Modelling the Marketing of Place by Local Government in Australia

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Abstract

Much of Regional Australia is suffering from an overall decline in population with a specific loss of young adults (16-30 year olds). A decline in population, linked with the Australia-wide problems of ageing populations and diminishing birth rates, is leading to a social and economic malaise in many regional cities and towns that threatens their long-term sustainability due to the lack of skilled workers and professionals. This paper examines the concept of “place” marketing, and the approach of local government to market regions, cities, and towns to attract targeted population to help maintain the sustainability of Regional Australia.

Introduction to the Marketing of Place

Place marketing has been defined as, “… the conscious use of … marketing to communicate selective images of specific geographical localities or areas to a target audience” (Ashworth and Voogd, 1994, p. 39). Place marketing is said to have developed from the integration of three schools of marketing thought: not-for-profit marketing, social marketing, and image marketing. Within this framework, place marketing has had difficulty gaining acceptance in practice due to the difficulty of the competitive nature of marketing a place in direct competition with neighbouring and other places (Donald, 2001; Matson, 1994; Rogerson, 1999; Short and Kim, 1998; van den Berg and Braun, 1999; Ward, 1998).

The problem in defining the product, in this case the place, due to the inherent dualism – consisting of the holistic product, and the specific services, attributes, and facilities that occur in the place – has led to many different approaches to place marketing (Ashworth and Voogd, 1994; Ford, 2001; Holcomb, 1999; O’Connor, 2001; Warnaby and Davies, 1997). Each individual consumer, based on his or her own personal experience and usage of facilities and services, constructs the “place” product. This leads to highly personalised “place” products, for which marketers have difficulty in forming a clear picture (Ashworth and Voogd, 1994; Warnaby and Davies, 1997). Inherent difficulties of marketing a place such as a city or town have led to more specific targeted marketing campaigns being developed.

Place Marketing by Regional Local Government in Australia

The Objectives of Place Marketing by Local Government

The marketing of place by local government in regional Australia is in direct response to the loss of population and lack of skilled and professional workers in those regions, due partly to declining employment opportunities. The loss of population, including permanent out-migration of ever increasing numbers of young adults (16-30 year olds), is often cited as the most disturbing aspect of regional decline in non-coastal Australia (Bell, 1995; Bray, 2000; Budge, 1996; Coeyman, 1999; Department of Infrastructure, 2000; Hugo, 2001). Given the difficulties which certain regions have in attracting and retaining population, including skilled labour, this issue is clearly central to both the economic growth and future sustainability of
communities and industries located in Australia’s rural regions. Population loss compounded by a generally ageing remaining population in regional communities leads to the loss of vitality, even hope, in these communities, as evidenced in a town’s inability to field sporting teams and its assumption of a retirement village atmosphere (Department of Infrastructure, 2000, 2001). Obviously, the issues related to population change in these regional communities need to be considered in the context of Australia’s generally declining birth-rate, ageing population and uncertainty regarding future immigration programs, but in general terms the loss of population and the average age of the remaining population is greater in regional areas than urban areas.

In response to the ageing and declining population, local government areas are beginning to market themselves to retain existing population and attract new residents. Maintaining the status quo or actually increasing population does not necessarily mean an arresting of social and economic decline. An influx of affluent retirees or “Seachange” lifestyle seekers can be as detrimental socially and economically to the existing local community as large groups of welfare dependent residents who are seeking cheap housing. A growing issue for local government is not only the size of the population but also the economic and social mix.

**Responsibility within Local Government for Marketing Place**

Marketing of Regions, Cities, and Towns in Australia, to attract financial and human capital is mainly a function of the Economic Development Units of local government with Visitor Information Centres being used mainly for tourism strategies (See Figure 1). According to some analysts, there have been three “generations” of Economic Development Marketing, beginning with what has been termed “Factory Chasing”, moving on to “Target Marketing”, and finally “Product Development” (Kotler, Haider, and Rein, 1993). Although the term “generation” is used, the three generations are not necessarily sequential nor mutually exclusive. It could be argued that many older local government areas slip from one generation to another or operate conjointly in all of the generations in response to the goals and attitudes of the current council and opportunities as they arise.

Economic Development Units tend to look for growth coming from within the region and as such market their services to local businesses rather than trying to attract investment from outside of the region (Beer and Maude, 1997). Only a few larger regional centres have recently begun to develop marketing strategies to attract population rather than business investment. Newer peri-urban areas (rapidly growing towns on the outskirts of metropolitan areas) and dormitory towns (small towns that are located within commuting distance of larger regional centres) often base their economic growth purely on providing services to the expanding population and do not pursue factories or product development strategies. Some remote local government areas still actively pursue factories or “dirty” industries in an attempt to increase investment within their regions (Ford, 2001; O’Connor, 2001).

The exception to the domination of marketing by Economic Development Units is the role of Visitor Information Centres. Although usually under the control of local councils, Visitor Information Centres are also involved in regional, state, and federal tourism marketing strategies serving both public and private sector interests (Holcomb, 1999). Whereas Economic Development Units are designed to deal with businesses, Visitor Information Centres are primarily focussed on providing information to individuals. Every tourist who visits a Visitor Information Centre is a potential future resident or purchaser of the place product. The scenic beauty or visitor attractions are not the only attributes that potential
residents may consider prior to relocating to a new region. Other attributes such as an affordable housing market, high quality schools, cultural and sporting amenities and employment vacancies all contribute to the attraction of residents. The potential exists for Visitor Information Centres to provide display space and distribute information packs that highlight the positive attributes and lifestyle benefits of moving to, and living in, the particular towns or regions that they promote for tourism purposes.

