to an urban problem. An approach which involves competition between areas and disregards areas that cannot compete - only the attractive are successful.

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CONTENTS

		Page No.
	INTRODUCTION	1
CHAPTER 1	THE CONCEPT OF PLACE MARKETING	3
	A Definition of Marketing	3
	Place Marketing	5
	- Nation Marketing	6
	- Tourist Marketing	7
	- Residential Marketing	9
	- Investor Marketing	10
CHAPTER 2	CONTEXT FOR THE INVESTOR MARKETING ACTIVITIES	14
	The Problem	14
	The Spatial Economic Policy Framework	16
CHAPTER 3	ATTRACTING INWARD INVESTMENT	22
	The Theory	22
	Inward Investment Defined	23
	The Types of Investment	23
	The Economic Role of Inward Investment	25
	The Potential Problems of attracting Inward Investment	27
	The Organisational Framework of attracting Investment	29
	SUMMARY	34
CHAPTER 4	A MARKETING MODEL - Strategic Planning	36
	Introduction	36
	Strategic Market Planning	37
	Defining the Business	39

Page No.

CHAPTER 4	A MARKETING MODEL - Strategic Planning (contd)	
	Situation Audit	40
	Establishing Objectives	43
	Strategy Formulation	44
	Implementation	47
	Measurement, Feedback and Control	49
CHAPTER 5	A MARKETING MODEL - Market Analysis	51
	Introduction	51
	Market Definition	51
	Market Segmentation	52
	Understanding the Market	54
	The Motives for Investment	55
	The Buying Process	56
CHAPTER 6	A MARKETING MODEL - The Marketing Mix	62
	Introduction	62
	The Product	62
	The Price	66
	The Place	68
	The Promotion	71
CHAPTER 7	THE CASE STUDIES	79
	Introduction	79
	Method	79
	Swindon Enterprise	82
	East Kilbride Development Corporation	92

Page No.

CHAPTER 7	THE CASE STUDIES (contd)	
	Glasgow Action	104
CHAPTER 8	DISCUSSION	117
	Introduction	117
	A Marketing Framework	118
	Implications of this Approach	123
	BIBLIOGRAPHY	

INTRODUCTION

> "THE PETERBOROUGH EFFECT - since 1971 over 360 companies have moved to Peterborough.
>
> Peterborough today is a unique blend of the traditional and the most modern, the ideal choice for companies seeking a new location.
>
> In Peterborough now, you'll find ready-built offices and factories; there's a large pool of experienced staff ... and you'll find higher levels of productivity and a more positive attitude to work. The city's excellent living and working conditions bring real benefits.
>
> Peterborough offers an outstanding choice of housing. Schools are first class and people here enjoy unrivalled sporting and recreational opportunities.
>
> Peterborough is just 50 minutes by train from London and has excellent connections with the Midlands, the North and the expanding East Coast ports."
>
> (SOURCE : The Sunday Times, 8th June, 1986).

The above is a typical example of many advertisements found today in Britain's quality press - advertisements that detail the suitability of an area for a firm to locate itself.

Advertising is but one of the marketing activities being undertaken by local authorities; New Towns; and Regional Agencies to sell an area to the investor, and bring investment and employment into the local economy.

Areas now <u>compete</u> with each other to attract jobs and investment.

> "Nike looked at 6 sites, most of them near London, and they chose Washington, Tyne and Wear.
>
> So how much of what they wanted, did Washington give them?
>
> For a start, they enjoy better distribution with lower overheads than they'd get in central England ..."

(some of the content of an advertisement in the Sunday Times, 17th August, 1986)

Marketing theory acknowledges a competitive environment: the fight for market share. Marketing provides method to develop competitive advantages for the organisation.

Public organisations are thus selling areas as say a toothpaste manufacturer would sell a tube of toothpaste. Both are fighting for a part of the market, and to do so, are using marketing techniques.

This paper will attempt to put the activities undertaken by public agencies to attract investment, into a marketing framework – Place Marketing.

CHAPTER 1 THE CONCEPT OF PLACE MARKETING

A Definition of Marketing

Before looking at the concept of Place Marketing, it would be best to first provide some kind of definition of marketing. Everybody has heard of marketing, but most are vague when it comes to actually defining what marketing is - "it is something to do with business; it is selling a product; it is advertising something ...."

For our definition, we will go to standard marketing textbooks (Kotler, 1980; Baker et al, 1983; McCarthy, 1975). The books are all very similar in their definition of marketing activity. In all, the same words appear - "exchange", "needs and wants."

Marketing : is activity directed at satisfying needs and wants through exchange processes.

(Kotler, 1980, p19)

A marketing-type organisation must be able to understand, plan and manage exchanges. This entails knowing how to research and understand the needs of the other party; knowing how to design a valued offering to meet these needs; knowing how to communicate the offer effectively; and knowing how to present this offering the right way at the right time and place.

The philosophy of marketing is firmly rooted in the principle of consumer sovereignty - the marketing concept basically states that the task of the organisation is to identify customer needs and wants and satisfy them, and through customer satisfaction, organisational goals will be achieved.

Thus, we have a philosophy for relating an organisation dynamically to its markets. Marketing is a cornerstone of policy and practice for many large private sector firms - IBM, Gillette, Procter and Gamble, Xerox - and many small private sector firms. Marketing, however, has broad applicability to a variety of organisational undertakings, and non-profit organisations are seeing marketing as a new way of looking at their relations with their publics. Marketing provides the link between the organisation and its environment, moving the institution away from bureaucratic inertia toward responsiveness to customer needs and anticipation of continuing changes in the environment - non-profit organisations such as museums, universities, churches and government agencies are now adopting a marketing approach to their tasks.

Marketing was first developed in connection with physical products (the product being something that is viewed as capable of satisfying a need or want) but this need-satisfying item has been broadened in recent years to cover other "marketable" entities.

> "A product is anything that can be offered to a market for attention, acquisition, use, or consumption; and this includes physical objects, services, personalities, <u>places</u>, organisations, and ideas"
>
> (Kotler, 1980, p351)

We will be looking in some detail at the marketing of places.

Place Marketing

Today, in the United Kingdom, many towns, cities and regions are selling themselves in the same way that consumer goods are sold. Economic circumstances have necessitated this. The progressive, though uneven, decline in the national economy (particularly evident in the industrial sector) has resulted in high unemployment; out-migration; environmental decay; a declining rateable base; and a vulnerable industrial structure in some areas of the country. These areas have to fight back, and one way is to market themselves to bring in investment - in the same way that a manufacturer would offer his product to a defined customer. This process of attracting investment can be termed Place Marketing.

There has been very little written about the marketing of an area for investment. One can find a few articles in journals, looking at local authorities promoting their area via advertising (Camina , 1974; Forester, 1979; Mason 1981; Burgess 1981; Massey and Miles, 1983). There are a few articles on cities "selling" themselves (Lewis, 1973; Dumsday, 1984; Wright 1985). The local authorities have published a report on marketing an area to locating firms (Association of District Councils, 1983). From personal research only one marketing textbook (Kotler 1982) mentions place marketing and this is only a very fleeting mention. It appears that no one has tried to put the process of attracting inward investment to an area, into a marketing framework. This is the purpose of this paper.

> "Place Marketing involves activities undertaken to create, maintain, or alter knowledge, attitudes and/or behaviour toward particular places."
>
> (Kotler, 1982, p482)

The activity of place marketing can be divided into four different types (Kotler, 1982). These different activities all aim to attract a defined customer segment to utilise the area being marketed.

Nation Marketing : This involves the production and projection of a national image mainly for the purpose of attracting tourists. For example, the Belgian government hired the public relations firm Communications Counsellors Inc. to "put Belgium on the map". A compaign was developed to a) attract more tourists b) attract more investments c) sell more Belgian products abroad. The target of the campaign was to be American citizens and businessmen - America is a large and rich market. Research showed that Americans knew little about Belgium and the Belgian people. From an audit, CCI identified several assets that could be used in the selling of Belgium to the American target markets - The Belgian Royal Family, Belgian lace, diamonds and crystal, and a few attractive Belgian cities. On the basis of these product strengths, a publicity campaign was embarked upon to give the Americans the message - 704 stories in newspapers (combined circulation of 75,000,000); 145 articles in technical and trade press; use of canned scripts on 1,251 television and 6,906 radio stations; a book about Belgium; a travelogue about Belgium.

Belgium succeeded in attracting more tourists and investment dollars.

Tourist Marketing : This involves efforts to attract vacationers to an area. Many organisations may be involved in the process of marketing an area for tourism - travel agents, tour firms, hotels and motels, restaurants, museums and galleries, airlines, bus companies, railway authorities, motor car associations, regional and national tourist boards.

Most cities and regions have a tourist board working to attract tourists to the area. These tourist boards are involved in a number of marketing activities - identification of the area's tourist attractions; improving the tourist product by introducing new types of tourist attractions and encouraging the building of more and better hotel facilities and retail businesses; researching the tourist market and selecting the most appropriate target segments to attract ; identifying trade associations and organisations, and trying to persuade them to hold conventions in the locality ; developing tourist marketing communications e.g. advertisements, brochures, direct mail, publicity.

The tourist industry has fully adopted the marketing philosophy and shows a sophisticated marketing approach (see Wood, 1980 ; Hawkins, Shafer and Rovelstad, 1980). For tourist marketing the most controllable variables are the product (the various attractions in the locality) and promotion of that product (marketing communications). For product and promotion decisions, the marketer needs to know his markets and their desires (the objective of marketing is to satisfy consumer needs and wants) and the tourist industry has undertaken sophisticated research in order to identify tourist segments and their needs, perceptions and attitudes. This work has led to more effective product and promotional strategies.

For example, Ontario in Canada fully utilises tourism's marketing variables - product and promotion : The Product - covers more than 400,000 square miles and offers something for everyone. 11 states containing 28 million households are within weekend driving distance of Ontario's borders. The area contains world class tourism and recreational facilities, attractions and events. Investment in the development of a tourist industry (government/ private sector partnership) has produced quality and quantity in the tourist plant. Ontario is trying to achieve an active 12 - month hospitality season, and the area has maintained tourism as an industry that fits comfortably with the existing environment. It has used food and food service to build a reputation for Ontario and has encouraged the development and promotion of regional attractions, souvenirs and customs.

The Promotion - the area has utilised advertising, promotional literature, the travel trade, sales staff at conventions and seminars, public relations and promotional films. The advertising and promotional material are tailored for specific markets - as well as aiming material at its own citizens, the area has concentrated on the 11 states near Ontario's borders; two-thirds of whose households take annual vacations out of state. The area has aimed at the long-term United States visitor who spends about 12 times as much on average as the short-term visitor.

Residential Marketing : This involves attempting to attract new residents to an area. For this, an area must decide on how many new residents it wants to attract in a given time period ; it must decide on the types of residents, in terms of demographic factors such as age, sex, occupation, income, social class, family size stage in family life cycle; and it must identify the sources of its target residents so that it can focus its promotional and recruiting efforts.

For example, the New Town of Redditch, situated near Birmingham, planned to increase its population from an original area population of 29,000 to an eventual 90,000 by 1990. This overspill scheme planned to attract migrants (residents, industry and commerce) from the congested urban regions in the West Midlands, and the mass media was used to improve the town's chances of receiving overspill.

The Redditch Development Corporation (with a total budget of £40,000 (for 1971), advertised in quality national and regional newspapers, and made use of a wide range of trade (management) journals. It published promotional literature for everyday publicity work (it believed that advertising could only create initial interest while publicity brochures would bring more substantial inquiries). The only other main medium used was poster advertising (placed at railway stations in the West Midlands for the benefit of executive businessmen).

A theme used extensively was a picture of a bowler hat being hung on a peg with the caption "Top People are coming to Redditch." A number of advertisements were placed in the press media aimed solely at a residential audience. These specific advertisements were placed in the "Saturday Housing Guide" of the Birmingham Evening Mail. From the content of these advertisements, it was clear that these were very much aimed at the upper end of the housing market, referring to "detached patio bungalows" and "executive housing plots."

Redditch thus seemed to be suggesting in its communications that there was high status attached to a move to Redditch New Town - it was aiming for an "up-market" audience : those that considered themselves "top people."

Investor Marketing : This involves efforts on the part of towns, cities, regions and nations to attract investment capital to an area. Today, this pursuit of mobile investment has become an international game without frontiers - countries compete with each other for scarce investment capital. An example of this being the frantic attempts by France, Spain, Portugal and Austria to secure a Ford Motor Company assembly plant (Forester, 1979).

In the United Kingdom, the attraction of investment seems to be a growth industry - "The great jobs hunt" (Forester, 1979). Various public agencies are involved in this highly competitive game - local district and regional authorities; new town development corporations; regional development agencies; the Department of

Industry; BSC (Industry) and NCB (Enterprise) Ltd, are just a few of the players involved. With the present government fostering the principle of "self-help" it seems to be "every man for himself" and job-hungry areas are desperately competing to attract firms. Yet, very few areas with the exception of holiday resorts, have had any previous experience of selling themselves.

Promotion of a favourable image (via advertising, publicity material, exhibitions, export missions, direct mailing); physical provision; and financial assistance are used in the task of bringing in capital to an area.

For example, Northampton markets itself to attract investment. The county town of Northampton in the East Midlands is one of the third generation new towns - an expanded town. Marketing was used in the task of expansion.

In 1968, when the Northampton Development Corporation began its work, the town had a population of 130,000 and was heavily dependent on the shoe industry. The development corporation's brief was to add 100,000 to that figure. A rethink in 1976 cut the target figure back to 180,000 by the end of the 1990's and the population currently stands at around 163,000. The growth of the town has been accompanied by an economic transformation - the growth of service industries, warehousing and light industry, which has pushed Northampton's unemployment rate down to 3 per cent below the national average and created more than 18,000 new jobs. From 1970 more than 10 million square feet of industrial and commercial premises have been added to the resources of Northampton.

The Development Corporation owes much of its success to its marketing activities - a high promotional profile and a strong product. New Towns are big spenders in promoting their area - the Department of Environment estimates that for 1982, £8.1 mn was spent on advertising and publicity, and this is a probable underestimation (Massey and Miles, 1983). For 1982, the total media spend for Northampton was £300,000 (Source : MEAL). To create a favourable image of the area Northampton placed advertisements in newspapers and specialised trade journals; produced posters (some were placed in the London Underground); produced glossy brochures; attended trade exhibitions; and indulged in "below-the-line" promotional activities - a pop record containing its promotional slogan "Sixty miles by road and rail" and an Affordable Home Contest. All these activities were intended to get the town noticed and to stimulate enquiries from, and establish contact with, executives - the decision-makers.

"Make it your business in Northampton"

Northampton made claims to character, prosperity and growth, and made much of its central location in "Middle England" - "Northampton is midway between London and Birmingham on the M1 motorway, close to the M6 junction, and therefore within easy reach of most of the country. 50% of Britain's industry and 57% of its population is within a 100 mile radius. The major sea ports of London, Southampton, Bristol, Immingham, Felixstowe and Harwich are all within a 100 mile radius. Birmingham, Luton and East Midlands airports are within 50 miles. Heathrow is about 70 miles away" (from an advertisement in the Economist, July 1979 - Burgess, 1982).

As well as a good location, Northampton could offer purpose designed premises and a good skills base (but not the large range of financial incentives which some of its competitors could offer).

The town perceived itself to be up against strong competition - Enterprise Zones at Wellingborough and Corby and the new town of Milton Keynes with its strong promotional machine.

The town believed strongly in the power of "word-of-mouth" and that success attracted success - this was particularly important in the attraction of overseas firms. Sixty-five firms had come from abroad, and the fact that one relocated company was doing well in Northampton was a major influence on the locational choice of others still deciding where to go.

Although it could only offer a limited number of financial incentives, Northampton was attracting an increasing number of first time start ups. Perhaps this was because of the town's emphasis on the long term viability of investment in the area - an area that breeds success : a strong product.

Of the different types of place marketing activity, it is investor marketing that this paper will be primarily concerned with.

CHAPTER 2 CONTEXT FOR THE INVESTOR MARKETING ACTIVITIES

The Problem

The problems faced today by many areas in the United Kingdom can be primarily attributed to the poor performance of the economy (Lawless, 1981). The context for an area's economic problems is the economy as a whole - spatial distribution and physical location of activities are determined by the UK economy.

A rapid decline in manufacturing employment has taken place since the 1960's (de-industrialisation (which lacks any precise definition) is a convenient shorthand for this trend, whereby formerly prosperous British industries have gone into a decline, marked by rising import penetration, factory closures and increasing job losses in the manufacturing sector) and this has only been partly balanced by growth in services. Meanwhile, the labour force has expanded. The result has been an unprecedented post-war rise in unemployment, especially since 1979.

The spatial manifestations of these economic changes are that the traditional manufacturing centres in the conurbations of the North, West, and more recently, the Midlands, have been badly affected and London itself has experienced rapid employment decline in its manufacturing and port activities. The areas suffering least have been the medium-small town and rural areas, especially in the South East and in the adjacent regions of East Anglia, the East Midlands, and the near South West. (Fothergill and Gudgin, 1982; Martin 1985).

British "counterurbanisation" (outward migration of population from urban areas to rural areas and economic decentralisation) accelerated during the 1970's. This process has been widely associated with the attempts of UK manufacturing to compete internationally by reorganising its levels and patterns of labour demand, both structurally and spatially. The depressed areas of Britain (mainly urban) occupy a distinctly unfavourable position as regards sources of industrial and economic regeneration - The move towards innovative; technologically advanced;competitive; internationalised industry, inherently favours the southern half of the UK.

Many of the high unemployment areas and communities face structural problems: a high degree of external control of their manufacturing and services industries; a lack of high-technology/science based growth sectors; low rates of new firm formation and entrepreneurship; an inferior skill-base, involving an under-representation of technical, professional and managerial employment.

Thus as Britain has undergone major economic changes, certain areas (mostly urban, as manufacturing activity in the UK is essentially urban in character) have been adversely affected. The symptoms are only too clearly evident-high rates of unemployment; large and still growing areas of derelict and semi-derelict land and property; high levels of social deprivation, crime, vandalism and racial tension; declining quality of infrastructure. Many of the firms which once comprised the economic hub of these communities have either declined, died or migrated elsewhere, and there has been no counter-balancing increase in enterprise births or inward migration.