Figure 1: A Model of Place Marketing by Local Government in Australia

Place Marketing Strategies

Traditionally, there has been a general tendency by local government marketers to rely on four main strategies to market place to their target markets (see Figure 1). The strategies are: Image Marketing, Attractions Marketing, Infrastructure Marketing, and People Marketing (Kotler, Haider, and Rein, 1993). Image Marketing can be used in many ways and is primarily used to develop an image or brand that is applicable to the particular region. In many cases, Image Marketing has developed from tourism strategies, e.g., the Limestone Coast in South East South Australia, while in other cases the image has been carefully developed to reflect an attribute that will attract investment and industry, e.g., Wangaratta, The Clever City. Attractions Marketing is more oriented towards tourists and consists of the marketing of a place due to the local physical, cultural or natural attractions. Infrastructure marketing is mainly used to attract business or investment and focuses on attributes such as transport, educational and telecommunication infrastructure. People Marketing is the term applied to using the skills, educational attainment or attitudes of existing residents to market the place. Having a highly educated or trained workforce is often seen as a prerequisite to the attraction of new industries. Although not mutually exclusive, traditionally each of these strategies was applied to different market segments, e.g., Infrastructure Marketing was used to attract industry, while Attractions were used to attract visitors or new residents. Within the last decade, in Australia and overseas, many communities now use these four main strategies within an overall approach of marketing lifestyle or quality of life.
A recent survey by the Victorian Employers’ Chamber of Commerce and Industry found that family reasons and lifestyle were the most important factors in people deciding to move to regional areas (Shaw, 2001). Quality of life indices have been developed and used throughout the United States and Europe over many years to assess and rank cities, towns, and regions in terms of their liveability. Cities have used favourable rankings as a part of their marketing strategy to attract human and resource capital while lowly ranked cities have used the rankings to market themselves to government for extra assistance and special aid (Donald, 2001; Rogerson, 1999; van den Berg and Braun, 1999).

Within the strategy of Quality of Life Marketing, some councils within Australia have developed innovative marketing strategies in an attempt to increase inward migration. The new approach to marketing of place now links the traditional marketing strategies of image, attraction, infrastructure, and people together to market the city or town as a total lifestyle package. The lifestyle strategy can be targeted at individuals, firms, or organisations. The City of Ballarat has launched the “My Place” marketing campaign that offers potential residents $10,000 of discounts and free goods and services if they move to Ballarat. In the first eight months of the campaign, 100 vouchers were given out to new residents and over 1,000 information packs were sent out (Birks, 2002). Although the Economic Development Unit at the City of Ballarat has claimed that the campaign has been successful, it is difficult to determine how many new residents were influenced to move to Ballarat because of the campaign and how many were moving anyway and decided to take advantage of financial incentives. Outside influences such as the decentralisation of the Department of Finance from Melbourne to Ballarat, with several hundred jobs, may have created much of the demand for information packs.

Geelong has tried a similar strategy with the “Smart Moves” residential program that offered $5,000 in vouchers to individuals who relocate to Geelong. The “Smart Moves” campaign has recently been suspended and the City of Geelong has instead opted for marketing directly to businesses with up to $100,000 in benefits being offered to businesses that relocate to Geelong (Viljoen, 2000).

**The Main Target Markets**

A Target Market is the specific market at which any marketing strategy is aimed. The Target Markets for place marketing described by Kotler et al. include: Visitors, Residents (new) and Workers, Business and Industry, and Export Markets (Kotler, Haider, and Rein, 1993). These traditional target markets are targeted according to the goals of the individual local government authorities but are all linked to growth strategies. Figure 1 illustrates that in addition to these traditional target markets, two important target markets that need to be included in the current Australian context are existing residents and government.

Following the marketing maxim that it is more difficult and more expensive to attract new customers than it is to retain existing customers, regions, cities and towns market themselves to existing residents. To try to retain existing residents, local government uses community events, the redevelopment of community facilities, and the provision of services. Local media outlets, through news releases and advertising, are used to promote the positive attributes of living in the locality. “Boosterism” serves another important function, which is to market to the local residents that the elected councillors and professional council officers are doing a good job on behalf of the residents.
The marketing of regions, cities, and towns to local, state and federal government assumes an almost schizoid quality in so much as at times, negative aspects of the community, such as unemployment figures, crumbling infrastructure, and the lack of community facilities are marketed to politicians and bureaucrats in an attempt to receive special government grants and funding (Trebeck, 2000). Alternatively, at other times, positive attributes such as education levels, infrastructure, or community attitudes are marketed in an attempt to be chosen as the provider of a new government initiative or to be seen as the preferred location for new government offices or services.

**Implications for Future Research**

This study is exploratory in nature and based on a literature review and reflection. The hypotheses will be tested by an online questionnaire of local government in regional Australia using conjoint analysis, to try to establish the relationships between competing objectives.

Some initial hypotheses are:

H$_1$: The selection of Target Markets is based on recognised gaps within the community.

H$_2$: Marketing strategies are based on the needs of the Target Market.

H$_3$: The implementation of the Marketing Strategy is a responsibility of Economic Development Units.

H$_4$: Evaluation of the Marketing Strategy is related to the original, explicit objectives.

Further research is required to determine what is an appropriate demographic mix and how best to attract it to ensure sustainable cities and towns in regional Australia. How is the “Return-on-Investment” in Place marketing to be assessed? While the “investment” may be amenable to identification and measurement, at least in terms of direct expenditure, what is the appropriate metric for “return”? What are the “benefits” of place marketing, and to whom? Who are the various stakeholders, and what are their objectives, and how can marketers measure the extent to which their objectives have been met, and at what cost, and hence, what value has been created and delivered? How are the conflicting objectives of stakeholders reconciled, at all stages of the place marketing strategic process? How is the dynamism of the process accommodated, regarding changes in marketing strategy over time?
References


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