The Spatial Economic Policy Framework

The response to the spatial inequalities - policy influencing the spatial distribution of the economy - has become increasingly complex and confusing ("diffuse and largely unco-ordinated" (Regional Studies Association, 1983)) with local, regional and central influences all involved.

The two levels of local government in Britain,District and Region/County, do attempt to influence the geography of the economy. This usually means assisting the establishment and development of local firms, and attempting to attract mobile industry (the former usually playing the larger part in local authority activities). The programmes, which facilitate investment in the area, typically involve factory provision; financial assistance to firms (loans and grants); declaration of industrial improvement areas; provision of information; promotion; labour training. The role of local authorities in assisting the development of areas is vaguely defined, and there are a great range of programmes being pursued. Local authorities, however, possess only very limited economic power (limited by legislation and financial constraints) and can only exercise what powers they have in very small geographical areas.

The authorities operating at the regional level in Britain are very diverse. The areas covered vary greatly, in size - from national responsibilities (Scottish Council (Development and Industry), Development Corporation for Wales) to much smaller ones (Tayside Development Authority, North East Scotland Development Authority). Some of the authorities have substantial independence of action (like the Highlands and Islands Development Board), others are closely tied to their corresponding local authorities (North West Industrial Development Association), while others represent central government at the regional level (Scottish and Welsh Development Agencies). Activities extend from promotion and publicity and the sanctioning of grants to the full range of regional planning measures enjoyed by central government.

Central government, in the level of financial backing available and in legislative capacity, has immense potential to influence economic geography. Government involvement in nationalised industries; government expenditure on infrastructure; regional policy; and EEC funding through the government all have an influence on the geography of the UK economy.

It is with Regional Policy that the geographical dimension of central policy can be strongest. Regional policy is concerned with the existence and betterment of regional disparities in economic prosperity and growth. It diverts demand and output from the prosperous to the lagging regions. This task is performed by incentives - regional development grants; regional selective assistance; provision of land and buildings; and a wide range of other financial and labour orientated measures. Many of the incentives are available on a sliding spatial scale with the most generous terms going to the most needy, the Development Area (inner tier) and the least to the more prosperous Intermediate Area.

The present regional policy package (which was revised in November 1984) could be described as "token" (Martin, 1985). This reduced more discriminatory package which aims to be more cost effective with aid more closely tied to the creation of jobs, has been weakened to such an extent that it is not tackling the basic policy issue - the lack of real jobs (Martin, 1985).

This gradual abandonment of regional policy is in line with the present government's philosophy of self help. With the widening regional policy gap, there appears to be a move away from inter-regional policy to intra-regional, local economic initiatives. Policy that concentrates on particular local areas. Areas which appear to be in greatest need. Central Government itself has led this change in policy, through for example, the powers available under the Scottish Development Agency Act 1975; the 1978 Inner Urban Areas Act; the 1980 Local Government Planning and Land Act - special areas attract special resources, in an attempt at regeneration.

In recent years there has been a rapid growth of local authority involvement in the local economy and in the number of other organisations and agencies involved in economic development at the local level. (see S Cameron, 1983; Young and Mason, 1983; I Turok, 1984). Along with the mainstream policies of the local authorities (and local authority/central government partnerships) and regional authorities. There are other less orthodox approaches to business development and local economic regeneration - direct support for new entrepreneurs in the form of advice schemes and special financial aid packages targetted directly at business start-ups. The New Enterprise Workshop and MSC Enterprise Allowance Scheme are examples of this. A similar idea is the provision of help and advice to small firms from Local Enterprise Trusts.

- establishment of Local Enterprise Boards. These are companies limited by guarantee and which aid medium and large-sized firms by providing long-term equity capital. The Board also enters into planning agreements with those firms it invests in to secure guarantees on future investment, employment, production intentions, and labour practices. This capital input is to help modernise and rationalise the firms to secure their long-term viability and thus safeguard some employment.

- encouraging private investment and initiative. This approach basically aims to replace the public sector with the private sector. The private sector is encouraged, sometimes with pump-priming grants or tax incentives, to provide the infrastructure, investment and advice necessary for the development of the local economy. Enterprise Zones and Urban Development Corporations are two mechanisms by which private sector capital can be channelled into economic development.

There appears to be a wide range of organisations and agencies - both public and private - involved in the economic regeneration of depressed areas in the United Kingdom. The regional aid package has declined in strength and importance in the policy framework - because of pressure for public expenditure cuts; because of doubts about the cost-effectiveness on the cost per job created; and because the economic recession is now adversely affecting parts of the country which had hitherto been immune.

While regional policy is on the decline, there has been a huge increase in the number of economic initiatives at the local level. This has produced a multitude of different programmes and policies, and a very complicated framework which shows much inefficiency: as there is a tendency for each agency/organisation to act independently, the resulting pattern of expenditures can be very haphazard. Each organisation will have its own pattern of expenditures and so combined expenditures may be poorly correlated with spatial variations in economic welfare; there is the problem that there is no precisely specified division of responsibilities among the various agencies and organisations, and this may lead to conflict; the same assistance may be offered by different organisations and this duplication of effort which may result in competition and competitive bidding is wasteful; with so many organisations involved , there will be unnecessarily high administrative and organisational costs. Co-ordination will impose costs, and firms face extra costs of information gathering when faced with the multitude of alternative types of assistance.

It is in this complex, dis-organised economic framework that the marketing activities to attract investment take place.

CHAPTER 3 ATTRACTING INWARD INVESTMENT

The Theory

One of the ways that an area can improve its economic base is to bring in new investment from outside (the other approach is to encourage growth in the existing indigenous economy). The approach, attracting investment to remedy economic ills, has both its supporters and its opponents. Some view it as a waste of time and effort and state that it just adds further to the problems of the local economy. Others believe that it is a quick way of bringing jobs into an area and restructuring the economic base. No matter the debate, areas are marketing themselves to attract investment.

Simply stated, attempts to attract inward investment are based on the belief that an area can influence the locational choices of mobile firms through a variety of actions. The establishment of these new firms in the area will boost local employment and benefit the local economy via a multiplier effect.

The concept of influencing the distribution of industry in order to solve local economic deficiencies emanates from regional policy of the 1930's which attempted to redistribute employment between regions within the United Kingdom. Investment moved from congested urban regions to the peripheral regions which were facing high levels of unemployment. Regional policy seemed to be fairly successful in the task of redistributing employment when there was national economic growth, high levels of investment, and expanding employment opportunities.

Today, circumstances are very different : a depressed economy with lower levels of investment in many industries and less mobile projects. Nevertheless, areas still attempt to attract investment.

Inward Investment defined

Inward investment involves the acquisition of productive assets in an area other than one's own - this may be a country, a region a town. A distinction must be made between portfolio investment which involves the purchase of stocks and shares but where control is not removed from the residents of this area, and direct investment, which includes both the direct acquisition of assets in the area and the purchase of substantial equity stakes. The distinctive feature of direct investment is that the control of the productive asset is vested in (or retained by) persons not connected at present with the area-input from outside. The focus of this paper is on direct investment into areas in the United Kingdom.

Direct investment may take various forms : a new venture by a company with no previous interest in the area - complete relocation, or establishment of a branch plant; an extension of an existing subsidiary; a takeover of existing assets.

The types of investment

The investment that areas aim to attract is usually in manufacturing and service activities. From a study of local authorities and New Towns (Middleton, 1981) it was established that manufacturing is perceived to be the most important sector for the creation of employment, followed closely by office-based service industries.

Manufacturing activities are covered in Orders III - XIX of the Standard Industrial Classification (1968). Industries in this group are characterised by the variety of their locations. Some are clearly located with reference to the final purchaser, others are strongly tied to their raw materials, while some are in between these extremes. There is a great variety of manufacturing industry.

Much interest lies in manufacturing because of the effects it has on the other sectors of the economy. Manufacturing firms are often part of the export sector of a geographical area. Keeble (1976, p201) states that "politicans and regional planners have viewed the location of manufacturing activity as the most important single variable controlling the country's economic and population geography and although there is now only a very limited number of mobile manufacturing projects, this sector still is regarded as important (Roberts, 1985).

Service activities - consumer services and producer services - are covered in Orders XXII - XXVII of the Standard Industrial Classification (1968). These are concerned with providing a service and tend to be located where services are required, at the market.

Until recently, service industries have generally attracted much less attention than manufacturing industries in policy-making (Keeble, 1976). Yet, more than half the economically active population of the UK now works in service industries (Massey 1984) and it is only in the service sector that employment is growing significantly (Keeble, 1976). It is only now that policy is beginning to cater for the services sector (see "Investment assistance in Scotland", Industry Department for Scotland). It is now believed that service activities can make a positive contribution to economic development - this contribution can come from the production of services that can be exported outside the area or be substitutes for previously imported goods (SDA Annual Report 1985).

The Economic Role of Inward Investment

In an economy with high unemployment, the potential of inward investment to raise an area's employment is important.

Direct employment effects arise in two ways. Inward investment generates additional demand for capital goods. In the case of inward investment in the form of a new "greenfield" development, demand for capital goods rise significantly, and, if these are supplied from domestic production, the domestic economy benefits. The benefit is less when an investment involves taking over an existing firm, or purchasing plant and equipment from another area.

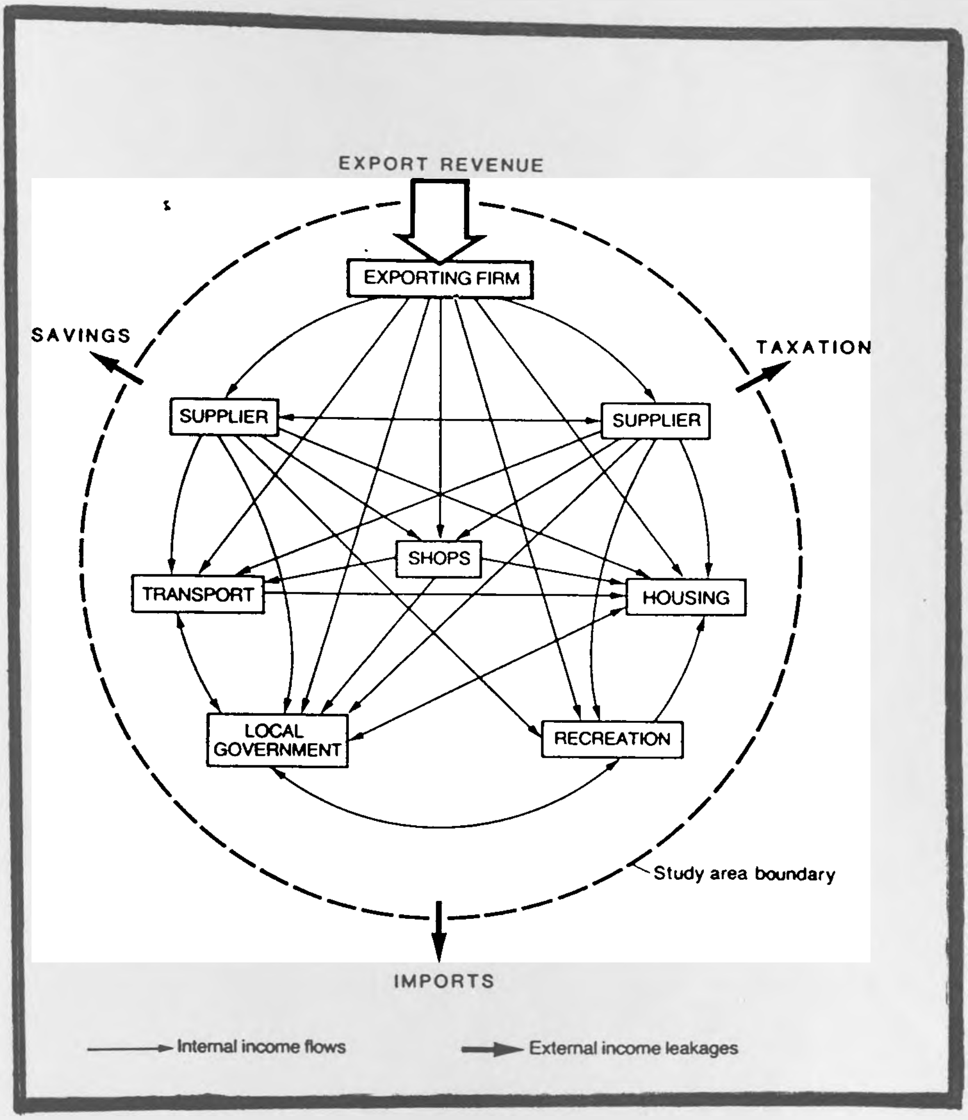
The demand for new capital goods is a one-off effect (although it will be repeated whenever a venture is subsequently expanded). Of greater significance is the long-term net addition contributed by the project to an area's output. This can be measured approximately by the incomes it creates in the form of wages and salaries, profits and taxes. A project which replaces goods previously imported and/

or creates substantial exports creates a greater net addition to value added than one which displaces existing domestic production. Component sourcing is also important : The greater the domestic content, the greater the extent to which it boosts domestic incomes.

The multiplier concept concerns the way in which an initial increase in income from an investment project will multiply by stimulating the generation of further income in other activities. If a new plant is set up or an existing industry expands,local or regional income will increase initially to the extent that the additional output is sold elsewhere or exported (local sales generate no net addition to local income). How much further increase in income takes place depends on how much of the initial increase turns over and how many times within the local or regional economy, before being spent on goods and services from elsewhere. (See diagram)

Inward investment (especially foreign investment) can improve an area's economic competitiveness by bringing in new technologies and new managerial and working practices - direct investment involves transferring to the economy, production knowledge and other intangible assets possessed by the incoming firm. The extent of this transfer depends on the degree to which local employees and institutions are involved with these assets, and on the opportunities for diffusion to other local firms through spillover effects.

This resource transfer effect however is a two-way process and the incoming firm can capture indigenous knowledge and techniques, and transfer them to its plants in other areas.



Internal recycling of export earnings within a geographical area. A further increase in total earnings results through the "multiplier" mechanism - money is spent and respent, more jobs create more jobs.

SOURCE : (Hoare, 1983, p13)

Benefits to the area depend on the extent to which channels are opened up for the new techniques to be diffused to other local firms ie/the potential technological and managerial spillover. If inward-investing firms can retain their technological and managerial advantages for themselves, the benefit to the area is limited to the contribution to output, income and employment.

The Potential Problems of attracting inward investment

Direct inward investment is generally pursued because of the employment gain that it can bring. The extent of this gain, however, is highly dependent on the type of inward investment involved.

For instance, an incoming firm can do more harm than good : it may displace existing domestic production in the domestic market with goods with a high import content ; even if the incoming firm does not seriously threaten the position of indigenous firms in the home market, it may still encroach on their export markets; competition between incoming and indigenous firms may occur in the markets for key inputs, such as finance or skilled labour, and perhaps result in crowding out indigenous firms; incoming firms through the resource transfer effect may obtain access to resources and knowledge belonging to indigenous firms and exploit this in other geographical areas; and there is the danger that incoming firms may be able to dominate the domestic industry and drive out indigenous firms. Furthermore, the firm is then able to consolidate its position by exploiting economies of scale and monopolising distribution channels and R and D facilities, and to erect entry barriers against potential new indigenous firms in the future.

A study of the externally owned manufacturing sector in Scotland (Mackay 1977) showed that its presence was most important in the high technology, fast growth industrial sectors ; the average size of manufacturing units operated by such enterprises were large; and that branch plants were the most usual form of organisation.

Looking in particular at US enterprises in Scotland, it was established that they produced a large amount of their output for export; they imported many of their components; they did little basic research and development; they did not have much control over strategic decisions involving investment, production or marketing; and they comprised only a relatively small proportion of their parent companies overseas operations - a most unsatisfactory basis for self-sustaining growth.

Attempts to attract inward investment into the local economy may not be a sufficient or effective response to the economic problems of an area. Today, there is less mobile capital to attract into the United Kingdom, or into particular regions and towns than there has been in the past (Department of Trade and Industry, 1983). Areas can easily end up in a zero-sum game where they compete against each other for shares of a shrinking market. There is no necessary or even likely reason why subsidising capital with loans and grants, below cost land, premises, or advice, should create more jobs or lead to local regeneration. "Servicing of Capital" (Duncan and Goodwin, 1985) is really just a matter of job redistribution rather than job creation. Policy only shifts economic activity around rather than increasing the level of activity.

Many firms may use relocation as an opportunity to shed jobs or introduce cheaper and less worthwhile ones - much of the industrial development has been of the branch plant variety, and typically the unskilled and semi-skilled stages of the production process (I Turok, 1984). Firms attracted by an area's incentives are often branch plants or larger conglomerates or footloose firms, liable to relocate or to rationalise again (Benington, 1985).

This is made worse by the problem of jobless growth - an increase in production or even in investment does not automatically lead to an increase in jobs : sometimes it is the reverse. Success for capital is not necessarily the same as success for labour.

The Organisational Framework of Attracting Investment

The UK government actively attempts to promote inward investment into the United Kingdom. It argues that inward investment brings jobs to the economy - currently an estimated 10,000 - 15,000 a year to the manufacturing industry (this figure refers to jobs which are directly created by inward investment and ignores jobs created indirectly via multiplier effects) (NEDC 1982). Inward investment projects are also seen to bring with them valuable managerial and/or technical expertise which has spin-off effects throughout British industry.

The machinery for promoting inward investment into the UK is in theory co-ordinated by the Invest in Britain Bureau (IBB) in the Department of Trade and Industry (DTI). In practice, the IBB has relatively weak coordinating powers in its dealings with agencies such as Locate in Scotland (LIS), offspring of the Scottish Development Agency and the Scottish Office; and the Welsh Investment Bureau (WINVEST), which is jointly funded by the Welsh Development Agency and the Welsh Office. These are responsible to neither the IBB nor the DTI, but to the Scottish and Welsh Offices, and their budgets are wholly independent of the IBB. Similarly the Industrial Board for Northern Ireland is responsible to the Northern Ireland Office.

The IBB has twin responsibilities: the general promotion of inward investment into the UK and the specific oversight of inward investment into England (as distinct from Scotland, Wales and Northern Ireland). Latterly, policy has been to give these regional authorities rather more autonomy leaving the IBB free to concentrate on its promotional and co-ordinating functions.

On promotion and coordination, the IBB is both passive and active in its function - passive in that it is supposedly the first port of call for any firm thinking of investing in the UK (it acts both as a major source of information about industrial and commercial conditions in the UK and as a channel by which firms are put in touch with other more specialised agencies dealing with particular locations or particular industries) - active, in the sense that it also has responsibilities actively to promote the UK as a potential location for internationally mobile capital projects. In this function it operates through Foreign Commonwealth Office posts overseas, where commercial staff work on the promotion of inward investment either full or part time, depending on the potential of the market. In the United States, there are now 26 full time inward investment officers in the Consulates General (including those promoting the regions). In Europe, locally engaged inward investment specialists cover the Federal Republic of Germany and Switzerland. In Japan, the other "high priority" area in the work, a First Secretary at the Tokyo Embassy heads the inward investment effort. In all countries judged to have potential for direct investment into Britain, staff in the diplomatic service, not excluding ambassadors, have inward investment among their responsibilities.

The IBB also co-ordinates inward investment into England, operating through the regional authorities in the main areas for expansion. There are four main authorities involved : The North of England Development Council (NEDC), The North-West Industrial Development Association (NORWIDA), the Yorkshire and Humberside Development Association (YHIDA) and the Devon and Cornwall Development Bureau (DCDB). Each of these authorities employs a team of industrial officers whose main function is to seek ways of attracting industrial developments to their area. In association with the IBB, they organise visits and missions for businessmen from abroad, and run special promotions in UK embassies and consulates abroad.

Scotland, Wales and Northern Ireland run their own promotional establishments and are actively engaged overseas. Locate in Scotland has four offices in the USA; one office in Brussels, a representative in Japan and an office in London. WINVEST has three full time and two part time staff located in the USA. The Industrial Development Board for Northern Ireland has a small office in New York but Northern Ireland officers are also attached to eight consulates in the USA.

In addition to these major regional authorities, a number of other authorities are actively seeking investment - local authorities are selling their localities to investment as are New Towns, Enterprise Zones and Free Ports:all are seeking to impress upon the investor their attractions as potential industrial locations.

Looking at Scotland, there are a large number of organisations involved in the attraction of investment from overseas and from within the United Kingdom - LIS, the lead organisation in Scotland responsible for attracting overseas investment; The Industry Department for Scotland, dealing with the Assisted Areas; the Scottish Development Agency attempting to further the economic development of Scotland; the Highlands and Islands Development Board, set up to help the economic and social development of the Scottish Highlands and Islands; various regional organisations such as the North East Scotland Development Authority; the local authorities - the regions eg/Strathclyde, Lothian, Fife and the districts eg/ Glasgow, Inverclyde, Motherwell; the five New Town

Development Corporations; the three Enterprise Zones, areas designated by the Government to encourage private sector activity in the Zones; the Prestwick Freeport where goods are treated for customs purposes as being outside the customs territory of the country; British Steel Corporation (Industry) Ltd, NCB (Enterprise) Ltd, and STRIDE (British Rail Engineering Ltd), subsidiaries seeking to attract new industry to areas affected by job losses in these three industries.

The above is not a comprehensive list of organisations involved but is satisfactory in demonstrating the complexity of the process of attracting investment to Scotland - we have a large number of organisations which differ in size; in geographical cover; in responsibilities; in objectives; in powers and resources; and in methods, all attempting to attract investment to Scotland.

Decentralised responsibilities will permit local organisations to have a greater appreciation of the problems, needs and opportunities of their area than a more central approach could have, but this fragmentation of responsibilities creates the danger that competition among the different organisations will bid up the level of subsidy. Also the industrial promotion efforts by less "experienced" organisations - such as local authorities - which may lack in expertise, may hinder the more professional efforts of the public agencies operating on a regional or national basis.

SUMMARY

Areas sell themselves to investors. An exchange - the investor brings in money and employment to the area: the area provides the investor with means for production and profit-making. Both have needs that are satisfied by the exchange. This simplified view allows one to look at the efforts made by areas to bring in investment as marketing activities. Place Marketing.

Many areas wish to attract investment - whether it is to bring in jobs and economic activity to a job starved ghost-town, or to bring in more work to an expanding New Town. The latter, have been selling themselves using marketing techniques since the late 1940's. They have had to promote their worth in order to attract residents, industry and commerce.

Other areas have been adversely affected by economic forces, and with the decline of regional policy which at the national level aimed to help problem areas, it has been left to the area itself to somehow breathe new life into its dying economy. The move to the local level has seen many different policies and programmes, including a large number of areas trying to attract mobile investment in a bid to bring resources into the local economy.

A very large number of different organisations representing many different areas, are involved in this process of attracting investment - the result being a very confusing situation for firms desiring to relocate. Also a very competitive situation, where there can

only be one winner and N-1 losers. Many areas are forced to compete because "everybody else is doing it" - it is a defence against the activities of other areas. One area undertakes a marketing campaign, so other areas must do the same - and be seen to be doing the same.

The amount of mobile investment projects has decreased in recent years - areas are competing for a shrinking market. Nevertheless, there is always some mobile investment and employment, even in a period of national decline (Massey and Meegan, 1982). However, the investment attracted to an area may contribute little to the growth of the local economy and may even harm the local economy in the long-term. Ideally, an area must be very careful of the investment it is bringing to its local economy.

CHAPTER 4 A MARKETING MODEL - Strategic Planning

Introduction

Further on in this paper, we will be looking at particular organisations and their approaches to selling an area. Before we do this, however, it will be necessary to build an ideal model - "a best practice" - to apply to these chosen organisations in order to describe and evaluate. A MARKETING model produced from available marketing theory.

As mentioned earlier, Marketing is a comprehensive philosophy for relating any organisation dynamically to its markets. Developed initially in the business world, this concept has now spread to nonbusiness organisations. Knowledge from business marketing has been applied to new contexts, and we are now seeing, "second - generation" texts on marketing applications to nonbusiness sectors (see Lovelock and Weinberg, 1984, Kotler, 1982), where the current state of practice is described and ways of improving this are detailed.

This section will borrow ideas and techniques from marketing knowledge and apply these to the process of attracting investment to an area.

Essentially, we shall first be looking at strategic market planning. This is the strategic decision-making which provides direction for the organisation's effort - where a company places its efforts, which markets and market segments it chooses to participate in, and what products it attempts to sell to those markets.

Then, we shall look at the process of market analysis. This attempts to understand an organisation's market(s). The market is the starting point for all marketing planning and action. Successful marketing is based on a good understanding of the markets in which the organisation competes.

Lastly, we shall look at the marketing mix which is the set of controllable variables that the organisation can use to influence its target market(s).

Strategic market planning

"doing the right thing is more important than doing things right" (Drucker, 1974).

In their book "Strategy Formulation and Implementation", Thompson and Strickland (1980) suggest four differences that can be found between a successful and unsuccessful organisation.

- successful organisations attempt to develop a clear sense of direction and try to define exactly what the organisation intends to do and to become. Unsuccessful organisations are too busy with day-to-day operating problems that they neglect the importance of assessing direction and effectiveness.

- successful organisations formulate a strategy for accomplishing the organisations purpose, then effectively implement it through unified policy actions. Unsuccessful organisations have no comprehensive plan which is systematically pursued.

- successful organisations understand what business they are in, who their customers are, and why buyers want or need the organisation's product. Unsuccesful organisations are less perceptive about the hows and whys of their product-markets.

- successful organisations produce an effective system for creating, communicating and delivering the organisation's product to the target market. Less successful organisations tend to be pre-occupied with various sorts of internal problems. Their activities seem to be focussed on problems rather than opportunities and results.

Strategic planning is a process of developing and maintaining a viable relationship between the organisation and its environment through the development of corporate purpose,objectives and goals. Strategic planning can be of great value to an organisation (Baker, 1983, p.297-299).

The strategic planning process will usually involve the following sequence of activities.

- defining the business
- situation audit
- establishing objectives
- strategy formulation
- implementation
- measurement, feedback and control

We shall look at each in turn.

Defining the Business

The first step in the strategic planning process determines the purpose and direction of the organisation. An organisation's purpose is a basic long-term statement of what the organisation seeks to do and the rationale for its existence. An organisation must establish a clear understanding of what its purpose is. This purpose is determined by answering such questions as what business are we in? What business should we be in? Who are our customers? What value do we provide to our customers?

Each organisation has to define its mission, it has to choose the customers it wishes to serve and find how to satisfy their needs. The purpose reflects the organisation's features/capabilities and limitations as well as the opportunities and threats in the environment.

Defining the organisation's mission is a difficult task - it must not write a statement that is too broad, one that is so general as to be operationally meaningless. A too-broad mission statement can result in a business failing to exploit its differential advantage. On the other hand, it must not write a statement that is too narrow, one that is so specific and inwardly focused as to provide little long-term guidance as to how to make choices in an ever-changing environment. A too narrow mission definition can result in a failure to capitalize on new opportunities or to counter new threats.

How should an organisation which aims to attract investment to an area, define itself? As an organisation selling an area? Bringing in investment is only a means to an end. The organisation should look to this end - bringing jobs and prosperity to the area (and if it is trying to bring jobs to an area, is attracting investment the most effective approach?) Thus, is it a job attraction agency? A job creation agency? An agency to improve the local economy? To improve the quality of life in the area? Defining the mission is a difficult task, but a very necessary one that all organisations must undertake.

The Scottish Development Agency, responsible to the Secretary of State for Scotland, sees itself as an "Agency of Change" (Annual Report, 1985). The customer is Scotland. In order to strengthen Scotland's economy, the SDA has chosen certain areas within which to encourage and facilitate change - technology; area initiatives; land renewal - areas that reflect the organisations resources and capabilities and threats/opportunities emanating from the environment.

Situation Audit

This is an analysis of the position of the organisation relative to its environment. It is a description of the major features facing the organisation that must be addressed by the subsequent objectives, strategies and actions.

The environment is complex and constantly changing. For a place marketing organisation it would include

- the internal environment - this is the internal publics of the organisation: chairman and board members; management; staff. Included in this must be the political environment in which the organisation works. Politics is an important influence on behaviour. The place marketing organisation usually is operating under political directives that constrain it from taking some actions and force it to take others.

- the market environment - groups and other organisations that the focal organisation directly works with to accomplish its mission: customers; marketing intermediaries; suppliers; government departments and agencies; private sector business and commercial concerns.

- public environment - other groups and organisations that take an interest in the activities of the focal organisation: the general public; media publics; pressure groups; trade unions; regulatory agencies.

- competitive environment - groups and organisations that compete for attention and action from the audiences of the focal organisation: this will range from other organisations that attempt to attract investment to an area → anybody/anything that attracts investment.

- macroenvironment - large scale fundamental forces that shape opportunities and pose threats to the organisation: demographic, economic,technological, political and social forces. These forces largely represent uncontrollables to which the organisation must adapt.

The situation audit (SWOT analysis) is typically composed of two elements: 1) the identification of opportunities and threats that might arise from the organisation's environment and 2) the identification of the strengths and weaknesses of the organisation relative to competition. These strengths and weaknesses indicate the degree to which the business can exploit environmental opportunities and block threats.

The town of Motherwell at one point depended on a relatively narrow range of industries - iron and steel, engineering, coalmining : traditional industries on the decline. This weakness was recognised - one of the main objectives of the Motherwell Project (a joint initiative between the Scottish Development Agency, Strathclyde Regional Council and Motherwell District Council) is to diversify the economic structure of the area. (Motherwell Project Agreement, 1982).

From analysis of the strengths and weaknesses of the area, it was established that Motherwell had much potential - it is an excellent location for distribution of goods; it has a plentiful supply of land for industrial development; it has an adaptable workforce; it qualifies for the maximum range of incentives.

Several opportunities have been identified for Motherwell - the distribution sector is one which has considerable potential for growth in Motherwell; the food sector is another. Growth in these areas will expand the area's industrial base, and leave it less vulnerable to environmental threats.

Establishing Objectives

Having defined the organisation's business, and having carried out a comprehensive audit, the organisation can translate its purpose into a set of specific objectives and goals. Objectives need to be set for the different functional areas of the organisation and in the context of different markets being served. The time frame adopted can vary : an organisation needs to have both short-term and long-term goals.

Objectives are both performance measures and targets. Without specific measurable objectives, the organisation's mission cannot be translated into action. Objectives should provide specific direction and guidelines for management. By serving as targets, they indicate what should be accomplished. By serving as performance measures, the objectives allow others to judge how well goals are being accomplished.

To be useful, an organisation's objectives should be hierarchical - stated in some priority ranking; measurable or quantifiable; realistic - within the organisation's capability; and internally consistent.

The Scottish Development Agency was set up to stimulate the growth of the Scottish economy. Its formal objectives are : to further the economic development of Scotland; to promote industrial efficiency and internal competitiveness; and to further the improvement of the environment (SDA Trade Directory, 1986). These are very wide objectives leaving much room for flexibility.

The Motherwell Project, one of seven SDA projects, has more specific objectives : to stem the decline in business activity by removing the main constraints operating against the development of firms in the area; to develop the opportunities offered by Motherwell's unique advantages; to increase job opportunities in the area; to diversify the economic structure of the area; to increase the area's attractiveness as a business location. These objectives are not highly specific in that there is no reference to magnitude or time - they still allow flexibility. Only one target has been provided that is measurable - the target for jobs over the 5 year duration of the project : 3,000 permanent jobs and the provision of 300-500 temporary jobs through training opportunities. (Motherwell Project Agreement, 1982).

Strategy Formulation

This calls for the organisation to develop a strategy for achieving its goals. In most cases, there are alternative ways to reach an objective. The strategy is the chosen way by which the organisation attempts to reach its objectives - it indicates the short-term and long-term actions that need to be taken. Objectives specify what is to be accomplished : strategy specifies how.

Most organisations consist of a mix of product-markets- a portfolio of transactions. An organisation should critically review its product portfolio at periodic intervals. It should identify key product-markets that deserve more attention, and ones that are less attractive which can be scaled down or terminated - the organisation's resources should go to the areas where they will be most effective.

For place marketing, a product may be an entire area eg. Glasgow; it may be a particular part of that area eg. the Garden Festival; it may be a single factory unit being sold to an incoming firm. A product is something that is viewed as capable of satisfying a need or want of a consumer (market). In the process of attracting investment to an area, there is a wide range of need-satisfying products.

The Scottish Development Agency recently reviewed its activities (product-markets) and the result was a change of emphasis in strategy (Annual Report, 1985) - the new strategy is based on 4 key priority areas - technology; service industries; area initiatives; small business and enterprise.

The review of the current portfolio of products may show the need for new or modified products and markets. The product-market growth matrix is a useful way to identify and summarise the possible growth alternatives facing the organisation.

market penetration : involves seeking increased usage of the organisation's current goods by the same types of users to which it currently appeals.

THE PRODUCT MARKET GROWTH MATRIX

	EXISTING PRODUCTS	NEW PRODUCTS
EXISTING MARKETS	MARKET PENETRATION	PRODUCT DEVELOPMENT
NEW MARKETS	MARKET DEVELOPMENT	DIVERSIFICATION

SOURCE : (Kotler, 1980, p73)

<u>product development</u> : involves adding new products that appeal to the market segments currently being served.

<u>market development</u> : involves offering the same products to new markets.

<u>diversification</u> : involves both new markets and new products for the organisation. This strategy entails the most risk to the organisation as it is furthest away from the organisation's core business where it has most experience.

For each product-market, the organisation must develop a marketing strategy. The marketing strategy consists of the selection of a target market(s), the choice of a competitive position, and the development of an effective marketing mix to reach and serve the chosen customers.

- target market : the organisation must understand the market thoroughly and be able to break the total market into logical segments. Once the market is segmented, the organisation can consider what part (s) of the market it can serve best.

- competitive positioning : this requires the firm to develop an idea of what kind of offer to make to the target market in relation to competitors' offers. The organisation must develop and communicate meaningful differences between its offer and those of its competitors serving the same target market. Positioning combines three important elements - the competitive situation, market needs, and organisational abilities.

- marketing mix : this is the particular blend of controllable marketing variables that the organisation uses to achieve its objective in the target market. The organisation will choose a marketing mix that will support and reinforce its chosen competitive position.

Strategic planning must be supported by marketing strategy in order for the organisation to adapt optimally to its market opportunities - the strategic planning process needs marketing inputs.

Implementation

This is the process of translating strategy into action. In order to implement the strategy, it has to be translated into programmes for management action - medium - range operational /functional plans; short-term tactical plans; budgets.

These plans express the organisation's intentions in qualitative terms and help to co-ordinate the different functional operations of the enterprise. They also provide a means for measuring performance and permit the control of the operations.

When organising the place marketing effort, there is no single organisation structure that can be effective in all settings. Such factors as the nature of the product-market(s), the growth of the organisation, and the personnel involved, all need to be considered in designing an organisational structure. The key organisational dilemma is how to subdivide the marketing tasks and functions to gain the benefits of specialisation, and to provide a means of integrating diverse functions. As the organisation moves from a single-product/single-market focus to a multi-product/multi-market one, more complex organisational structures will be needed.

The task of attracting investment to an area is predominantly undertaken by public sector organisations - marketing is just one of several management functions in these organisations. Although the importance of these functions varies with the nature of the organisation, the types of product offered, and the markets serviced, successful design and implementation of marketing programmes requires cooperation and coordination across functional areas. For example, because financial executives often have an oversight role on investments and expenditures, the marketing manager must educate these executives as to the need to spend funds on intangibles such as market research and advertising. Concerning cooperation, the marketing function must establish close contact with the operations functions to ensure that personnel in direct contact with users reflect a customer orientation.

If marketing is to have a substantial impact on decision-making, it must be positioned as a top-management function- the senior officer responsible for marketing should have an organisational position corresponding to that of senior officers in other functional areas. In this way, marketing contributes to both strategic and tactical decisions. Adoption of marketing at the top, however, is not sufficient - a market (user) orientation must permeate the organisation at all levels.

Measurement, Feedback and Control

Good implementation involves the development of a monitoring system to measure and control the results of the marketing activities. Marketing control systems are an intrinsic part of the market planning process. Two ways that control can be applied are through action plans, and the marketing audit.

Action Plan Control : The action plan can detail the specific activities that need to be carried out, and assign responsibilities by name or functional area. By stating these activities in mile-stone format, people know what has to be accomplished, and by when, if the established goals are to be met.

In turn, the established targets become the basis for control so that deviations in performance are identified and corrective action taken when necessary.

Strategic Control : This is where an organisation takes a critical look at its overall performance. The instrument for this is the Marketing Audit.

This audit is an examination of an organisation's marketing environment, its objectives, strategies, and activities. It aims to identify problem areas and opportunities for the organisation in order to improve performance.

To be effective, this audit has to be carried out periodically; it must be comprehensive, covering all the marketing issues facing the organisation; and it must be systematic, following an orderly sequence of diagnostic steps followed by a corrective action plan. In order to achieve objectivity, this audit must be undertaken by an independent party.

The Scottish Development Agency has recently introduced a system of performance related renumeration (Annual Report, 1985). Although this system has attracted criticism (Radical Scotland April/May 1986) it ensures close monitoring of activities and results.

As mentioned earlier, the SDA has recently undertaken a review of its operations. This audit resulted in a shift of emphasis for certain areas. For example, the encouragement of service sector activity has now risen to become a top priority. The review has resulted in a change in plans and programmes, and a re-allocation of manpower and resources to new areas.

The monitoring of activities is an essential part of the strategic process and must be recognised as such. Marketing strategy may set the direction, and execution may carry the organisation along, but reliable monitoring is needed to make sure that the organisation is keeping to the desired path.

CHAPTER 5 A MARKETING MODEL - Market Analysis

Introduction

A market is the set of all individuals and organisations who are actual or potential consumers of a product - it is the organisation's source of opportunities.

The term consumer covers such groups as buyers, clients, adopters, users, responders. The term product may be a tangible good, service programme, idea, or anything that might be put out to a group of responders.

The successful organisation must know its market - it must understand how and why individuals/organisations decide to use (or not to use) offered products. When the place marketer offers his product (be it a city, an industrial estate, a particular building) he must know who his market is, and how and why they act.

Market Definition

Each organisation must define who is in its market(s). Not everyone is a potential customer - it must distinguish between customers and non customers. To define the market the organisation must carefully define its market offer. The place marketer is offering an area to an investor - the market is anyone with resources (money, materials, knowledge) to invest in productive assets in a specified area. This person/organisation may be indigenous to the area, or may come from outside the area.

Those in the market will have the following three characteristics : they must have a potential interest in investing in the area; they must have the necessary resources to do so; and they must have the ability to do so. Additionally the Place Marketer may establish a restriction regarding those with whom he will transact - only certain types of investment may be desired. This gives us the qualified available market.

Market Segmentation

Normally, an organisation cannot serve the whole qualified available market - the customers are too numerous, widely scattered, and varied in their needs and preferences to be effectively and superiorly served by the one organisation.

Rather, the organisation should go after particular segments of the market - the organisation should direct specific marketing programmes at target groups within the population that it could potentially serve-groups that are the most attractive and that the organisation can serve the most effectively.

Market segmentation subdivides a market into distinct (homogeneous within, hetrogeneous between) subsets of customers, where any subset may conceivably be selected as a target market to be reached with a distinct marketing mix.

To be useful, a market segment should exhibit the following characteristics - it should be able to be measured; it should be effectively reached and served; it should be of a size and profitability worth considering for separate marketing attention.

Thus, given an organisation's limited resources, it should try to identify those market segments that it can best serve in terms of segment preferences, patterns of competition, and the organisation's strengths. Market segmentation allows the organisation to spot and compare market opportunities and it allows it to make finer adjustments in the product, marketing appeal, and marketing programme.

The place marketer faces a very diverse market, a market differing in many variables - public-sector/private-sector; single-plant/ multi-plant; local/from outside the area; business start-up/ established business; manufacturing/services - just a few of the differentiating variables.

How can a Place Marketer segment this wide market? There are many ways with such segmentation variables as : industrial classification; organisation size; geographical location; organisation structure; value-added - these are macrosegments which can be further divided into microsegments: position in authority; personal characteristics; attitudes toward place marketer; buying decision criteria; stage in buying process.

For example, a town wishing to attract firms to a new trading estate being set up on the outskirts of the town may be focussing their efforts in the USA and Japan, looking for large electronics firms - firms that are ready to relocate, and which wish to move to an area with plenty of available land.

Having segmented the market into the different sub-groups, the organisation can choose from three different market selection strategies :

- <u>undifferentiated marketing</u> : it can choose not to recognise the different market segments making up the market, and offer a product and a marketing programme that appeals to the broadest number of customers.

- <u>differentiated marketing</u> : it can choose to operate in two or more segments of the market but design separate product and/or marketing programmes for each.

- <u>concentrated marketing</u> : it can choose to divide the market into segments and devote its major marketing effort to one segment only.

The choice of the marketing strategy depends on the organisation's resources; the homogeneity of the product; market homogeneity; the actions of competitors.

<u>Understanding the Market</u>

As well as defining and dividing the market, the organisation must be able to have some understanding of the behaviour of its market.

Rather than selling to a single buyer, the Place Marketer is usually selling to an organisation - encouraging an area to be utilised by a private sector or public sector organisation, be it a firm of accountants, a semiconductors manufacturer, or offices of the Inland Revenue. The Place Marketer must understand the consumer's (organisation) needs and wants and buying behaviour - this entails looking at the motives for investing in an area, and the buying (location) decision process.

The motives for investment

It is essential that the Place Marketer understands why a firm moves to an area so that the marketing offer addresses the correct needs and wants.

The move to an area is primarily related to the productive process - costs and revenue. Finding a location which gives the lowest possible costs of operation, can be an important competitive advantage for a firm (for public sector organisations, politics may play an important part).

The private sector firm, be it a manufacturing firm or a services firm, is in business to make money. This is the primary motive at the root of all actions - a move to a specific area facilitates the firms ability to increase profitability.

There are many important factors which might bear on the location of the firm (Hoare, 1983; Buckley, Berkova, Newbould, 1983).

- Input - related factors such as the cost and availability of labour; enterprise; raw materials; land; premises; capital. Also, a suitable environment for production; a suitable information environment (R & D links); suitable transportation and communication links. Also, market-related factors such as market access and location of competitors.

From a study of British manufacturing industries (Centre for Inter-firm comparison, 1977), only under 20% of the sample cite profit maximisation as the first objective of their management. Other motivations established were, increased market share, growth in sales volume, adequate returns,independence, survival- "satisficers" rather than "optimisers".

As well as the revenue from production, detailed in the balance sheet, a firm can gain a number of intagible benefits from its location - benefits that people gain from proximity to a pleasant living environment - the "golf course" effect. With the narrowing of geographical cost differentials, quality of life has become increasingly important as a locational force - attractive living, working and playing environments are being asked for.

Although economic considerations remain at the heart of the locational decision, it is important that the place marketer also addresses the people needs.

The buying process

Organisations tend to go through certain stages in buying a product (Kotler, 1980). Behaviour through these stages varies with the complexity, expensiveness and riskiness of the organisation's purchase. Townroe (1972) shows the great heterogeneity of behaviour in the locational decision making process.

The Place Marketer is offering an area to a firm in which it can locate its operations - starting up a new business has high fixed costs, and relocating a plant from one area to another may be even more expensive : for instance, the old plant must be scrapped or sold, possibly at a loss. Movement to a new area is a complex task: the firm will have to find suitable land and premises; and may have to hire a new labour force; find new suppliers; find new markets; find additional finance. Moving to an area is a "new" task in that it is infrequent and usually different each time - there is a lack of precedent available. Movement of a firm's operations to a new area entails a high level of risk and is thus a major decision which may involve a large number of people, require much information gathering, take a long time, and demand much effort from the place marketer.

The stpes in the buying process are as follows :

- identification of a need : the first stage is the recognition of a need - this may be identified by the organisation itself or initiated by the marketer - and the awareness that a solution may be obtained through purchasing a specific product. For example, a firm may have the opportunity to increase the scale of its operation, and thus requires larger, better equipped premises. The place marketer should identify this need and be able to offer appropriate premises.

- establishment of specifications : the organisation then defines the solution to the need and describes this solution - specifications can refer both to the product required and to the supplier. The amount of needed information for this will vary, depending on the type of buying situation - little for a straight rebuy, where the organisation is buying something similar to what it bought before; more for a modified rebuy where the buyer is considering modifying something it has purchased in the past (eg product specifications, suppliers); most for a new task, where the buyer is considering buying a product for the first time - and here, the marketer may be able to exert considerable influence on the decision-making team who are involved in specifying the characteristics considered desirable. For the firm seeking larger premises, which may be situated in a different area from the present premises, much information will have to be gathered and much research undertaken. The place marketer can, and must, facilitate this collection of necessary information. Consultation, leading to mutual exchange of information, may become the foundation on which future business is built.

- identification and evaluation of alternatives : the organisation then searches for and evaluates potential sources of supply of the specific product. Evaluation typically requires assessing each alternative against multiple criteria. The marketer should attempt to identify the buying criteria. Marketing research should be used to systematically analyse the organisation's needs so that the marketing offer is capable of providing the benefits explicitly or implicitly sought. In the example, the Place Marketer must get on the list of possible suppliers of suitable premises (and suitable environment). The marketing offer must be able to satisy the relocating firm's list of criteria - criteria for selecting a new location and criteria to determine the final choice of a site (Roberts, 1985).

- choice : the next stage sees the organisation requesting the chosen sources of supply to submit proposals, on evaluation of which, an offer is made. Here the presentation of the offer is most important. At this point, personal selling is a very important part of the marketing mix.

- purchase and performance feedback : the process does not end with the act of purchase. The last phase is long-term evaluation of the product's performance. Feedback of performance will be demanded before repeat purchases are made. For the Place Marketer, the feedback is important as it may be used, not just by that organisation, but also by other organisations wishing to move to another area - they might consult the established firm for advice on locating in the area.

In the process of organisational buying, many people may be involved (though Townroe (1972) established that in some firms (even large firms), the location decision was left to just one individual).

The Marketer must attempt to identify the people (person) in the buying organisation who are likely to get involved in the buying process - users who will use the product; influencers who directly or indirectly influence the buying decision; buyers who have formal authority for selecting among competitive suppliers and negotiating terms; deciders who have power to select or approve the final suppliers; gatekeepers who control the flow of information to others.

The marketer's task is to identify these members and try to figure out 1) in what decisions they exercise influence 2) what their relative degree of influence is and 3) what evaluation criteria each decision participant uses. This knowledge can help the marketer know the key buying influences who must be reached personally or through nonpersonal communications.

Buyers respond to both rational factors eg seller credibility, seller efficiency, impact of proposal on profits and costs, and subjective factors eg they respond to image, to personal favours and attention. Thus, the marketer should present the offer in rational terms but should also take into account the human and social factors in the buying situation.

Another distinguishing characteristic of organisational buying behaviour is the influence of formal organisational structure and procedures on the decision process. The organisation imposes policies, constraints and requirements that must be heeded by its buyers. Buying decisions are affected by the organisation's systems of reward, authority, status and communication. In organisational buying situations, it is thus important to understand the internal management systems under which individuals work.

Understanding people and their needs is essential for the successful marketing of goods and services. This requires defining the market, then segmenting the market into homogeneous sub-groups; identifying the customer's motives; and understanding the customer's buying process.

CHAPTER 6 A MARKETING MODEL - The Marketing Mix

Introduction

> "The Marketing Mix is the set of controllable variables and their levels that the organisation uses to influence the target market" (Kotler, 1980).

Any variable under the control of the firm that can influence the level of customer response is a marketing - mix variable. For this list of marketing variables, we can use the four-factor classification introduced by McCarthy (1975) - the four P's: product, price, place, promotion.

The product is the most important element of the marketing mix, but no product offering can meet its full potential unless it is appropriately priced for the segment(s) at which it is targeted; it is made available at times and in locations these segments find convenient ; and information about its characteristics and availability is effectively communicated to the target market.

The variables in the marketing mix must be designed so that they are consistent with one another. All four must be tailored to match the needs and characteristics of the target market segment(s). An integrated marketing programme creates synergy (where the outcome is greater than the sum of the parts) because the various elements of the marketing mix mutually reinforce each other.

The Product

A product is anything that can be offered to a market to satisfy a need. This may include physical objects, services, persons, places, organisations, ideas.

A product is a broad bundle of benefits offered to the customer. The product consists of three levels: the core, formal and augmented levels.

(The diagram shows the three levels of the product)

- <u>the core product</u> - at the centre, this answers the questions : what is the consumer <u>really</u> seeking? What need is the product <u>really</u> satisfying?
- <u>the formal product</u> - this is the core product in tangible form (the larger "packaging" of the core product). This may include characteristics such as styling, features, quality level, packaging, a brand name.

- <u>the augmented product</u> - this includes additional services and benefits that go beyond the tangible product. It is the totality of benefits that the buyer receives or experiences in obtaining the tangible product.

For example - a product - pre-built premises in a new town Business Park.

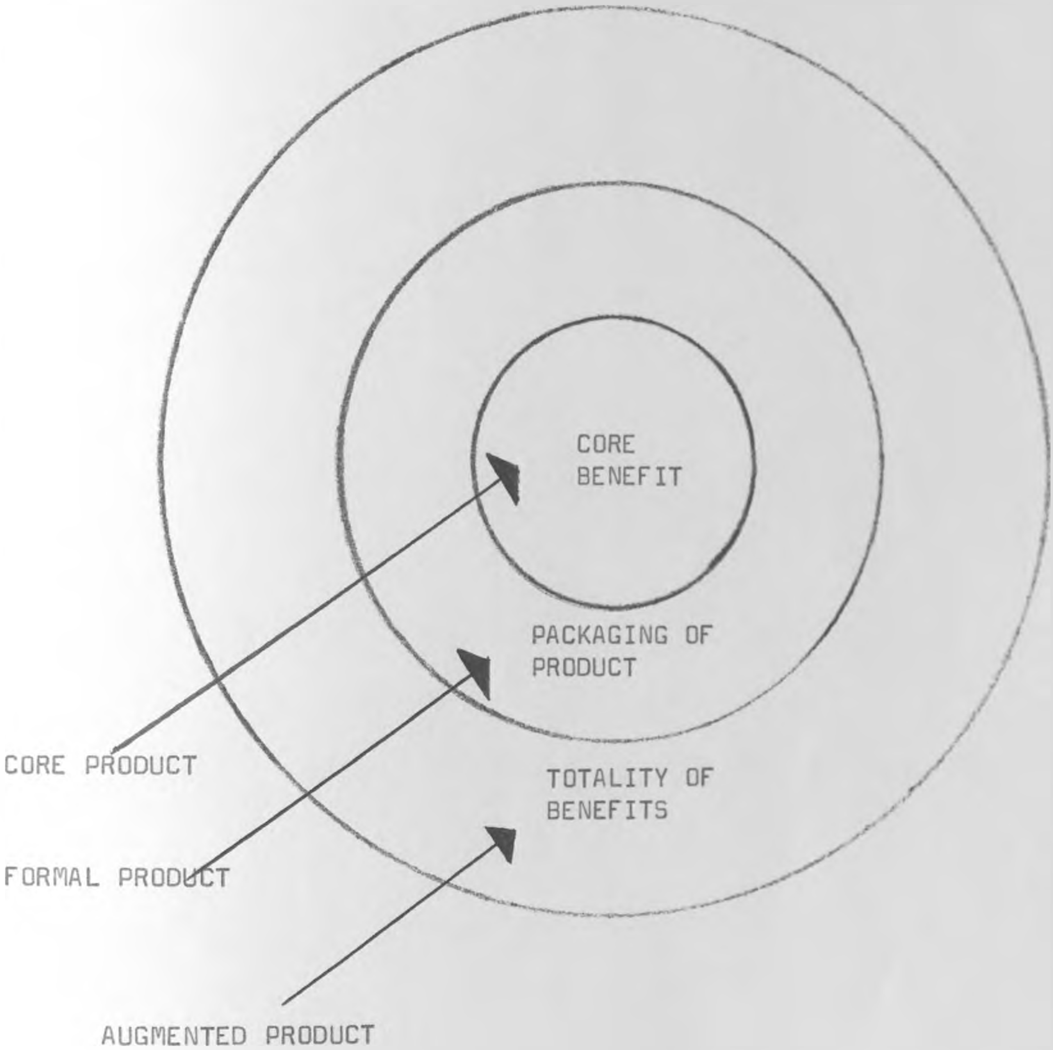
the core product : buying a profit-maker

the tangible product : "Delta prestige unit"

- high standard construction
- frame : concrete columns and steel lattice beams
- roof : aluminium

  walls : plastic faced panelled

THE THREE LEVELS OF PRODUCT



(SOURCE : Kotler, 1980, p352)

floor : concrete

- office area
- production area
- services : electricity, heating, gas, water, telephone connection
- high quality landscaping
- car parking
- loading area
- immediate access to road network

the augmented product

- financial support
- rent free period
- Development Corporation responsible for external repairs and maintenance
- access to skilled labour force
- access to research facilities

It is important for an organisation to examine its product offering and design it in a way that will distinguish it from competitors' offers, and carry the intended benefits to the intended target market.

Few organisations market only a single product : most organisations are multi product firms, providing a portfolio of different offerings. This mix of products can be described as having a certain width ie/ how many different product lines are found within the company; depth ie/ the number of items offered by the company within each product line; consistency ie/how closely related the various product lines are in end use, production requirements, distribution channels.

The city of Glasgow can be described as a "multi-product product". The city itself can be considered an entity that can be promoted and marketed - the Glasgow Miles Better Campaign was specifically undertaken to change perceptions of the city (the product). With an image change, it was believed that more people and businesses would utilise the city's offerings. Glasgow Action has been recently established to market the city (with particular emphasis on the city centre) to both the tourist and the businessman.

Within this generic branded product, there is a multitude of individual products that each can be marketed in their own right, and can be marketed in conjunction with the City of Glasgow - areas within the city such as the Garden Festival site ; the St Enoch Shopping Centre; the two universities - Glasgow and Strathclyde; the Clyde riverside.- particular buildings such as the Scottish Exhibition Centre; the Burrell Collection Gallery; the Holiday Inn Hotel; the Briggait.- particular businesses with a long association with the city of Glasgow such as the Weir Group PLC; Coats Paton PLC; the Howden Group PLC.- particular inhabitants associated with the city such as Charles Rennie Mackintosh; Sir Thomas Lipton.

For each of these "products" there are a number of different product items and product lines that can be marketed, that can be associated with the city of Glasgow.

In the product mix, products will differ in their relative contribution to the enterprise. Some products are core products that are central to advancing the organisation's mission - others are supplementary products that complement (or facilitate consumption of)the core product(s). The organisation must think in terms of its product portfolio, and this entails studying the interactions between the different products and the relative emphasis given to each product.

Over time, changes in the environment may require adjustments to the product portfolio. The organisation should periodically reasses the product mix, asking the following questions: is the organisation offering the appropriate mix of products in the portfolio or is a shift in emphasis needed? Should new products be added or existing ones deleted? Is the organisation currently offering products with the right characteristics to appeal to the target market segments, or are changes needed in product attributes? Do the other elements in the current marketing - mix strategy for each product, reflect a cost-efficient and competitive approach to marketing the product to the target market segments? If not, what changes are needed in the marketing mix?

The Price

The organisation faces the task of setting a price on the product - how much to charge? How much should it cost the consumer?

In the private sector, the organisation's pricing strategy ideally will involve three factors - costs, competition and market demand. The costs to be recovered sets a floor to the price that may be charged for a specific product; the value of the product to the customer sets a ceiling; the price charged by competitors for similar or substitute products may determine where within this range the price level should be set.

The organisations that undertake place (investor) marketing are usually public agencies where the profit motive is not strong. Internal funding will cover the costs of the place marketing activities - there is no pricing for profit.

Pricing of the offer is mostly determined outwith the place marketer's remit anyway. An investor "purchases" an area and there will be many (monetary) costs in this transaction - costs that the Place Marketer has no responsibility for. For example, an advertising firm locating in Glasgow would face certain operating costs : the lease/ purchase of premises - the cost of this is determined by the local property market ; rates-locally determined; hiring staff - wage rates are determined within the local labour market; electricity costs - prices are determined by the South of Scotland Electricity Board.

The Place Marketer does, however, have control over the price of some items on offer to the inward investor. Organisations such as the Scottish Development Agency, local authorities, and New Towns can provide sites and premises for industrial or commercial use. The cost of land and/or suitable premises is an important consideration for relocating firms (Roberts, 1985). The provision of low-cost sites and premises (especially small units not catered for by the private sector) can be an attractive incentive to mobile firms.

The Place Marketer can also provide financial assistance to inward investors. (see "Investment Assistance in Scotland", 1986). The assistance schemes aim to encourage investment programmes - Regional Selective Assistance; In-plant training grants; European Community Loans; the Regional Development Grant; the Loan Guarantee Scheme; SDA loans and equity participation; HIDB loans, grants, and equity participation, are just a few of the mechanisms through which financial aid can reduce the "price" of investing in an area.

Even though much of the cost of locating in an area is outwith the Place Marketer's powers, if the "price" is lower than other areas, then this competitive advantage can be, and should be, communicated to the target market(s), as cost is an important factor in the location process.

The Place

The organisation must make the product available and accessible to the target market. This is the distribution variable of the marketing mix.

In Place Marketing the product does not need to be physically distributed to the consumer. Rather the consumer comes to the product - to invest in the area. The "distribution" task is to reach the target market to bring in investors to the area. So how is the product made available to the market of investors? What is the system that delivers the investor to the area?

Place Marketing organisations can place promotional establishments near to the markets of potential investors. (Producers - of services, of manufactured goods - tend to be concentrated geographically). It is communication and personal contact with these markets that can facilitate investment flow into an area.

These establishments give the area a physical presence in the market. The personnel in these establishments are representatives of the area being marketed. The personnel act as a salesforce to encourage and facilitate investment into the area. Selling to organisations tends to involve much personal contact and negotiation (though advertising is still an important tool, especially during the initial awareness stage of the buying process). With the complex nature of place investment and the substantial costs and high risk involved in investing in an area, the salesman is highly valued as a source of information. This importance is largely due to his flexibility as a communicator - he can provide the right kind of information relative to the needs of the individual investor. The salesperson acts as a "matchmaker" bringing together the investor and the area (the product).

As an example, the Place Marketing organisation Locate in Scotland actively promotes Scotland as a potential location for internationally mobile capital projects. This organisation has established offices abroad, situated near to target markets. For instance, the office in Stamford, Connecticut (one of four in the USA) is situated there because it is near New York where many firms have based their HQ functions. The organisation has established a representative (on a consultancy basis) in Japan, a growth market for locating firms, as Japanese firms are now increasingly needing to find a base with access to the EEC market.

Other place marketing organisations (such as local authorities, and New Towns) may not have the resources to establish a sales team next to the target market, but may be able to send teams on sales missions to these markets (with the co-operation of IBB, LIS, WINVEST). These promotional visits may establish a dialogue between the investor and the area.

An organisation such as Locate in Scotland has the opportunity to establish a close relationship between the potential investor and the area being marketed. Whether it is making the investor aware of Scotland, providing information to the investor about Scotland, or changing an investor's perceptions of Scotland, the organisation has the means to cultivate a mutually beneficial relationship.

Locate in Scotland can bring relocating firms to the product, Scotland. In this visit, the firm will come into contact with all the different organisations involved in the relocation process such as the SDA, local authorities and New Towns, universities, recruitment agencies, financial institutions. Several other visits to Scotland would ensue before the firm finally decides to locate in a particular location in Scotland, and for this, Locate in Scotland can prepare a comprehensive package of assistance for the locating firm, co-ordinating the different forms of assistance available from a wide range of public and private sector organisations.

The place marketing organisation by actively seeking out potential customers and maintaining contact, ensures the product's availability to the target firms. The wide range of assistance available to locating firms increases the accessibility of an area to investment.

The Promotion

Through communication, the organisation is able to inform the target market(s) about the availability of the product offering and its need-satisfying attributes, and to promote an exchange. The organisation has to communicate to and motivate the target audience.

The organisation's communications responsibilities however, go beyond communicating to target consumers. It must communicate effectively with other publics in its external environment - the press, the general public, government, the business community - and internal publics - board members, management, employees. The organisation must know how to market itself to various groups in order to gain support for its activities.

It should be recognised that all of the elements in the marketing mix are capable of communicating something about the organisation and its offerings - the appearance of the product, the price that is charged, how the product is made available - all contribute to a general impression that either reinforces or contradicts the impression created by the organisation's communication initiatives.

Of these initiatives, there are five main activities that allow an organisation to communicate with its market

- media advertising (commercial television, newspapers, periodicals, cinema, signs and posters, commercial radio advertising)
- public relations activities
- sales promotion
- personal selling
- packaging, display

These elements constitute the marketing communications mix.

A product promotional programme must have clearly defined communication objectives – for both the long – and the short-term. These can be derived from analysing how the target market is currently responding to the product offering – objectives may be to create and build awareness of the product; to introduce special offers; to reassure customers about the purchase; to attract new target markets to the product.

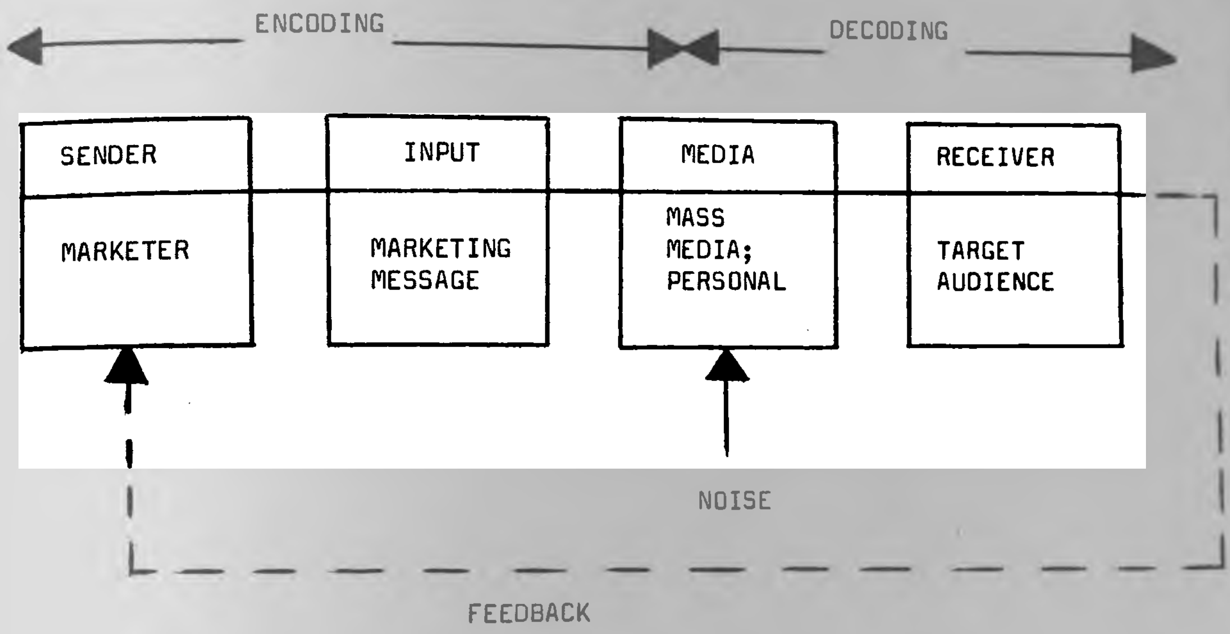
The organisation should allocate tasks of communication to the different communication mix variables : variables which differ in their cost – effectiveness in accomplishing different objectives – advertising, sales promotion and publicity are the most cost-effective tools in building buyer awareness; buyer conviction is influenced most by personal selling.

The organisation must set a communications budget and agree distribution of this over the components of the promotional mix. This mix should be designed to achieve optimum efficiency in the use of the company's financial resources.

There are four main phases in the process of communication as can be seen in the diagram. On the left side, the source of the communication is shown as the sender - the marketer of a product. From this source, communication inputs ie/marketing messages are fed into the market environment via selected media, which may be personal (selling, or word-of-mouth) or impersonal (advertising, sales promotion, publicity, packaging). These various types of message are directed towards defined target groups of customers who receive these marketing communications.

This sequential flow of communication is affected by three factors - encoding, decoding and noise. Encoding refers to the communicator's design of the message in terms which should enable the intended meaning to be conveyed to the receiver. In marketing, consumer messages should offer attractive benefits from purchase of the product and these satisfactions should be related to identified needs. Decoding relates to the interpretation of the message which the communicator has aimed at the specific target audience. In both cases, subjective factors may intervene to distort the meaning of particular messages - factors such as personal interests, beliefs, attitudes, motivational structure, social background, cultural influences. The noise factor represents environmental influences which may interfere and modify, or even entirely frustrate, the effectiveness of the message.

THE MARKETING COMMUNICATIONS PROCESS



SOURCE : (Kotler, 1980, p471)

A feedback mechanism must be introduced to establish the effects of the communication on the target audience. This is a measure of the effectiveness of the communication initiative - how far have the relevant objectives been achieved?

This model indicates the factors in effective communications. Senders must know what audiences they want to reach and what responses they want. They must be skillful in encoding messages that stand out among competing stimuli ("noise") and that take into account how the target audience tends to decode messages. They must transmit the message over efficient media that reach the target audience. They must develop feedback channels so that they can monitor whether the audience got the intended message.

Promotional activities play a substantial and important part in the place marketing process. "Promotion is an essential and integral part of the development process" (Cadman and Austin-Crowe, 1983, p161).

Promotional activities are necessary in making the product available to the target customer - bringing the area to the investor. Advertising; publicity; personal selling; display are used in the task of attracting the investor to the product. By improving the flow of information about alternative locations these communication initiatives should enable enterprises to take more rational location decisions.

Personal factors can influence an investor's locational choice. Among these factors is the decision - maker's perception of a place - what he thinks it is like, rather than what it actually is like.

The decision-maker is dependent to a considerable extent on secondary sources for information of far and unfamiliar places. Second-hand experiences through the arts, popular mass media, personal contact, enable an individual to know and hold opinions about places never actually visited. For example, the traditional NORTH (- grime, cobble-stones, dole queue) - SOUTH (- sunny, attractive, rich) stereotypes projected through literature - Dicken's "Hard Times" (1854),Orwell's "The Road to Wigan Pier" (1937) and still with us today - "Coronation Street".

The way an individual perceives the world is important because it can affect behaviour, and behaviour influences the real world. It is very likely that subjective factors enter the locational decision - making process, and certain areas may be dismissed because of prejudice or emotion, because they are far away, or small places, or places visited only rarely.

Hence, the promotion of a strong counter-image. The attempts to boost the image of a particular area.

The Place Marketer attempts to create favourable images of the area- by reinforcing the favourable images already in the mind of the decision-maker and countering any detrimental ideas about the place.

As regards the promotional mix variables: advertising in the national or local press, and professional or other magazines and journals; poster advertising; radio advertising; public relations campaigns; the production of publicity material in the form of glossy brochures and fact-sheets; attending exhibitions; and below-the-line promotional activities such as free gifts, making films or records, are all activities undertaken to stimulate enquiries and establish contact with potential investors. (These marketing communication efforts cannot be related directly to subsequent "sales" : it is easy to waste money on these activities). Personal contact is considered to be the key activity in bringing investment to an area. Representatives of the area give the place a tangible appearance - a personality, a face.

From a study of local authority promotional activities (Middleton, 1981), of the sample who responded to the question asking for the most effective ways of attracting businesses, the most popular response was that of personally following up leads.

As well as directly communicating to potential investors, the Place Marketer can establish a dialogue with the opinion leaders of the locational process : with the property world; with firms that have already established an operation in the area - a word-of-mouth strategy, which relies on the power of the grapevine. The investigatory stages in the search for an area may be placed by firms into the hands of proprty agents or similar consultants. It is important that these organisations know of the area and its need satisfying attributes. Also, firms wishing to move their operation may approach other firms for recommendations. The Place Marketer must utilise this web of friendship and personal recommendation, and develop links with companies which may be sought for advice.

The place imagery used in the promotional activities, on the whole, shows little originality. Most areas tend to stress the same factors and use the same cliches : 1) the economic advantages of the area - locational and commercial advantages, the reliability of the work-force, the availability of sites and the right premises, cheap rents and rates, a wide range of available financial inducements; 2) the high quality of life in the area - attractive surroundings, a wide range of recreational facilities, a community spirit, a cultural heritage, excellent shopping, good educational facilities.

The Place Marketer needs to create a distinctive image for an area, to cut through the "noise" created by all the other similar competing areas. It is important to differentiate the product from its competition - a fresh, original promotional approach would benefit an area's marketing efforts.

Concerning the promotional budget, there are no rules, no infallible methods of calculation to determine the correct amount that should be spent on promoting a place. Different areas spend different amounts. For instance, the New Towns generally tend to have larger amounts of money to spend than the local authorities. For 1982-83, the total media spend for Merseyside County Council was £400,000; for Milton Keynes it was £1,400,000 (Source : MEAL).

Areas also differ in cost-effectiveness of the budget spent. In 1982, Warrington and Runcorn spent over £1.3m on promotional activities and attracted 1,640 jobs - nearly £1,000 of advertising per job. For the same year, Skelmersdale New Town spent £200,000 but ended up with a net job loss (Massey and Miles, 1983).

After the messages have been sent, the communicator must research the effects that these messages have on the target audience.

What of place marketing feedback? The cost-effectiveness of the year's budget expenditure may be established - usually via cost per job. This does not, however, describe the effect of the promotional campaign, which is only one part of the marketing mix.

It is important for the organisation to attempt to measure the communication effect on each target segment for all of the promotional mix elements, separately and in total. This is another cost for the organisation, but it will establish if the organisation is communicating effectively with the target market. Careful monitoring of the results is essential for improving the impact of communications.

CHAPTER 7 THE CASE STUDIES

Introduction

With the lack of time available for extensive primary research into place marketing activities, it was decided to look at three place marketing organisations - a local authority; a New Town; a public sector/private sector initiative. The organisations chosen were to show an appreciation of marketing knowledge and techniques.

Both Swindon Enterprise and East Kilbride Development Corporation were primarily chosen because of their advertisements which were targeted (via message and medium), which had professionally written copy, and which showed an innovative approach.

Swindon was also chosen because of its (former) industrial adviser Douglas Smith, who had a private-sector marketing background. East Kilbride was also chosen because it had a marketing department.

Glasgow Action was chosen primarily because of the report "The Potential of Glasgow City Centre" which showed a marketing approach. Also, Glasgow Action is a new concept, and perhaps the future model for marketing an area.

Method

Since only a few organisations were involved in the research, it was decided to use personal interviews to obtain information on the organisation's marketing activities.

Each organisation was approached either by letter (Swindon Enterprise) or by phone-call (East Kilbride Development Corporation, Glasgow Action). All responded positively. An interview was arranged with a person involved in the organisation's marketing effort. (For Swindon, the letter was followed up by a telephone interview). Each interview lasted approximately for an hour.

The interview could be described as unstructured - most of the questions asked were open-ended. The respondent was left free to answer in his or her own words, and the answer was written down as given. There was no particular order for asking the questions - question topics were on a check-list to ensure each was covered in the interview. The questions were deliberately left open to draw as full responses as possible.

In addition to the information obtained from the actual interview, promotional material (fact-files and brochures) was submitted.

Basically, the interview was to discover why and how, the organisation attempted to attract investment to a particular area. The following topics were covered.

- definition of the problem
- objectives
- organisation and staffing
- budget and allocation
- activities
- target market(s)
- other public organisations involved
- review of activities

The results of these interviews provide a picture of each organisation's marketing activities,and this can be found in the following pages.

BRITISH ISLES
Scale of Miles
Swindon

SWINDON : AN EXPANDED TOWN EXPANDING

Swindon Enterprise

> "With the changing structure of the British space economy, there has been a large number of plant closures, bankruptcies and redundancies over the past five or six years. This has led to large-scale losses of jobs, sharp rises in unemployment and the decline or dislocation of whole communities. Job loss and unemployment are now mainstream issues for the local authorities." (Benington, 1985)

Background

Swindon, which at the beginning of the 19th Century was a small market town with one industry - stone quarrying - now claims to be the "Fastest growing town in Europe" (BBC2, April 10, 1986). A population of 1,198 in 1801 has now grown to an estimated present population of over 133,000.

Swindon is the urban,economic and residential centre of the Borough of Thamesdown. Swindon is situated 81 miles from London and 39 miles from Bristol. It is positioned at the centre of the M4 motorway from London to Wales and on the north/south route between the Midlands, Liverpool and Southampton.

Swindon is perhaps best known for its close links with railway engineering - in 1841, an Engine Works was established there, and since then, the town has had an industrial image - Swindon the railway town.

The town's reliance on only one (declining) industry has seen attempts to diversify the industrial base. Diversification of employment started to happen after the town's expansion under the 1952 Town Development Act. As well as receiving people from London, Swindon started to attract firms in the manufacturing, distributive and service sectors. Up until the last ten years, the manufacturing sector (vehicles, mechanical and electrical engineering) was the main source of employment.

However, with the changes that have been taking place in the macroenvironment, the traditional manufacturing firms of Swindon have been forced to shut down their operations, making many unemployed. For example, the famous BREL Works in Swindon had to lose 7,000 jobs in the 1960's, and finally had to close in March of this year, making 2,000 employees redundant.

While the old industrial Swindon has crumbled away, the new "high-tech" Swindon has appeared - from cloth-cap to micro chip. The town has started to attract hi-tech, service industries. Companies in financial services, semi-conductors, advertising and public-relations, computer systems, vehicle fleet management have set up their headquarters in Swindon - only 81 motorway miles from London.

We shall look at this transformation in Swindon's content, and the marketing activities that have facilitated this.

Historically, the two main objectives of Swindon's development were (and are) 1) enhancement of the quality of town and environment

2) diversification of the industrial base (see Harloe, 1975) and in the process of promoting development, the town has maintained strict control. The Borough Council has realised that growth is the means for achieving its objectives, and with the right attitude - a spirit of co-operation, negotiation and compromise - has worked towards this end.

SWOT Analysis

In 1977, Swindon appointed a businessman to sell Swindon to other businessmen - Douglas Smith, a marketing man (ex Plessey). He was commissioned to first of all identify gaps in Swindon's development - a situation audit.

From this SWOT analysis, it was established that Swindon was a branch economy - the manufacturing sector contained many subsidiaries which in times of recession may have employment cut back or the plant shut down by head offices based somewhere else (eg the BREL workshops).

To counter this weakness, it was decided to use Swindon's strengths - 1) Substantial council-owned land holdings (purchased by a forward-looking council) and 2) Its prime location, to address the identified opportunity of hi-tech movement along the M4 corridor.

In the post-war years, the Borough Council had bought up large areas of farmland around the existing built-up area. These land holdings provide a large supply of land for development, and allow the council to control the type of development and environmental quality of the development.

Swindon is located on the "hi-tech corridor". Hi-tech firms (telecommunications, electronics, aerospace, pharmaceuticals) in the 1950's/1960's were moving out from London along the motorways leapfrogging over greenbelt areas. This movement had a westward orientation - the land was flat, it was a natural transport corridor, there was a clean environment (for hi-tech production) improved communications (Heathrow Airport), a prevailing east-wind and clear atmosphere , and location near to government defence, research and development establishments. Swindon is situated at the centre of the M4 corridor, a location that is very attractive to the new "sunrise" industries - London is just 50 minutes by high-speed train, Heathrow airport is an hour by road.

Swindon aimed to sell itself to new customers - technology based industry and other sophisticated, high value-added operations.

The Organisation

In 1978, a semi-autonomous organisation was set up - Swindon Enterprise. This is Thamesdown Borough Council's industrial development department. A different name was chosen in order to make the target markets aware of Swindon and the task of Swindon Enterprise - the Marketing of Swindon as an economically developing area.

The policies of Swindon Enterprise are incorporated into Thamesdown Borough Council's official documents defining corporate policies, objectives and strategies - commitment is secured in a corporate sense throughout all departments of the Council.

Swindon Enterprise is a small unit, consisting of an Industrial Adviser heading the organisation (and who has reporting access to a Policy and Resources Committee); one industrial development officer; one industrial development assistant; and three secretarial staff (who allow the organisation to respond to enquiries efficiently and speedily).

The total budget for the unit is currently just under £400,000 per annum: - about £250,000 are direct advertising costs and £16,000 are other promotional costs. The budget is to cover all aspects of the marketing/promotional role which includes provision for travelling and entertaining expenses. The development personnel must be able to deal with the industrial and commercial sectors on equivalent terms.

Swindon Enterprise directs all aspects of the marketing role but relies on the existing capabilities of the Council - for example, planning and estates expertise.

The activities

With only a limited budget and very small staff numbers, the approach is to target the marketing as precisely as possible. The marketing activities are targeted at companies from technological industries and from commerce - at the decision - makers and those who are directly advising them.

To promote the area, Swindon Enterprise uses media advertising; publicity material; public relations; and promotions.

Media advertising : through an advertising agency - Brunnings (which has an office in Swindon, and more importantly in London), Swindon Enterprise runs a series of advertising campaigns in the National Press throughout the year. Until recently, these had been done in the Sunday Times Business News and the Financial Times. In both, a series of front page "solus" (solus : there are no advertisements placed directly adjacent to the advertisement) slots were built up giving maximum impact coverage for minimum cost. Owing to the Wapping dispute, Swindon Enterprise has had to withdraw the campaigns from the Sunday Times. In its place, they have been running a television advertisement in the TVS area which will be repeated in the autumn, Other national newspaper advertising is done at suitable times when Swindon or the M4 corridor are being featured in special articles.

In addition to the national newspaper coverage, Swindon Enterprise advertises in a variety of specialist journals, mainly relating to the electronics markets, both in the UK, Europe and the United States. They have also occasionally advertised in journals such as the Economist and Chartered Surveyor Weekly. Business Location handbooks are another area in which Swindon Enterprise has been represented.

The advertising agency defines the complete campaign, designs the advertisements and advises on and books space in the chosen media. Brunnings undertake research to assess the effectiveness of the campaigns. Swindon Enterprise itself monitors the effect of the sources of information, via questionnaires given to those that make enquiries.

Publicity material : brochures, fact sheets and a promotional film. To achieve proper impact and value for money, the advertising agency has been made responsible for the production of brochures. Fact sheets are produced by Swindon Enterprise itself. These are to give the potential employers and their advisers facts about the product (the area) and the price (costs of locating in the area). Subject matters covered include information about Swindon's amenities - shops, hotels and restaurants, hospitals, housing; leisure and recreation in Swindon - sport, culture, places of interest; education and training in Swindon - schools (including independent schools), colleges, skills and management training, universities; communications - rail, road, air, sea, telecommunications; the technology and commercial base; business parks in Swindon; factory and office rents and rates; public utilities and services; employment and wage rates; companies already operating in Swindon; advance industrial units available; offices available; industrial and commercial development sites available. For the initial response to all enquiries, this publicity material (in a fact file) is sent to the enquiring firm.

Public relations : relationships with all forms of the media at both national and local level are fostered. Information about any event related to industrial/commercial activity in the area, is fed automatically to the media. Any publication willing to publish a feature about Swindon is given complete co-operation.

Promotions : companies seeking an area to locate in may go to property agents or similar consultants for advice. Swindon Enterprise believe that American companies (target customers) looking for a UK operation will go to London and be advised by one of the top London property operations as to likely areas of search for a new location. Accordingly, Swindon Enterprise makes great efforts to ensure that the London property world is well aware, and constantly updated on what is happening in, and available at Swindon.

As well as the property world Swindon Enterprise uses established firms to sell the area to other relocating firms. For instance, Swindon has over 30 American companies and the town has a reputation as a place where American companies can feel at home - established American operations are willing to extol Swindon's virtues to other firms, both in the United Kingdom and in the United States.

Some areas may undertake overseas promotional work, but Swindon Enterprise does not believe that it is cost effective to visit overseas locations - the word-of-mouth process is more cost effective. Swindon Enterprise gets involved in various exhibitions in London (eg The Institute of Directors) - any exhibition at which top level management (the decision-makers) may be present.

In the marketing offer, as well as making the area available via promotional activities, Swindon Enterprise provides a service that encompasses most of the needs that a company is likely to have in the early stages of the relocation process - site finding, development advice, funding advice, staff relocations. Once a company is located within the area, Swindon Enterprise remains in an advisory role to the company - ensuring its continuing satisfaction with the location and giving every encouragement to continue to expand in Swindon.

A review of the activities

So what has Swindon Enterprise achieved since it was set up? It appears to have been very successful - in the eight years since its conception, companies relocating or setting up in Swindon have provided more than 20,000 new jobs. But how many of these jobs have gone to the Swindon workforce and how many have gone to outsiders?

The unemployment level in the Swindon area dropped below the national average in 1979 and has remained below ever since.

Unemployment in Swindon travel-to-work area and unemployment rate

January	1984	9,815	11.4%
July	1984	8,842	10.5%
January	1985	10,062	11.4%
July	1985	9,531	10.9%
January	1986	10,619	12.1%

(SOURCE : Swindon Enterprise)

The above table shows that the unemployment figures have stayed fairly constant, and it has been established that Swindon has to attract 3,000 new jobs each year to hold the present line against unemployment.

Few traditional manufacturing firms are being attracted to Swindon so those unemployed who are trained in the traditional crafts are having to learn new skills to meet the needs of the new industries. It would be interesting to establish how many of these workers have found a new job, and how many make up the unemployment figure. Is it outsiders and the school leavers who are getting the new jobs, while the unemployed industrial workers remain unemployed?

The structure of Swindon's local economy has been transformed - the nature and status of the units of employment is healthier. Of 70 firms surveyed in 1983, 21 were headquarters functions, 12 independent and 18 wholly owned subsidiaries; only 19 were branch offices.

The town has achieved many good catches - Honda, National Semi-conductors, W H Smith & Son Ltd., Allied Dunbar to name just a few.

With its many advantages, would Swindon have attracted these firms even without the marketing activities of Swindon Enterprise? The organisation itself admits that Swindon's achievements are partly a reflection of the town's natural advantages, but it states that advantages have to be exploited and supported by enterprise - Swindon Enterprise.

East Kilbride

The most successful New Town in the Country


East Kilbride
SCOTLAND
Scale of Miles

EAST KILBRIDE : THE MOST SUCCESSFUL NEW TOWN

East Kilbride Development Corporation

> "East Kilbride was conceived in the late 1940's. It was a showpiece of physical planning set within the despoiled industrial landscape of North Lanarkshire; it was to be industrially self-contained and socially balanced. But above all it was to play, within the context of a wider regional plan for the Clyde Valley, a key role in easing Glasgow's colossal overcrowding; in containing the peripheral growth of the city; and in injecting new enterprises into an economy over-dependent upon decaying traditional heavy industries." (Smith, 1979)

East Kilbride, one of the 14 Mark 1 New Towns designated under the first post-war Labour Government, thus had three main functions - 1) it had to help contain the growth of Glasgow. 2) it had to absorb some of its congested population as well. 3) it had to attract new industry into the region.

Background

East Kilbride is situated in the Central Belt of Scotland, 9 miles south of Glasgow and 45 miles from Edinburgh.

East Kilbride has evolved from a village of just 2,400 to the sixth largest town in Scotland with a present population of 70,000. Designated a New Town in 1947, East Kilbride was home to three companies providing employment for 300 people. Today it has a business base approaching 800 companies which employ more than 24,000 people - "From quiet Scottish country village to semiconductor capital of Western Europe." (J Allan Denholm, Chairman of East Kilbride Development Corporation).

The New Town is managed by East Kilbride Development Corporation, a public body reporting to the Secretary of State for Scotland and funded from the UK Treasury. The Development Corporation tries to run itself as a commercial organisation : it is structured on company lines with a Board and Managing Director and a staff of technical and administrative support teams. With this non-political management team it is hoped that incoming companies can establish themselves quickly and efficiently with the minimum of bureaucracy and red tape. The Development Corporation has responsibility for all aspects of industrial and commercial development in the New Town and for housing, leisure and recreation.

Since its inception in 1947, The Corporation has been responsible for the construction of over 7,000,000 square feet of industrial, commercial and retail buildings, and 22,400 houses and flats. Gross investment in these assets has totalled £170 million. To fund this, the Secretary of State for Scotland has provided £105 million and the Corporation has found the balance of £65 million from its own resources and activities. In eight out of the past ten years, the Corporation has wholly funded its own development and expansion,and since 1970 has remained in profit. The successful financial management of the town's development by the Corporation is viewed as an important feature in persuading industry, commerce, and developers that East Kilbride is where they should invest.

The Local Economy

East Kilbride was designated to provide a focal point for the growth of new light industry, in an area with an engineering tradition. This growth has depended entirely on the success in attracting and developing a strong base of manufacturing industry.

Today, the East Kilbride economy is characterised by the strength of its manufacturing base, 38% of employment in the area is in manufacturing compared with 23% in Scotland and 26% in the UK as a whole. All major manufacturing sectors are represented in the town - food, drink and tobacco; chemical and allied; metal manufacturing; mechanical engineering; electronics; aero engineering; textiles and clothing; paper, printing and publishing - the mechanical, electronic and aero-engineering industries account for over 60 per cent of all manufacturing employment.

The majority of manufacturing concerns in the area are small, with over 80 per cent employing less than 50 employees. This is due mainly to the large number of small, fast-growing companies in the start-up phase and the variety of smaller service and support companies in the town. Alongside the importance of small firms, the town is also host to a number of larger employers, with over a dozen manufacturing companies employing more than 100 workers.

East Kilbride has also attracted a large number of distribution and business service operations : 19% of employees work in distribution, repairs and catering.

In terms of the origins of industrial firms based in East Kilbride, 43 overseas companies have chosen to locate an operation in the New Town - over one in five people work for an overseas employer; and 91

UK companies have located in the area, including Rolls Royce, operating its largest aerospace engine repair facility in Europe.

East Kilbride seems to be able to continually add to the business operations in the town - in the course of 1985, 35 new firms (20 manufacturing and 15 service) began operations in the town. In addition, 20 established firms expanded (18 manufacturing and 2 service). Most significant is the 10% increase in manufacturing employment which is in contrast to regional and national trends where manufacturing is shrinking rapidly and where the service sector is the main growth area.

The objective

The population target set for East Kilbride is 82,500 and the Development Corporation has been given 10 years to complete its development work. To create new job opportunities which would retain the existing balance of employment and commuting in and out of the town, and based on the target population of 82,500, a further 7,000 jobs are required - a challenging task for the Development Corporation.

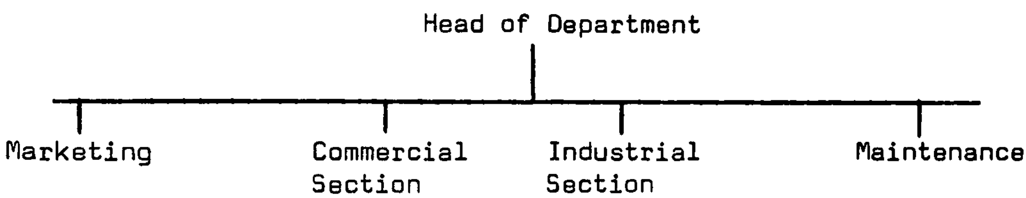
The Marketing Effort

The Development Corporation's efforts to bring jobs to the town are directed almost exclusively towards seeking inward mobile investment (help for the development of indigenous industry can come from industrial and commercial officers in the Development Corporation, the East Kilbride Business Centre (an enterprise trust), the Small Business Division of the Scottish Development Agency, and a business development consultant (part-time) who helps firms with the grant system). The quickest, soundest way to bring in employment is believed to be inward investment. The Corporation aggressively markets the town to investors.

The organisation

East Kilbride is the only New Town with a Marketing Department (though each New Town does undertake marketing activities). This shows the Development Corporation's firm commitment to aggressively selling the town. This team is part of the Estates Department

Estates Department



The Estates Department (the department responsible for the new Town's property activities) contains four sections.

- maintenance - this section keeps the buildings constructed by the Corporation wind and watertight - A unique-selling-point of the Corporation being its responsibility for external repairs and maintenance on pre-built premises and insurance of these buildings.

- industrial section - this section is responsible for selling the Corporation's land and premises to the industrial sector. The Corporation has four industrial estates.

- commercial section - this section is responsible for selling office and retail space in the town. The personnel in the Industrial and Commercial Sections are chartered surveyors. They comprise the Corporation's salesforce - who contact and deal with customers.

- marketing section - the core of this section consists of a marketing manager, a senior marketing officer, and an assistant marketing officer. These personnel have all had private-sector marketing experience. This core has support from a public relations officer, an information officer and two secretaries. The aim of this section is to generate enquiries which will then be followed up by the salesforce (the industrial and commercial sections). In this task, the section uses a computerised system (an IBM Datamaster) to store and analyse information - the enquiry, the follow-up, the ultimate outcome, any subsequent contact with the customer.

The total budget for this unit is £750,000 (for the year 1986-87). Of this, £500,000 is allocated to advertising and the rest goes to other marketing activities - promotional activities, publicity, research.

The product (and price)

The Development Corporation is marketing a strong product - a large supply of land for development; an attractive physical environment (East Kilbride is "Scotland's Greenest New Town"; a planned community offering modern housing; a one door reference point offered by the Development Corporation; an excellent location - offering fast and efficient access to markets in the UK and the EEC via road, rail, air and sea; access to a skilled labour force with almost one million economically active people living within commuting distance; a workforce with an excellent industrial relations record, and a workforce that shows high productivity levels; access to research resources with the towns strong supportive links with Universities, Colleges and Research Institutes; a range of high specification, modern premises available for immediate entry, on a maintenance-free flexible lease, or purchase; a centre for advanced technology; an after care service.

Concerning the price, studies have established that labour costs in the area are competitive with other regions, and in some cases significantly lower; the area shows low rents and rates in comparison with other areas in the UK; East Kilbride qualifies for the maximum package of government grant aid which can amount to around 35% of a company's fixed investment; East Kilbride is eligible for a 40% reduction of taxes on manufacturing buildings; the Corporation can provide highly flexible terms on its facilities, including rent free periods, and it can provide mortgate facilities where purchase rather than lease is involved.

The promotion

East Kilbride uses an advertising agency - Ash Gupta, an Edinburgh based agency - for its advertising activities, it also attends Exhibitions, undertakes mailshots; produces publicity material; visits overseas firms.

Promotional activities are divided by geographical area - East Kilbride has 3 target markets, each receiving its own marketing programme -

the local market; the UK market; the overseas market.

<u>the local market</u> - Scotland (primarily the West of Scotland). The Development Corporation has researched this market and has established that it is addressing people who have a pre-conceived idea of East Kilbride. The aim is to build upon this knowledge.

The Corporation targets its activities on a) start-ups and b) companies facing problems with their existing factory (eg lack of space, maintenance problems), and who desire a complete relocation. The activities are directed at all industrial sectors, and service and distribution companies.

The promotional mix for this market consists of advertising, attending exhibitions, and mailshots.

The present theme contained in the advertisements - choosing East Kilbride provides instant relief to the"headache" of choosing the right business location - is not restricted to one medium. It is a concept that can be used for a large number of different media, and which can lead to a "brand image" for East Kilbride. The aim is to achieve brand awareness for East Kilbride's communications - instant recognition.

As well as advertising in various media - poster, radio, press (£200,000 has been allocated from the budget for this), the Development Corporation attends various exhibitions in the local area (eg Glasgow Scottish Technology Week). Before each exhibition, the Corporation undertakes direct marketing initiatives to generate interest. This entails direct mailshots and the sending of incentives to attend the exhibition. The Development Corporation attends the exhibitions to back up the advertisements - the same theme is used - and to give a physical presence to the communications.

After each promotional campaign (for 1986 - Spring and Autumn campaigns, lasting for 6 weeks each), research is undertaken to assess the effect of the initiatives - awareness research studying the image of the town on the business community, before and after the campaign.

<u>the UK market</u> - outside Scotland. The objectives for this market are different from those for the local market. This is a fairly new market for East Kilbride (it was decided to address this market two years ago after a major review of activities), and so far, there has been no research on it undertaken by the Corporation - the Development Corporation uses published research on relocating firms (Dunn and Bradstreet).

The Corporation targets its activities on companies with an interest or market in Scotland, and who wish to establish a satellite outfit in Scotland - stepping up to a full location. The objective is to overcome perceptions of the town (it is near to Glasgow) and Scotland. The communication will mention where East Kilbride is located, and detail the many things it has to offer to the relocating firm.

The advertising campaign (different from that for the local market and overseas market) for this market is meant to take place in Autumn of 1986, but has been postponed to Spring of 1987 - a £200,000 budget is allocated for this market.

In 1985, the Development Corporation was in attendance at five exhibitions : - CADCAM in Birmingham, an exhibition of small, specialised firms. This attendance was "piggy-backing" (a joint promotion) on the presence of theNational Engineering Lab which is located in East Kilbride and which has many contacts in CADCAM; British Electronics Week in London; The Semiconductor International Exhibition in Birmingham. This is an area of strength for East Kilbride with the presence of Motorola in the town. This presence is used to attract suppliers to locate near to the large company - "just-in-time - manufacturing" : where suppliers locate as near as possible to purchasers. The purchaser does not then have to hold stocks. The supplier gears up to the manufacturing process, supplying the correct amount for continuous manufacturing; Internepcon in Brighton, aimed at the general electronics production sector; and Offshore Europe 1985, the world's prime oil exhibition at which several locally based companies were present.

Before each exhibition, direct marketing(mailshots) is undertaken.

If any companies wish to visit East Kilbride, the Development Corporation works closely with Locate in Scotland.

<u>the overseas market</u> - for this market, not much effort is spent on Europe as the returns are not sufficient for the costs. Rather, East Kilbride concentrates heavily on the USA market - it has attracted more US investment than any other location in Scotland.

For the US market, East Kilbride advertises heavily (£100,000 is allocated for this task). The Corporation works very closely with Locate in Scotland. East Kilbride can advertise as a New Town independently, but cannot visit the US independently - it must work with Locate in Scotland.

The Development Corporation has an agent in the US - PRTM, international "hi-tech" business consultants, who have an office in East Kilbride. This local source is perceived as important,giving East Kilbride "an ear to the ground." The agent is responsible for processing responses to the town's advertisements in the USA - there are about 1,000 enquiries a year.

This is essentially a reactive function, but there has been a move to a more pro-active stance, with East Kilbride hosting a conference in Boston for hi-tech companies. Also, with Locate in Scotland, the town mounted a promotion at the Semicon West exhibition in San Mateo, the largest event of its kind in the world.

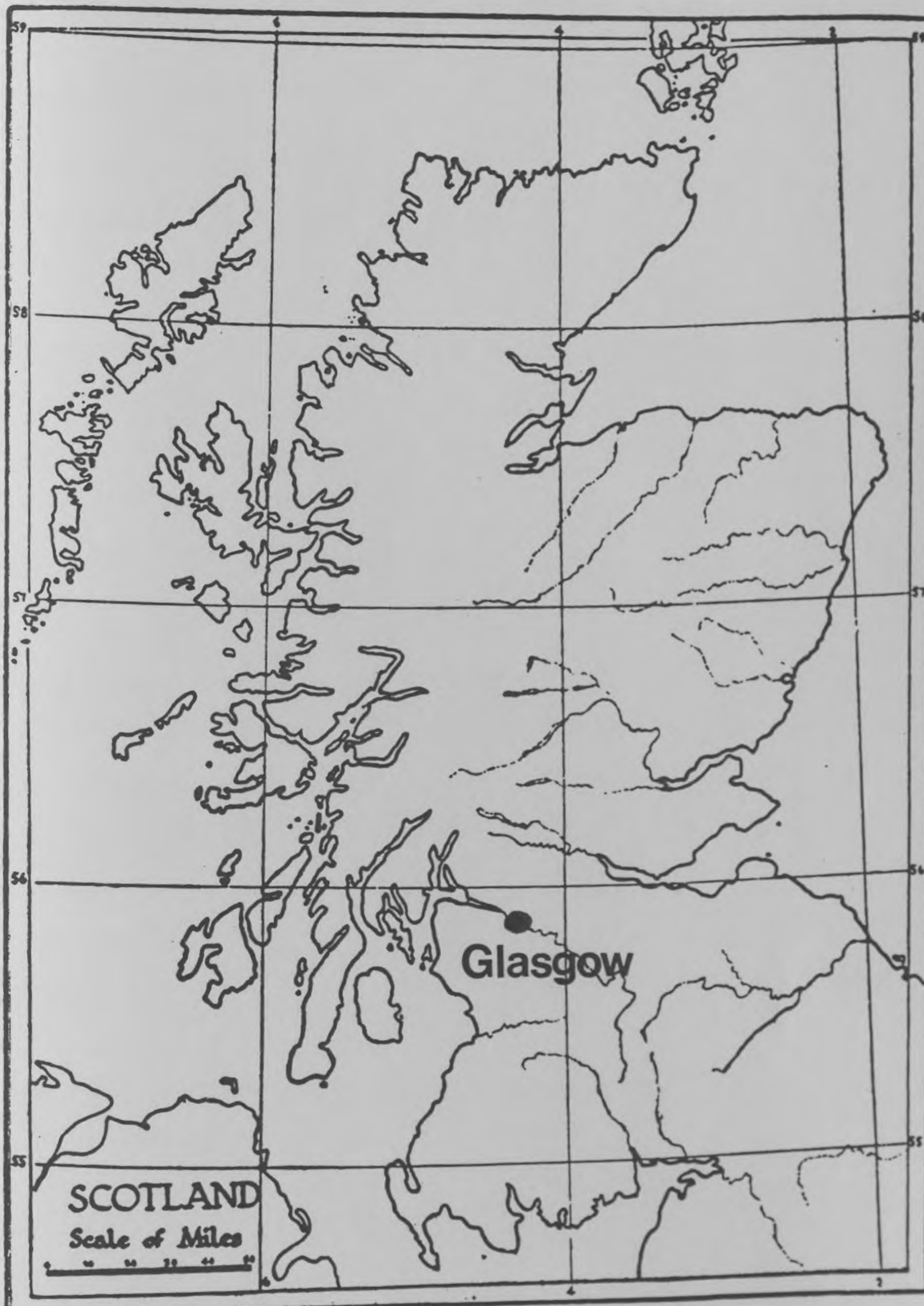
Working with Locate in Scotland, East Kilbride makes sales - visits to the US - following outstanding enquiries. These visits have advertising backup before, during and after the visit.

In summary, the East Kilbride Development Corporation actively markets the town to attract inward investment, and it believes that to be successful in this highly competitive market, it must have a strong product, and a marketing approach that is innovative, targeted and highly visible. - The result : an average of 35 companies setting up in the town per annum.

The town is not immune from industrial decline. As limited data allows comparisons, the new town tends to have as high a "death rate" of firms as Strathclyde region, but a much higher "birth rate" (Adams and McCallum, 1980). The town can generate a flow of new jobs to compensate - and more than compensate - any losses.

The level of unemployment in East Kilbride is less than the UK average and significantly less than the average for other parts of Scotland - as of February 1986, 12.7% of the workforce was registered as being unemployed compared with 13.8% for the UK and 16.3% for Scotland. The difference is especially marked for male unemployment - this averaged 13.5% in East Kilbride, compared with 19.8% for Scotland as a whole.

Glasgow Action


Glasgow
SCOTLAND
Scale of Miles

GLASGOW ACTION : PUTTING THE HEART BACK INTO GLASGOW

Glasgow: Background

Glasgow has seen a large contraction in manufacturing activities and an increasing importance of service industry to the local economy.

In the manufacturing sector, there has been a loss of 78,000 jobs between 1971 and 1984 (GDC, 1984). Causes of this decline are thought to be loss of market share (both at home and overseas); corporate restructuring (where the effect of ownership outside Scotland, and the policies of the nationalised industries have played a significant part); and the impact of changing technology (output maintained with fewer people employed).

Glasgow shows a low level of innovation in product and process technology and a lack of indigenous research and development facilities (resulting in over-reliance upon traditional activities which are mostly in decline). There has been little mobile industry attracted to Glasgow to bring in employment, new technologies, new managerial and working practices. The rate of annual investment in manufacturing in Glasgow has been declining - £104 mn per annum in 1975, £47.6 mn per annum in 1983 (at 1983 prices) (GDC, 1984). Glasgow has shown a low level of entrepreneurship with few small firms growing to replace those in decline.

Service employment has not been able to offset this decline in manufacturing employment. Some 76% of total Glasgow employment was in services in 1984, as opposed to 65% in 1971, but there have, however, been losses in this sector - the sector provided 304,000 jobs in 1984 compared to 321,000 in 1978 (GDC, 1984).

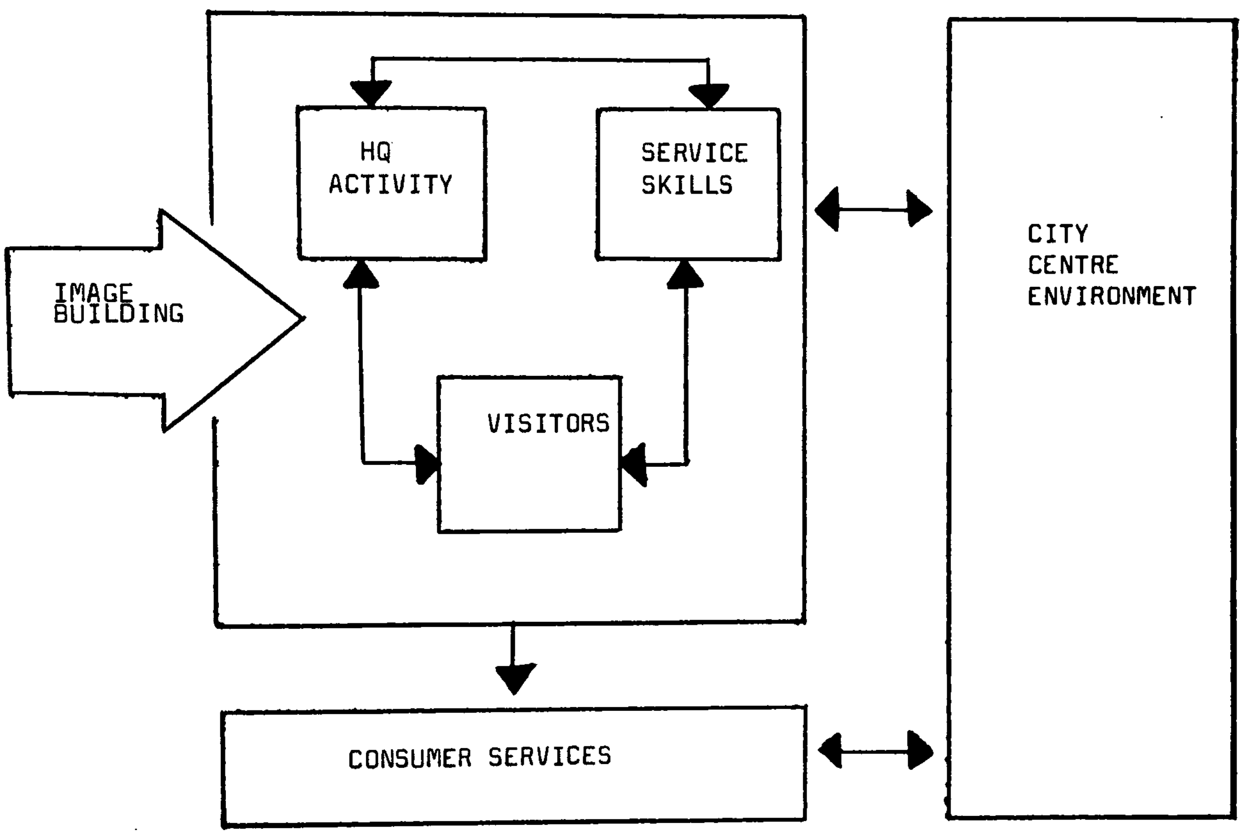
The main causes of this decline are thought to be the knock-on effect from the decline in manufacturing activity; the lack of HQs to service and lack of ability to export services; the falling population in the Glasgow area; the lack of visitors to the Glasgow area; the economic recession; and lower public expenditure.

The dramatic decline in manufacturing and the poor performance of the service sector do not paint a hopeful picture for Glasgow. Action is needed to strengthen the local economic base. One new initiative aiming to do this is the Glasgow Action initiative, which we will look at in detail.

Glasgow Action is an initiative that aims to physically improve the city centre environment and to sell this area as a business and consumer service centre.

By strengthening the city's service sector base, more money can be injected into this area, money which can have a spin-off effect throughout the entire city.

The city of Glasgow is gradually losing its manufacturing base, and there is little hope of attracting new manufacturing firms. Glasgow has however a much better chance of attracting service firms - a sector where people are important rather than process factors. Glasgow has the people.



GLASGOW ACTION

Services are important - service input does add to the value of the need satisfying product. The service sector is delivering a utility to the consumer and is just as important in the product chain as the manufacturer. By bringing in service firms, there can be a net-increase in the level of value-added in the local economy. Services can be sold outside the area, or can substitute for previously imported goods - either way, they benefit the local economy.

In the programme of promoting Glasgow's potential to the service industry, there are three key areas of action - the attraction of more company headquarter activity to the city; the development of local business service skills; and the attraction of more visitors. In conjunction with this, there will be a programme to improve Glasgow's environment and a campaign to improve Glasgow's image.

The physical product will be improved (the city's environment, and its economic base), as will be the product's image, in an attempt to sell the city centre to service industries.

SWOT analysis

In 1983, the Scottish Development Agency commissioned McKinsey and Company, Management Consultants,to review the major features facing Glasgow's city centre, and to identify ways to improve its performance - the application of private sector methods to a public sector "problem". The study reviewed the city centre as if it were a business firm.

The result of this study is the Glasgow Action initiative - a strategy for improving Glasgow's economic performance. Glasgow Action influences and provides a common sense of direction - a corporate ethos.

The study identified weaknesses in Glasgow's economy - the decline of manufacturing in the area; the small number of locally controlled businesses - Glasgow is a "branch economy" and hence, there is a low demand for business services; and the depressed demand for consumer services.

Glasgow's strengths - its people and their talent; the physical city,give Glasgow much potential and allow the weaknesses to be turned into opportunities.

- to attract HQ activities to Glasgow. This will provide jobs for talented local people (and help stop the drift south); will increase local demand for services (business and consumer); bring in new management ideas and skills to the area; and give an organisation deeper roots which may benefit the local economy in time of expansion or contraction.

- to develop a more export orientated service sector. The export sector of an area generates jobs and money in that area by selling in outside markets. The area's export-generated activity recirculates within it, as money is spent and respent, and as jobs create more jobs. Export potential has been identified in computer software, architecture, engineering consultancy and specialist insurance.

- to attract more visitors into Glasgow. This will increase demand for local consumer services and bring money into the area. Opportunities have been identified to increase Glasgow's tourist trade, and to establish Glasgow as a short-course centre.

The Organisation

Glasgow Action is the mechanism through which these opportunities can be turned into reality. In 1985, an autonomous group called Glasgow Action was formed, which contributes ideas for projects, identifies and motivates people/organisations to lead projects and mobilises support for projects, from both private businesses and public organisations.

The group consists of leaders in the private sector (chairman level) and leaders in the public sector (one from the district council, one from the regional council). A full-time executive director, appointed in September 1985, is responsible for the running of the organisation, and for some of the projects. The Scottish Development Agency provides administrative support, and will utilise its other resources to assist the group.

A number of projects have been proposed already - attracting HQ's to Glasgow; building Glasgow's tourist industry; improving the environment of the city centre; improving Glasgow's image; developing a software industry; developing exportable services; developing Glasgow as a short course centre.

This is a series of projects, which are independent, but inter-related, each contributing to the desired end - a regeneration of Glasgow's local economy and environment. Each project will be suitably located, led and staffed. Those championing projects will have much freedom and space for action.

Concerning funding, Glasgow Action has access to "front-end money" from the SDA in initiating some projects, as well as to some other divisional budgets within the agency - and to Scottish Office assistance such as the Regional Development Grant (RDG II), regional selective assistance, and European Community loans. Funds may also appear from the local authorities. The main source of funding, is the private sector. Many of the projects identified offer commercial opportunities for private investment. It will be up to the Glasgow Action Group to "court" the private sector and obtain the necessary funding for projects.

Attracting HQ activity - the market

For this project, three target segments have been identified within the HQ market - 1) independent corporation HQ's 2) autonomous subsidiaries 3) specific HQ functions. The marketing programme is aimed primarily to attract HQ's of private companies (both UK and Foreign companies); but also HQ's of voluntary or membership organisations; and local, national and international government departments and agencies. The programme is primarily aimed at larger HQ's (30 or more people).

The product

In order to attract HQ functions, it has been recognised that the product (Glasgow) must be improved - an improvement of its need-satisfying attributes.

Glasgow does not meet many of the criteria set by the locating firm. Glasgow is perceived by decision-makers as remote, and an unattractive place to live and work: Glasgow is situated some distance away from London and most UK population centres, and for international air travel, it is poorly placed; the city has a poor image - "gangs, violence, slums, unemployment, drunks"; as a place to live, it shows a lack of variety in housing and has a poor city centre, lacking in facilities; the office market shows important gaps - much of the office stock is outmoded and of mediocre quality: of little appeal to locating firms. In addition, the city's strong conservation policies and often prohibitively high rates act to inhibit relocation to the city.

These problems have to be tackled if the city wishes to attract headquarter functions.

- Glasgow has to provide better access for companies to their markets; to industry contacts ; to the rest of their organisation. Road and rail travel could be improved as can air travel from Glasgow. At present, Glasgow has few direct airlinks with European and overseas business centres - Glasgow Airport must become an international centre offering daily direct flights to major business centres throughout the world.

- the quality of life offered in Glasgow must be improved. Glasgow has good education facilities - 2 universities and 12 further education colleges, state comprehensive schools and private schools and over 100 nursery schools and day-centres; good commuting times - the urban motorway system, public and private buses, an underground system and suburban rail services make it easy to travel in and around Glasgow; outstanding countryside and recreational opportunities; an extensive network of health and welfare services; a low cost of living; friendly and welcoming local people. Certain weaknesses however, must be tackled - an improvement in the range of housing, particularly more high-quality housing for high income relocaters; and an improvement of the city centre: one of the Glasgow Action projects, making the city centre more attractive to visitors, businesses and the local community - Gordon Cullen's proposed improvements - the polarisation of Buchanan Street and the riverside chain.

- Glasgow has to offer suitable offices to the relocating firms. This means the development of new and prestigious offices in the city centre and/or refurbishment of existing buildings within the centre, to create high quality office accommodation. Development within the central office area will provide accommodation for small to medium-sized HQ's, but large HQ's (more than 500 people) will have to be located outside, but close to the central area.

The promotion (and place)

Glasgow traditionally has a poor image, an image that precludes the city from the potential locater's list of suitable areas. Yet Glasgow is a very suitable area for relocating firms : it must communicate this.

June 1983 saw the start of a promotional campaign to change Glasgow's image - the "Glasgow's Miles Better" campaign. The initial objective of this campaign was to change attitudes towards and perceptions of, Glasgow. The campaign was to get Glasgow on the list of possible areas for a business to locate. The strategy was to make a "big noise" (Struthers Advertising) - to create impact - and to bring people to the city to see for themselves.

Funds for this campaign come from Glasgow businessmen, from Glasgow District Council and from the Scottish Development Agency. Free creative input comes from Struthers Advertising and Marketing Ltd, and various media give free space for advertisements.

The Glasgow's Miles Better Committee comprising of businessmen and local politicians, oversees the campaign's activities.

The campaign is aimed at a target audience comprising ABC_1 adults - opinion-leaders from whom the message will filter down to other groups. The campaign has involved various stages - June 1983 - the launch in Glasgow; March 1984 - the launch in London; September 1984 - a national advertising campaign; September 1985 - an international flavour; 1986 - the garden festival theme.

Research of the campaign's effectiveness has shown favourable results, with attitudinal changes to Glasgow within the target audience, being measured.

Through this campaign, a positive image of Glasgow can be presented showing Glasgow as a place to visit, as an attractive location for businesses and as the centre of an area offering an attractive quality of life.

Funding of this campaign may present a problem. It depends on the generosity of certain groups and organisations and it needs a fund-raiser who is successful at obtaining funding from others. It is believed that with greater funds, better results could be obtained.

As well as the "Glasgow's Miles Better" Vehicle, the city of Glasgow can use publicity to communicate the new image of the city. Making the city newsworthy, and gaining favourable news coverage can spread the message. The example to follow is Henry Diamond's massive and highly successful publicity campaign produced for the Burrell Collection.

The above activities will communicate the attractiveness of the product and perhaps bring people to try the product. The market being addressed by these activities is large, containing all the different target markets - the visitor ; the decision-maker (both private-sector and public-sector); the decision-maker's wife and family, staff, personal information sources.

As well as this blanket approach, which changes the environment within which to sell Glasgow, targeted marketing will be undertaken.

This entails actively going out and seeking relocation targets - identifying organisations that should be/can be located in Glasgow; constructing a tailored marketing offer for each organisation; and then approaching the organisation with this package.

The "salesman" who will deliver this need-satisfying package will be a fellow businessman - someone from the Glasgow Action group (not an industrial officer as is the case for Swindon, nor a chartered surveyor in the case for East Kilbride). A fellow businessman is a more credible source, who is able to talk the same language as the potential customer.

The business community as well, can act as champions for the city, approaching firms which they think should come to Glasgow or else identifying potential relocating companies for the Glasgow Action Group.

In addition to the contributions from the Glasgow Action Group and the business community, it is intended that a small team (one person from the SDA, and one person each from the district and regional councils) will be set up to work full time on the task of attracting HQ's. This team will market Glasgow to potential relocaters: - set up a data base of information relevant to relocation; identify and research potential candidates; put together presentations for identified targets; organise visits for potential clients to Glasgow; sell the city to an organisation's key staff; ensure a smooth move to Glasgow; improve Glasgow's image with business executives; organise the package tailored for the particular organisation.

In this approach, business networks are the media for communication - personal contact is a very important variable. Glasgow Action will be involved with many organisations - it will be working with Locate in Scotland in the search for relocation targets; it will be working with a multitude of organisations when producing the tailored package; it will be working with the business community.

Each identified relocater will be offered a unique product package. The product will be changed for the particular customer, Incentives will be tailored to the needs of the organisation - incentives which reduce the price/cost of relocating to Glasgow.

In summary, Glasgow Action is primarily strategic in nature - it is a statement indicating where major efforts should be directed in order to attain an objective : the regeneration of Glasgow's economy.

It is a collection of projects, each contributing towards the desired end. Each project requires someone - a person/an organisation to "champion" it, and each project has to attract funding. This funding may come from a multitude of sources - a large amount is intended to come from the private sector.

One project is that of attempting to attract Headquarter functions to Glasgow city centre. Though in its early stages, members of the Glasgow Action group and the business community are already involved in this task and in addition, a full-time team will be set up to facilitate the task of bringing HQ's to Glasgow. There is no direct budget established for this project : various agencies and organisations such as the Scottish Development Agency, Locate in Scotland, Glasgow District Council, Strathclyde Regional Council and the Industry Department for Scotland contribute input to the project.

In conjunction with this project, two other projects - one to improve the physical environment of the city-centre (the product) and the other to improve the image of the city - are also being undertaken. Both of these projects have to attract their own funding, and their own leaders.

CHAPTER 8 DISCUSSION

Introduction

The textbooks state that the practice of marketing has existed since the first exchange relationship. However, it was not until the early 1950's that the modern marketing concept appeared. Since then, a large body of knowledge has been built up under the title of marketing. Countless books have been written on the subject, and the concept has spread from the business world to other areas. Why has there been so little written about the marketing of places? Granted, tourist marketing has received some attention. Little, however, has been said about investor marketing.

We have a gap in knowledge - a gap that must be filled. Public funds are going into the selling of areas to investment. Advertising campaigns in our papers and radios, "sales" visits abroad, and lots of signposting and landscaping, are being undertaken to somehow bring in investment to an area. It is not as if these activities are insignificant in cost and number nor mere fads. Rather, large amounts of money are going into these activities - the image campaign for Glasgow ideally is expected to cost about £6½ million over the next 10 years and this is just one part of the marketing effort, for just one city - and many areas are undertaking marketing activities. There has been no head count, but various articles (Burgess, 1981; Middleton, 1981; Mason, 1981), give some idea of the large numbers involved. With the current fashion for "self-help" the marketing activities look to be no "seven day wonders" though some organisations are turning to a more indigenous approach to solve their economic problems (Boddy, 1982).

A Marketing Framework

The aim of this paper is to fit the activities undertaken to attract investment into a marketing framework - to bring marketing ideas and techniques to the task of attracting investment - SWOT analysis; understanding customer needs and wants; market segmentation and targeting; and the marketing mix are mentioned in the ideal marketing model created to fit against the activities of various public organisations and agencies.

It is no coincidence that none of these are found lacking in the case study organisations. These are organisations chosen because of their adoption of marketing techniques for the task of attracting investment.

Before undertaking any activities, these organisations analysed their present position to see where they might go - SWOT analysis. The McKinsey Report was a SWOT analysis for Glasgow City Centre which established several opportunities to improve the area from its present poor state. The situation analysis is just the start of the strategic process which all organisations should undertake if they are to be successful in their activities.

Understanding the customer's needs and wants is essential for providing the correct offering. All three of the study organisations show a deep understanding of their target market's needs and wants and buying behaviour, thus allowing the use of the most appropriate marketing mix.

Each of the study organisations show an appreciation of market segmentation. They understand what markets they can best serve - the target market(s) to whom all activities are aimed at. The Glasgow Action team will only approach organisations that should be/ can be based in Glasgow. The team will even prepare a one-off study for the organisation to show Glasgow's suitability for its particular needs. In this way only appropriate organisations will locate in Glasgow.

Looking at the organisations, all have in common the involvement of people with private-sector marketing experience. Also, each of the organisation's marketing teams have access to top management and corporate commitment. Conspicuous by its low profile is politics. All three organisations, although public bodies, attempt to play down the involvement of politics. For example East Kilbride Development Corporation tries to give the appearance of a commercial organisation. The Glasgow Action Group is an independent group led by a businessman (though with the involvement of some politicians). It is believed that to attract the businessman, one must act like a businessman.

The Glasgow Action initiative is very different from the other two in terms of funding. Both Swindon and East Kilbride have set budgets - which act as a constraint on activities. Glasgow Action has much more freedom. It can raise funds from a large variety of sources and so in theory, activities will not be limited by budget - activities will be limited by the project's effectiveness at fund raising.

The two most important influencing variables in the marketing mix appear to be product and promotion.

Price is not perceived to be important in the marketing mix, yet costs are considered when firms are choosing a location - though most firms do not aim at maximum profits or minimum costs in their location decision, costs are important. Perhaps price is not considered highly by the Place Marketer because it is a variable mainly outwith the Place Marketer's control.

The product is important, both in the quality-of-life factors and the more rational productive factors. While Swindon and East Kilbride seem to have strong products, Glasgow Action is attempting to improve its product offering.

Promotional activities are undertaken to make the product available to the target customers. Also, Glasgow aims to undertake a promotional campaign to change the image of the city - to change people's attitudes towards the product.While the Glasgow Action team can undertake advertising for itself, the image campaign - Glasgow's Miles Better - is not under the team's direct control. Both Swindon and East Kilbride have direct control over their promotional efforts.

All three case-study organisations use advertising (through an advertising agency). The main media used appears to be print media - the quality press and specialist journals. Swindon also advertises on television. East Kilbride advertises on radio.

All three print promotional material and use this variable when answering enquiries - both Swindon and East Kilbride produce a fact file consisting of fact sheets and pamphlets containing facts about the product and the price. At present, Glasgow Action can provide the report "The potential of Glasgow City Centre," a video, and various booklets and pamphlets about Glasgow such as the Britoil "Impressions of Glasgow". A unique selling point is its ability to offer a study assessing the suitability of Glasgow for the relocating firm.

Trade exhibitions appear to be favoured as means of communicating to, and contacting, potential customers. Both Swindon and East Kilbride seem to attend a number of exhibitions, and undoubtedly Glasgow Action will use this method of communication.

East Kilbride travels overseas (USA) to contact potential customers - Swindon tries to attract US firms, but directs it communicative efforts through a third-party: the property world in London, which is sought for advice by US firms wishing to establish a UK operation.

As regards contact with potential customers, East Kilbride uses its Industrial and Commercial Sections as its "salesforce". The chartered surveyors will be expert, but may lack the communication skills of a trained salesperson. Swindon Enterprise uses industrial development officers to make contact - an expert source but one not as credible as the Glasgow Action "salesforce". Glasgow Action employs fellow businessmen to approach potential customers - a more credible source adding to the persuasiveness of the message.

All three organisations use firms already established in the area to communicate the benefits of the area, and all believe in the value of free publicity to sell the area.

The monitoring of activities, though important, is usually something that organisations tend to treat lightly - usually a token effort to assess effectiveness. For the case-study organisations, Glasgow Action is still in its early stages, and hopefully a programme to monitor activities will be included in each project. The other two organisations both seem to have made attempts to monitor activities - Swindon Enterprise monitors the number and type of firms setting up in the area; reviews its activities from time to time; and requests its advertising agency to review the promotional campaigns. - East Kilbride researches its promotional campaigns and several years ago, employed Coopers and Lybrand to undertake an independent performance assessment.

Both Swindon and East Kilbride are believed to be "successful" areas - both being able to attract a steady stream of firms into the area, while other areas are having great difficulty in this task. Why exactly are these areas successful? is it the product? is it the promotional efforts? is it the people selling the product? More likely, a combination of these variables. The variables interact with one another and create synergy - establishing the contribution of each variable to the final outcome is a very difficult task. This is an area for further research.

Implications of this approach

So what do these activities actually mean for place?

This approach where an area is treated as a product to be sold, means that every area must compete in a market of investors - and areas are forced to compete because other areas are doing it. It means competition in a game with few winners and many losers - a"zero sum" game where the marketing activities mostly redistribute employment rather than create it : more relocations than new firms or new branches of old firms.

> "Let's face it, it's every man for himself"
> (The Chairman of the Telford Development Corporation, Forester, 1979)

East Kilbride's marketing activities in the local market (The West of Scotland ... including Glasgow) - such as advertisements on Radio Clyde, advertisements in the Glasgow Herald, poster advertisements throughout the City of Glasgow - may well be stealing manufacturing firms from Glasgow, the area it was set up to help. East Kilbride was established to support Glasgow, not compete with it.

Also, Swindon's television advertisements in the TVS area - aimed at US firms wanting to establish a base in the UK? No : aimed at firms already based in the southern region who may benefit from moving to Swindon. The national press advertisements: aimed at firms throughout the United Kingdom.

Glasgow Action is basically attempting to attract HQ's that are already based somewhere else - either in the UK or overseas.

Although the case study organisations appear to be directing their efforts at different target markets (Glasgow - HQ's; Swindon - "hi-tech", service firms, East Kilbride - "hi-tech",manufacturing firms), there will be some degree of overlap. More importantly, they may be stealing firms from each other.

As well as divisive, this approach is regressive. The areas of industrial decline - the older industrial areas - which are the most needy areas, are the least able to compete - both in resources for marketing activities and in the product offering.

The local authorities, responsible for the declining areas, appear to have much smaller budgets with which to sell their area when compared with the New Towns and Regional Development Agencies (Mason, 1981).

Also, the product offerings differ significantly. The disadvantaged areas which have the most need for new employment, are the least attractive to the businessman. It is the areas with the environmental and locational advantages that appear to be attracting firms - the New Towns and the Expanded Towns, especially the old New Towns that skirt London (Forester, 1979). The old declining industrial areas are not able to compete.

Though the product is most important in the marketing mix, the place marketing organisation has relatively little control over the product (and the price). Whereas, for a consumer good such as toothpaste, if it was not selling well, the manufacturer could change the product attributes - perhaps add a new special formula, or colouring; or change the packaging; or change the price, moving it up - or down-market. The Place Marketer does not have the ability to do this. He can make some cosmetic changes to the area, but cannot make the substantial changes that would be needed to make the product a "winner". Even if this is possible in some cases, will the benefits outweigh the high costs involved?

For those areas that do attempt to improve their product offer, certain groups within this area may not benefit from the changes. For example, the unemployed families in the peripheral housing estates of Glasgow may see no benefit from the many changes planned for the city centre in the Glasgow Action initiative. Resources that could go to a more direct attempt at indigenous growth and which may have a greater benefit for these groups, may go instead to improving the product to appeal to the businessman.

Nationally, the effect of these marketing activities, is to aid the financial and employment rationalisation of firms and further encourage the increase in the speed with which capital moves from one location to another: from the areas that can least afford to lose employment - the areas with obsolescent industrial premises, poor infrastructure, growing areas of derelict land, and increasing levels of social deprivation - to the attractive green field sites with their package of incentives.

Thus, if areas treat themselves as products to be sold in a competitive market, then they must accept the rules of the market place - consumer sovereignty - and accept the consequences of failure. Those that cannot compete "fall by the wayside".

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